

CITY OF CRETE, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Crete, Nebraska

We have audited the accompanying financial statements of the governmental activities - modified cash basis, the business-type activities - accrual basis, the aggregate discretely presented component units - accrual basis, each major fund - modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information - modified cash basis for the governmental funds of the City of Crete, Nebraska, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's 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 the modified cash and accrual bases of accounting described in Note A; this includes determining that the modified cash and accrual bases of accounting are acceptable bases for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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

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that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities – modified cash basis, the business-type activities – accrual basis, the aggregate discretely presented component units – accrual basis, each major fund – modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information – modified cash basis for the governmental funds of the City of Crete, Nebraska, as of September 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with the basis of accounting as described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting for the governmental activities and governmental funds. The governmental financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Crete, Nebraska's financial statements. The management's discussion and analysis and supplementary and other information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The nonmajor governmental combining statements and component units combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary

information described in the first sentence of this paragraph is fairly stated, in all material respects, in relation to the financial statements as a whole.

The management's discussion and analysis and budgetary comparison schedules, which are the responsibility of management, have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2021, on our consideration of the City of Crete, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Crete's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Crete, Nebraska's internal control over financial reporting and compliance.

AMGL PC.

Grand Island, Nebraska
December 23, 2021

CITY OF CRETE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2021

As management of the City of Crete, we offer readers of the City of Crete financial statements this narrative overview and analysis of the financial activities of the City of Crete for the fiscal year ended September 30, 2021. For information on the Crete Airport Authority, please see the separate audit report for that entity.

Financial Highlights

- The assets of the City of Crete exceeded its liabilities at the close of the most recent fiscal year by \$34,708,634 (*net position*). Of this amount, \$13,472,810 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Crete's governmental funds reported combined ending net position of \$9,164,700. Approximately 49.7 percent of this total amount, \$4,551,776, is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,188,968, or 109.0 percent of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Crete's financial statements. The City of Crete's 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 supplementary and other information in addition to the financial statements themselves.

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

The *statement of net position* presents information on all of the City of Crete'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 City of Crete 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.

CITY OF CRETE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2021

Both of the government-wide financial statements distinguish functions of the City of Crete that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Crete include general government, public safety, highways and streets, community development, and culture and recreation. The business-type activities of the City of Crete include the Electric, Water, and Sewer Funds.

The government-wide financial statements include not only the City of Crete itself (known as the *primary government*), but also the three discretely presented component units (Crete Airport Authority, Community Development Agency, and Friends of the Crete Public Library) for which the City of Crete is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 14 and 15 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 City of Crete, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Crete can be divided into two categories: governmental funds and proprietary funds.

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 City of Crete maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Street Fund, Debt Service Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

CITY OF CRETE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2021

The City of Crete adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General, Street, Debt Service, and Capital Projects Funds to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 16-19 of this report.

Proprietary funds. The City of Crete maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Crete uses enterprise funds to account for its Electric, Water, and Sewer Funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Crete's various functions. The City of Crete uses internal service funds to account for its self-insurance for employee health insurance. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric, Water, and Sewer Funds, all of which are considered to be major funds of the City of Crete.

The proprietary fund financial statements can be found on pages 20-23 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 24-60 of this report.

Other information. In addition to the financial statements and accompanying notes, this report also presents certain *supplementary and other information* concerning the City of Crete's budgetary comparison schedules, and combining statements for nonmajor governmental funds and for the component units. Supplementary and other information can be found on pages 61-68 of this report.

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 City of Crete, assets exceeded liabilities by \$34,708,634 at the close of the most recent fiscal year.

CITY OF CRETE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2021

Government-wide Financial Analysis, continued

Summary Statements of Net Position

	Year Ended September 30, 2021			Year Ended September 30, 2020		
	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)	Total	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)	Total
Current and Other Assets	\$ 9,164,700	\$ 12,519,371	\$ 21,684,071	\$ 6,064,969	\$ 11,185,168	\$ 17,250,137
Capital Assets	-	25,599,638	25,599,638	-	25,793,975	25,793,975
Total Assets	9,164,700	38,119,009	47,283,709	6,064,969	36,979,143	43,044,112
Long-term Liabilities	-	9,792,825	9,792,825	-	10,445,667	10,445,667
Other Liabilities	-	2,782,250	2,782,250	-	2,026,746	2,026,746
Total Liabilities	-	12,575,075	12,575,075	-	12,472,413	12,472,413
Net Position						
Net Investment in Capital						
Assets	-	15,153,972	15,153,972	-	14,704,216	14,704,216
Restricted	4,612,924	1,468,928	6,081,852	3,140,957	1,372,078	4,513,035
Unrestricted	4,551,776	8,921,034	13,472,810	2,924,012	8,430,436	11,354,448
Total Net Position	\$ 9,164,700	\$ 25,543,934	\$ 34,708,634	\$ 6,064,969	\$ 24,506,730	\$ 30,571,699

A large portion of the City of Crete's net position (43.7 percent) reflects its investment in capital assets (land, infrastructure, buildings, distribution systems, vehicles, and equipment), net of any related debt used to acquire those assets that is still outstanding. The City of Crete uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Crete'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.

An additional portion of the City of Crete's net position (17.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$13,472,810) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Crete is able to report positive balances in all three categories of net position, for the government as a whole as well as for its separate governmental and business-type activities.

Changes in Net Position

The following table presents a summary of revenues and expenses of the governmental and business-type activities:

CITY OF CRETE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2021

	September 30, 2021			September 30, 2020		
	Governmental	Business-type		Governmental	Business-type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Revenues						
Program Revenues:						
Charges for Services	\$ 591,389	\$ 14,158,913	\$ 14,750,302	\$ 444,109	\$ 14,446,576	\$ 14,890,685
Operating Grants and Contributions	712,929	-	712,929	280,541	2,654	283,195
Capital Grants and Contributions	3,224,060	-	3,224,060	1,179,647	-	1,179,647
General Revenues:						
Property Taxes	1,439,460	-	1,439,460	1,359,614	-	1,359,614
Sales and Use Taxes	2,168,502	-	2,168,502	1,866,549	-	1,866,549
Other Taxes and Fees	559,851	-	559,851	456,175	-	456,175
State Allocation	1,691,168	-	1,691,168	1,474,625	-	1,474,625
Interest Income	5,426	14,771	20,197	23,027	127,924	150,951
Other	220,463	-	220,463	55,726	-	55,726
Total Revenues	10,613,248	14,173,684	24,786,932	7,140,013	14,577,154	21,717,167
Expenses						
General Government	685,281	-	685,281	770,563	-	770,563
Public Safety	2,382,526	-	2,382,526	2,439,545	-	2,439,545
Public Works	1,217,467	-	1,217,467	1,270,009	-	1,270,009
Environmental and Leisure	1,039,046	-	1,039,046	4,020,809	-	4,020,809
Economic Development	429,167	-	429,167	84,138	-	84,138
Debt Service	2,097,084	-	2,097,084	757,282	-	757,282
Electric	-	10,446,814	10,446,814	-	10,773,368	10,773,368
Water	-	908,893	908,893	-	1,036,518	1,036,518
Sewer	-	1,443,719	1,443,719	-	1,503,067	1,503,067
Total Expenses	7,850,571	12,799,426	20,649,997	9,342,346	13,312,953	22,655,299
Increase (Decrease) in Net Position Before Transfers	2,762,677	1,374,258	4,136,935	(2,202,333)	1,264,201	(938,132)
Net Transfers	337,054	(337,054)	-	350,004	(350,004)	-
Increase (Decrease) in Net Position	\$ 3,099,731	\$ 1,037,204	\$ 4,136,935	\$ (1,852,329)	\$ 914,197	\$ (938,132)

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the City of Crete's *governmental* funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Crete'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.

CITY OF CRETE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2021

As of the end of the current fiscal year, the City of Crete's governmental funds reported combined ending fund balances of \$9,097,194. Approximately 46.0 percent of this total amount (\$4,188,342) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balances is not available for new spending because it has already been 1) restricted for street projects (\$1,156,767), 2) restricted to pay debt service (\$348,999), 3) endowed as nonspendable to fund perpetual care (\$123,798), 4) restricted for community betterment (\$256,221), 5) restricted for Federal programs (\$809,729), 6) restricted to fund economic development projects (\$1,190,127), 7) restricted for cemetery maintenance (\$27,135), 8) restricted for library renovations (\$236,000), 9) restricted for capital projects (\$464,148), 10) assigned for capital outlay (\$183,171), 11) assigned for cemetery projects (\$10,000), or 12) assigned for fire equipment (\$102,757).

The General Fund is the chief operating fund of the City of Crete. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,188,968, while total fund balance reached \$4,688,658. As a measure of the General Fund's liquidity, it may be useful to compare unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 109.0 percent of General Fund total expenditures, while total fund balance represents 122.0 percent of General Fund total expenditures.

The fund balance of the City of Crete's General Fund increased by \$1,336,569 during the current fiscal year. Also the fund balance of the Capital Projects Fund increased by \$808,591 during the current year.

Proprietary funds. The City of Crete's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the proprietary funds at the end of the year were as follows: Electric Fund - \$7,021,931, Water Fund - \$194,989, and Sewer Fund - \$1,704,114. The growth (decrease) in net position for the proprietary funds was as follows: Electric Fund - \$661,233, Water Fund – decrease of \$(51,532), and Sewer Fund - \$427,503. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of Crete's business-type activities.

Budgetary Highlights

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

CITY OF CRETE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2021

Capital Asset and Debt Administration

Capital Assets. The City of Crete's investment in capital assets for its business-type activities as of September 30, 2021, amounts to \$25,599,638 (net of accumulated depreciation). This investment in capital assets includes land, distribution systems, buildings and improvements, machinery and equipment, office furniture and equipment, and vehicles.

Major capital asset events during the current fiscal year included the following:

- Water system improvements - \$344,100
- Construction in progress on sewer lift station and force main project - \$215,417
- Electric substation reconditioning - \$390,712
- Caselle software - \$18,778
- Electric line extensions to new development - \$34,815
- Electric meters - \$19,389

City of Crete's Capital Assets
(net of depreciation)

	Year Ended September 30, 2021			Year Ended September 30, 2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ -	\$ 807,285	\$ 807,285	\$ -	\$ 793,971	\$ 793,971
Construction in Progress	-	215,417	215,417	-	169,359	169,359
Distribution Systems	-	21,803,332	21,803,332	-	21,855,328	21,855,328
Buildings and Improvements	-	2,223,308	2,223,308	-	2,396,066	2,396,066
Equipment	-	431,103	431,103	-	418,717	418,717
Vehicles	-	119,193	119,193	-	160,534	160,534
Total	<u>\$ -</u>	<u>\$ 25,599,638</u>	<u>\$ 25,599,638</u>	<u>\$ -</u>	<u>\$ 25,793,975</u>	<u>\$ 25,793,975</u>

Additional information on the City of Crete's capital assets can be found in Note C4 on pages 44-45 of this report.

Long-term Debt

Outstanding Long-term Debt

	Year Ended September 30, 2021			Year Ended September 30, 2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenue Bonds	<u>\$ -</u>	<u>\$ 10,445,666</u>	<u>\$ 10,445,666</u>	<u>\$ -</u>	<u>\$ 11,089,759</u>	<u>\$ 11,089,759</u>

CITY OF CRETE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2021

The City's long-term debt decreased \$644,093 (5.8 percent) during the year ended September 30, 2021, due to scheduled principal payments.

Additional information on the City of Crete's long-term debt can be found in Note C5 on pages 46-49 of this report.

Economic Factors and Next Year's Budgets and Rates

- Property tax asking for the year ending September 30, 2022 is \$1,398,850, which is \$15,150 (1.1 percent) less than the prior year.
- The City had remaining contractual commitments of \$898,393 as of September 30, 2021, for engineering and construction costs on the 2021 street improvements. This project is expected to be completed by December 31, 2021.
- As of September 30, 2021, the City had a \$305,000 contractual commitment for the splash pad project. The project is expected to be completed by September 30, 2022.
- At September 30, 2021, the City had a \$603,750 contractual commitment for the theater renovation project and had a commitment to pass \$62,500 of CCCFF grant proceeds to the Blue River Arts Council. These projects are expected to be completed by September 30, 2022.
- As of September 30, 2021, the City had a \$141,536 contractual commitment for a John Deere 524P loader. The loader is expected to be received by September 30, 2022.

All of these factors were considered in preparing the City of Crete's budget for the 2022 fiscal year.

Financial Contact

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors with a general overview of the City of Crete's finances and to demonstrate the City's accountability for the money with which the City is entrusted. If you have questions concerning any of the information presented in this report or requests for additional information, contact the City Treasurer, City of Crete, PO Box 86, Crete, NE 68333.

CITY OF CRETE, NEBRASKA
STATEMENT OF NET POSITION
September 30, 2021

	Primary Government			Component
	Governmental	Business-type		Units
	Activities	Activities		(Accrual
	(Modified	(Accrual		Basis)
	Cash Basis)	Basis)	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,306,572	\$ 5,255,736	\$ 9,562,308	\$ 458,900
Investments	202,757	3,433,079	3,635,836	1,099,561
County treasurer cash	48,633	-	48,633	697
Accounts receivable	-	1,490,352	1,490,352	30,608
Unbilled revenue	-	198,560	198,560	-
Accrued interest receivable	-	6,806	6,806	-
Current portion of TIF receivables	-	-	-	184,400
Due (to) from other funds	(130,622)	130,622	-	-
Due from Crete Airport Authority	-	1,235	1,235	-
Prepaid insurance	-	-	-	2,801
Inventory	-	290,457	290,457	-
Total current assets	4,427,340	10,806,847	15,234,187	1,776,967
Noncurrent assets:				
Restricted cash and cash equivalents	4,372,360	1,027,451	5,399,811	-
Restricted investments	365,000	685,073	1,050,073	125,469
Noncurrent portion of TIF receivables	-	-	-	2,351,000
Capital assets:				
Land	-	807,285	807,285	397,514
Construction in progress	-	215,417	215,417	63,998
Other capital assets, net of depreciation	-	24,576,936	24,576,936	2,348,785
Net capital assets	-	25,599,638	25,599,638	2,810,297
Total noncurrent assets	4,737,360	27,312,162	32,049,522	5,286,766
Total assets	9,164,700	38,119,009	47,283,709	7,063,733
LIABILITIES				
Current liabilities:				
Accounts payable	-	1,526,116	1,526,116	3,055
Accrued expenses	-	225,808	225,808	-
Customer deposits	-	243,596	243,596	-
Accrued interest	-	133,889	133,889	97
Unearned rent revenue	-	-	-	17,265
Due to City of Crete	-	-	-	1,235
Current portion of long-term obligations	-	652,841	652,841	222,180
Total current liabilities	-	2,782,250	2,782,250	243,832
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	-	9,792,825	9,792,825	2,079,035
Total liabilities	-	12,575,075	12,575,075	2,322,867
NET POSITION				
Net investment in capital assets	-	15,153,972	15,153,972	2,786,297
Restricted for:				
Cemetery perpetual care	123,798	-	123,798	-
Capital projects	464,148	-	464,148	-
Street improvements	1,156,767	-	1,156,767	-
Debt service	348,999	1,468,928	1,817,927	-
Economic development	1,190,127	-	1,190,127	-
Federal projects	809,729	-	809,729	-
Community betterment	256,221	-	256,221	-
Cemetery maintenance	27,135	-	27,135	-
Library renovations	236,000	-	236,000	125,469
Unrestricted	4,551,776	8,921,034	13,472,810	1,829,100
Total net position	<u>\$ 9,164,700</u>	<u>\$ 25,543,934</u>	<u>\$ 34,708,634</u>	<u>\$ 4,740,866</u>

See notes to financial statements.

CITY OF CRETE, NEBRASKA
STATEMENT OF ACTIVITIES
For the year ended September 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Primary government:			
Governmental activities			
(modified cash basis):			
General government	\$ 685,281	\$ 63,227	\$ 285,039
Public safety	2,382,526	332,010	423,808
Public works	1,217,467	73,862	4,082
Environment and leisure	1,039,046	96,183	-
Economic development	429,167	26,107	-
Principal payments	1,878,000	-	-
Interest and fees on long-term debt	219,084	-	-
Total governmental activities	<u>7,850,571</u>	<u>591,389</u>	<u>712,929</u>
Business-type activities			
(accrual basis):			
Electric	10,446,814	11,446,506	-
Water	908,893	848,183	-
Sewer	1,443,719	1,864,224	-
Total business-type activities	<u>12,799,426</u>	<u>14,158,913</u>	<u>-</u>
Total primary government	<u><u>\$ 20,649,997</u></u>	<u><u>\$ 14,750,302</u></u>	<u><u>\$ 712,929</u></u>
Component units (accrual basis):			
Crete Airport Authority	\$ 368,029	\$ 181,633	\$ -
Friends of Crete Public Library	148,343	-	-
Community Development Agency	2,169	38,840	77,271
Total component units	<u><u>\$ 518,541</u></u>	<u><u>\$ 220,473</u></u>	<u><u>\$ 77,271</u></u>

See notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position				
	Primary Government			Component Units (Accrual Basis)
	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)	Total	
Capital Grants and Contributions				
\$ -	\$ (337,015)		\$ (337,015)	
200,050	(1,426,658)		(1,426,658)	
765,310	(374,213)		(374,213)	
153,700	(789,163)		(789,163)	
-	(403,060)		(403,060)	
2,105,000	227,000		227,000	
-	(219,084)		(219,084)	
<u>3,224,060</u>	<u>(3,322,193)</u>	<u>\$ -</u>	<u>(3,322,193)</u>	
-	-	999,692	999,692	
-	-	(60,710)	(60,710)	
-	-	420,505	420,505	
<u>-</u>	<u>-</u>	<u>1,359,487</u>	<u>1,359,487</u>	
<u>\$ 3,224,060</u>	<u>(3,322,193)</u>	<u>1,359,487</u>	<u>(1,962,706)</u>	
\$ 106,997				\$ (79,399)
565,031				416,688
-				113,942
<u>\$ 672,028</u>				<u>451,231</u>
General revenues:				
Taxes:				
Property	1,439,460	-	1,439,460	33,503
Motor vehicle	117,392	-	117,392	-
Occupation	121,233	-	121,233	-
Sales tax	2,168,502	-	2,168,502	-
Franchise	295,934	-	295,934	-
Special assessments	25,292	-	25,292	-
State allocation	1,691,168	-	1,691,168	-
Keno proceeds	83,111	-	83,111	-
Miscellaneous	41,372	-	41,372	6,140
Gain on sale of assets	95,980	-	95,980	6,543
Interest income	5,426	14,771	20,197	8,836
Gain on investments	-	-	-	96,155
Net transfers	337,054	(337,054)	-	-
Total general revenues	<u>6,421,924</u>	<u>(322,283)</u>	<u>6,099,641</u>	<u>151,177</u>
Change in net position	3,099,731	1,037,204	4,136,935	602,408
Net position - September 30, 2020	<u>6,064,969</u>	<u>24,506,730</u>	<u>30,571,699</u>	<u>4,138,458</u>
Net position - September 30, 2021	<u>\$ 9,164,700</u>	<u>\$ 25,543,934</u>	<u>\$ 34,708,634</u>	<u>\$ 4,740,866</u>

CITY OF CRETE, NEBRASKA
BALANCE SHEET - MODIFIED CASH BASIS -
GOVERNMENTAL FUNDS

September 30, 2021

	General <u>Fund</u>	Street <u>Fund</u>
ASSETS		
Cash and cash equivalents	\$ 4,168,454	\$ 1,156,767
Investments	477,757	-
County treasurer cash	43,003	-
Total assets	<u><u>\$ 4,689,214</u></u>	<u><u>\$ 1,156,767</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Due to other funds	\$ 556	\$ -
Fund balances:		
Nonspendable:		
Perpetual care	123,798	-
Restricted for:		
Capital projects	-	-
Street improvements	-	1,156,767
Debt service	-	-
Federal projects	-	-
Community betterment	-	-
Economic development	-	-
Cemetery maintenance	27,135	-
Library renovations	236,000	-
Assigned for:		
Capital outlay	-	-
Cemetery projects	10,000	-
Fire equipment	102,757	-
Unassigned	4,188,968	-
Total fund balances	<u><u>4,688,658</u></u>	<u><u>1,156,767</u></u>
Total liabilities and fund balances	<u><u>\$ 4,689,214</u></u>	<u><u>\$ 1,156,767</u></u>

See notes to financial statements.

Debt Service <u>Fund</u>	Capital Projects <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
\$ 343,369	\$ 594,214	\$ 2,348,622	\$ 8,611,426
-	-	90,000	567,757
5,630	-	-	48,633
<u>\$ 348,999</u>	<u>\$ 594,214</u>	<u>\$ 2,438,622</u>	<u>\$ 9,227,816</u>
\$ -	\$ 130,066	\$ -	\$ 130,622
-	-	-	123,798
-	464,148	-	464,148
-	-	-	1,156,767
348,999	-	-	348,999
-	-	809,729	809,729
-	-	256,221	256,221
-	-	1,190,127	1,190,127
-	-	-	27,135
-	-	-	236,000
-	-	183,171	183,171
-	-	-	10,000
-	-	-	102,757
-	-	(626)	4,188,342
<u>348,999</u>	<u>464,148</u>	<u>2,438,622</u>	<u>9,097,194</u>
<u>\$ 348,999</u>	<u>\$ 594,214</u>	<u>\$ 2,438,622</u>	<u>\$ 9,227,816</u>

CITY OF CRETE, NEBRASKA

**RECONCILIATION OF THE BALANCE SHEET - MODIFIED
CASH BASIS - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

September 30, 2021

Total fund balances - governmental funds	\$ 9,097,194
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Amounts reported for *governmental activities* in the statement
of net position are different because:

The Internal Service Fund is included as a governmental activity
in the statement of net position.

<u>67,506</u>

Total net position - governmental activities

<u><u>\$ 9,164,700</u></u>

See notes to financial statements.

CITY OF CRETE, NEBRASKA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS**

For the year ended September 30, 2021

	<u>General Fund</u>	<u>Street Fund</u>	<u>Debt Service Fund</u>
REVENUES			
Taxes:			
Property	\$ 1,236,987	\$ -	\$ 202,473
Motor vehicle	117,392	-	-
Occupation	121,233	-	-
Sales tax	1,210,248	-	416,127
Franchise	295,934	-	-
Special assessments	-	-	25,292
Intergovernmental	890,765	919,161	-
Grants	309,285	-	-
Keno proceeds	-	-	-
Charges for services	529,163	36,119	-
Loan collections	-	-	-
Contributions	348,315	-	-
Interest income	4,162	-	60
Bond/loan proceeds	-	-	1,150,000
Sales proceeds on capital assets	1,312	94,668	-
Other revenue	34,209	80	-
Total revenues	<u>5,099,005</u>	<u>1,050,028</u>	<u>1,793,952</u>
EXPENDITURES			
General government	528,169	-	-
Public safety	2,076,973	-	-
Public works	95,669	860,398	-
Environment and leisure	992,546	-	-
Economic development	-	-	-
Capital outlay	150,647	-	-
Principal payments on debt	-	-	1,670,000
Interest on long-term debt	-	-	171,660
Bond/loan fees	-	-	13,096
Total expenditures	<u>3,844,004</u>	<u>860,398</u>	<u>1,854,756</u>
Excess (deficiency) of revenues over expenditures	1,255,001	189,630	(60,804)
OTHER FINANCING SOURCES (USES)			
Transfers in	3,448,080	104,004	-
Transfers out	(3,366,512)	(24,996)	-
Net transfers	<u>81,568</u>	<u>79,008</u>	<u>-</u>
Net change in fund balances	1,336,569	268,638	(60,804)
Fund balances - September 30, 2020	<u>3,352,089</u>	<u>888,129</u>	<u>409,803</u>
Fund balances - September 30, 2021	<u>\$ 4,688,658</u>	<u>\$ 1,156,767</u>	<u>\$ 348,999</u>

See notes to financial statements.

Capital Projects <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
\$ -	\$ -	\$ 1,439,460
-	-	117,392
-	-	121,233
-	542,127	2,168,502
-	-	295,934
-	-	25,292
-	-	1,809,926
145,234	624,158	1,078,677
-	83,111	83,111
-	-	565,282
-	26,107	26,107
-	286,239	634,554
89	1,085	5,396
955,000	-	2,105,000
-	-	95,980
-	7,083	41,372
<u>1,100,323</u>	<u>1,569,910</u>	<u>10,613,218</u>
-	128,193	656,362
-	37,270	2,114,243
61,178	12,857	1,030,102
4,284	6,460	1,003,290
-	429,167	429,167
187,365	150,337	488,349
55,000	153,000	1,878,000
29,409	4,919	205,988
-	-	13,096
<u>337,236</u>	<u>922,203</u>	<u>7,818,597</u>
763,087	647,707	2,794,621
45,504	138,924	3,736,512
-	(12,950)	(3,404,458)
<u>45,504</u>	<u>125,974</u>	<u>332,054</u>
808,591	773,681	3,126,675
(344,443)	1,664,941	5,970,519
<u>\$ 464,148</u>	<u>\$ 2,438,622</u>	<u>\$ 9,097,194</u>

CITY OF CRETE, NEBRASKA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the year ended September 30, 2021

Total net change in fund balances - governmental funds	\$ 3,126,675
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Amounts reported for *governmental activities* in the statement of activities are different because:

The decrease in net position of the Internal Service Fund is included as a governmental activity in the government wide statements.	<u>(26,944)</u>
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Change in net position of governmental activities	<u><u>\$ 3,099,731</u></u>
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See notes to financial statements.

CITY OF CRETE, NEBRASKA
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
September 30, 2021

	Business-type Activities - Enterprise Funds	
	Electric Fund	Water Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,828,772	\$ (248,364)
Investments	3,033,079	400,000
Accounts receivable	1,215,581	81,580
Unbilled revenue	154,809	14,693
Accrued interest receivable	6,369	294
Due from other funds	131,857	-
Inventory	279,491	10,966
Total current assets	<u>8,649,958</u>	<u>259,169</u>
Noncurrent assets:		
Restricted cash and cash equivalents	155,816	-
Restricted investments	619,147	-
Capital assets:		
Land	265,958	-
Construction in progress	-	-
Distribution systems	9,317,748	6,758,608
Buildings and improvements	4,163,932	1,502,819
Equipment	881,531	286,525
Vehicles	1,162,338	67,970
Accumulated depreciation	(10,359,226)	(4,489,649)
Net capital assets	<u>5,432,281</u>	<u>4,126,273</u>
Total noncurrent assets	<u>6,207,244</u>	<u>4,126,273</u>
Total assets	14,857,202	4,385,442
LIABILITIES		
Current liabilities:		
Accounts payable	1,481,328	17,984
Sales tax payable	55,013	-
Accrued payroll	24,748	11,629
Accrued vacation	61,377	34,567
Customer deposits	243,596	-
Accrued interest	5,561	-
Current portion of long-term obligations	120,000	-
Total current liabilities	<u>1,991,623</u>	<u>64,180</u>
Noncurrent liabilities:		
Noncurrent portion of long-term obligations	645,000	-
Total liabilities	<u>2,636,623</u>	<u>64,180</u>
NET POSITION		
Net investment in capital assets	4,667,281	4,126,273
Restricted for:		
Debt service	531,367	-
Unrestricted	7,021,931	194,989
Total net position	<u>\$ 12,220,579</u>	<u>\$ 4,321,262</u>

See notes to financial statements.

<u>Sewer Fund</u>	<u>Total</u>	Governmental Activities - Internal Service <u>Fund</u>
\$ 1,675,328	\$ 5,255,736	\$ 67,506
-	3,433,079	-
193,191	1,490,352	-
29,058	198,560	-
143	6,806	-
-	131,857	-
-	290,457	-
<u>1,897,720</u>	<u>10,806,847</u>	<u>67,506</u>
871,635	1,027,451	-
65,926	685,073	-
541,327	807,285	-
215,417	215,417	-
19,151,979	35,228,335	-
1,101,798	6,768,549	-
782,830	1,950,886	-
29,405	1,259,713	-
(5,781,672)	(20,630,547)	-
<u>16,041,084</u>	<u>25,599,638</u>	<u>-</u>
<u>16,978,645</u>	<u>27,312,162</u>	<u>-</u>
18,876,365	38,119,009	67,506
26,804	1,526,116	-
-	55,013	-
10,695	47,072	-
27,779	123,723	-
-	243,596	-
128,328	133,889	-
532,841	652,841	-
<u>726,447</u>	<u>2,782,250</u>	<u>-</u>
9,147,825	9,792,825	-
<u>9,874,272</u>	<u>12,575,075</u>	<u>-</u>
6,360,418	15,153,972	-
937,561	1,468,928	-
1,704,114	8,921,034	67,506
<u>\$ 9,002,093</u>	<u>\$ 25,543,934</u>	<u>\$ 67,506</u>

CITY OF CRETE, NEBRASKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS

For the year ended September 30, 2021

	Business-type Activities - Enterprise Funds	
	Electric Fund	Water Fund
Operating revenues:		
Charges for services	\$ 10,918,406	\$ 830,329
Municipal sales	256,897	16,074
MEAN lease	159,926	-
MEAN revenue sharing	68,303	-
Sale of materials	14,463	-
Miscellaneous revenues	28,511	1,780
Total operating revenues	<u>11,446,506</u>	<u>848,183</u>
Operating expenses:		
Cost of power	8,504,674	-
Salaries and benefits	1,022,407	596,301
Insurance and bonds	50,138	24,464
Utilities and telephone	11,310	107,889
Repairs and maintenance	12,476	49,697
Contracted services	12,563	30,324
Supplies	50,142	38,019
Vehicle expense	33,041	7,541
Fuel and oil	60,721	-
Professional fees	21,780	2,825
Rent expense	6,576	4,944
Dues, memberships and training	18,645	3,869
Bad debts	42,350	4,700
Miscellaneous	20,850	12,252
Depreciation	439,611	216,129
Franchise fees	120,000	-
Insurance claims and health premiums	-	-
Total operating expenses	<u>10,427,284</u>	<u>1,098,954</u>
Operating income (loss)	1,019,222	(250,771)
Nonoperating revenues (expenses):		
Interest income	11,545	2,703
Special assessment adjustments	-	190,061
Interest expense	(19,530)	-
Total nonoperating revenues (expenses)	<u>(7,985)</u>	<u>192,764</u>
Income (loss) before transfers	1,011,237	(58,007)
Interfund transfers:		
Transfers in (out)	<u>(350,004)</u>	<u>6,475</u>
Change in net position	661,233	(51,532)
Net position - September 30, 2020	<u>11,559,346</u>	<u>4,372,794</u>
Net position - September 30, 2021	<u>\$ 12,220,579</u>	<u>\$ 4,321,262</u>

See notes to financial statements.

<u>Sewer Fund</u>	<u>Total</u>	Governmental Activities - Internal Service <u>Fund</u>
\$ 1,850,842	\$ 13,599,577	\$ 11,963
4,519	277,490	-
-	159,926	-
-	68,303	-
1,213	15,676	-
7,650	37,941	308
<u>1,864,224</u>	<u>14,158,913</u>	<u>12,271</u>
-	8,504,674	-
471,220	2,089,928	-
37,987	112,589	-
148,818	268,017	-
61,800	123,973	-
57,568	100,455	-
23,541	111,702	-
3,204	43,786	-
-	60,721	-
3,325	27,930	-
3,180	14,700	-
3,062	25,576	-
5,500	52,550	-
23,564	56,666	-
521,333	1,177,073	-
-	120,000	-
-	-	44,245
<u>1,364,102</u>	<u>12,890,340</u>	<u>44,245</u>
500,122	1,268,573	(31,974)
523	14,771	30
84,305	274,366	-
(163,922)	(183,452)	-
<u>(79,094)</u>	<u>105,685</u>	<u>30</u>
421,028	1,374,258	(31,944)
6,475	(337,054)	5,000
427,503	1,037,204	(26,944)
8,574,590	24,506,730	94,450
<u>\$ 9,002,093</u>	<u>\$ 25,543,934</u>	<u>\$ 67,506</u>

CITY OF CRETE, NEBRASKA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS

For the year ended September 30, 2021

	<u>Electric Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 11,401,166
Receipts from other funds	-
Payments to suppliers	(8,259,475)
Payments to employees	(1,015,255)
Net cash provided (used) by operating activities	<u>2,126,436</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers (to) from other funds	(350,004)
Change in due from/to other funds	41,509
Net cash provided (used) by noncapital financing activities	<u>(308,495)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of property and equipment	(501,862)
Special assessments collected	-
Principal payments on capital debt	(120,000)
Interest paid on capital debt	(20,178)
Net cash used by capital and related financing activities	<u>(642,040)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Increase in investments	(46)
Decrease in restricted investments	2,560
Interest received	15,736
Net cash provided by investing activities	<u>18,250</u>
Increase (decrease) in cash and cash equivalents	1,194,151
Cash and cash equivalents - beginning of the year	<u>2,790,437</u>
Cash and cash equivalents - end of the year	<u><u>\$ 3,984,588</u></u>
Composition of cash and cash equivalents:	
Cash and cash equivalents	\$ 3,828,772
Restricted cash and cash equivalents	155,816
Total cash and cash equivalents	<u><u>\$ 3,984,588</u></u>

See notes to financial statements.

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>	<u>Fund</u>
\$ 865,464	\$ 1,819,986	\$ 14,086,616	\$ -
-	-	-	12,271
(280,990)	(357,984)	(8,898,449)	(44,245)
(601,695)	(470,736)	(2,087,686)	-
<u>(17,221)</u>	<u>991,266</u>	<u>3,100,481</u>	<u>(31,974)</u>
6,475	6,475	(337,054)	5,000
4,732	520	46,761	-
<u>11,207</u>	<u>6,995</u>	<u>(290,293)</u>	<u>5,000</u>
(254,483)	(226,392)	(982,737)	-
190,061	84,305	274,366	-
-	(524,092)	(644,092)	-
-	(170,848)	(191,026)	-
<u>(64,422)</u>	<u>(837,027)</u>	<u>(1,543,489)</u>	<u>-</u>
-	-	(46)	-
-	-	2,560	-
3,401	581	19,718	30
<u>3,401</u>	<u>581</u>	<u>22,232</u>	<u>30</u>
(67,035)	161,815	1,288,931	(26,944)
(181,329)	2,385,148	4,994,256	94,450
<u>\$ (248,364)</u>	<u>\$ 2,546,963</u>	<u>\$ 6,283,187</u>	<u>\$ 67,506</u>
\$ (248,364)	\$ 1,675,328	\$ 5,255,736	\$ 67,506
-	871,635	1,027,451	-
<u>\$ (248,364)</u>	<u>\$ 2,546,963</u>	<u>\$ 6,283,187</u>	<u>\$ 67,506</u>

CITY OF CRETE, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS, Continued**

For the year ended September 30, 2021

	<u>Electric Fund</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 1,019,222
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	439,611
Change in assets and liabilities:	
Accounts receivable	(67,817)
Inventories	(4,743)
Customer deposits	18,172
Accounts payable	710,534
Sales tax payable	4,305
Accrued expenses	7,152
Net cash provided (used) by operating activities	<u><u>\$ 2,126,436</u></u>

See notes to financial statements.

<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service <u>Fund</u>
<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>	
\$ (250,771)	\$ 500,122	\$ 1,268,573	\$ (31,974)
216,129	521,333	1,177,073	-
17,281	(44,238)	(94,774)	-
23	-	(4,720)	-
-	-	18,172	-
5,511	13,565	729,610	-
-	-	4,305	-
(5,394)	484	2,242	-
<u>\$ (17,221)</u>	<u>\$ 991,266</u>	<u>\$ 3,100,481</u>	<u>\$ (31,974)</u>

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

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CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Crete, Nebraska (City) are prepared in accordance with the modified cash basis of accounting for governmental funds and the accrual basis for the proprietary funds and discretely presented component units. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

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 City of Crete, Nebraska, was incorporated in 1872 and became a City of the first class in 1997. The City operates under a Mayor-Council form of government with an elected chief executive, Mayor, and an elected legislative body, Council, composed of six members. The Mayor is elected at large for a four-year term, and the six members of the City Council are elected on four-year terms. The administration of the City government is performed under the direction of the Mayor by the City Clerk. Services provided to residents include public safety, highways and streets, parks, recreation, electric, water and sanitary sewer systems, garbage collection, and general administrative services.

The City's financial reporting entity comprises the following:

Primary Government:	City of Crete
Discretely Presented Component Units:	Crete Airport Authority Community Development Agency Friends of Crete Public Library

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 61, and has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable, and, as such, should be included within the City's financial statements. The City (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 City. 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.

CITY OF CRETE, NEBRASKA
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 City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City by appropriate activity type to compose the primary government presentation. Currently, the City 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 following are the discretely presented component units:

	Brief Description of Activities and Relationship to the City
Crete Airport Authority	Established to provide for the operation of the Crete Airport. The City Council appoints members of its board. Information included in this financial statement is from the entity's fiscal period ended September 30, 2021. This year's audit covers 14 months as the prior year end was July 31, 2020.
Community Development Agency	Established to enhance economic development activities in the City using tax increment financing.
Friends of Crete Public Library	Established to provide support for the operations of the Crete Public Library. Information included in this financial statement is from the entity's fiscal year ended August 31, 2021.

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. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

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. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type.
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City 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.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Projects Funds

Capital Projects Funds are used to account for resources restricted for the acquisition or construction of specific capital projects.

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Governmental Funds, continued

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City other than debt-service payments made by enterprise funds. Ad valorem taxes are used for the payment of principal and interest on the City's general obligation bonds.

Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Internal Service Fund

The Internal Service Fund accounts for activities that provide goods and services to other funds, departments or agencies of the primary government and its component units on a cost-reimbursement basis.

Major and Nonmajor Funds

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

<u>Fund</u>	<u>Brief Description</u>
<i><u>Major:</u></i>	
Governmental:	
General Fund	See page 27 for description.
Street Fund	The Street Fund is a Special Revenue Fund that accounts for the City's share of highway allocation from the State of Nebraska.
Debt Service Fund	See above for description.
Capital Projects Fund	See page 27 for description.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

Major, continued:

Proprietary:

Enterprise:

Electric, Water, and
Sewer

See page 28 for description.

Nonmajor:

Governmental:

CDBG Fund

The CDBG Fund is a Special Revenue Fund that accounts for the City's share of the Community Development Block Grant (CDBG) Program.

Owner Occupied Rehab Fund

The Owner Occupied Rehab Fund is a Special Revenue Fund that accounts for CDBG housing grants.

Keno Fund

The Keno Fund is a Special Revenue Fund that accounts for Keno proceeds and community betterment expenditures.

Capital Outlay Fund

The Capital Outlay Fund is a Special Revenue Fund that accounts for equipment sinking funds.

Economic Development Fund

The Economic Development Fund is a Special Revenue Fund that accounts for sales tax proceeds to be used for LB840 economic development.

FEMA Disaster Fund

The FEMA Disaster Fund is a Special Revenue Fund that accounts for emergency disaster recovery funding/expenditures.

ARPA Fund

The ARPA Fund is a Special Revenue Fund that accounts for Federal ARPA grants.

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, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b, below.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Measurement Focus, continued

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. 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.
- b. The proprietary funds utilize an “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. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position, revenues, and expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Under the modified cash basis of accounting, investments and county treasurer cash are reported as assets. Proceeds from issuance of long-term debt are recognized as revenue when received and payment of long-term debt principal is reported as an expenditure when paid. Capital asset purchases are recorded as expenditures and depreciation is not recognized.

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Basis of Accounting, continued

Business-type 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 cash basis of accounting using a flow of current financial resources measurement focus. Proceeds from issuance of long-term debt are recognized as revenue when received and payment of long-term debt principal is reported as an expenditure when paid. Capital asset purchases are recorded as expenditures and depreciation is not recognized.

All proprietary funds and the discretely presented component unit utilize 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 the economic asset is used.

4. Assets, Liabilities, and Equity

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America and the modified cash basis of accounting 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 Investments

For the purpose of the Statement of Net Position, “cash and cash equivalents” include all demand accounts and savings accounts. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all cash on hand, demand accounts, savings accounts, and equity in pooled cash which has an original maturity of three months or less. The County Treasurer’s cash represents revenues collected not yet remitted to the City.

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Cash and Investments, continued

Investments are carried at fair value. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes B2, C1, and D2.

When both restricted and unrestricted resources are available for use, it is the City'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. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Business-type activities report utility billings and grants receivable as their major receivables.

In the fund financial statements, proprietary fund receivables consist of all revenues earned at year end and not yet received. Utility accounts receivable compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method.

Restricted Assets

Restricted assets include cash and investments that are legally restricted as to their use. The primary restricted assets are related to debt service and proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

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.

CITY OF CRETE, NEBRASKA
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 and equipment for business-type activities are accounted for as capital assets. For governmental activities, capital assets used in governmental operations are accounted for as capital outlay expenditures of the governmental activities upon acquisition. The City 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.

Depreciation for capital assets is recorded as an allocated 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:

Utility System	25-40 years
Buildings and Improvements	25-40 years
Machinery and Equipment	5-10 years
Vehicles	5 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for the same as the government-wide statements. Capital assets used in proprietary fund operations are also accounted for the same as in the government-wide statements.

Compensated Absences

The City's policies regarding vacation time and sick leave permit employees to accumulate earned but unused leave. In the event of termination, an employee is paid for all unused accumulated vacation time. Accumulated leave is accrued in the accompanying proprietary funds financial statement but not in the governmental funds.

CITY OF CRETE, NEBRASKA

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 used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

All long-term debt to be repaid from business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable. Long-term debt for governmental activities is not reported as liabilities in the government-wide financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Fund Financial Statements

The accounting for governmental funds is the same in the fund financial statements as it is in the government-wide statements. The accounting for proprietary funds is also the same in the fund financial statements as it is in the government-wide statements.

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.

CITY OF CRETE, NEBRASKA

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

Government-wide Statements, continued

- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

Effective October 1, 2010, the City 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 City 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 City Council ordinance or resolution.

Assigned—Amounts that are designated by the Mayor for a specific purpose but are not spendable until a budget ordinance is passed by the City Council.

Unassigned—All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 16). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the City Council or the Assignment has been changed by the Mayor. 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.

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses

Sales and Use Tax

The City presently levies a two cent sales tax on taxable sales within the City. The sales tax is collected by the Nebraska Department of Revenue and remitted to the City in the month following receipt. The Nebraska Department of Revenue receives the sales tax approximately one month after collection by vendors. One cent of the sales tax is recorded in the General Fund and used for budgeted General Fund appropriations, 0.5 cents recorded in the Debt Service Fund to pay for the library bonds and public safety equipment, and 0.5 cents is recorded in the Economic Development Fund. Half of the Economic Development Fund sales tax is to be used to pay for the pool and the other half is to be used for economic development grants.

Property Taxes

The City has the power to levy taxes each year sufficient to pay any judgment existing against the City, 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.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

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

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – by Character and Function

Proprietary Funds – by Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity is classified as transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Fund Accounting Requirements

The City complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the City include: Special Revenue, Debt Service, and Capital Projects Funds.

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 City'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 City's demand 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 City's name.

3. Revenue Restrictions

The City 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

Bonds Payable

The various bond ordinances relating to the bonds payable contain some restrictions or covenants that are financial-related. These include covenants such as debt-service coverage requirements and required reserve account balances. The City is in compliance with the bond restrictions and covenants.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data

The City is required by state laws to adopt annual or biennial 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 City of Crete adopts a two year (biennial) budget.

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 City follows these procedures in establishing the budgetary data reflected in the accompanying financial statements.

- a. On or before August 1 of each odd year, the City prepares a budget for the next two fiscal years commencing October 1. 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 of each odd year, the City Council 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. Appropriations lapse at the end of the fiscal year, except for capital improvement appropriations and certain encumbrances against operating budgets.
- f. The County Clerk certifies a preliminary property tax levy for each fund of the City which levied property taxes in the county the previous year based on the combined valuation and amount required for the City 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.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data, continued

- g. 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.
- h. The City of Crete adopts a budget by ordinance for all funds.

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

1. Cash and Investments

Cash

The City'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 City (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 City's name.

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 City's name; or collateralized with no written or approved collateral agreement.

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

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

1. Cash and Investments, continued

Cash, continued

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits	\$ 15,477,051	\$ 886,730	\$ 14,308,455	\$ 281,866	\$ <u>15,421,019</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –	
Unrestricted cash and cash equivalents	\$ 9,562,308
Restricted cash and cash equivalents	5,399,811
Component Unit –	
Unrestricted cash and cash equivalents	<u>458,900</u>
	\$ <u>15,421,019</u>

Investments

The City's policies and applicable laws regarding investments are discussed in Notes A4 and B2. The table presented below is designed to disclose whether the investments are insured or registered and who holds the security at September 30, 2021. The categories of investments are defined as follows:

Category 1 – Insured or registered with securities held by the entity or its agent in the entity's name.

Category 2 – Uninsured and unregistered with securities held by the counterparty's trust department or agent in the entity's name.

Category 3 – Uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the City's name.

<u>Type of Investment</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Money Market	\$ 206,719	\$ -	\$ -	\$ 206,719	\$ 206,719
Time Deposits	4,492,588	-	-	4,492,588	4,492,588
Mutual Funds	1,211,632	-	-	<u>1,211,632</u>	<u>1,211,632</u>
				\$ <u>5,910,939</u>	\$ <u>5,910,939</u>

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

1. Cash and Investments, continued

Investments, continued

Reconciliation to Government-wide Statement of Net Position:

Primary Government –	
Unrestricted investments	\$ 3,635,836
Restricted investments	1,050,073
Component Units –	
Unrestricted investments	1,099,561
Restricted investments	<u>125,469</u>
	<u>\$ 5,910,939</u>

2. Restricted Assets

The restricted assets as of September 30, 2021, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
Type of Restricted Assets:				
Cash and cash equivalents	\$ 4,372,360	\$ 1,027,451	\$ 5,399,811	\$ -
Investments	<u>365,000</u>	<u>685,073</u>	<u>1,050,073</u>	<u>125,469</u>
Total Restricted Assets	<u>\$ 4,737,360</u>	<u>\$ 1,712,524</u>	<u>\$ 6,449,884</u>	<u>\$ 125,469</u>

Restricted cash and investments for the governmental activities consists of \$123,798 of General Fund assets restricted for cemetery perpetual care, \$27,135 of General Fund assets restricted for cemetery maintenance, \$236,000 of General Fund assets restricted for library renovations, \$1,156,767 of Street Fund cash restricted for street improvements, \$343,369 of Debt Service cash restricted for debt service, \$594,214 of Capital Projects Fund cash restricted for capital projects, \$161,322 of CDBG Fund cash restricted for Federal programs, \$41,281 of Owner Occupied Rehab Fund cash restricted for Federal programs, \$256,221 of Keno Fund cash restricted for community betterment, \$607,126 of ARPA Fund cash restricted for Federal programs, and \$1,190,127 of Economic Development Fund cash restricted for economic development.

The Electric Fund restricted assets consist of \$531,367 restricted for debt service and \$243,596 restricted for customer deposits. The Sewer Fund has \$937,561 restricted for debt service.

The Friends of Crete Public Library component unit restricted investments consist of \$125,469 restricted for library capital projects.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

3. Accounts and Notes Receivable

Accounts receivable of the business-type activities consist of utilities receivables. Receivables detail at September 30, 2021, is as follows:

	<u>Business-type Activities</u>
Accounts receivable	\$ 1,635,852
Allowance for uncollectible accounts	(<u>145,500</u>)
Total accounts receivable	\$ <u>1,490,352</u>

The Community Development Agency has three tax increment financing (TIF) agreements with the following estimated TIF receivables and payables to redevelopers as of September 30, 2021:

<u>Project/ Redeveloper</u>	<u>TIF Receivable</u>	<u>TIF Payable</u>
Dairy Queen	\$ 36,450	\$ 35,860
Crete Lodging	1,674,350	1,595,255
Orscheln	694,750	646,100
Union Bank	<u>129,850</u>	<u>-</u>
	\$ <u>2,535,400</u>	\$ <u>2,277,215</u>
Current portion	\$ 184,400	\$ 198,180
Noncurrent portion	<u>2,351,000</u>	<u>2,079,035</u>
Total	\$ <u>2,535,400</u>	\$ <u>2,277,215</u>

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

4. Capital Assets

	Balance at October 1, <u>2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2021</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 793,971	\$ 13,314	\$ -	\$ -	\$ 807,285
Construction in progress	<u>169,359</u>	<u>215,417</u>	<u>-</u>	<u>(169,359)</u>	<u>215,417</u>
Total capital assets not being depreciated	963,330	228,731	-	(169,359)	1,022,702
Other capital assets being depreciated:					
Distribution systems	34,400,185	717,748	-	110,402	35,228,335
Buildings and improvements	6,768,549	-	-	-	6,768,549
Equipment	1,855,672	36,257	-	58,957	1,950,886
Vehicles	<u>1,259,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,259,713</u>
Total other capital assets at historical cost	44,284,119	754,005	-	169,359	45,207,483
Less accumulated depreciation for:					
Distribution systems	(12,544,857)	(880,146)	-	-	(13,425,003)
Buildings and improvements	(4,372,483)	(172,758)	-	-	(4,545,241)
Equipment	(1,436,955)	(82,828)	-	-	(1,519,783)
Vehicles	<u>(1,099,179)</u>	<u>(41,341)</u>	<u>-</u>	<u>-</u>	<u>(1,140,520)</u>
Total accumulated depreciation	<u>(19,453,474)</u>	<u>(1,177,073) *</u>	<u>-</u>	<u>-</u>	<u>(20,630,547)</u>
Other capital assets, net	<u>24,830,645</u>	<u>(423,068)</u>	<u>-</u>	<u>169,359</u>	<u>24,576,936</u>
Business-type capital assets, net	<u>\$ 25,793,975</u>	<u>\$ (194,337)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,599,638</u>

* Depreciation expense was charged to functions as follows:

Electric	\$ 439,611
Water	216,129
Sewer	<u>521,333</u>
Total Business-type Activities depreciation expense	<u>\$ 1,177,073</u>

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

4. Capital Assets, continued

Construction in progress at September 30, 2021 consists of \$215,417 of costs incurred on the sewer lift station and force main project. See note D3 for details on contractual commitments on these projects.

Component Units:

	Balance at July 31, <u>2020</u>	<u>Additions</u>	<u>Disposals</u>	Balance at September 30, <u>2021</u>
<u>Crete Airport Authority:</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 for the Airport Authority at September 30, 2021, consists of \$63,998 of costs incurred on the fuel system engineering project. See note D3 for additional details on commitments remaining on this project.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

5. Long-term Debt

Changes in Long-term Debt

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

<u>Type of Debt</u>	<u>Balance October 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2021</u>	<u>Amounts Due Within One Year</u>
Business-type Activities:					
Bonds payable	<u>\$ 11,089,759</u>	<u>\$ -</u>	<u>\$ (644,093)</u>	<u>\$ 10,445,666</u>	<u>\$ 652,841</u>
Component unit:					
Community Development					
Agency					
TIF payables	<u>\$ 1,171,075</u>	<u>\$ 1,153,524</u>	<u>\$ (47,384)</u>	<u>\$ 2,277,215</u>	<u>\$ 198,180</u>
	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>	<u>Amounts Due</u>
	<u>August 1,</u>			<u>September 30,</u>	<u>Within</u>
	<u>2020</u>			<u>2021</u>	<u>One Year</u>
Component unit:					
Crete Airport Authority					
Bonds payable	<u>\$ 71,000</u>	<u>\$ -</u>	<u>\$ (47,000)</u>	<u>\$ 24,000</u>	<u>\$ 24,000</u>

Business-type Activities

As of September 30, 2021, the long-term debt payable from proprietary fund resources consisted of the following:

Bonds payable:

During December 2016, the City issued \$1,230,000 of Series 2016 Electric Certificates of Participation to finance electric capital asset projects. Interest ranging from 1.15 to 2.85 percent is due semi-annually on June 15 and December 15, commencing June 15, 2017. The final principal payment is due December 15, 2026.

\$ 765,000

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

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

5. Long-term Debt, continued

Business-type Activities, continued

On December 15, 2016, the Sewer Fund issued \$6,998,000 of Series 2016A USDA Bonds to refinance the bond anticipation note issued during the wastewater treatment plant project. The bonds bear interest of 1.875%. Annual principal and interest payments of \$422,890 are due commencing December 15, 2017 through December 15, 2036.

5,798,064

On December 15, 2016, the Sewer Fund issued \$4,011,000 of Series 2016B USDA Bonds to refinance the bond anticipation note issued during the wastewater treatment plant project. The bonds bear interest of 1.375%. Annual principal and interest payments of \$230,793 are due commencing December 15, 2017 through December 15, 2036.

3,293,809

On December 15, 2016, the Sewer Fund issued \$717,000 of Series 2016C USDA Bonds to refinance the bond anticipation note issued during the wastewater treatment plant project. The bonds bear interest of 1.375%. Annual principal and interest payments of \$41,257 are due commencing December 15, 2017 through December 15, 2036.

588,793

Total business-type activity long-term debt \$ 10,445,666

Current portion \$ 652,841

Noncurrent portion 9,792,825

Total \$ 10,445,666

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

5. Long-term Debt, continued

Component Units

Community Development Agency:

See Note C3 for details on the \$2,277,215 of TIF
payables due to redevelopers. \$ 2,277,215

Crete Airport Authority:

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

Total component unit long-term debt \$ 2,301,215

Current portion \$ 222,180

Noncurrent portion 2,079,035

Total long-term debt \$ 2,301,215

Annual debt service requirements to maturity, including principal and interest, for long-term debt
as of September 30, 2021, are as follows:

Year Ending <u>September 30,</u>	<u>Business-type Activities</u>	
	<u>Other Debt Issues</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 652,841	\$ 179,907
2023	666,738	168,343
2024	675,787	156,357
2025	689,991	143,964
2026	699,351	131,191
2027-2031	3,127,863	483,761
2032-2036	3,252,081	222,619
2037	681,014	11,432
	<u>\$ 10,445,666</u>	<u>\$ 1,497,574</u>

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

5. Long-term Debt, continued

Year Ending <u>September 30,</u>	Component Units			
	Direct Placement Debt		Other Debt Issues	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 198,180	\$ -	\$ 24,000	\$ 780
2023	158,065	-	-	-
2024	158,065	-	-	-
2025	158,065	-	-	-
2026	158,065	-	-	-
2027-2031	786,559	-	-	-
2032-2035	660,216	-	-	-
	<u>\$ 2,277,215</u>	<u>\$ -</u>	<u>\$ 24,000</u>	<u>\$ 780</u>

6. Interfund Transactions and Balances

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Electric	\$ 350,004	\$ -
Street	24,996	(104,004)
Intrafund General	3,073,080	(3,073,080)
Capital Projects	-	(45,504)
Nonmajor Governmental Funds	-	(138,924)
Internal Service Fund	-	(5,000)
Total General Fund	3,448,080	(3,366,512)
Street Fund:		
General	104,004	(24,996)
Capital Projects Fund:		
General	45,504	-
Nonmajor Governmental Funds:	138,924	(12,950)
Internal Service Fund:		
General	5,000	-
Electric Fund:		
General	-	(350,004)
Water Fund:		
ARPA Fund	6,475	-
Sewer Fund:		
ARPA Fund	<u>6,475</u>	<u>-</u>
Total Operating Transfers	<u>\$ 3,754,462</u>	<u>\$ (3,754,462)</u>

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

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

6. Interfund Transactions and Balances, continued

Interfund Balances

At September 30, 2021, the Capital Projects Fund owed \$130,066 to the Electric Fund. This interfund loan bears 2.39 percent interest and is due in 10 annual principal and interest payments of \$45,444 through July 2, 2024.

The General Fund owed \$556 to the Electric Fund and the Airport Authority owed \$1,235 to the Electric Fund. These interfund loans are expected to be repaid during the next fiscal year.

7. Deficit Fund Balances

The deficit fund balance of (\$626) for the FEMA Disaster Fund is expected to be eliminated with an interfund transfer in future years.

NOTE D – OTHER NOTES

1. Employee Pension and Other Benefit Plans

The City sponsors a defined contribution plan with Union Bank and Trust. It covers all full-time employees who have reached age 19 and who have put in one year of service except fire department personnel. The plan was established and is amended by Board resolution. Enrollment in the plan is mandatory. Each participant shall have seven percent of their regular earnings deferred. Employees in the police department shall have seven percent of all earnings deferred. In addition, employees over age 50 are eligible to make catch up contributions. The City matches 100 percent of the deferred contribution, excluding the over 50 catch-up contributions. Employer contributions vest at a rate of 20 percent per year. These requirements were established and may be amended by Board Resolution.

The City's regular employer contribution amounted to \$176,776 for the year ended September 30, 2021, and the employee contributions also totaled \$176,776 for the year ended September 30, 2021, on \$2,525,366 of covered payroll (with total payroll of \$3,127,243).

The City's police contribution amounted to \$59,210 for the year ended September 30, 2021, and the police employee contributions also totaled \$59,210 for the year ended September 30, 2021, on \$845,850 of covered payroll.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

The City also sponsors a non-qualified deferred compensation 457 plan with Principal and Hartford. The plan was established and is amended by Board Resolution. Enrollment in the plan is voluntary and no participation is required. The City does not match any portion of this plan. These requirements were established and may be amended by Board Resolution.

2. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance to minimize the effect of possible exposure to these risks. There have been no significant reductions in insurance coverage from coverage in the prior year. During the past three fiscal years, there have been no settlements exceeding the amount of the City's insurance coverage.

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 City 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 City's investments at September 30, 2021, are held by the banks in the name of the City. The City's investments consist of certificates of deposit.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City'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 investment maturities are as follows:

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

Interest Rate Risk, continued

<u>Maturities by Month</u>	<u>Amount</u>
October 2021	\$ 466,149
November 2021	61,000
December 2021	109,987
February 2022	735,000
March 2022	233,000
April 2022	228,639
May 2022	10,000
June 2022	211,029
July 2022	182,182
August 2022	175,000
September 2022	60,000
November 2022	80,000
December 2022	146,000
March 2023	10,000
April 2023	203,648
May 2023	41,000
September 2023	248,973
March 2024	108,055
April 2024	105,957
July 2024	128,499
September 2024	170,076
April 2025	121,464
May 2025	101,386
September 2025	99,029
September 2026	152,800
October 2027	144,202
August 2030	116,771
September 2030	<u>42,742</u>
	\$ <u>4,492,588</u>

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City's investments consist of certificates of deposit, money market funds, and other securities backed by U.S. Government obligations, minimizing credit risk associated with the City's investment portfolio.

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

<u>Financial Institution</u>	<u>Amount</u>
Pinnacle Bank	\$ 836,048
City Bank & Trust	1,037,040
Wells Fargo Advisors	<u>2,619,500</u>
	\$ <u>4,492,588</u>

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

3. Commitments and Contingencies

Claims and Lawsuits

The City is subject to claims and other actions arising in the ordinary course of business. Some of these claims and actions have resulted in lawsuits where the City is a defendant. In the opinion of City management, the potential loss on all claims and lawsuits as of September 30, 2021, will not be significant to the City's financial statements.

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Construction and Contractual Commitments

As of September 30, 2021, the City had the following construction and contractual obligations:

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/21</u>	<u>Remaining Commitment</u>	<u>Expected Date of Completion</u>
Splash pad	\$ 305,000	\$ -	\$ 305,000	September 2022
2021 Street improvement project:				
Design/engineering	99,500	76,146	23,354	December 2021
Construction	<u>875,039</u>	<u>-</u>	<u>875,039</u>	December 2021
Total library project	974,539	76,146	898,393	
GPS data maintenance	24,000	21,000	3,000	March 2022
John Deere 524P loader	141,536	-	141,536	September 2022
Theater renovation	603,750	-	603,750	September 2022
CCCCFF Grant	125,000	62,500	62,500	September 2022
R and R assessment/ERP plan	22,085	7,520	14,565	September 2022
Sewer lift station/force main:				
Contractor	224,314	211,046	13,268	September 2022

Contingencies

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 City that could occur as a result of this issue is unknown and cannot be reasonably estimated at this time.

Self-Insurance Fund

The City provided medical insurance for eligible employees using a self-insurance fund prior to the 2015 calendar year. The fund was reported in the Internal Service Fund and was financed by operating transfers from the Proprietary and General Funds of an average amount per employee, which is based on management's previous experience. The City no longer self-insures for health insurance.

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Purchase Power Contract

On May 29, 1986 the City entered into a contract with Municipal Energy Agency of Nebraska (MEAN) for total power requirement. This agreement states that the City will purchase its power needs in excess of the power supplied by the United States Department of Energy, Western Area Power Administration directly from MEAN. To ensure that MEAN had adequate power to supply their municipal customers, MEAN participated in the building of certain power plants. The City committed to purchase power directly from MEAN for the longer of ten years or when the bonds to build the power plant had been paid in full. The power plant bonds are scheduled to be paid in full in the year 2041. The dollar amount of power purchased from MEAN was \$7,189,536 for the year ended September 30, 2021. As part of this agreement, the City has agreed to maintain its facility in working order so that if additional power is needed by MEAN it can use the City's facility to generate such power. MEAN has agreed to pay the City a fee for maintaining its power plant in working condition. The amount paid to the City was \$159,926 for the year ended September 30, 2021. In addition, MEAN issued a \$68,303 revenue sharing payment to the City during the year ended September 30, 2021. The City has the option to assign its rights and commitments in this contract if the entity to which it is assigning such rights and commitments is acceptable to MEAN. The capacity compensation rate is scheduled to decrease over the next four fiscal years.

Operating Leases

The City is party to operating leases for a postage machine, five copiers, and technology management services. Total rent expense was \$27,465 for the year ended September 30, 2021. Future lease obligations are as follows:

<u>Year Ended September 30,</u>	<u>Lease</u> <u>Commitments</u>
2022	\$ 29,297
2023	7,260
2024	3,060
2025	3,060
2026	<u>2,040</u>
	\$ <u>44,717</u>

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

NOTE D – OTHER NOTES, continued

4. Governmental Long-Term Debt

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

<u>Type of Debt</u>	<u>Balance October 1, 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	\$ 6,725,000	\$ 1,150,000	\$ (1,310,000)	\$ 6,565,000	\$ 300,000
Bond anticipation notes	415,000	955,000	(415,000)	955,000	-
Capital lease obligations	153,000	-	(153,000)	-	-
Total Governmental-type Activities	<u>\$ 7,293,000</u>	<u>\$ 2,105,000</u>	<u>\$ (1,878,000)</u>	<u>\$ 7,520,000</u>	<u>\$ 300,000</u>

Governmental Activities:

The Debt Service Fund and Street Fund make the bond payments and the Economic Development Fund makes the capital lease payments. As of September 30, 2021, the governmental long-term liabilities consisted of the following:

Bonds payable:

During August 2021, the City issued General Obligation Refunding Bonds totaling \$1,150,000 to refinance the Series 2014 GO Refunding Bonds and the Series 2018 Bond Anticipation Notes. The bonds bear interest at rates ranging from 0.25 percent to 0.80 percent with annual principal payments beginning November 15, 2011, through November 15, 2027. \$ 1,150,000

During February 2018, the City issued General Obligation Various Purpose Bonds totaling \$870,000 to refinance the Series 2014 and 2015 bond anticipation notes. The bonds bear interest at rates ranging from 1.50 percent to 3.20 percent with annual principal payments beginning December 15, 2018, through December 15, 2042. 715,000

During October 2017, the City issued Tax Supported Community Facility Bonds totaling \$4,335,000 for the library construction project. The bonds bear interest at rates ranging from 1.15 percent to 3.375 percent with annual principal payments beginning June 15, 2018, through June 15, 2042. 3,760,000

During April 2019, the City issued Highway Allocation Fund Pledge Bonds totaling \$975,000 for the street projects. The bonds bear interest at rates ranging from 1.80 percent to 3.35 percent with annual principal payments beginning December 15, 2020, through December 15, 2034. 940,000

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE D – OTHER NOTES, continued

4. Governmental Long-Term Debt, continued

Governmental Activities, continued:

Bond anticipation notes:

During August 2021, the City issued Series 2021 Bond Anticipation Notes (BAN's) totaling \$955,000 to provide interim financing for capital projects. The BAN's bear interest of 0.45 percent and mature August 15, 2024. 955,000

Capital lease obligation:

On June 28, 2011, the City entered into a \$1,200,000 capital lease obligation. The lease bears interest ranging from 0.60 percent to 3.35 percent with annual principal payments beginning September 15, 2012, through September 15, 2021. -

During June 2012, the City entered into a \$157,000 capital lease obligation. The capital lease bears interest of 2.2 percent with annual principal payments commencing September 15, 2013, through September 15, 2021. -

Total long-term debt	\$ <u>7,520,000</u>
Current portion	\$ 300,000
Noncurrent portion	<u>7,220,000</u>
Total long-term debt	\$ <u>7,520,000</u>

Annual debt service requirements to maturity, including principal and interest, for governmental long-term debt as of September 30, 2021, are as follows:

Year Ending September 30,	Governmental Activities	
	Other Debt Issues	
	Principal	Interest
2022	\$ 300,000	\$ 161,815
2023	450,000	158,536
2024	1,405,000	153,059
2025	455,000	142,770
2026	460,000	136,012
2027-2031	1,760,000	560,684
2032-2036	1,365,000	338,391
2037-2041	1,085,000	152,294
2042	240,000	8,100
	\$ 7,520,000	\$ 1,811,661

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE D – OTHER NOTES, continued

5. Interlocal Agreements

The City has the following interlocal agreements in effect as of September 30, 2021:

<u>Parties to Agreement</u>	<u>Term</u>	<u>Description</u>
Seward/Saline County Waste Area Management Agency	7/1/93 to indefinite	Solid waste disposal site
Saline County Mutual Finance Organization	7/1/16 to indefinite	Fire and rescue equipment
Saline County Rural Fire District	7/1/16 to indefinite	Fire and rescue services
Southeast Nebraska Development District	7/1/21 to 6/30/22	Economic and community development services
League Association of Risk management	10/1/19 to 9/30/21	Risk management services and coverage
NMPP Energy MEAN	4/1/81 to 3/31/38	Wholesale electricity and related services
Southeast Nebraska E911 City of Beatrice	6/21/21 to 9/30/23	Emergency dispatch
Crete Public Schools	2/12/18 to 1/31/22	School resource officer

6. LB840 Loan

On May 23, 2016, the City issued a \$30,000 LB840 loan to Mandy Bruder to open a daycare facility (Little Peanuts, LLC). The loan is non-interest bearing and is forgivable if the business remains open as a daycare facility for a period of seven years and if the business creates and maintains six full-time employees beginning August 1, 2016 for a period of seven years.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE D – OTHER NOTES, continued

6. LB840 Loan, continued

On September 23, 2014, the City issued a \$10,000 LB840 loan to Lynnferd and Sarah Begay to open Elle's Restaurant. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years and if the business creates and maintains two full-time employees beginning January 1, 2015 for a period of seven years.

On November 1, 2016, the City issued a \$4,400 LB840 loan to Veterans and Friends for start up funding. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years.

On July 29, 2019, the City issued a \$28,000 LB840 loan to Artisan Mark for start up funding. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years and if the business creates and maintains the required employees for the seven year period.

On July 31, 2019, the City issued a \$20,000 LB840 loan to Saline County Medical Specialties for start up funding. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years and if the business creates and maintains the required employees for the seven year period.

On September 30, 2020, the City issued a \$28,000 LB840 loan to Elle's on Main. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years and if the business creates and maintains the required employees for the seven year period.

On October 16, 2020, the City issued a \$100,000 LB840 loan to Saline Medical Plaza, LLC. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years and if the business creates and maintains the required employees for the seven year period.

On November 17, 2020, the City issued a \$40,000 LB840 loan to Woods-Jones Enterprises, LLC. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years and if the business creates and maintains the required employees for the seven year period.

On March 2, 2021, the City issued a \$24,500 LB840 loan to The 1206, LLC. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years and if the business creates and maintains the required employees for the seven year period.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE D – OTHER NOTES, continued

7. Tax Abatements

The Community Development Agency (CDA), who is authorized by Nebraska statutes to enter into property tax abatement agreements for the purpose of developing properties in blighted areas, has entered into tax increment financing (TIF) agreements with various redevelopers. The TIF program has the stated purpose of increasing valuation, business activity and employment in the community.

Under the TIF program, redevelopers can apply for TIF financing whereby the property tax they pay on the increased valuation of property under a TIF agreement is returned to the redeveloper by the CDA to finance the project for a period of up to 15 years.

Information relevant to the abatements granted by the CDA for the year ended September 30, 2021 is as follows:

<u>TIF Project:</u>	<u>Years Remaining on TIF Agreements</u>	<u>2021 TIF Valuation</u>	<u>TIF Proceeds Received during the year 9-30-2021</u>
Dairy Queen	9	\$ 192,885	\$ 4,116
Crete Lodging	14	5,696,535	80,110
Orscheln	15	2,206,180	-
Union Bank	9	687,405	<u>14,669</u>
			<u>\$ 98,895</u>

8. Subsequent Events

Management has evaluated subsequent events through December 23, 2021, the date on which the financial statements were available for issue.

On November 2, 2021, Council approved the purchase of a new ambulance from Danko Emergency Equipment Co. for \$250,790.

On November 2, 2021, Council approved using up to \$240,000 of LB840 funds to purchase real estate for housing.

SUPPLEMENTARY AND OTHER INFORMATION

CITY OF CRETE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
GENERAL FUND**

Year ended September 30, 2021

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 1,257,000	\$ 1,236,987	\$ (20,013)
Motor vehicle	100,000	117,392	17,392
Occupation	75,000	121,233	46,233
Franchise	283,000	295,934	12,934
Sales	1,036,000	1,210,248	174,248
Intergovernmental	789,500	890,765	101,265
Grants	10,924	309,285	298,361
Charges for services	559,995	529,163	(30,832)
Interest income	3,700	4,162	462
Contributions	270,000	348,315	78,315
Sales proceeds on capital assets	50,000	1,312	(48,688)
Other	3,750	34,209	30,459
Total resources	<u>4,438,869</u>	<u>5,099,005</u>	<u>660,136</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	799,145	528,169	(270,976)
Public safety	2,438,220	2,076,973	(361,247)
Public works	389,680	95,669	(294,011)
Environment and leisure	1,030,410	992,546	(37,864)
Capital outlay	500,200	150,647	(349,553)
Total charges to appropriations	<u>5,157,655</u>	<u>3,844,004</u>	<u>(1,313,651)</u>
Resources over (under) charges to appropriations	(718,786)	1,255,001	1,973,787
OTHER FINANCING SOURCES (USES)			
Transfers in	3,883,566	3,448,080	(435,486)
Transfers out	<u>(3,164,780)</u>	<u>(3,366,512)</u>	<u>(201,732)</u>
Net transfers	<u>718,786</u>	<u>81,568</u>	<u>(637,218)</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER CHARGES TO APPROPRIATIONS	<u><u>\$ -</u></u>	<u><u>\$ 1,336,569</u></u>	<u><u>\$ 1,336,569</u></u>

CITY OF CRETE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
STREET FUND**

Year ended September 30, 2021

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Intergovernmental	\$ 752,250	\$ 919,161	\$ 166,911
Charges for services	28,300	36,119	7,819
Sales proceeds on capital assets	-	94,668	94,668
Other revenue	<u>500</u>	<u>80</u>	<u>(420)</u>
Total resources	781,050	1,050,028	268,978
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	843,460	860,398	16,938
Capital assets	10,500	-	(10,500)
Principal payments	55,000	-	(55,000)
Interest expense	<u>26,000</u>	<u>-</u>	<u>(26,000)</u>
Total charges to appropriations	<u>934,960</u>	<u>860,398</u>	<u>(74,562)</u>
Resources over (under) charges to appropriations	(153,910)	189,630	343,540
OTHER FINANCING SOURCES (USES)			
Transfers in	153,910	104,004	(49,906)
Transfers out	<u>-</u>	<u>(24,996)</u>	<u>(24,996)</u>
Net transfers	<u>153,910</u>	<u>79,008</u>	<u>(74,902)</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER CHARGES TO APPROPRIATIONS	<u><u>\$ -</u></u>	<u><u>\$ 268,638</u></u>	<u><u>\$ 268,638</u></u>

CITY OF CRETE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
DEBT SERVICE FUND**

Year ended September 30, 2021

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Property tax	\$ 205,300	\$ 202,473	\$ (2,827)
Sales tax	330,000	416,127	86,127
Special assessments	20,700	25,292	4,592
Interest income	-	60	60
Bond/loan proceeds	<u>-</u>	<u>1,150,000</u>	<u>1,150,000</u>
Total resources	556,000	1,793,952	1,237,952
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Principal payments	385,000	1,670,000	1,285,000
Interest expense	169,000	171,660	2,660
Bond fees	<u>2,000</u>	<u>13,096</u>	<u>11,096</u>
Total charges to appropriations	<u>556,000</u>	<u>1,854,756</u>	<u>1,298,756</u>
RESOURCES UNDER CHARGES TO APPROPRIATIONS	<u><u>\$ -</u></u>	<u><u>\$ (60,804)</u></u>	<u><u>\$ (60,804)</u></u>

CITY OF CRETE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
CAPITAL PROJECTS FUND**

Year ended September 30, 2021

	Budget (Original and <u>(Final)</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Grants	\$ 148,200	\$ 145,234	\$ (2,966)
Interest income	-	89	89
Bond proceeds	1,800,000	955,000	(845,000)
Total resources	<u>1,948,200</u>	<u>1,100,323</u>	<u>(847,877)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	-	61,178	61,178
Environment and leisure	-	4,284	4,284
Capital outlay	1,993,700	187,365	(1,806,335)
Principal payments	-	55,000	55,000
Interest expense	<u>-</u>	<u>29,409</u>	<u>29,409</u>
Total charges to appropriations	<u>1,993,700</u>	<u>337,236</u>	<u>(1,656,464)</u>
Resources over (under) charges to appropriations	(45,500)	763,087	808,587
OTHER FINANCING SOURCES			
Transfers in	<u>45,500</u>	<u>45,504</u>	<u>4</u>
RESOURCES AND OTHER FINANCING SOURCES OVER CHARGES TO APPROPRIATIONS	<u><u>\$ -</u></u>	<u><u>\$ 808,591</u></u>	<u><u>\$ 808,591</u></u>

CITY OF CRETE, NEBRASKA

**COMBINING BALANCE SHEET - MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS**

September 30, 2021

	<u>Special Revenue Funds</u>		
	<u>CDBG</u>	<u>Owner</u>	
	<u>Fund</u>	<u>Occupied Rehab</u>	<u>Keno</u>
		<u>Fund</u>	<u>Fund</u>
ASSETS			
Cash and cash equivalents	\$ 161,322	\$ 41,281	\$ 256,221
Investments	-	-	-
Total assets	<u>\$ 161,322</u>	<u>\$ 41,281</u>	<u>\$ 256,221</u>
LIABILITIES AND FUND BALANCES			
Liabilities:	\$ -	\$ -	\$ -
Fund balances:			
Restricted for:			
Federal programs	161,322	41,281	-
Community betterment	-	-	256,221
Economic development	-	-	-
Assigned for:			
Capital outlay	-	-	-
Unassigned	-	-	-
Total fund balances	<u>161,322</u>	<u>41,281</u>	<u>256,221</u>
Total liabilities and fund balances	<u>\$ 161,322</u>	<u>\$ 41,281</u>	<u>\$ 256,221</u>

Special Revenue Funds				Total Other Governmental Funds
ARPA Fund	Capital Outlay Fund	FEMA Disaster Fund	Economic Development Fund	
\$ 607,126	\$ 93,171	\$ (626)	\$ 1,190,127	\$ 2,348,622
-	90,000	-	-	90,000
<u>\$ 607,126</u>	<u>\$ 183,171</u>	<u>\$ (626)</u>	<u>\$ 1,190,127</u>	<u>\$ 2,438,622</u>
-	\$ -	\$ -	\$ -	\$ -
607,126	-	-	-	809,729
-	-	-	-	256,221
-	-	-	1,190,127	1,190,127
-	183,171	-	-	183,171
-	-	(626)	-	(626)
<u>607,126</u>	<u>183,171</u>	<u>(626)</u>	<u>1,190,127</u>	<u>2,438,622</u>
<u>\$ 607,126</u>	<u>\$ 183,171</u>	<u>\$ (626)</u>	<u>\$ 1,190,127</u>	<u>\$ 2,438,622</u>

CITY OF CRETE, NEBRASKA

**COMBINING STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS -
NONMAJOR GOVERNMENTAL FUNDS**

Year ended September 30, 2021

	Special Revenue Funds		
	CDBG	Owner	Keno
	<u>Fund</u>	<u>Occupied Rehab</u>	<u>Fund</u>
REVENUES			
Sales tax	\$ -	\$ -	\$ -
Keno proceeds	-	-	83,111
Grant income	-	-	-
Loan collections	-	-	-
Contributions	285,039	-	-
Interest income	-	4	4
Other income	-	7,083	-
Total revenues	<u>285,039</u>	<u>7,087</u>	<u>83,115</u>
EXPENDITURES			
General government	66,505	2,205	43,019
Public safety	-	-	-
Public works	-	-	-
Environment and leisure	-	-	-
Economic development	-	-	-
Capital outlay	-	-	-
Principal payments	-	-	-
Interest on long-term debt	-	-	-
Total expenditures	<u>66,505</u>	<u>2,205</u>	<u>43,019</u>
Excess (deficiency) of revenues over expenditures before transfers	218,534	4,882	40,096
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	218,534	4,882	40,096
Fund balances - September 30, 2020	<u>(57,212)</u>	<u>36,399</u>	<u>216,125</u>
Fund balances - September 30, 2021	<u><u>\$ 161,322</u></u>	<u><u>\$ 41,281</u></u>	<u><u>\$ 256,221</u></u>

Special Revenue Funds

<u>ARPA Fund</u>	<u>Capital Outlay Fund</u>	<u>FEMA Disaster Fund</u>	<u>Economic Development Fund</u>	<u>Total Other Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 542,127	\$ 542,127
-	-	-	-	83,111
620,076	-	4,082	-	624,158
-	-	-	26,107	26,107
-	1,200	-	-	286,239
-	-	-	1,077	1,085
-	-	-	-	7,083
<u>620,076</u>	<u>1,200</u>	<u>4,082</u>	<u>569,311</u>	<u>1,569,910</u>
-	16,464	-	-	128,193
-	37,270	-	-	37,270
-	9,228	3,629	-	12,857
-	6,460	-	-	6,460
-	-	-	429,167	429,167
-	150,337	-	-	150,337
-	-	-	153,000	153,000
-	-	-	4,919	4,919
<u>-</u>	<u>219,759</u>	<u>3,629</u>	<u>587,086</u>	<u>922,203</u>
620,076	(218,559)	453	(17,775)	647,707
<u>(12,950)</u>	<u>138,924</u>	<u>-</u>	<u>-</u>	<u>125,974</u>
607,126	(79,635)	453	(17,775)	773,681
<u>-</u>	<u>262,806</u>	<u>(1,079)</u>	<u>1,207,902</u>	<u>1,664,941</u>
<u>\$ 607,126</u>	<u>\$ 183,171</u>	<u>\$ (626)</u>	<u>\$ 1,190,127</u>	<u>\$ 2,438,622</u>

CITY OF CRETE, NEBRASKA

COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS

August 31 and September 30, 2021

	Crete Airport Authority (September 30, 2021)	Friends of Crete Public Library (August 31, 2021)	Community Development Agency (September 30, 2021)	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 225,305	\$ 23,299	\$ 210,296	\$ 458,900
Investments	-	1,099,561	-	1,099,561
County treasurer cash	697	-	-	697
Accounts receivable	30,608	-	-	30,608
Current portion of TIF receivables	-	-	184,400	184,400
Prepaid insurance	2,801	-	-	2,801
Total current assets	<u>259,411</u>	<u>1,122,860</u>	<u>394,696</u>	<u>1,776,967</u>
Noncurrent assets:				
Restricted investments	-	125,469	-	125,469
Noncurrent portion of TIF receivables	-	-	2,351,000	2,351,000
Capital assets:				
Land	397,514	-	-	397,514
Construction in progress	63,998	-	-	63,998
Other capital assets, net of depreciation	2,348,785	-	-	2,348,785
Net capital assets	<u>2,810,297</u>	<u>-</u>	<u>-</u>	<u>2,810,297</u>
Total noncurrent assets	<u>2,810,297</u>	<u>125,469</u>	<u>2,351,000</u>	<u>5,286,766</u>
Total assets	3,069,708	1,248,329	2,745,696	7,063,733
LIABILITIES				
Current liabilities:				
Accounts payable	3,055	-	-	3,055
Accrued interest payable	97	-	-	97
Unearned rent revenue	17,265	-	-	17,265
Due to City of Crete	1,235	-	-	1,235
Current portion of long-term obligation	24,000	-	198,180	222,180
Total current liabilities	<u>45,652</u>	<u>-</u>	<u>198,180</u>	<u>243,832</u>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	-	-	2,079,035	2,079,035
Total liabilities	<u>45,652</u>	<u>-</u>	<u>2,277,215</u>	<u>2,322,867</u>
NET POSITION				
Net investment in capital assets	2,786,297	-	-	2,786,297
Restricted for library capital projects	-	125,469	-	125,469
Unrestricted	237,759	1,122,860	468,481	1,829,100
Total net position	<u><u>\$ 3,024,056</u></u>	<u><u>\$ 1,248,329</u></u>	<u><u>\$ 468,481</u></u>	<u><u>\$ 4,740,866</u></u>

See notes to financial statements.

CITY OF CRETE, NEBRASKA

COMBINING STATEMENT OF ACTIVITIES - COMPONENT UNITS

For the period ended August 31 and September 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Component units:			
Crete Airport Authority (9/30/21)	\$ 368,029	\$ 181,633	\$ -
Friends of Crete Public Library (8/31/21)	148,343	-	-
Community Development Agency (9/30/21)	2,169	38,840	77,271
Total component units	<u>\$ 518,541</u>	<u>\$ 220,473</u>	<u>\$ 77,271</u>

See notes to financial statements.

	Net (Expenses) Revenues and Changes in Net Position			
	Primary Government			
<u>Capital Grants and Contributions</u>	<u>Crete Airport Authority</u>	<u>Friends of Crete Public Library</u>	<u>Community Development Agency</u>	<u>Total</u>
\$ 106,997	\$ (79,399)	\$ -	\$ -	\$ (79,399)
565,031	-	416,688	-	416,688
-	-	-	113,942	113,942
<u>\$ 672,028</u>	<u>(79,399)</u>	<u>416,688</u>	<u>113,942</u>	<u>451,231</u>
General revenues:				
Property taxes	33,503	-	-	33,503
Interest and dividend income	-	8,836	-	8,836
Gains on investments	-	96,155	-	96,155
Gain on sale of equipment	6,543	-	-	6,543
Other income	6,140	-	-	6,140
Total general revenues	<u>46,186</u>	<u>104,991</u>	<u>-</u>	<u>151,177</u>
Change in net position	(33,213)	521,679	113,942	602,408
Net position - September 30, 2020	<u>3,057,269</u>	<u>726,650</u>	<u>354,539</u>	<u>4,138,458</u>
Net position - September 30, 2021	<u>\$ 3,024,056</u>	<u>\$ 1,248,329</u>	<u>\$ 468,481</u>	<u>\$ 4,740,866</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 Honorable Mayor and Members of the City Council
City of 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 - modified cash basis, the business-type activities - accrual basis, the aggregate discretely presented component units - accrual basis, each major fund - modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information - modified cash basis for the governmental funds of the City of Crete, Nebraska, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated December 23, 2021. Our report on the financial statements disclosed that, as described in Note A to the financial statements, the City of Crete, Nebraska, prepares its financial statements for the governmental funds on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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A PROFESSIONAL
CORPORATION

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 have not been 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 City of Crete'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 the following instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

At September 30, 2021, bank deposits at one financial institution exceeded FDIC coverage and pledged securities by \$281,866.

City of Crete's Response to Findings

The City of Crete's response to the findings identified in our audit is that due to the small size of the City, it is impractical to further segregate duties. Also, the City will monitor bank balances and request financial institutions to assign addition collateral in the future, if necessary. The City'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 23, 2021