

CITY OF CRETE, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2022

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SHAREHOLDERS:

Robert D. Almquist
Phillip D. Maltzahn
Marcy J. Luth
Heidi A. Ashby
Christine R. Shenk
Michael E. Hoback
Joseph P. Stump
Kyle R. Overturf
Tracy A. Cannon

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2022, 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 described in Note A.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Crete, Nebraska and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter—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 opinions are not modified with respect to this matter.

1203 W 2nd Street
P.O. Box 1407
Grand Island, NE 68802
P 308-381-1810
F 308-381-4824
EMAIL cpa@gicpas.com

A PROFESSIONAL
CORPORATION

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash and accrual basis of accounting described in Note A, and for determining that the modified cash and accrual basis of accounting are acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Crete, Nebraska's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Crete, Nebraska's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Crete, Nebraska's financial statements. The combining nonmajor governmental fund statements, the combining component unit financial statements, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 second sentence of this paragraph and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the management's discussion and analysis and budgetary comparison schedules, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2023, 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, P.C.

Grand Island, Nebraska
January 11, 2023

CITY OF CRETE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2022

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, 2022.

Financial Highlights

- The assets of the City of Crete exceeded its liabilities at the close of the most recent fiscal year by \$34,450,737 (*net position*). Of this amount, \$13,081,961 (*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 \$7,736,178. Approximately 43.7 percent of this total amount, \$3,383,679, is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,647,960, or 112.0 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, 2022

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, 2022

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 \$34,450,737 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, 2022

Government-wide Financial Analysis, continued

Summary Statements of Net Position

	Year Ended September 30, 2022			Year Ended September 30, 2021		
	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	\$ 7,736,178	\$ 12,061,485	\$ 19,797,663	\$ 9,164,700	\$ 12,519,371	\$ 21,684,071
Capital Assets	-	25,625,670	25,625,670	-	25,599,638	25,599,638
Total Assets	7,736,178	37,687,155	45,423,333	9,164,700	38,119,009	47,283,709
Long-term Liabilities	-	8,932,267	8,932,267	-	9,792,825	9,792,825
Other Liabilities	-	2,040,329	2,040,329	-	2,782,250	2,782,250
Total Liabilities	-	10,972,596	10,972,596	-	12,575,075	12,575,075
Net Position						
Net Investment in Capital						
Assets	-	15,996,732	15,996,732	-	15,153,972	15,153,972
Restricted	4,352,499	1,019,545	5,372,044	4,612,924	1,468,928	6,081,852
Unrestricted	3,383,679	9,698,282	13,081,961	4,551,776	8,921,034	13,472,810
Total Net Position	\$ 7,736,178	\$ 26,714,559	\$ 34,450,737	\$ 9,164,700	\$ 25,543,934	\$ 34,708,634

A large portion of the City of Crete's net position (46.4 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 (15.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$13,081,961) 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, 2022

	September 30, 2022			September 30, 2021		
	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	\$ 600,914	\$ 14,197,940	\$ 14,798,854	\$ 591,389	\$ 14,158,913	\$ 14,750,302
Operating Grants and Contributions	166,063	-	166,063	712,929	-	712,929
Capital Grants and Contributions	843,990	-	843,990	3,224,060	-	3,224,060
General Revenues:						
Property Taxes	1,384,746	-	1,384,746	1,439,460	-	1,439,460
Sales and Use Taxes	2,146,787	-	2,146,787	2,168,502	-	2,168,502
Other Taxes and Fees	580,437	-	580,437	559,851	-	559,851
State Allocation	1,718,683	-	1,718,683	1,691,168	-	1,691,168
Interest Income	4,784	41,808	46,592	5,426	14,771	20,197
Other	131,735	(198,180)	(66,445)	220,463	-	220,463
Total Revenues	7,578,139	14,041,568	21,619,707	10,613,248	14,173,684	24,786,932
Expenses						
General Government	979,577	-	979,577	685,281	-	685,281
Public Safety	2,469,868	-	2,469,868	2,382,526	-	2,382,526
Public Works	2,937,030	-	2,937,030	1,217,467	-	1,217,467
Environmental and Leisure	1,475,466	-	1,475,466	1,039,046	-	1,039,046
Economic Development	97,257	-	97,257	429,167	-	429,167
Debt Service	465,562	-	465,562	2,097,084	-	2,097,084
Electric	-	10,707,799	10,707,799	-	10,446,814	10,446,814
Water	-	1,082,235	1,082,235	-	908,893	908,893
Sewer	-	1,662,810	1,662,810	-	1,443,719	1,443,719
Total Expenses	8,424,760	13,452,844	21,877,604	7,850,571	12,799,426	20,649,997
Increase (Decrease) in Net Position Before Transfers	(846,621)	588,724	(257,897)	2,762,677	1,374,258	4,136,935
Net Transfers	(581,901)	581,901	-	337,054	(337,054)	-
Increase (Decrease) in Net Position	<u>\$ (1,428,522)</u>	<u>\$ 1,170,625</u>	<u>\$ (257,897)</u>	<u>\$ 3,099,731</u>	<u>\$ 1,037,204</u>	<u>\$ 4,136,935</u>

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, 2022

As of the end of the current fiscal year, the City of Crete's governmental funds reported combined ending fund balances of \$7,667,599. Approximately 39.7 percent of this total amount (\$3,043,125) 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 (\$1,340,121), 2) restricted to pay debt service (\$596,938), 3) endowed as nonspendable to fund perpetual care (\$127,424), 4) restricted for community betterment (\$293,550), 5) restricted for Federal programs (\$336,585), 6) restricted to fund economic development projects (\$1,630,706), 7) restricted for cemetery maintenance (\$27,175), 8) assigned for capital outlay (\$158,884), 9) assigned for cemetery projects (\$10,000), or 10) assigned for fire equipment (\$103,091).

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 \$4,647,960, while total fund balance reached \$4,915,650. 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 112.0 percent of General Fund total expenditures, while total fund balance represents 113.6 percent of General Fund total expenditures.

The fund balance of the City of Crete's General Fund increased by \$226,992 during the current fiscal year. Also the fund balance of the Capital Projects Fund decreased by \$1,338,001 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 - \$7,226,007, Water Fund - \$167,673, and Sewer Fund - \$2,304,602. The growth (decrease) in net position for the proprietary funds was as follows: Electric Fund - \$8,333, Water Fund - \$3,404, and Sewer Fund - \$1,158,888. 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, 2022

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, 2022, amounts to \$25,625,670 (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 main extension - \$196,671
- Water plant rehab project - \$70,302
- Sewer main extension - \$735,234
- Construction in progress on sewer lift station project - \$57,853
- Land for sewer lift station - \$37,500
- Construction in progress on electric substation improvements - \$58,491
- 2022 underground electric lines project - \$57,926

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

	Year Ended September 30, 2022			Year Ended September 30, 2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ -	\$ 844,785	\$ 844,785	\$ -	\$ 807,285	\$ 807,285
Construction in Progress	-	331,762	331,762	-	215,417	215,417
Distribution Systems	-	21,872,323	21,872,323	-	21,803,332	21,803,332
Buildings and Improvements	-	2,076,896	2,076,896	-	2,223,308	2,223,308
Equipment	-	422,052	422,052	-	431,103	431,103
Vehicles	-	77,852	77,852	-	119,193	119,193
Total	<u>\$ -</u>	<u>\$ 25,625,670</u>	<u>\$ 25,625,670</u>	<u>\$ -</u>	<u>\$ 25,599,638</u>	<u>\$ 25,599,638</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, 2022			Year Ended September 30, 2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenue Bonds	<u>\$ -</u>	<u>\$ 9,628,938</u>	<u>\$ 9,628,938</u>	<u>\$ -</u>	<u>\$ 10,445,666</u>	<u>\$ 10,445,666</u>

CITY OF CRETE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2022

The City's long-term debt decreased \$816,728 (7.8 percent) during the year ended September 30, 2022, 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, 2023 is \$1,450,000, which is \$51,150 (3.7 percent) more than the prior year.
- The City had remaining contractual commitments of \$70,436 as of September 30, 2022, for construction costs on the 2021 street improvements. This project is expected to be completed by December 31, 2022.
- At September 30, 2022, the City had a \$118,478 contractual commitment for engineering on the 2022 street improvements. This project is expected to be completed during Fall 2022.
- As of September 30, 2022, the City had a \$250,970 contractual commitment for an ambulance which is expected to be received during Fall 2022.
- At September 30, 2022, the City had a \$276,123 contractual commitment for engineering on the Doane substation and electrical improvements project. This project is expected to be completed by September 30, 2023.

All of these factors were considered in preparing the City of Crete's budget for the 2023 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, 2022

	Primary Government			Component
	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)	Total	Units (Accrual Basis)
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,229,726	\$ 5,521,695	\$ 8,751,421	\$ 618,868
Investments	203,091	3,262,429	3,465,520	1,015,016
County treasurer cash	43,819	-	43,819	654
Accounts receivable	-	1,326,502	1,326,502	19,952
Unbilled revenue	-	206,539	206,539	-
Accrued interest receivable	-	12,084	12,084	-
Current portion of TIF receivables	-	-	-	193,900
Due (to) from other funds	(87,731)	87,731	-	-
Due from Crete Airport Authority	-	101	101	-
Prepaid insurance	-	-	-	3,062
Inventory	-	389,552	389,552	-
Total current assets	3,388,905	10,806,633	14,195,538	1,851,452
Noncurrent assets:				
Restricted cash and cash equivalents	3,982,273	573,887	4,556,160	-
Restricted investments	365,000	680,965	1,045,965	125,758
Noncurrent portion of TIF receivables	-	-	-	2,299,800
Capital assets:				
Land	-	844,785	844,785	397,514
Construction in progress	-	331,762	331,762	-
Other capital assets, net of depreciation	-	24,449,123	24,449,123	2,883,277
Net capital assets	-	25,625,670	25,625,670	3,280,791
Total noncurrent assets	4,347,273	26,880,522	31,227,795	5,706,349
Total assets	7,736,178	37,687,155	45,423,333	7,557,801
LIABILITIES				
Current liabilities:				
Accounts payable	-	812,783	812,783	1,752
Accrued expenses	-	230,042	230,042	-
Customer deposits	-	235,307	235,307	-
Accrued interest	-	65,526	65,526	-
Unearned rent revenue	-	-	-	15,385
Due to City of Crete	-	-	-	101
Current portion of long-term obligations	-	696,671	696,671	231,035
Total current liabilities	-	2,040,329	2,040,329	248,273
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	-	8,932,267	8,932,267	2,044,786
Total liabilities	-	10,972,596	10,972,596	2,293,059
NET POSITION				
Net investment in capital assets	-	15,996,732	15,996,732	3,280,791
Restricted for:				
Cemetery perpetual care	127,424	-	127,424	-
Street improvements	1,340,121	-	1,340,121	-
Debt service	596,938	1,019,545	1,616,483	-
Economic development	1,630,706	-	1,630,706	-
Federal projects	336,585	-	336,585	-
Community betterment	293,550	-	293,550	-
Cemetery maintenance	27,175	-	27,175	-
Library renovations	-	-	-	125,758
Unrestricted	3,383,679	9,698,282	13,081,961	1,858,193
Total net position	\$ 7,736,178	\$ 26,714,559	\$ 34,450,737	\$ 5,264,742

See notes to financial statements.

CITY OF CRETE, NEBRASKA
STATEMENT OF ACTIVITIES
For the year ended September 30, 2022

<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	\$ 979,577	\$ 91,396	
Public safety	2,469,868	291,173	121,023
Public works	2,937,030	84,771	24,915
Environment and leisure	1,475,466	133,574	20,125
Economic development	97,257	-	
Principal payments	300,000	-	
Interest and fees on long-term debt	165,562	-	
Total governmental activities	<u>8,424,760</u>	<u>600,914</u>	<u>166,063</u>
Business-type activities			
(accrual basis):			
Electric	10,707,799	11,224,339	-
Water	1,082,235	887,650	-
Sewer	1,662,810	2,085,951	-
Total business-type activities	<u>13,452,844</u>	<u>14,197,940</u>	<u>-</u>
Total primary government	<u><u>\$ 21,877,604</u></u>	<u><u>\$ 14,798,854</u></u>	<u><u>\$ 166,063</u></u>
Component units (accrual basis):			
Crete Airport Authority	\$ 375,711	\$ 139,602	\$ -
Friends of Crete Public Library	29,163	-	-
Community Development Agency	15,122	-	-
Total component units	<u><u>\$ 419,996</u></u>	<u><u>\$ 139,602</u></u>	<u><u>\$ -</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				
	\$ (888,181)		\$ (888,181)	
65,717	(1,991,955)		(1,991,955)	
768,388	(2,058,956)		(2,058,956)	
9,885	(1,311,882)		(1,311,882)	
	(97,257)		(97,257)	
	(300,000)		(300,000)	
	(165,562)		(165,562)	
843,990	(6,813,793)	\$ -	(6,813,793)	
-	-	516,540	516,540	
-	-	(194,585)	(194,585)	
-	-	423,141	423,141	
-	-	745,096	745,096	
\$ 843,990	(6,813,793)	745,096	(6,068,697)	
\$ 708,609				\$ 472,500
148,284				119,121
-				(15,122)
\$ 856,893				576,499
General revenues:				
Taxes:				
Property	1,384,746	-	1,384,746	24,797
Motor vehicle	117,532	-	117,532	-
Occupation	124,447	-	124,447	-
Sales tax	2,146,787	-	2,146,787	-
Franchise	321,255	-	321,255	-
Special assessments	17,203	-	17,203	-
State allocation	1,718,683	-	1,718,683	-
Keno proceeds	83,296	-	83,296	-
Miscellaneous	11,340	-	11,340	1,984
Gain (loss) on sale of assets	37,099	(198,180)	(161,081)	-
Interest income	4,784	41,808	46,592	11,437
Loss on investments	-	-	-	(90,841)
Net transfers	(581,901)	581,901	-	-
Total general revenues	5,385,271	425,529	5,810,800	(52,623)
Change in net position	(1,428,522)	1,170,625	(257,897)	523,876
Net position - September 30, 2021	9,164,700	25,543,934	34,708,634	4,740,866
Net position - September 30, 2022	\$ 7,736,178	\$ 26,714,559	\$ 34,450,737	\$ 5,264,742

CITY OF CRETE, NEBRASKA
BALANCE SHEET - MODIFIED CASH BASIS -
GOVERNMENTAL FUNDS
September 30, 2022

	General <u>Fund</u>	Street <u>Fund</u>
ASSETS		
Cash and cash equivalents	\$ 4,634,966	\$ 1,104,121
Investments	242,091	236,000
County treasurer cash	38,593	-
Total assets	<u><u>\$ 4,915,650</u></u>	<u><u>\$ 1,340,121</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Due to other funds	\$ -	\$ -
Fund balances:		
Nonspendable:		
Perpetual care	127,424	-
Restricted for:		
Street improvements	-	1,340,121
Debt service	-	-
Federal projects	-	-
Community betterment	-	-
Economic development	-	-
Cemetery maintenance	27,175	-
Assigned for:		
Capital outlay	-	-
Cemetery projects	10,000	-
Fire equipment	103,091	-
Unassigned	4,647,960	-
Total fund balances	<u><u>4,915,650</u></u>	<u><u>1,340,121</u></u>
Total liabilities and fund balances	<u><u>\$ 4,915,650</u></u>	<u><u>\$ 1,340,121</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>
\$ 591,712	\$ (786,122)	\$ 1,598,743	\$ 7,143,420
-	-	90,000	568,091
5,226	-	-	43,819
<u>\$ 596,938</u>	<u>\$ (786,122)</u>	<u>\$ 1,688,743</u>	<u>\$ 7,755,330</u>
\$ -	\$ 87,731	\$ -	\$ 87,731
-	-	-	127,424
-	-	-	1,340,121
596,938	-	-	596,938
-	-	336,585	336,585
-	-	293,550	293,550
-	-	1,630,706	1,630,706
-	-	-	27,175
-	-	158,884	158,884
-	-	-	10,000
-	-	-	103,091
-	(873,853)	(730,982)	3,043,125
<u>596,938</u>	<u>(873,853)</u>	<u>1,688,743</u>	<u>7,667,599</u>
<u>\$ 596,938</u>	<u>\$ (786,122)</u>	<u>\$ 1,688,743</u>	<u>\$ 7,755,330</u>

CITY OF CRETE, NEBRASKA

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

September 30, 2022

Total fund balances - governmental funds	\$ 7,667,599
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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>68,579</u>

Total net position - governmental activities

<u><u>\$ 7,736,178</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, 2022

	<u>General Fund</u>	<u>Street Fund</u>	<u>Debt Service Fund</u>
REVENUES			
Taxes:			
Property	\$ 1,186,623	\$ -	\$ 198,123
Motor vehicle	117,532	-	-
Occupation	124,447	-	-
Sales tax	1,199,393	-	410,697
Franchise	321,255	-	-
Special assessments	-	-	17,203
Intergovernmental	950,978	885,881	-
Grants	12,282	-	-
Keno proceeds	-	-	-
Charges for services	536,504	63,960	-
Contributions	85,842	-	-
Interest income	3,453	-	107
Sales proceeds on capital assets	37,099	-	-
Other revenue	10,490	850	-
Total revenues	<u>4,585,898</u>	<u>950,691</u>	<u>626,130</u>
EXPENDITURES			
General government	635,241	-	-
Public safety	2,167,061	-	-
Public works	100,297	838,353	-
Environment and leisure	1,033,017	-	-
Economic development	-	-	-
Capital outlay	214,078	-	-
Principal payments on debt	-	-	240,000
Interest on long-term debt	-	-	137,552
Bond/loan fees	-	-	639
Total expenditures	<u>4,149,694</u>	<u>838,353</u>	<u>378,191</u>
Excess (deficiency) of revenues over expenditures	436,204	112,338	247,939
OTHER FINANCING SOURCES (USES)			
Transfers in	3,648,930	104,004	-
Transfers out	(3,858,142)	(32,988)	-
Net transfers	<u>(209,212)</u>	<u>71,016</u>	<u>-</u>
Net change in fund balances	226,992	183,354	247,939
Fund balances - September 30, 2021	<u>4,688,658</u>	<u>1,156,767</u>	<u>348,999</u>
Fund balances - September 30, 2022	<u><u>\$ 4,915,650</u></u>	<u><u>\$ 1,340,121</u></u>	<u><u>\$ 596,938</u></u>

See notes to financial statements.

Capital Projects <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
\$ -	\$ -	\$ 1,384,746
-	-	117,532
-	-	124,447
-	536,697	2,146,787
-	-	321,255
-	-	17,203
-	-	1,836,859
143,508	644,992	800,782
-	83,296	83,296
-	450	600,914
4,803	450	91,095
58	1,153	4,771
-	-	37,099
-	-	11,340
<u>148,369</u>	<u>1,267,038</u>	<u>7,578,126</u>
-	344,336	979,577
-	67,084	2,234,145
165,337	14,478	1,118,465
21,480	13,696	1,068,193
-	97,257	97,257
1,463,886	784,657	2,462,621
60,000	-	300,000
27,371	-	164,923
-	-	639
<u>1,738,074</u>	<u>1,321,508</u>	<u>8,425,820</u>
(1,589,705)	(54,470)	(847,694)
251,704	236,496	4,241,134
-	(931,905)	(4,823,035)
<u>251,704</u>	<u>(695,409)</u>	<u>(581,901)</u>
(1,338,001)	(749,879)	(1,429,595)
464,148	2,438,622	9,097,194
<u>\$ (873,853)</u>	<u>\$ 1,688,743</u>	<u>\$ 7,667,599</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, 2022

Total net change in fund balances - governmental funds	\$ (1,429,595)
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Amounts reported for *governmental activities* in the statement of activities are different because:

The increase in net position of the Internal Service Fund is included as a governmental activity in the government wide statements.

<u>1,073</u>

Change in net position of governmental activities

<u><u>\$ (1,428,522)</u></u>

See notes to financial statements.

CITY OF CRETE, NEBRASKA
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
September 30, 2022

	Business-type Activities - Enterprise Funds	
	Electric Fund	Water Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,557,691	\$ (278,549)
Investments	2,862,429	400,000
Accounts receivable	1,104,765	74,375
Unbilled revenue	159,439	18,127
Accrued interest receivable	11,569	224
Due from other funds	87,832	-
Inventory	371,489	18,063
Total current assets	8,155,214	232,240
Noncurrent assets:		
Restricted cash and cash equivalents	151,635	-
Restricted investments	615,039	-
Capital assets:		
Land	265,958	-
Construction in progress	58,491	-
Distribution systems	9,375,673	6,955,279
Buildings and improvements	4,186,820	1,502,819
Equipment	881,531	356,827
Vehicles	1,162,338	67,970
Accumulated depreciation	(10,814,273)	(4,725,902)
Net capital assets	5,116,538	4,156,993
Total noncurrent assets	5,883,212	4,156,993
Total assets	14,038,426	4,389,233
LIABILITIES		
Current liabilities:		
Accounts payable	784,278	14,380
Sales tax payable	44,088	-
Accrued payroll	28,138	14,276
Accrued vacation	67,877	35,911
Customer deposits	235,307	-
Accrued interest	4,826	-
Current portion of long-term obligations	125,000	-
Total current liabilities	1,289,514	64,567
Noncurrent liabilities:		
Noncurrent portion of long-term obligations	520,000	-
Total liabilities	1,809,514	64,567
NET POSITION		
Net investment in capital assets	4,471,538	4,156,993
Restricted for:		
Debt service	531,367	-
Unrestricted	7,226,007	167,673
Total net position	<u>\$ 12,228,912</u>	<u>\$ 4,324,666</u>

See notes to financial statements.

<u>Sewer Fund</u>	<u>Total</u>	Governmental Activities - Internal Service <u>Fund</u>
\$ 2,242,553	\$ 5,521,695	\$ 68,579
-	3,262,429	-
147,362	1,326,502	-
28,973	206,539	-
291	12,084	-
-	87,832	-
-	389,552	-
<u>2,419,179</u>	<u>10,806,633</u>	<u>68,579</u>
422,252	573,887	-
65,926	680,965	-
578,827	844,785	-
273,271	331,762	-
19,887,214	36,218,166	-
1,101,798	6,791,437	-
790,195	2,028,553	-
29,405	1,259,713	-
(6,308,571)	(21,848,746)	-
<u>16,352,139</u>	<u>25,625,670</u>	<u>-</u>
<u>16,840,317</u>	<u>26,880,522</u>	<u>-</u>
19,259,496	37,687,155	68,579
14,125	812,783	-
-	44,088	-
12,336	54,750	-
27,416	131,204	-
-	235,307	-
60,700	65,526	-
571,671	696,671	-
<u>686,248</u>	<u>2,040,329</u>	<u>-</u>
8,412,267	8,932,267	-
<u>9,098,515</u>	<u>10,972,596</u>	<u>-</u>
7,368,201	15,996,732	-
488,178	1,019,545	-
2,304,602	9,698,282	68,579
<u>\$ 10,160,981</u>	<u>\$ 26,714,559</u>	<u>\$ 68,579</u>

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

For the year ended September 30, 2022

	Business-type Activities - Enterprise Funds	
	Electric Fund	Water Fund
Operating revenues:		
Charges for services	\$ 10,830,185	\$ 866,285
Municipal sales	224,586	21,317
MEAN lease	147,624	-
Sale of materials	972	(524)
Miscellaneous revenues	20,972	572
Total operating revenues	<u>11,224,339</u>	<u>887,650</u>
Operating expenses:		
Cost of power	8,635,789	-
Salaries and benefits	1,114,472	554,419
Insurance and bonds	53,557	27,408
Utilities and telephone	13,698	76,300
Repairs and maintenance	112,271	55,028
Contracted services	14,591	30,007
Supplies	42,714	63,171
Vehicle expense	16,820	9,178
Fuel and oil	56,505	-
Professional fees	14,750	950
Rent expense	6,576	4,944
Dues, memberships and training	15,592	11,667
Bad debts	1,332	-
Miscellaneous	17,012	12,910
Depreciation	455,047	236,253
Franchise fees	120,000	-
Insurance claims and health premiums	-	-
Total operating expenses	<u>10,690,726</u>	<u>1,082,235</u>
Operating income (loss)	533,613	(194,585)
Nonoperating revenues (expenses):		
Interest income	39,977	1,318
Loss on investments	(198,180)	-
Interest expense	(17,073)	-
Bond fees	-	-
Total nonoperating revenues (expenses)	<u>(175,276)</u>	<u>1,318</u>
Income (loss) before transfers	358,337	(193,267)
Interfund transfers:		
Transfers in (out)	<u>(350,004)</u>	<u>196,671</u>
Change in net position	8,333	3,404
Net position - September 30, 2021	<u>12,220,579</u>	<u>4,321,262</u>
Net position - September 30, 2022	<u>\$ 12,228,912</u>	<u>\$ 4,324,666</u>

See notes to financial statements.

<u>Sewer Fund</u>	<u>Total</u>	Governmental Activities - Internal Service <u>Fund</u>
\$ 2,073,010	\$ 13,769,480	\$ 33,872
5,297	251,200	-
-	147,624	-
(6)	442	-
7,650	29,194	31
<u>2,085,951</u>	<u>14,197,940</u>	<u>33,903</u>
-	8,635,789	-
511,679	2,180,570	-
40,498	121,463	-
141,987	231,985	-
138,736	306,035	-
42,284	86,882	-
23,129	129,014	-
2,316	28,314	-
-	56,505	-
950	16,650	-
3,180	14,700	-
5,438	32,697	-
-	1,332	-
23,639	53,561	-
526,899	1,218,199	-
-	120,000	-
-	-	32,843
<u>1,460,735</u>	<u>13,233,696</u>	<u>32,843</u>
625,216	964,244	1,060
513	41,808	13
-	(198,180)	-
(135,311)	(152,384)	-
(66,764)	(66,764)	-
<u>(201,562)</u>	<u>(375,520)</u>	<u>13</u>
423,654	588,724	1,073
735,234	581,901	-
1,158,888	1,170,625	1,073
9,002,093	25,543,934	67,506
<u>\$ 10,160,981</u>	<u>\$ 26,714,559</u>	<u>\$ 68,579</u>

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

For the year ended September 30, 2022

	<u>Electric Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 11,311,311
Receipts from other funds	-
Payments to suppliers	(9,910,255)
Payments to employees	(1,104,582)
Net cash provided by operating activities	<u>296,474</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers (to) from other funds	(350,004)
Change in due from/to other funds	44,025
Net cash provided (used) by noncapital financing activities	<u>(305,979)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of property and equipment	(139,304)
Proceeds from issuance of long-term debt	-
Principal payments on capital debt	(120,000)
Bond fees paid	-
Interest paid on capital debt	(17,808)
Net cash used by capital and related financing activities	<u>(277,112)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Increase in investments	(27,530)
Decrease in restricted investments	4,108
Interest received	34,777
Net cash provided by investing activities	<u>11,355</u>
Increase (decrease) in cash and cash equivalents	(275,262)
Cash and cash equivalents - beginning of the year	<u>3,984,588</u>
Cash and cash equivalents - end of the year	<u><u>\$ 3,709,326</u></u>
Composition of cash and cash equivalents:	
Cash and cash equivalents	\$ 3,557,691
Restricted cash and cash equivalents	151,635
Total cash and cash equivalents	<u><u>\$ 3,709,326</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>
\$ 891,421	\$ 2,131,865	\$ 14,334,597	\$ -
-	-	-	33,903
(302,264)	(434,836)	(10,647,355)	(32,843)
(550,428)	(510,401)	(2,165,411)	-
<u>38,729</u>	<u>1,186,628</u>	<u>1,521,831</u>	<u>1,060</u>
196,671	735,234	581,901	-
-	-	44,025	-
<u>196,671</u>	<u>735,234</u>	<u>625,926</u>	<u>-</u>
(266,973)	(837,954)	(1,244,231)	-
-	5,320,000	5,320,000	-
-	(6,016,728)	(6,136,728)	-
-	(66,764)	(66,764)	-
-	(202,939)	(220,747)	-
<u>(266,973)</u>	<u>(1,804,385)</u>	<u>(2,348,470)</u>	<u>-</u>
-	-	(27,530)	-
-	-	4,108	-
1,388	365	36,530	13
<u>1,388</u>	<u>365</u>	<u>13,108</u>	<u>13</u>
(30,185)	117,842	(187,605)	1,073
<u>(248,364)</u>	<u>2,546,963</u>	<u>6,283,187</u>	<u>67,506</u>
<u>\$ (278,549)</u>	<u>\$ 2,664,805</u>	<u>\$ 6,095,582</u>	<u>\$ 68,579</u>
\$ (278,549)	\$ 2,242,553	\$ 5,521,695	\$ 68,579
-	422,252	573,887	-
<u>\$ (278,549)</u>	<u>\$ 2,664,805</u>	<u>\$ 6,095,582</u>	<u>\$ 68,579</u>

CITY OF CRETE, NEBRASKA

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

For the year ended September 30, 2022

	<u>Electric Fund</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 533,613
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation expense	455,047
Change in assets and liabilities:	
Accounts receivable	106,186
Inventories	(91,998)
Customer deposits	(8,289)
Accounts payable	(697,050)
Sales tax payable	(10,925)
Accrued expenses	9,890
Net cash provided by operating activities	<u>\$ 296,474</u>

See notes to financial statements.

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>	
\$ (194,585)	\$ 625,216	\$ 964,244	\$ 1,060
236,253	526,899	1,218,199	-
3,771	45,914	155,871	-
(7,097)	-	(99,095)	-
-	-	(8,289)	-
(3,604)	(12,679)	(713,333)	-
-	-	(10,925)	-
3,991	1,278	15,159	-
<u>\$ 38,729</u>	<u>\$ 1,186,628</u>	<u>\$ 1,521,831</u>	<u>\$ 1,060</u>

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

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CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

September 30, 2022

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 Administrator. 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, 2022

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.
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, 2022.

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, 2022

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, 2022

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, 2022

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, 2022

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. Right of use assets and related lease liabilities, as defined by GASB 87, are not reflected in the accompanying modified cash basis financial statements.

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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 2021-2022 are recorded as revenue when received by the County.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

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, 2022

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, 2022

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data

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

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

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

- a. On or before August 1, the City prepares a budget for the fiscal year 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 30, 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, 2022

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, 2022. 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, 2022

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	\$ 14,211,247	\$ 663,835	\$ 13,547,412	\$ -	\$ <u>13,926,449</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –	
Unrestricted cash and cash equivalents	\$ 8,751,421
Restricted cash and cash equivalents	4,556,160
Component Unit –	
Unrestricted cash and cash equivalents	<u>618,868</u>
	\$ <u>13,926,449</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, 2022. 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	\$ 57,362	\$ -	\$ -	\$ 57,362	\$ 57,362
Time Deposits	4,465,448	-	-	4,465,448	4,465,448
Mutual Funds	1,129,449	-	-	<u>1,129,449</u>	<u>1,129,449</u>
				\$ <u>5,652,259</u>	\$ <u>5,562,259</u>

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

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	\$ 3,465,520
Restricted investments	1,045,965
Component Units –	
Unrestricted investments	1,015,016
Restricted investments	<u>125,758</u>
	<u>\$ 5,652,259</u>

2. Restricted Assets

The restricted assets as of September 30, 2022, are as follows:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>	Component <u>Units</u>
Type of Restricted Assets:				
Cash and cash equivalents	\$ 3,982,273	\$ 573,887	\$ 4,556,160	\$ -
Investments	<u>365,000</u>	<u>680,965</u>	<u>1,045,965</u>	<u>125,758</u>
Total Restricted Assets	<u>\$ 4,347,273</u>	<u>\$ 1,254,852</u>	<u>\$ 5,602,125</u>	<u>\$ 125,758</u>

Restricted cash and investments for the governmental activities consists of \$127,424 of General Fund assets restricted for cemetery perpetual care, \$27,175 of General Fund assets restricted for cemetery maintenance, \$1,340,121 of Street Fund assets restricted for street improvements, \$591,712 of Debt Service cash restricted for debt service, \$41,287 of Owner Occupied Rehab Fund cash restricted for Federal programs, \$293,550 of Keno Fund cash restricted for community betterment, \$295,298 of ARPA Fund cash restricted for Federal programs, and \$1,630,706 of Economic Development Fund cash restricted for economic development.

The Electric Fund restricted assets consist of \$531,367 restricted for debt service and \$235,307 restricted for customer deposits. The Sewer Fund has \$488,178 restricted for debt service.

The Friends of Crete Public Library component unit restricted investments consist of \$125,758 restricted for library capital projects.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

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, 2022, is as follows:

	<u>Business-type Activities</u>
Accounts receivable	\$ 1,472,102
Allowance for uncollectible accounts	(<u>145,600</u>)
Total accounts receivable	\$ <u>1,326,502</u>

The Community Development Agency has five tax increment financing (TIF) agreements with the following estimated TIF receivables and payables to redevelopers as of September 30, 2022:

<u>Project/ Redeveloper</u>	<u>TIF Receivable</u>	<u>TIF Payable</u>
Dairy Queen	\$ 32,400	\$ 31,988
Crete Lodging	1,555,200	1,508,533
Orscheln	648,600	603,200
Belohlavy Estates	142,000	132,100
Union Bank	<u>115,500</u>	<u>-</u>
	\$ <u>2,493,700</u>	\$ <u>2,275,821</u>
Current portion	\$ 193,900	\$ 231,035
Noncurrent portion	<u>2,299,800</u>	<u>2,044,786</u>
Total	\$ <u>2,493,700</u>	\$ <u>2,275,821</u>

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

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

4. Capital Assets

	Balance at October 1, <u>2021</u>	<u>Additions</u>	<u>Disposals</u>	Balance at September 30, <u>2022</u>
<u>Business-type Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 807,285	\$ 37,500	\$ -	\$ 844,785
Construction in progress	215,417	116,345	-	331,762
Total capital assets not being depreciated	1,022,702	153,845	-	1,176,547
Other capital assets being depreciated:				
Distribution systems	35,228,335	989,831	-	36,218,166
Buildings and improvements	6,768,549	22,888	-	6,791,437
Equipment	1,950,886	77,667	-	2,028,553
Vehicles	1,259,713	-	-	1,259,713
Total other capital assets at historical cost	45,207,483	1,090,386	-	46,297,869
Less accumulated depreciation for:				
Distribution systems	(13,425,003)	(920,840)	-	(14,345,843)
Buildings and improvements	(4,545,241)	(169,300)	-	(4,714,541)
Equipment	(1,519,783)	(86,718)	-	(1,606,501)
Vehicles	(1,140,520)	(41,341)	-	(1,181,861)
Total accumulated depreciation	(20,630,547)	(1,218,199) *	-	(21,848,746)
Other capital assets, net	24,576,936	(127,813)	-	24,449,123
Business-type capital assets, net	<u>\$ 25,599,638</u>	<u>\$ 26,032</u>	<u>\$ -</u>	<u>\$ 25,625,670</u>

* Depreciation expense was charged to functions as follows:

Electric	\$ 455,047
Water	236,253
Sewer	526,899
Total Business-type Activities depreciation expense	<u>\$ 1,218,199</u>

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

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

4. Capital Assets, continued

Construction in progress at September 30, 2022 consists of \$58,491 of costs incurred on the electrical substation improvement project and \$273,271 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 October 1, <u>2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2022</u>
<u>Crete Airport Authority:</u>					
Capital assets not being depreciated:					
Land	\$ 397,514	\$ -	\$ -	\$ -	\$ 397,514
Construction in progress	63,998	-	-	(63,998)	-
Total capital assets not being depreciated	461,512	-	-	(63,998)	397,514
Other capital assets being depreciated:					
Buildings and improvements	6,023,813	-	-	-	6,023,813
Equipment	911,935	691,738	(87,317)	63,998	1,580,354
Total other capital assets at historical cost	6,935,748	691,738	(87,317)	63,998	7,604,167
Less accumulated depreciation for:					
Buildings and improvements	(3,983,491)	(151,256)	-	-	(4,134,747)
Equipment	(603,472)	(69,988)	87,317	-	(586,143)
Total accumulated depreciation	(4,586,963)	(221,244)	87,317	-	(4,720,890)
Other capital assets, net	2,348,785	470,494	-	63,998	2,883,277
Governmental activities capital assets, net	<u>\$ 2,810,297</u>	<u>\$ 470,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,280,791</u>

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

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, 2022:

<u>Type of Debt</u>	Balance October 1, <u>2021</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>2022</u>	Amounts Due Within <u>One Year</u>
Business-type Activities:					
Bonds payable	<u>\$ 10,445,666</u>	<u>\$ 5,320,000</u>	<u>\$ (6,136,728)</u>	<u>\$ 9,628,938</u>	<u>\$ 696,671</u>
Component unit:					
Crete Airport Authority					
Bonds payable	\$ 24,000	\$ -	\$ (24,000)	\$ -	\$ -
Community Development Agency					
TIF payables	2,277,215	148,493	(149,887)	2,275,821	231,035
	<u>\$ 2,301,215</u>	<u>\$ 148,493</u>	<u>\$ (173,887)</u>	<u>\$ 2,275,821</u>	<u>\$ 231,035</u>

Business-type Activities

As of September 30, 2022, 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.

\$ 645,000

On February 10, 2022, the City issued \$5,320,000 of Series 2022 Sewer Revenue Refunding Bonds to refinance the Series 2016A USDA Bonds. Interest ranging from 0.45 to 2.00 percent is due semi-annually on June 15 and December 15, commencing June 15, 2022. The final principal payment is due December 15, 2036.

5,320,000

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

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. These bonds were refinanced during the year ended September 30, 2022.

-

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.

3,108,306

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.

555,632

Total business-type activity long-term debt

\$ 9,628,938

Current portion

\$ 696,671

Noncurrent portion

8,932,267

Total

\$ 9,628,938

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

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 \$2,275,821 of TIF payables due to redevelopers.

\$ 2,275,821

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.

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Total component unit long-term debt

\$ 2,275,821

Current portion

\$ 231,035

Noncurrent portion

2,044,786

Total long-term debt

\$ 2,275,821

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2022, 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>
2023	\$ 696,671	\$ 136,105
2024	699,719	128,282
2025	712,809	119,534
2026	715,941	109,883
2027	729,117	99,362
2028-2032	3,079,763	367,327
2033-2037	2,994,918	124,307
	<u>\$ 9,628,938</u>	<u>\$ 1,084,800</u>

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

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

5. Long-term Debt, continued

Year Ending <u>September 30,</u>	Component Units	
	Other Debt Issues	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 231,035	\$ -
2024	166,914	-
2025	166,914	-
2026	166,914	-
2027	166,914	-
2028-2032	827,036	-
2033-2037	550,094	-
	<u>\$ 2,275,821</u>	<u>\$ -</u>

6. Interfund Transactions and Balances

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Electric	\$ 350,004	\$ -
Street	32,988	(104,004)
Intrafund General	3,265,938	(3,265,938)
Capital Projects	-	(251,704)
Nonmajor Governmental Fund	-	(236,496)
Total General Fund	3,648,930	(3,858,142)
Street Fund:		
General	104,004	(32,988)
Capital Projects Fund:		
General	251,704	-
Nonmajor Governmental Funds:	236,496	(931,905)
Electric Fund:		
General	-	(350,004)
Water Fund:		
ARPA Fund	196,671	-
Sewer Fund:		
ARPA Fund	<u>735,234</u>	<u>-</u>
Total Operating Transfers	\$ <u>5,173,039</u>	\$ <u>(5,173,039)</u>

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

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

6. Interfund Transactions and Balances, continued

Interfund Balances

At September 30, 2022, the Capital Projects Fund owed \$87,731 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 Airport Authority owed \$101 to the Electric Fund at September 30, 2022. This interfund loan is expected to be repaid during the next fiscal year.

7. Deficit Fund Balances

The deficit fund balance of (\$873,853) for the Capital Projects Fund is expected to be eliminated with the issuance of bonds during the fiscal year ending September 30, 2023.

The deficit fund balance of (\$129,246) for the CDBG Fund is expected to be eliminated by interfund transfers in the next fiscal year.

The deficit fund balance of (\$601,736) for the FEMA Disaster Fund is expected to be eliminated with the receipt of grant proceeds during the fiscal year ending September 30, 2023.

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 non-bargaining unit employees who have reached age 19 and who have put in one year of service except fire department personnel. Bargaining unit employees of the police department who have reached the age of 19 are covered immediately. The plan was established and is amended by Board resolution. Enrollment in the plan is mandatory. Each participant 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.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

The City's regular employer contribution amounted to \$188,817 for the year ended September 30, 2022, and the employee contributions also totaled \$188,817 for the year ended September 30, 2022, on \$2,697,391 of covered payroll (with total payroll of \$3,276,429).

The City's police contribution amounted to \$57,891 for the year ended September 30, 2022, and the police employee contributions also totaled \$57,891 for the year ended September 30, 2022, on \$827,012 of covered payroll.

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, 2022, 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, 2022

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 2022	\$ 482,724
November 2022	90,000
December 2022	146,000
February 2023	795,000
March 2023	20,000
April 2023	325,554
May 2023	52,000
July 2023	100,000
August 2023	85,000
September 2023	300,160
October 2023	127,821
March 2024	100,162
April 2024	98,065
July 2024	120,517
September 2024	248,550
April 2025	110,302
May 2025	91,947
June 2025	206,320
September 2025	89,348
April 2026	96,338
September 2026	134,414
March 2027	91,324
April 2027	215,577
September 2027	77,621
October 2027	122,030
August 2030	94,159
September 2030	34,386
	<u>\$ 4,455,319</u>

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

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, 2022, the City's certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Pinnacle Bank	\$ 831,000
City Bank & Trust	1,032,000
Wells Fargo Advisors	<u>2,592,319</u>
	<u>\$ 4,455,319</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, 2022.

3. Commitments

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, 2022, will not be significant to the City's financial statements.

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

NOTE D – OTHER NOTES, continued

3. Commitments, continued

Construction and Contractual Commitments

As of September 30, 2022, the City had the following construction and contractual obligations:

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/22</u>	<u>Remaining Commitment</u>	<u>Expected Date of Completion</u>
2022 Street improvement project:				
Design/engineering	\$ 198,430	\$ 79,952	\$ 118,478	Fall 2022
2021 Street improvement project:				
Construction	875,039	804,603	70,436	December 2022
Ambulance	250,970	-	250,970	Fall 2022
Police cruiser	36,516	-	36,516	October 2022
Equipment for police cruiser	11,064	-	11,064	November 2022
Electric substation project	334,500	58,377	276,123	September 2023
Sewer lift station/force main:				
Engineering	45,750	17,150	28,600	October 2022
Contractor	441,366	417,757	23,609	October 2022

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, 2022

NOTE D – OTHER NOTES, continued

3. Commitments, 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 \$7,223,717 for the year ended September 30, 2022. 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 \$147,624 for the year ended September 30, 2022. 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.

Other Commitments

The City has contractual commitments requiring payments \$255 per month for five copiers through May 2026 and \$2,100 per month for technology management services through November 2022.

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

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, 2022:

<u>Type of Debt</u>	Balance October 1, 2021	<u>Additions</u>	<u>Deductions</u>	Balance September 30, 2022	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds payable	\$ 6,565,000	\$ -	\$ (300,000)	\$ 6,265,000	\$ 450,000
Bond anticipation notes	<u>955,000</u>	<u>-</u>	<u>-</u>	<u>955,000</u>	<u>-</u>
Total Governmental-type Activities	<u>\$ 7,520,000</u>	<u>\$ -</u>	<u>\$ (300,000)</u>	<u>\$ 7,220,000</u>	<u>\$ 450,000</u>

Governmental Activities:

The Debt Service Fund and Street Fund make the bond payments. As of September 30, 2022, 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. \$ 1,095,000

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. 665,000

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. 3,625,000

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. 880,000

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

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.

	<u>955,000</u>
Total long-term debt	\$ <u>7,220,000</u>
Current portion	\$ 450,000
Noncurrent portion	<u>6,770,000</u>
Total long-term debt	\$ <u>7,220,000</u>

Annual debt service requirements to maturity, including principal and interest, for governmental long-term debt as of September 30, 2022, are as follows:

Year Ending <u>September 30,</u>	<u>Governmental Activities</u>	
	<u>Other Debt Issues</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 450,000	\$ 158,536
2024	1,405,000	153,059
2025	455,000	142,770
2026	460,000	136,012
2027	470,000	128,354
2028-2032	1,605,000	518,464
2033-2037	1,255,000	296,720
2038-2042	1,120,000	115,931
	<u>\$ 7,220,000</u>	<u>\$ 1,649,846</u>

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

NOTE D – OTHER NOTES, continued

5. Interlocal Agreements

The City has the following interlocal agreements in effect as of September 30, 2022:

<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	7/1/22 to 6/30/23	Economic and community development services
League Association of Risk Management	10/1/21 to 9/30/22	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	2/1/22 to 1/31/23	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, 2022

NOTE D – OTHER NOTES, continued

6. LB840 Loan, continued

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.

On February 10, 2022, the City issued a \$75,869 LB840 loan to Becker Industries, LLC. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

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, 2022 is as follows:

<u>TIF Project:</u>	<u>Years Remaining on TIF Agreements</u>	<u>2022 TIF Valuation</u>	<u>TIF Proceeds Received during the year 9-30-2022</u>
Dairy Queen	8	\$ 192,885	\$ 4,009
Crete Lodging	13	5,696,535	118,400
Orscheln	14	2,206,180	45,854
Belohlavy Estates	15	450,970	-
Union Bank	9	687,405	<u>7,510</u>
			<u>\$ 175,773</u>

8. Subsequent Events

Management has evaluated subsequent events through January 11, 2023, the date on which the financial statements were available for issue.

SUPPLEMENTARY AND OTHER INFORMATION

CITY OF CRETE, NEBRASKA

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

Year ended September 30, 2022

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 1,225,000	\$ 1,186,623	\$ (38,377)
Motor vehicle	100,000	117,532	17,532
Occupation	62,500	124,447	61,947
Franchise	295,000	321,255	26,255
Sales	1,000,000	1,199,393	199,393
Intergovernmental	929,575	950,978	21,403
Grants	21,500	12,282	(9,218)
Charges for services	554,150	536,504	(17,646)
Interest income	2,900	3,453	553
Contributions	10,000	85,842	75,842
Sales proceeds on capital assets	-	37,099	37,099
Other	17,250	10,490	(6,760)
Total resources	<u>4,217,875</u>	<u>4,585,898</u>	<u>368,023</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	837,876	635,241	(202,635)
Public safety	2,657,589	2,167,061	(490,528)
Public works	135,160	100,297	(34,863)
Environment and leisure	1,067,770	1,033,017	(34,753)
Capital outlay	260,000	214,078	(45,922)
Total charges to appropriations	<u>4,958,395</u>	<u>4,149,694</u>	<u>(808,701)</u>
Resources over (under) charges to appropriations	(740,520)	436,204	1,176,724
OTHER FINANCING SOURCES (USES)			
Transfers in	5,176,034	3,648,930	(1,527,104)
Transfers out	(4,435,514)	(3,858,142)	577,372
Net transfers	<u>740,520</u>	<u>(209,212)</u>	<u>(949,732)</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER CHARGES TO APPROPRIATIONS	<u>\$ -</u>	<u>\$ 226,992</u>	<u>\$ 226,992</u>

CITY OF CRETE, NEBRASKA

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

Year ended September 30, 2022

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Intergovernmental	\$ 814,000	\$ 885,881	\$ 71,881
Charges for services	24,000	63,960	39,960
Other revenue	<u>500</u>	<u>850</u>	<u>350</u>
Total resources	838,500	950,691	112,191
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	<u>942,500</u>	<u>838,353</u>	<u>(104,147)</u>
Resources over (under) charges to appropriations	(104,000)	112,338	216,338
OTHER FINANCING SOURCES (USES)			
Transfers in	104,000	104,004	4
Transfers out	<u>(32,988)</u>	<u>(32,988)</u>	<u>(32,988)</u>
Net transfers	<u>104,000</u>	<u>71,016</u>	<u>(32,984)</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER CHARGES TO APPROPRIATIONS	<u>\$ -</u>	<u>\$ 183,354</u>	<u>\$ 183,354</u>

CITY OF CRETE, NEBRASKA

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

Year ended September 30, 2022

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Property tax	\$ 205,300	\$ 198,123	\$ (7,177)
Sales tax	330,000	410,697	80,697
Special assessments	20,000	17,203	(2,797)
Interest income	<u>50</u>	<u>107</u>	<u>57</u>
Total resources	555,350	626,130	70,780
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Principal payments	245,000	240,000	(5,000)
Interest expense	136,386	137,552	1,166
Bond fees	<u>2,000</u>	<u>639</u>	<u>(1,361)</u>
Total charges to appropriations	<u>383,386</u>	<u>378,191</u>	<u>(5,195)</u>
Resources over charges to appropriations	171,964	247,939	75,975
OTHER FINANCING USES			
Transfers out	<u>(171,964)</u>	<u>-</u>	<u>171,964</u>
RESOURCES AND OTHER FINANCING USES OVER CHARGES TO APPROPRIATIONS	<u><u>\$ -</u></u>	<u><u>\$ 247,939</u></u>	<u><u>\$ 247,939</u></u>

CITY OF CRETE, NEBRASKA

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

Year ended September 30, 2022

	Budget (Original and <u>(Final)</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Grants	\$ 158,500	\$ 143,508	\$ (14,992)
Contributions	400,000	4,803	(395,197)
Interest income		58	58
Bond proceeds	900,000	-	(900,000)
Total resources	<u>1,458,500</u>	<u>148,369</u>	<u>(1,310,131)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	200,000	165,337	(34,663)
Environment and leisure	158,200	21,480	(136,720)
Capital outlay	1,095,500	1,463,886	368,386
Principal payments	60,000	60,000	-
Interest expense	<u>24,500</u>	<u>27,371</u>	<u>2,871</u>
Total charges to appropriations	<u>1,538,200</u>	<u>1,738,074</u>	<u>199,874</u>
Resources over (under) charges to appropriations	(79,700)	(1,589,705)	(1,510,005)
OTHER FINANCING SOURCES			
Transfers in	<u>79,700</u>	<u>251,704</u>	<u>172,004</u>
RESOURCES AND OTHER FINANCING SOURCES UNDER CHARGES TO APPROPRIATIONS	<u><u>\$ -</u></u>	<u><u>\$ (1,338,001)</u></u>	<u><u>\$ (1,338,001)</u></u>

CITY OF CRETE, NEBRASKA

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

September 30, 2022

	<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	\$ (129,246)	\$ 41,287	\$ 293,550
Investments	-	-	-
Total assets	<u>\$ (129,246)</u>	<u>\$ 41,287</u>	<u>\$ 293,550</u>
LIABILITIES AND FUND BALANCES			
Liabilities:	\$ -	\$ -	\$ -
Fund balances:			
Restricted for:			
Federal programs	-	41,287	-
Community betterment	-	-	293,550
Economic development	-	-	-
Assigned for:			
Capital outlay	-	-	-
Unassigned	(129,246)	-	-
Total fund balances	<u>(129,246)</u>	<u>41,287</u>	<u>293,550</u>
Total liabilities and fund balances	<u>\$ (129,246)</u>	<u>\$ 41,287</u>	<u>\$ 293,550</u>

Special Revenue Funds				Total Other Governmental Funds
ARPA Fund	Capital Outlay Fund	FEMA Disaster Fund	Economic Development Fund	
\$ 295,298	\$ 68,884	\$ (601,736)	\$ 1,630,706	\$ 1,598,743
-	90,000	-	-	90,000
<u>\$ 295,298</u>	<u>\$ 158,884</u>	<u>\$ (601,736)</u>	<u>\$ 1,630,706</u>	<u>\$ 1,688,743</u>
-	\$ -	\$ -	\$ -	\$ -
295,298	-	-	-	336,585
-	-	-	-	293,550
-	-	-	1,630,706	1,630,706
-	158,884	-	-	158,884
-	-	(601,736)	-	(730,982)
<u>295,298</u>	<u>158,884</u>	<u>(601,736)</u>	<u>1,630,706</u>	<u>1,688,743</u>
<u>\$ 295,298</u>	<u>\$ 158,884</u>	<u>\$ (601,736)</u>	<u>\$ 1,630,706</u>	<u>\$ 1,688,743</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, 2022

	Special Revenue Funds		
	CDBG	Owner	Keno
	<u>Fund</u>	<u>Occupied Rehab</u>	<u>Fund</u>
REVENUES			
Sales tax	\$ -	\$ -	\$ -
Keno proceeds	-	-	83,296
Charges for services	-	-	-
Grant income	-	-	-
Contributions	-	-	-
Interest income	-	6	8
Total revenues	<u>-</u>	<u>6</u>	<u>83,304</u>
EXPENDITURES			
General government	290,568	-	45,975
Public safety	-	-	-
Public works	-	-	-
Environment and leisure	-	-	-
Economic development	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>290,568</u>	<u>-</u>	<u>45,975</u>
Excess (deficiency) of revenues over expenditures before transfers	(290,568)	6	37,329
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(290,568)	6	37,329
Fund balances - September 30, 2021	<u>161,322</u>	<u>41,281</u>	<u>256,221</u>
Fund balances - September 30, 2022	<u><u>\$ (129,246)</u></u>	<u><u>\$ 41,287</u></u>	<u><u>\$ 293,550</u></u>

Special Revenue Funds

ARPA Fund	Capital Outlay Fund	FEMA Disaster Fund	Economic Development Fund	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ 536,697	\$ 536,697
-	-	-	-	83,296
-	-	450	-	450
620,077	-	24,915	-	644,992
-	450	-	-	450
-	-	-	1,139	1,153
<u>620,077</u>	<u>450</u>	<u>25,365</u>	<u>537,836</u>	<u>1,267,038</u>
-	7,793	-	-	344,336
-	67,084	-	-	67,084
-	8,419	6,059	-	14,478
-	13,696	-	-	13,696
-	-	-	97,257	97,257
-	164,241	620,416	-	784,657
<u>-</u>	<u>261,233</u>	<u>626,475</u>	<u>97,257</u>	<u>1,321,508</u>
620,077	(260,783)	(601,110)	440,579	(54,470)
<u>(931,905)</u>	<u>236,496</u>	<u>-</u>	<u>-</u>	<u>(695,409)</u>
(311,828)	(24,287)	(601,110)	440,579	(749,879)
<u>607,126</u>	<u>183,171</u>	<u>(626)</u>	<u>1,190,127</u>	<u>2,438,622</u>
<u>\$ 295,298</u>	<u>\$ 158,884</u>	<u>\$ (601,736)</u>	<u>\$ 1,630,706</u>	<u>\$ 1,688,743</u>

CITY OF CRETE, NEBRASKA

COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS

August 31 and September 30, 2022

	Crete Airport Authority (September 30, 2022)	Friends of Crete Public Library (August 31, 2022)	Community Development Agency (September 30, 2022)	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 236,116	\$ 147,272	\$ 235,480	\$ 618,868
Investments	-	1,015,016	-	1,015,016
County treasurer cash	654	-	-	654
Accounts receivable	19,952	-	-	19,952
Current portion of TIF receivables	-	-	193,900	193,900
Prepaid insurance	3,062	-	-	3,062
Total current assets	259,784	1,162,288	429,380	1,851,452
Noncurrent assets:				
Restricted investments	-	125,758	-	125,758
Noncurrent portion of TIF receivables	-	-	2,299,800	2,299,800
Capital assets:				
Land	397,514	-	-	397,514
Other capital assets, net of depreciation	2,883,277	-	-	2,883,277
Net capital assets	3,280,791	-	-	3,280,791
Total noncurrent assets	3,280,791	125,758	2,299,800	5,706,349
Total assets	3,540,575	1,288,046	2,729,180	7,557,801
LIABILITIES				
Current liabilities:				
Accounts payable	1,752	-	-	1,752
Unearned rent revenue	15,385	-	-	15,385
Due to City of Crete	101	-	-	101
Current portion of long-term obligation	-	-	231,035	231,035
Total current liabilities	17,238	-	231,035	248,273
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	-	-	2,044,786	2,044,786
Total liabilities	17,238	-	2,275,821	2,293,059
NET POSITION				
Net investment in capital assets	3,280,791	-	-	3,280,791
Restricted for library capital projects	-	125,758	-	125,758
Unrestricted	242,546	1,162,288	453,359	1,858,193
Total net position	\$ 3,523,337	\$ 1,288,046	\$ 453,359	\$ 5,264,742

See notes to financial statements.

CITY OF CRETE, NEBRASKA

COMBINING STATEMENT OF ACTIVITIES - COMPONENT UNITS

For the period ended August 31 and September 30, 2022

<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 (9/30/22)	375,711	139,602	\$ -
Friends of Crete Public Library (8/31/22)	29,163	-	-
Community Development Agency (9/30/22)	15,122	-	-
Total component units	<u>\$ 419,996</u>	<u>\$ 139,602</u>	<u>\$ -</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>
708,609	\$ 472,500	\$ -	\$ -	\$ 472,500
148,284	-	119,121	-	119,121
-	-	-	(15,122)	(15,122)
<u>\$ 856,893</u>	<u>472,500</u>	<u>119,121</u>	<u>(15,122)</u>	<u>576,499</u>
General revenues:				
Property taxes	24,797	-	-	24,797
Interest and dividend income	-	11,437	-	11,437
Loss on investments	-	(90,841)	-	(90,841)
Other income	1,984	-	-	1,984
Total general revenues	<u>26,781</u>	<u>(79,404)</u>	<u>-</u>	<u>(52,623)</u>
Change in net position	499,281	39,717	(15,122)	523,876
Net position - September 30, 2021	<u>3,024,056</u>	<u>1,248,329</u>	<u>468,481</u>	<u>4,740,866</u>
Net position - September 30, 2022	<u>\$ 3,523,337</u>	<u>\$ 1,288,046</u>	<u>\$ 453,359</u>	<u>\$ 5,264,742</u>

SINGLE AUDIT REPORTS

CITY OF CRETE, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended September 30, 2022

<u>Federal Grantor and Program Title</u>	<u>Federal AL Number</u>	<u>Pass-Through Identifying Number</u>	<u>Expenditures</u>
<u>Department of the Treasury</u>			
Direct award:			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	n/a	\$ 931,905 *
<u>Department of Transportation</u>			
Passed Through Nebraska Department of Transportation:			
Airport Improvement Program	20.106	3-31-0022-014	678,237
COVID 19 - Airport Improvement Program	20.106	3-31-0022-015/016	45,501
Total AL #20.106			<u>723,738</u>
Highway Safety Cluster			
National Priority Safety Programs	20.616	47-6006154	6,500
State and Community Highway Safety	20.600	47-6006154	8,579
Total Highway Safety Cluster			<u>15,079</u>
Total Department of Transportation			738,817
<u>Department of Homeland Security</u>			
Passed Through Nebraska Emergency Management Agency:			
Hazard Mitigation Grant Program	97.039	47-6006154	531,154
<u>National Endowment for the Humanities</u>			
Passed Through Nebraska Library Commission:			
COVID 19 - Grants to States	45.310	47-6006154	<u>5,677</u>
Total Federal Awards			<u><u>\$ 2,207,553</u></u>

*Major Program

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Crete, Nebraska, and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

The City has not elected to use the 10 percent de minimis cost rate.



**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, 2022, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated January 11, 2023. 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.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City'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:

Robert D. Almquist
Phillip D. Maltzahn
Marcy J. Luth
Heidi A. Ashby
Christine R. Shenk
Michael E. Hoback
Joseph P. Stump
Kyle R. Overturf
Tracy A. Cannon

1203 W 2nd Street
P.O. Box 1407
Grand Island, NE 68802
P 308-381-1810
F 308-381-4824
EMAIL cpa@gicpas.com

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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2022-001, that we consider to be a significant deficiency.

Report on 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Crete's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Crete's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. 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, P.C.

Grand Island, Nebraska
January 11, 2023

SHAREHOLDERS:

Robert D. Almquist
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Christine R. Shenk
Michael E. Hoback
Joseph P. Stump
Kyle R. Overturf
Tracy A. Cannon

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Crete, Nebraska's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2022. The City of Crete, Nebraska's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Crete, Nebraska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Crete, Nebraska and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Crete, Nebraska's compliance with the compliance requirements referred to above.

1203 W 2nd Street
P.O. Box 1407
Grand Island, NE 68802
P 308-381-1810
F 308-381-4824
EMAIL cpa@gicpas.com

A PROFESSIONAL
CORPORATION

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Crete, Nebraska's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Crete, Nebraska's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Crete, Nebraska's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Crete, Nebraska's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Crete, Nebraska's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Crete, Nebraska's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

AMGL, P.C.

Grand Island, Nebraska
January 11, 2023

CITY OF CRETE, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2022

1. A summary of auditor's results:

- (i) Unmodified opinions were issued on all opinion units of the City of Crete, Nebraska, as of September 30, 2022, and for the year then ended.
- (ii) One significant deficiency disclosed during the audit of the financial statements is reported in the "Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*." The significant deficiency is not reported as a material weakness.
- (iii) The audit disclosed no instances of noncompliance that are material to the financial statements of the City of Crete, Nebraska.
- (iv) The audit did not disclose any significant deficiencies in the internal control over major programs for the City of Crete, Nebraska.
- (v) An unmodified opinion was issued on compliance for major programs.
- (vi) The audit did not disclose any audit findings that we are required to report under 2 CFR section 200.516(a).
- (vii) Major Program: #21.027 – COVID 19 – Coronavirus State and Local Fiscal Recovery Funds.
- (viii) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (ix) The City of Crete, Nebraska did not qualify as a low-risk auditee.

CITY OF CRETE, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
Year ended September 30, 2022

2. Findings relating to the financial statements that are required to be reported in accordance with GAGAS.

2022-001

Condition: There is not adequate segregation of duties.

Criteria: Adequate segregation of duties should be in place to ensure internal control over cash receipts, disbursements, and recording of transactions.

Cause: There are a limited number of accounting personnel.

Effect: Because of the lack of segregation, the same employees may participate in multiple facets of a transaction.

Recommendation: Management should remain aware of this lack of segregation and continue diligence in oversight and review of transactions.

Views of Responsible Officials and Planned Corrective Actions: It is impractical to further segregate duties due to the limited number of accounting personnel. However, management will continue to review/oversight of transactions.

3. Findings and questioned costs for Federal awards that shall include audit findings as defined in 2 CFR section 200.516(a).

None

CITY OF CRETE, NEBRASKA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended September 30, 2022

Program

Findings for the year ended September 30, 2021

There were no prior audit findings.