

Finance Committee Meeting
Tuesday, February 6, 2024 5:00 PM
Crete City Hall
243 E 13th Street
Crete, NE 68333

1. Open Meeting

- In accordance with Nebraska law, a copy of the Open Meetings Act can be found in the back of the Council Chambers.
- Items listed on the agenda may be considered in any order.

2. Roll Call

- Attendance of members will be recorded to determine the presence of a quorum for official actions.

3. Items of Business

- The Committee may discuss or limit discussion on, hear testimony in favor of or in opposition to, or take action to provide a recommendation to the City Council on any matter presented under this title.

3.A. Consider a recommendation to the City Council on the City Audit Report

3.B. Consider a recommendation to the City Council on the KENO Audit Report.

4. Officers' Reports

- Reports may be given by the Mayor, Officers, Departments, or Councilmembers concerning the current operations of the City.
- No action can be taken on matters presented under this title except to answer any questions or to refer the matter for further action.

5. Adjournment

Disclaimers & Notices

- The Council may enter into closed session to discuss any matter on this agenda when it is determined that a closed session is clearly necessary for the protection of the public interest or the prevention of needless injury to the reputation of an individual (if such individual has not requested a public meeting) or as otherwise allowed by law. Any closed session shall be limited to the subject matter for which the closed session was called. If the motion to close passes, then immediately prior to the closed session the Mayor shall restate on the record the limitation of the subject matter of the closed session.
- The City of Crete assures that no person shall on the grounds of race, color, national origin, age, disability, handicap or sex, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity of the City receiving Federal financial assistance. To report discrimination, contact the City Clerk's office.
- The complete agenda with attachments is available at www.crete.ne.gov.

CITY OF CRETE, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2023

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR’S REPORT	3
MANAGEMENT’S DISCUSSION AND ANALYSIS	6
FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet - Modified Cash Basis - Governmental Funds	16
Reconciliation of the Balance Sheet - Modified Cash Basis - Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis - Governmental Funds to the Statement of Activities	19
Statement of Fund Net Position - Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22
Notes to Financial Statements	24
SUPPLEMENTARY AND OTHER INFORMATION	
Budgetary Comparison Schedules - Modified Cash Basis	
General Fund	61
Street Fund	62
Debt Service Fund	63
Capital Projects Fund	64
Combining Balance Sheet - Modified Cash Basis - Nonmajor Governmental Funds	65
Combining Statement of Revenues and Expenditures, and Changes in Fund Balance – Modified Cash Basis – Nonmajor Governmental Funds	66
Combining Statement of Net Position - Component Units	67
Combining Statement of Activities - Component Units	68

TABLE OF CONTENTS, Continued

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 <i>Government Auditing Standards</i>	69
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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, 2023, 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, 2023, 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.

SHAREHOLDERS:
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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 and the combining component unit financial statements 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 is 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 5, 2024, on our consideration of the City of Crete, Nebraska’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Crete’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Crete, Nebraska’s internal control over financial reporting and compliance.

AMGL, PC.

Grand Island, Nebraska
January 5, 2024

**CITY OF CRETE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2023**

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, 2023.

Financial Highlights

- The assets of the City of Crete exceeded its liabilities at the close of the most recent fiscal year by \$37,748,711 (*net position*). Of this amount, \$16,191,958 (*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 \$10,101,641. Approximately 53.6 percent of this total amount, \$5,412,267, is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,336,333, or 117.9 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, 2023

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 two discretely presented component units (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 twelve 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 eight 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, 2023

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 \$37,748,711 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, 2023

Government-wide Financial Analysis, continued

Summary Statements of Net Position

	Year Ended September 30, 2023			Year Ended September 30, 2022		
	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	\$ 10,101,641	\$ 13,284,957	\$ 23,386,598	\$ 7,736,178	\$ 12,061,485	\$ 19,797,663
Capital Assets	-	24,725,539	24,725,539	-	25,625,670	25,625,670
Total Assets	10,101,641	38,010,496	48,112,137	7,736,178	37,687,155	45,423,333
Long-term Liabilities	-	8,232,548	8,232,548	-	8,932,267	8,932,267
Other Liabilities	-	2,130,878	2,130,878	-	2,040,329	2,040,329
Total Liabilities	-	10,363,426	10,363,426	-	10,972,596	10,972,596
Net Position						
Net Investment in Capital						
Assets	-	15,793,272	15,793,272	-	15,996,732	15,996,732
Restricted	4,689,374	1,074,107	5,763,481	4,352,499	1,019,545	5,372,044
Unrestricted	5,412,267	10,779,691	16,191,958	3,383,679	9,698,282	13,081,961
Total Net Position	<u>\$ 10,101,641</u>	<u>\$ 27,647,070</u>	<u>\$ 37,748,711</u>	<u>\$ 7,736,178</u>	<u>\$ 26,714,559</u>	<u>\$ 34,450,737</u>

A large portion of the City of Crete’s net position (41.8 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 (15.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$16,191,958) 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, 2023

	September 30, 2023			September 30, 2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program Revenues:						
Charges for Services	\$ 828,551	\$ 14,197,347	\$ 15,025,898	\$ 600,914	\$ 14,197,940	\$ 14,798,854
Operating Grants and Contributions	873,283	-	873,283	166,063	-	166,063
Capital Grants and Contributions	2,385,808	-	2,385,808	843,990	-	843,990
General Revenues:						
Property Taxes	1,449,784	-	1,449,784	1,384,746	-	1,384,746
Sales and Use Taxes	2,425,307	-	2,425,307	2,146,787	-	2,146,787
Other Taxes and Fees	583,206	-	583,206	580,437	-	580,437
State Allocation	1,735,004	-	1,735,004	1,718,683	-	1,718,683
Interest Income	76,234	81,609	157,843	4,784	41,808	46,592
Other	145,401	6,877	152,278	131,735	(198,180)	(66,445)
Total Revenues	10,502,578	14,285,833	24,788,411	7,578,139	14,041,568	21,619,707
Expenses						
General Government	1,251,126	-	1,251,126	979,577	-	979,577
Public Safety	2,584,493	-	2,584,493	2,469,868	-	2,469,868
Public Works	3,215,889	-	3,215,889	2,937,030	-	2,937,030
Environmental and Leisure	1,263,652	-	1,263,652	1,475,466	-	1,475,466
Economic Development	69,189	-	69,189	97,257	-	97,257
Debt Service	628,486	-	628,486	465,562	-	465,562
Electric	-	9,982,868	9,982,868	-	10,707,799	10,707,799
Water	-	1,111,252	1,111,252	-	1,082,235	1,082,235
Sewer	-	1,618,399	1,618,399	-	1,662,810	1,662,810
Total Expenses	9,012,835	12,712,519	21,725,354	8,424,760	13,452,844	21,877,604
Increase (Decrease) in Net Position Before Transfers	1,489,743	1,573,314	3,063,057	(846,621)	588,724	(257,897)
Net Transfers	640,803	(640,803)	-	(581,901)	581,901	-
Increase (Decrease) in Net Position	\$ 2,130,546	\$ 932,511	\$ 3,063,057	\$ (1,428,522)	\$ 1,170,625	\$ (257,897)

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, 2023

As of the end of the current fiscal year, the City of Crete's governmental funds reported combined ending fund balances of \$10,032,388. Approximately 47.4 percent of this total amount (\$4,756,459) 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 (\$1,494,390), 2) restricted to pay debt service (\$464,874), 3) endowed as nonspendable to fund perpetual care (\$129,889), 4) restricted for community betterment (\$92,469), 5) restricted for Federal programs (\$305,482), 6) restricted to fund economic development projects (\$2,175,073), 7) restricted for cemetery maintenance (\$27,197), 8) assigned for capital outlay (\$258,452), 9) assigned for cemetery projects (\$10,000), 10) assigned for fire equipment (\$50,000), or 11) assigned for airport operations (\$268,103).

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 \$5,336,333, while total fund balance reached \$5,553,419. 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 117.9 percent of General Fund total expenditures, while total fund balance represents 122.7 percent of General Fund total expenditures.

The fund balance of the City of Crete's General Fund increased by \$637,769 during the current fiscal year. Also the fund balance of the Capital Projects Fund increased by \$426,327 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 - \$7,941,179, Water Fund - \$391,857, and Sewer Fund - \$2,446,655. The growth (decrease) in net position for the proprietary funds was as follows: Electric Fund - \$684,506, Water Fund - \$(5,640), and Sewer Fund - \$253,645. 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, 2023

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, 2023, amounts to \$24,725,539 (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:

- Construction costs on sewer lift station project - \$23,701
- Sewer membrane replacement - \$26,641
- Construction in progress on electric substation improvements - \$145,369
- Construction in progress on solar farm - \$56,009
- Transformer replacements - \$63,778

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

	<u>Year Ended September 30, 2023</u>			<u>Year Ended September 30, 2022</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Land	\$ -	\$ 844,785	\$ 844,785	\$ -	\$ 844,785	\$ 844,785
Construction in Progress	-	259,870	259,870	-	331,762	331,762
Distribution Systems	-	21,304,985	21,304,985	-	21,872,323	21,872,323
Buildings and Improvements	-	1,918,849	1,918,849	-	2,076,896	2,076,896
Equipment	-	360,539	360,539	-	422,052	422,052
Vehicles	-	36,511	36,511	-	77,852	77,852
Total	\$ -	\$ 24,725,539	\$ 24,725,539	\$ -	\$ 25,625,670	\$ 25,625,670

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

	<u>Year Ended September 30, 2023</u>			<u>Year Ended September 30, 2022</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Revenue Bonds	\$ -	\$ 8,932,267	\$ 8,932,267	\$ -	\$ 9,628,938	\$ 9,628,938

The City's long-term debt decreased \$696,671 (7.2 percent) during the year ended September 30, 2023, due to scheduled principal payments.

CITY OF CRETE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2023

Additional information on the City of Crete's long-term debt can be found in Note C5 on pages 45-49 of this report.

Economic Factors and Next Year's Budgets and Rates

- Property tax asking for the year ending September 30, 2024 is \$1,499,880, which is \$49,880 (3.4 percent) more than the prior year.
- The City had remaining contractual commitments of \$773,271 as of September 30, 2023, for engineering and construction costs on the 2022 street improvements. This project is expected to be completed by Spring 2024.
- At September 30, 2023, the City had remaining contractual commitments of \$296,930 on the 22nd Street culvert project. This project is expected to be completed by Spring 2024.
- The City had a contractual commitment of \$188,949 on the City office South drive paving project expected to be completed by November 2023.
- As of September 30, 2023, the City had a \$250,970 contractual commitment for an ambulance which is expected to be received during Spring 2024.
- At September 30, 2023, the City had a remaining contractual commitment of \$130,639 for engineering on the Doane substation and electrical improvements project. This project is expected to be completed by Fall 2025.

All of these factors were considered in preparing the City of Crete's budget for the 2024 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, 2023

	Primary Government		Total	Component Units (Accrual Basis)
	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)		
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 5,181,504	\$ 6,779,958	\$ 11,961,462	\$ 370,941
Investments	150,000	3,313,053	3,463,053	1,062,728
County treasurer cash	63,169	-	63,169	55,753
Accounts receivable	-	1,247,657	1,247,657	-
Unbilled revenue	-	226,627	226,627	-
Accrued interest receivable	-	19,331	19,331	-
Current portion of TIF receivables	-	-	-	183,000
Due (to) from other funds	13,046	(13,046)	-	-
Inventory	-	394,284	394,284	-
Total current assets	5,407,719	11,967,864	17,375,583	1,672,422
Noncurrent assets:				
Restricted cash and cash equivalents	4,328,922	633,832	4,962,754	-
Restricted investments	365,000	683,261	1,048,261	129,716
Noncurrent portion of TIF receivables	-	-	-	2,003,900
Capital assets:				
Land	-	844,785	844,785	-
Construction in progress	-	259,870	259,870	-
Other capital assets, net of depreciation	-	23,620,884	23,620,884	-
Net capital assets	-	24,725,539	24,725,539	-
Total noncurrent assets	4,693,922	26,042,632	30,736,554	2,133,616
Total assets	10,101,641	38,010,496	48,112,137	3,806,038
LIABILITIES				
Current liabilities:				
Accounts payable	-	849,410	849,410	-
Accrued expenses	-	276,929	276,929	-
Customer deposits	-	242,986	242,986	-
Accrued interest	-	61,834	61,834	-
Current portion of long-term obligations	-	699,719	699,719	216,267
Total current liabilities	-	2,130,878	2,130,878	216,267
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	-	8,232,548	8,232,548	1,790,968
Total liabilities	-	10,363,426	10,363,426	2,007,235
NET POSITION				
Net investment in capital assets	-	15,793,272	15,793,272	-
Restricted for:				
Cemetery perpetual care	129,889	-	129,889	-
Street improvements	1,494,390	-	1,494,390	-
Debt service	464,874	1,074,107	1,538,981	-
Economic development	2,175,073	-	2,175,073	-
Federal projects	305,482	-	305,482	-
Community betterment	92,469	-	92,469	-
Cemetery maintenance	27,197	-	27,197	-
Library renovations	-	-	-	129,716
Unrestricted	5,412,267	10,779,691	16,191,958	1,669,087
Total net position	\$ 10,101,641	\$ 27,647,070	\$ 37,748,711	\$ 1,798,803

See notes to financial statements.

CITY OF CRETE, NEBRASKA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2023

<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	\$ 1,251,126	\$ 61,093	\$ 288,339
Public safety	2,584,493	431,854	178,984
Public works	3,215,889	61,453	389,656
Environment and leisure	1,263,652	271,651	16,304
Economic development	69,189	2,500	
Principal payments	450,000	-	
Interest and fees on long-term debt	178,486	-	
Total governmental activities	9,012,835	828,551	873,283
Business-type activities			
(accrual basis):			
Electric	9,982,868	11,250,187	-
Water	1,111,252	1,104,153	-
Sewer	1,618,399	1,843,007	-
Total business-type activities	12,712,519	14,197,347	-
Total primary government	\$ 21,725,354	\$ 15,025,898	\$ 873,283
Component units (accrual basis):			
Friends of Crete Public Library	\$ 18,947	\$ -	\$ -
Community Development Agency	50,017	38,694	-
Total component units	\$ 68,964	\$ 38,694	\$ -

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				
\$ -	\$ (901,694)		\$ (901,694)	
40,982	(1,932,673)		(1,932,673)	
2,311,529	(453,251)		(453,251)	
33,297	(942,400)		(942,400)	
	(66,689)		(66,689)	
	(450,000)		(450,000)	
	(178,486)		(178,486)	
<u>2,385,808</u>	<u>(4,925,193)</u>	<u>\$ -</u>	<u>(4,925,193)</u>	
-	-	1,267,319	1,267,319	
-	-	(7,099)	(7,099)	
-	-	224,608	224,608	
<u>-</u>	<u>-</u>	<u>1,484,828</u>	<u>1,484,828</u>	
<u>\$ 2,385,808</u>	<u>(4,925,193)</u>	<u>1,484,828</u>	<u>(3,440,365)</u>	
\$ 11,275				\$ (7,672)
-				(11,323)
<u>\$ 11,275</u>				<u>(18,995)</u>
General revenues:				
Taxes:				
Property	1,449,784	-	1,449,784	-
Motor vehicle	118,650	-	118,650	-
Occupation	255,785	-	255,785	-
Sales tax	2,425,307	-	2,425,307	-
Franchise	198,489	-	198,489	-
Special assessments	10,282	-	10,282	-
State allocation	1,735,004	-	1,735,004	-
Keno proceeds	112,599	-	112,599	-
Miscellaneous	32,802	-	32,802	-
Interest income	76,234	81,609	157,843	27,909
Gain on investments	-	6,877	6,877	48,484
Net transfers	640,803	(640,803)	-	-
Total general revenues	<u>7,055,739</u>	<u>(552,317)</u>	<u>6,503,422</u>	<u>76,393</u>
Change in net position	2,130,546	932,511	3,063,057	57,398
Net position - September 30, 2022				
As previously presented	7,736,178	26,714,559	34,450,737	5,264,742
Restatement	234,917	-	234,917	(3,523,337)
As restated	<u>7,971,095</u>	<u>26,714,559</u>	<u>34,685,654</u>	<u>1,741,405</u>
Net position - September 30, 2023	<u>\$ 10,101,641</u>	<u>\$ 27,647,070</u>	<u>\$ 37,748,711</u>	<u>\$ 1,798,803</u>

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

September 30, 2023

	<u>General</u> <u>Fund</u>	<u>Street</u> <u>Fund</u>
ASSETS		
Cash and cash equivalents	\$ 5,326,539	\$ 1,271,750
Investments	189,000	236,000
County treasurer cash	54,357	-
	<u>5,569,896</u>	<u>-</u>
Total assets	\$ 5,569,896	\$ 1,507,750
LIABILITIES AND		
FUND BALANCES		
Liabilities:		
Due to other funds	\$ 16,477	13,360
Fund balances:		
Nonspendable:		
Perpetual care	129,889	-
Restricted for:		
Street improvements	-	1,494,390
Debt service	-	-
Federal projects	-	-
Community betterment	-	-
Economic development	-	-
Cemetery maintenance	27,197	-
Assigned for:		
Capital outlay	-	-
Airport operations	-	-
Cemetery projects	10,000	-
Fire equipment	50,000	-
Unassigned	5,336,333	-
	<u>5,553,419</u>	<u>1,494,390</u>
Total fund balances	5,553,419	1,494,390
Total liabilities and fund balances	\$ 5,569,896	\$ 1,507,750

See notes to financial statements.

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 456,062	\$ (403,143)	\$ 2,877,231	\$ 9,528,439
-	-	90,000	515,000
8,812	-	-	63,169
<u>\$ 464,874</u>	<u>\$ (403,143)</u>	<u>\$ 2,967,231</u>	<u>\$ 10,106,608</u>
\$ -	\$ 44,383	\$ -	\$ 74,220
-	-	-	129,889
-	-	-	1,494,390
464,874	-	-	464,874
-	-	305,482	305,482
-	-	92,469	92,469
-	-	2,175,073	2,175,073
-	-	-	27,197
-	-	258,452	258,452
-	-	268,103	268,103
-	-	-	10,000
-	-	-	50,000
-	(447,526)	(132,348)	4,756,459
<u>464,874</u>	<u>(447,526)</u>	<u>2,967,231</u>	<u>10,032,388</u>
<u>\$ 464,874</u>	<u>\$ (403,143)</u>	<u>\$ 2,967,231</u>	<u>\$ 10,106,608</u>

CITY OF CRETE, NEBRASKA

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

September 30, 2023

Total fund balances - governmental funds	\$ 10,032,388
Amounts reported for <i>governmental activities</i> 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>69,253</u>
Total net position - governmental activities	<u><u>\$ 10,101,641</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, 2023

	<u>General</u> <u>Fund</u>	<u>Street</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>
REVENUES			
Taxes:			
Property	\$ 1,249,174	\$ -	\$ 199,708
Motor vehicle	118,650	-	-
Occupation	255,785	-	-
Sales tax	1,338,653	-	480,327
Franchise	198,489	-	-
Special assessments	-	-	10,282
Intergovernmental	916,087	967,355	-
Grants	33,378	-	-
Keno proceeds	-	-	-
Charges for services	646,822	37,774	-
Loan collections	-	-	-
Contributions	46,394	-	-
Interest income	69,435	826	639
Bond/loan proceeds	-	-	-
Other revenue	31,180	637	-
Total revenues	<u>4,904,047</u>	<u>1,006,592</u>	<u>690,956</u>
EXPENDITURES			
General government	888,505	-	-
Public safety	2,304,345	-	-
Public works	97,309	857,932	-
Environment and leisure	1,115,484	-	-
Economic development	-	-	-
Capital outlay	121,964	13,903	-
Principal payments on debt	-	-	390,000
Interest on long-term debt	-	-	135,399
Bond/loan fees	-	-	1,239
Total expenditures	<u>4,527,607</u>	<u>871,835</u>	<u>526,638</u>
Excess of revenues over expenditures	376,440	134,757	164,318
OTHER FINANCING SOURCES (USES)			
Transfers in	4,240,124	104,004	-
Transfers out	(3,978,795)	(84,492)	(296,382)
Net transfers	<u>261,329</u>	<u>19,512</u>	<u>(296,382)</u>
Net change in fund balances	637,769	154,269	(132,064)
Fund balances - September 30, 2022			
As previously reported	4,915,650	1,340,121	596,938
Restatement	-	-	-
As restated	<u>4,915,650</u>	<u>1,340,121</u>	<u>596,938</u>
Fund balances - September 30, 2023	<u>\$ 5,553,419</u>	<u>\$ 1,494,390</u>	<u>\$ 464,874</u>

See notes to financial statements.

Capital Projects <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
\$ -	\$ 902	\$ 1,449,784
-	-	118,650
-	-	255,785
-	606,327	2,425,307
-	-	198,489
-	-	10,282
-	-	1,883,442
181,529	703,756	918,663
-	112,599	112,599
-	141,455	826,051
-	2,500	2,500
-	15,596	61,990
296	4,842	76,038
2,130,000	-	2,130,000
-	985	32,802
<u>2,311,825</u>	<u>1,588,962</u>	<u>10,502,382</u>
-	348,232	1,236,737
-	33,091	2,337,436
11,881	107,659	1,074,781
3,016	110,589	1,229,089
-	69,189	69,189
2,127,205	174,523	2,437,595
60,000	-	450,000
25,234	-	160,633
16,614	-	17,853
<u>2,243,950</u>	<u>843,283</u>	<u>9,013,313</u>
67,875	745,679	1,489,069
358,452	588,159	5,290,739
-	(290,267)	(4,649,936)
<u>358,452</u>	<u>297,892</u>	<u>640,803</u>
426,327	1,043,571	2,129,872
(873,853)	1,688,743	7,667,599
-	234,917	234,917
<u>(873,853)</u>	<u>1,923,660</u>	<u>7,902,516</u>
<u>\$ (447,526)</u>	<u>\$ 2,967,231</u>	<u>\$ 10,032,388</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, 2023

Total net change in fund balances - governmental funds	\$ 2,129,872
Amounts reported for <i>governmental activities</i> 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>674</u>
Change in net position of governmental activities	<u><u>\$ 2,130,546</u></u>

See notes to financial statements.

CITY OF CRETE, NEBRASKA
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
September 30, 2023

	Business-type Activities - Enterprise Funds	
	Electric Fund	Water Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,439,271	\$ (75,291)
Investments	2,913,053	400,000
Accounts receivable	1,003,914	98,721
Unbilled revenue	178,008	19,033
Accrued interest receivable	18,466	422
Due from other funds	27,696	-
Inventory	359,846	34,438
Total current assets	8,940,254	477,323
Noncurrent assets:		
Restricted cash and cash equivalents	157,019	-
Restricted investments	617,335	-
Capital assets:		
Land	265,958	-
Construction in progress	259,870	-
Distribution systems	9,453,574	6,969,349
Buildings and improvements	4,196,896	1,502,819
Equipment	881,530	356,827
Vehicles	1,162,338	67,970
Accumulated depreciation	(11,259,295)	(4,969,796)
Net capital assets	4,960,871	3,927,169
Total noncurrent assets	5,735,225	3,927,169
Total assets	14,675,479	4,404,492
LIABILITIES		
Current liabilities:		
Accounts payable	814,908	15,878
Sales tax payable	47,701	-
Accrued payroll	31,181	14,141
Accrued vacation	101,279	36,044
Customer deposits	242,986	-
Accrued interest	4,006	-
Due to other funds	-	19,403
Current portion of long-term obligations	125,000	-
Total current liabilities	1,367,061	85,466
Noncurrent liabilities:		
Noncurrent portion of long-term obligations	395,000	-
Total liabilities	1,762,061	85,466
NET POSITION		
Net investment in capital assets	4,440,871	3,927,169
Restricted for:		
Debt service	531,368	-
Unrestricted	7,941,179	391,857
Total net position	\$ 12,913,418	\$ 4,319,026

See notes to financial statements.

<u>Sewer Fund</u>	<u>Total</u>	Governmental Activities - Internal Service <u>Fund</u>
\$ 2,415,978	\$ 6,779,958	\$ (18,013)
-	3,313,053	-
145,022	1,247,657	-
29,586	226,627	-
443	19,331	-
-	27,696	87,266
-	394,284	-
<u>2,591,029</u>	<u>12,008,606</u>	<u>69,253</u>
476,813	633,832	-
65,926	683,261	-
578,827	844,785	-
-	259,870	-
20,184,185	36,607,108	-
1,101,798	6,801,513	-
816,837	2,055,194	-
29,405	1,259,713	-
<u>(6,873,553)</u>	<u>(23,102,644)</u>	<u>-</u>
<u>15,837,499</u>	<u>24,725,539</u>	<u>-</u>
<u>16,380,238</u>	<u>26,042,632</u>	<u>-</u>
18,971,267	38,051,238	69,253
18,624	849,410	-
-	47,701	-
17,003	62,325	-
29,580	166,903	-
-	242,986	-
57,828	61,834	-
21,339	40,742	-
574,719	699,719	-
<u>719,093</u>	<u>2,171,620</u>	<u>-</u>
7,837,548	8,232,548	-
<u>8,556,641</u>	<u>10,404,168</u>	<u>-</u>
7,425,232	15,793,272	-
542,739	1,074,107	-
2,446,655	10,779,691	69,253
<u>\$ 10,414,626</u>	<u>\$ 27,647,070</u>	<u>\$ 69,253</u>

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

For the year ended September 30, 2023

	Business-type Activities - Enterprise Funds	
	Electric Fund	Water Fund
Operating revenues:		
Charges for services	\$ 10,825,669	\$ 1,075,757
Municipal sales	262,346	19,106
MEAN lease	148,593	-
Sale of materials	772	7,468
Miscellaneous revenues	12,807	1,822
Total operating revenues	11,250,187	1,104,153
Operating expenses:		
Cost of power	7,811,836	-
Salaries and benefits	1,152,356	552,595
Insurance and bonds	64,237	29,524
Utilities and telephone	12,999	110,827
Repairs and maintenance	96,517	58,668
Contracted services	11,722	15,305
Supplies	55,716	42,726
Vehicle expense	20,170	13,068
Fuel and oil	74,060	-
Professional fees	59,800	14,062
Rent expense	6,576	4,944
Dues, memberships and training	13,777	11,916
Bad debts	2,470	-
Miscellaneous	21,289	13,723
Depreciation	445,022	243,894
Franchise fees	120,000	-
Insurance claims and health premiums	-	-
Total operating expenses	9,968,547	1,111,252
Operating income (loss)	1,281,640	(7,099)
Nonoperating revenues (expenses):		
Interest income	74,814	1,459
Gain on investments	6,877	-
Interest expense	(14,321)	-
Bond fees	-	-
Total nonoperating revenues (expenses)	67,370	1,459
Income (loss) before transfers	1,349,010	(5,640)
Interfund transfers:		
Transfers in (out)	(664,504)	-
Change in net position	684,506	(5,640)
Net position - September 30, 2022	12,228,912	4,324,666
Net position - September 30, 2023	\$ 12,913,418	\$ 4,319,026

See notes to financial statements.

<u>Sewer Fund</u>	<u>Total</u>	Governmental Activities - Internal Service <u>Fund</u>
\$ 1,830,833	\$ 13,732,259	\$ 36,644
4,138	285,590	-
-	148,593	-
386	8,626	-
7,650	22,279	-
<u>1,843,007</u>	<u>14,197,347</u>	<u>36,644</u>
-	7,811,836	-
538,612	2,243,563	-
50,800	144,561	-
150,283	274,109	-
42,002	197,187	-
71,128	98,155	-
28,540	126,982	-
3,224	36,462	-
-	74,060	-
14,176	88,038	-
3,180	14,700	-
6,672	32,365	-
-	2,470	-
26,708	61,720	-
564,982	1,253,898	-
-	120,000	-
-	-	36,166
<u>1,500,307</u>	<u>12,580,106</u>	<u>36,166</u>
342,700	1,617,241	478
5,336	81,609	196
-	6,877	-
(118,092)	(132,413)	-
-	-	-
<u>(112,756)</u>	<u>(43,927)</u>	<u>196</u>
229,944	1,573,314	674
23,701	(640,803)	-
253,645	932,511	674
10,160,981	26,714,559	68,579
<u>\$ 10,414,626</u>	<u>\$ 27,647,070</u>	<u>\$ 69,253</u>

CITY OF CRETE, NEBRASKA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For the year ended September 30, 2023

	Electric Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 11,343,761
Receipts from other funds	-
Payments to suppliers	(8,328,896)
Payments to employees	(1,115,911)
Net cash provided by operating activities	1,898,954
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers (to) from other funds	(664,504)
Change in due from/to other funds	60,136
Net cash provided (used) by noncapital financing activities	(604,368)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of property and equipment	(289,355)
Principal payments on capital debt	(125,000)
Interest paid on capital debt	(15,141)
Net cash used by capital and related financing activities	(429,496)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Increase in investments	(43,747)
Decrease in restricted investments	(2,296)
Interest received	67,917
Net cash provided by investing activities	21,874
Increase (decrease) in cash and cash equivalents	886,964
Cash and cash equivalents - beginning of the year	3,709,326
Cash and cash equivalents - end of the year	\$ 4,596,290
Composition of cash and cash equivalents:	
Cash and cash equivalents	\$ 4,439,271
Restricted cash and cash equivalents	157,019
Total cash and cash equivalents	\$ 4,596,290

See notes to financial statements.

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>Activities -</u>
<u>Fund</u>	<u>Fund</u>		<u>Internal Service</u>
			<u>Fund</u>
\$ 1,078,901	\$ 1,844,734	\$ 14,267,396	\$ -
-	-	-	36,644
(329,640)	(392,214)	(9,050,750)	(36,166)
(552,597)	(531,781)	(2,200,289)	-
<u>196,664</u>	<u>920,739</u>	<u>3,016,357</u>	<u>478</u>
-	23,701	(640,803)	-
19,403	21,339	100,878	(87,266)
<u>19,403</u>	<u>45,040</u>	<u>(539,925)</u>	<u>(87,266)</u>
(14,070)	(50,342)	(353,767)	-
-	(571,671)	(696,671)	-
-	(120,964)	(136,105)	-
<u>(14,070)</u>	<u>(742,977)</u>	<u>(1,186,543)</u>	<u>-</u>
-	-	(43,747)	-
-	-	(2,296)	-
1,261	5,184	74,362	196
<u>1,261</u>	<u>5,184</u>	<u>28,319</u>	<u>196</u>
203,258	227,986	1,318,208	(86,592)
(278,549)	2,664,805	6,095,582	68,579
<u>\$ (75,291)</u>	<u>\$ 2,892,791</u>	<u>\$ 7,413,790</u>	<u>\$ (18,013)</u>
\$ (75,291)	\$ 2,415,978	\$ 6,779,958	\$ (18,013)
-	476,813	633,832	-
<u>\$ (75,291)</u>	<u>\$ 2,892,791</u>	<u>\$ 7,413,790</u>	<u>\$ (18,013)</u>

CITY OF CRETE, NEBRASKA

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

For the year ended September 30, 2023

	<u>Electric Fund</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 1,281,640
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation expense	445,022
Change in assets and liabilities:	
Accounts receivable	82,282
Inventories	11,643
Customer deposits	7,679
Accounts payable	30,630
Sales tax payable	3,613
Accrued expenses	36,445
Net cash provided by operating activities	<u>\$ 1,898,954</u>

See notes to financial statements.

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>Activities -</u>
<u>Fund</u>	<u>Fund</u>		<u>Internal Service</u>
			<u>Fund</u>
\$ (7,099)	\$ 342,700	\$ 1,617,241	\$ 478
243,894	564,982	1,253,898	-
(25,252)	1,727	58,757	-
(16,375)	-	(4,732)	-
-	-	7,679	-
1,498	4,499	36,627	-
-	-	3,613	-
(2)	6,831	43,274	-
<u>\$ 196,664</u>	<u>\$ 920,739</u>	<u>\$ 3,016,357</u>	<u>\$ 478</u>

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

INDEX

	Page
NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	
1. Financial Reporting Entity	25
2. Basis of Presentation	26
3. Measurement Focus and Basis of Accounting	29
4. Assets, Liabilities, and Equity	31
5. Revenues, Expenditures, and Expenses	36
NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	
1. Fund Accounting Requirements	38
2. Deposit Laws and Regulations	38
3. Revenue Restrictions	38
4. Debt Restrictions and Covenants	38
5. Budgetary Data	39
NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS	
1. Cash and Investments	40
2. Restricted Assets	42
3. Accounts and Notes Receivable	43
4. Capital Assets	44
5. Long-term Debt	45
6. Interfund Transactions and Balances	49
7. Deficit Fund Balances	50
NOTE D – OTHER NOTES	
1. Employee Pension and Other Benefit Plans	50
2. Risk Management	51
3. Commitments	53
4. Governmental Long-Term Debt	56
5. Interlocal Agreements	58
6. LB840 Loan	58
7. Tax Abatements	60
8. Subsequent Events	60

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

September 30, 2023

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:	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, 2023

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:

	<u>Brief Description of Activities and Relationship to the City</u>
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, 2023.

The Crete Airport Authority was presented as a discretely presented component unit through September 30, 2022. As of October 1, 2022, the airport was changed to a special revenue fund of the City.

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, 2023

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, 2023

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>Major:</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, 2023

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.

Airport Fund

The Airport Fund is a Special Revenue Fund that accounts for the operations of the airport.

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, 2023

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 and 96, are not reflected in the accompanying modified cash basis financial statements.

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Restatements

The Crete Airport Authority ended September 30, 2022, and the airport operations are now reported as a special revenue fund of the City. As a result, September 30, 2022 components unit net position was decreased \$3,523,337. The September 30, 2022 governmental activities net position and Airport fund balance were increased \$234,917. The difference between the restatement amounts reflect conversion of the Airport Fund to the modified cash basis used by the City’s governmental activities and governmental funds.

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. Sales tax collected on the sale of motor vehicles is restricted for street improvements as required by LB904.

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 20. 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 2022-2023 are recorded as revenue when received by the County.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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, 2023

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, 2023

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, 2023

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 20. 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, 2023. 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, 2023

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	\$ 17,359,908	\$ 919,495	\$ 16,440,413	\$ -	\$ <u>17,295,157</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –	
Unrestricted cash and cash equivalents	\$ 11,961,462
Restricted cash and cash equivalents	4,962,754
Component Unit –	
Unrestricted cash and cash equivalents	<u>370,941</u>
	<u>\$ 17,295,157</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, 2023. 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	\$ 614	\$ -	\$ -	\$ 614	\$ 614
Time Deposits	4,499,353	-	-	4,499,353	4,499,353
Mutual Funds	1,203,791	-	-	<u>1,203,791</u>	<u>1,203,791</u>
				<u>\$ 5,703,758</u>	<u>\$ 5,703,758</u>

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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	\$ 3,463,053	
Restricted investments	1,048,261	
Component Units –		
Unrestricted investments	1,062,728	
Restricted investments	<u>129,716</u>	
	<u>\$ 5,703,758</u>	

2. Restricted Assets

The restricted assets as of September 30, 2023, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
Type of Restricted Assets:				
Cash and cash equivalents	\$ 4,328,922	\$ 633,832	\$ 4,962,754	\$ -
Investments	<u>365,000</u>	<u>683,261</u>	<u>1,048,261</u>	<u>129,716</u>
Total Restricted Assets	<u>\$ 4,693,922</u>	<u>\$ 1,317,093</u>	<u>\$ 6,011,015</u>	<u>\$ 129,716</u>

Restricted cash and investments for the governmental activities consists of \$129,889 of General Fund assets restricted for cemetery perpetual care, \$27,197 of General Fund assets restricted for cemetery maintenance, \$1,507,750 of Street Fund assets restricted for street improvements, \$456,062 of Debt Service cash restricted for debt service, \$33,840 of Owner Occupied Rehab Fund cash restricted for Federal programs, \$92,469 of Keno Fund cash restricted for community betterment, \$271,597 of ARPA Fund cash restricted for Federal programs, \$45 of FEMA Disaster Fund cash restricted for federal projects, and \$2,175,073 of Economic Development Fund cash restricted for economic development.

The Electric Fund restricted assets consist of \$531,368 restricted for debt service and \$242,986 restricted for customer deposits. The Sewer Fund has \$542,739 restricted for debt service.

The Friends of Crete Public Library component unit restricted investments consist of \$129,716 restricted for library capital projects.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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, 2023, is as follows:

	<u>Business-type Activities</u>
Accounts receivable	\$ 1,427,057
Allowance for uncollectible accounts	(<u>179,400</u>)
Total accounts receivable	\$ <u>1,247,657</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, 2023:

<u>Project/ Redeveloper</u>	<u>TIF Receivable</u>	<u>TIF Payable</u>
Dairy Queen	\$ 25,600	\$ 25,556
Crete Lodging	1,295,200	1,256,874
Orscheln	543,400	505,400
Belohlavy Estates	231,500	219,405
Union Bank	<u>91,200</u>	<u>-</u>
	<u>\$ 2,186,900</u>	<u>\$ 2,007,235</u>
Current portion	\$ 183,000	\$ 216,267
Noncurrent portion	<u>2,003,900</u>	<u>1,790,968</u>
Total	<u>\$ 2,186,900</u>	<u>\$ 2,007,235</u>

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

4. Capital Assets

	Balance at October 1, <u>2022</u>	<u>Additions</u>	<u>Disposals</u>	Balance at September 30, <u>2023</u>
<u>Business-type Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 844,785	\$ -	\$ -	\$ 844,785
Construction in progress	331,762	225,079	(296,971)	259,870
Total capital assets not being depreciated	1,176,547	225,079	(296,971)	1,104,655
Other capital assets being depreciated:				
Distribution systems	36,218,166	91,971	296,971	36,607,108
Buildings and improvements	6,791,437	10,076	-	6,801,513
Equipment	2,028,553	26,641	-	2,055,194
Vehicles	1,259,713	-	-	1,259,713
Total other capital assets at historical cost	46,297,869	128,688	296,971	46,723,528
Less accumulated depreciation for:				
Distribution systems	(14,345,843)	(956,280)	-	(15,302,123)
Buildings and improvements	(4,714,541)	(168,123)	-	(4,882,664)
Equipment	(1,606,501)	(88,154)	-	(1,694,655)
Vehicles	(1,181,861)	(41,341)	-	(1,223,202)
Total accumulated depreciation	(21,848,746)	(1,253,898) *	-	(23,102,644)
Other capital assets, net	24,449,123	(1,125,210)	296,971	23,620,884
Business-type capital assets, net	<u>\$ 25,625,670</u>	<u>\$ (900,131)</u>	<u>\$ -</u>	<u>\$ 24,725,539</u>

* Depreciation expense was charged to functions as follows:

Electric	\$ 445,022
Water	243,894
Sewer	<u>564,982</u>
Total Business-type Activities depreciation expense	<u>\$ 1,253,898</u>

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

4. Capital Assets, continued

Construction in progress at September 30, 2023 consists of \$203,861 of costs incurred on the electrical substation improvement project and \$56,009 of costs incurred on the solar farm project. See note D3 for details on contractual commitments on these projects.

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, 2023:

<u>Type of Debt</u>	Balance October 1, <u>2022</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>2023</u>	Amounts Due Within <u>One Year</u>
Business-type Activities:					
Bonds payable	<u>\$ 9,628,938</u>	<u>\$ -</u>	<u>\$ (696,671)</u>	<u>\$ 8,932,267</u>	<u>\$ 699,719</u>
Component unit:					
Community Development Agency TIF payables	<u>\$ 2,275,821</u>	<u>\$ -</u>	<u>\$ (268,586)</u>	<u>\$ 2,007,235</u>	<u>\$ 216,267</u>

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

5. Long-term Debt, continued

Business-type Activities

As of September 30, 2023, 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. \$ 520,000

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. 4,970,000

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

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 \$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. 2,920,252

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. 522,015

Total business-type activity long-term debt \$ 8,932,267

Current portion	\$ 699,719
Noncurrent portion	<u>8,232,548</u>
Total	\$ <u>8,932,267</u>

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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 \$2,007,235 of TIF payables due to redevelopers.	<u>\$ 2,007,235</u>
Current portion	\$ 216,267
Noncurrent portion	<u>1,790,968</u>
Total long-term debt	<u>\$ 2,007,235</u>

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2023, are as follows:

<u>Year Ending</u> <u>September 30,</u>	Business-type Activities	
	Other Debt Issues	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 699,719	\$ 128,282
2025	712,809	119,534
2026	715,941	109,883
2027	729,116	99,362
2028	602,336	90,049
2029-2033	3,121,535	323,340
2034-2037	<u>2,350,811</u>	<u>78,245</u>
	<u>\$ 8,932,267</u>	<u>\$ 948,695</u>

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

5. Long-term Debt, continued

Year Ending <u>September 30,</u>	<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 216,267	\$ -
2025	158,032	-
2026	158,032	-
2027	158,032	-
2028	158,032	-
2029-2033	779,963	-
2034-2037	378,877	-
	<u>\$ 2,007,235</u>	<u>\$ -</u>

6. Interfund Transactions and Balances

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Electric	\$ 350,004	\$ -
Street	84,492	(104,004)
Intrafund General	3,539,062	(3,539,062)
Capital Projects	-	(62,070)
Nonmajor Governmental Fund	<u>266,566</u>	<u>(273,659)</u>
Total General Fund	4,240,124	(3,978,795)
Street Fund:		
General	104,004	(84,492)
Debt Service Fund:		
Capital Projects	-	(296,382)
Capital Projects Fund:		
General	62,070	-
Debt Service	<u>296,382</u>	<u>-</u>
Total Capital Projects Fund	358,452	-
Nonmajor Governmental Funds:	588,159	(290,267)
Electric Fund:		
General	-	(350,004)
Nonmajor Governmental Fund	<u>-</u>	<u>(314,500)</u>
Total Electric Fund	-	(664,504)
Sewer Fund:		
ARPA Fund	<u>23,701</u>	<u>-</u>
Total Operating Transfers	<u>\$ 5,314,440</u>	<u>\$ (5,314,440)</u>

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

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

6. Interfund Transactions and Balances, continued

Interfund Balances

At September 30, 2023, the Capital Projects Fund owed \$44,383 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.

Also, at September 30, 2023, a total of \$87,266 was due to the Internal Service Fund from the following: \$16,477 – General Fund, \$13,360 – Street Fund, \$16,687 – Electric Fund, \$19,403 – Water Fund, and \$21,339 – Sewer Fund. This interfund loan is expected to be repaid during the next fiscal year.

7. Deficit Fund Balances

The deficit fund balance of \$(477,526) for the Capital Projects Fund is expected to be eliminated with the receipt of grant proceeds and transfers from other funds during the fiscal year ending September 30, 2024.

The deficit fund balance of \$(132,348) for the CDBG Fund is expected to be eliminated by interfund transfers in the next fiscal year.

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, 2023

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

The City's regular employer contribution amounted to \$175,793 for the year ended September 30, 2023, and the employee contributions also totaled \$175,793 for the year ended September 30, 2023, on \$2,511,332 of covered payroll (with total payroll of \$3,394,526).

The City's police contribution amounted to \$63,787 for the year ended September 30, 2023, and the police employee contributions also totaled \$63,787 for the year ended September 30, 2023, on \$911,241 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, 2023, 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, 2023

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 2023	\$ 432,538
November 2023	10,000
February 2024	815,000
March 2024	210,783
April 2024	286,774
May 2024	60,000
July 2024	223,830
August 2024	85,000
September 2024	312,175
October 2024	77,037
November 2024	1,000
April 2025	111,115
May 2025	92,900
June 2025	245,337
September 2025	100,569
October 2025	117,866
April 2026	95,200
September 2026	233,539
October 2026	213,421
December 2026	1,000
March 2027	90,290
April 2027	212,366
September 2027	223,345
October 2027	122,264
August 2030	92,365
September 2030	<u>33,639</u>
	\$ <u>4,499,353</u>

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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, 2023, the City’s certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Pinnacle Bank	\$ 836,094
City Bank & Trust	1,037,062
Wells Fargo Advisors	<u>2,626,197</u>
	<u>\$ 4,499,353</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, 2023.

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, 2023, will not be significant to the City’s financial statements.

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE D – OTHER NOTES, continued

3. Commitments, continued

Construction and Contractual Commitments

As of September 30, 2023, the City had the following construction and contractual obligations:

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/23</u>	<u>Remaining Commitment</u>	<u>Expected Date of Completion</u>
2022 Street improvement project:				
Design/engineering	\$ 203,430	\$ 174,799	\$ 28,631	Spring 2024
Construction	1,958,837	1,214,197	744,640	Spring 2024
Ambulance	250,970	-	250,970	Spring 2024
HVAC for City office	14,943	-	14,943	December 2023
Body cameras & Rocket communication system	125,000	50,404	74,596	Spring 2024
Blight study	7,700	4,620	3,080	December 2023
22 nd Street culvert project:				
Engineering	48,500	-	48,500	Spring 2024
Contractor	883,668	635,238	248,430	Spring 2024
City office drive paving	188,949	-	188,949	November 2023
Electric substation project	334,500	203,861	130,639	Fall 2025
SCADA on-call consulting	12,000	7,619	4,381	December 2023

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, 2023

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 \$6,516,614 for the year ended September 30, 2023. 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 \$148,593 for the year ended September 30, 2023. 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 \$110 per month for a postage machine through October 2027.

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

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, 2023:

<u>Type of Debt</u>	<u>Balance October 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2023</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds payable	\$ 6,265,000	\$ -	\$ (450,000)	\$ 5,815,000	\$ 450,000
Bond anticipation notes	<u>955,000</u>	<u>2,130,000</u>	<u>-</u>	<u>3,085,000</u>	<u>955,000</u>
Total Governmental-type Activities	<u>\$ 7,220,000</u>	<u>\$ 2,130,000</u>	<u>\$ (450,000)</u>	<u>\$ 8,900,000</u>	<u>\$ 1,405,000</u>

Governmental Activities:

The Debt Service Fund and Street Fund make the bond payments. As of September 30, 2023, 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. \$ 900,000

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. 610,000

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. 3,485,000

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. 820,000

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE D – OTHER NOTES, continued

4. Governmental Long-Term Debt, continued

Governmental Activities, continued:

Bond anticipation notes:

During May 2023, the City issued Series 2023 Bond Anticipation Notes (BAN's) totaling \$2,130,000 to provide interim financing for capital projects. The BAN's bear interest of 3.70 percent and mature May 1, 2026. 2,130,000

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

Total long-term debt \$ 8,900,000

Current portion \$ 1,405,000

Noncurrent portion 7,495,000

Total long-term debt \$ 8,900,000

Annual debt service requirements to maturity, including principal and interest, for governmental long-term debt as of September 30, 2023, are as follows:

Year Ending <u>September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,405,000	\$ 226,615
2025	455,000	221,580
2026	2,590,000	214,822
2027	470,000	128,354
2028	400,000	120,246
2029-2033	1,530,000	474,474
2034-2038	1,140,000	258,264
2039-2042	910,000	78,131
	<u>\$ 8,900,000</u>	<u>\$ 1,722,486</u>

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE D – OTHER NOTES, continued

5. Interlocal Agreements

The City has the following interlocal agreements in effect as of September 30, 2023:

<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	7/1/24 to 6/30/25	Economic and community development services
League Association of Risk Management	10/1/22 to 9/30/23	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	2/1/23 to 1/31/28	School resource officer
League Insurance Government Health	7/1/23 to 6/30/24	Employee health insurance

6. LB840 Loan

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.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE D – OTHER NOTES, continued

6. LB840 Loan, continued

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.

On May 1, 2023, the City issued a \$24,130 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 five years.

On July 5, 2023, the City issued a \$7,275 LB840 loan to PWR & DWD Rental Properties, LLC., dba Old Main Bar and Grill. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years.

On September 25, 2023, the City advanced \$28,288 on a committed \$351,159 LB840 loan to Blue River Arts Council. 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, 2023

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, 2023 is as follows:

<u>TIF Project:</u>	<u>Years Remaining on TIF Agreements</u>	<u>2023 TIF Valuation</u>	<u>TIF Proceeds Received during the year 9-30-2023</u>
Dairy Queen	7	\$ 192,885	\$ 3,979
Crete Lodging	12	5,696,535	117,517
Orscheln	13	2,206,180	45,512
Belohlavy Estates	14	872,580	9,303
Union Bank	8	687,405	<u>20,959</u>
			<u>\$ 197,270</u>

8. Subsequent Events

Management has evaluated subsequent events through January 5, 2024, the date on which the financial statements were available for issue.

On November 7, 2023, Council approved a \$88,974 LB840 loan for PWR & DWD Rental Properties, LLC, dba Old Main Bar & Grill.

On November 21, 2023, Council approved a loan agreement with Nebraska Department of Environment and Energy for project D311654. The \$3.7 million of funding is expected to be comprised of a \$1.3 million grant and a \$2.4 million 30-year loan at 0.6 percent interest.

On December 5, 2023, Council approved the purchase of \$146,485 of fire apparatus equipment for the new grass rig.

SUPPLEMENTARY AND OTHER INFORMATION

CITY OF CRETE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
GENERAL FUND

Year ended September 30, 2023

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 1,294,350	\$ 1,249,174	\$ (45,176)
Motor vehicle	120,000	118,650	(1,350)
Occupation	125,000	255,785	130,785
Franchise	310,000	198,489	(111,511)
Sales	1,105,000	1,338,653	233,653
Intergovernmental	881,975	916,087	34,112
Grants	16,500	33,378	16,878
Charges for services	579,140	646,822	67,682
Interest income	1,975	69,435	67,460
Contributions	25,150	46,394	21,244
Sale of equipment	20,000	-	(20,000)
Other	1,800	31,180	29,380
Total resources	4,480,890	4,904,047	423,157
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	895,938	888,505	(7,433)
Public safety	2,563,530	2,304,345	(259,185)
Public works	115,570	97,309	(18,261)
Environment and leisure	1,168,400	1,115,484	(52,916)
Capital outlay	451,660	121,964	(329,696)
Total charges to appropriations	5,195,098	4,527,607	(667,491)
Resources over (under) charges to appropriations	(714,208)	376,440	1,090,648
OTHER FINANCING SOURCES (USES)			
Transfers in	4,594,513	4,240,124	(354,389)
Transfers out	(3,880,305)	(3,978,795)	(98,490)
Net transfers	714,208	261,329	(452,879)
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER CHARGES TO APPROPRIATIONS			
	\$ -	\$ 637,769	\$ 637,769

CITY OF CRETE, NEBRASKA

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

Year ended September 30, 2023

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Intergovernmental	\$ 925,790	\$ 967,355	\$ 41,565
Charges for services	30,100	37,774	7,674
Interest income	-	826	826
Other revenue	500	637	137
	<hr/>	<hr/>	<hr/>
Total resources	956,390	1,006,592	50,202
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	1,010,390	857,932	(152,458)
Capital assets	50,000	13,903	(36,097)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	1,060,390	871,835	(188,555)
Resources over (under) charges to appropriations	(104,000)	134,757	238,757
OTHER FINANCING SOURCES (USES)			
Transfers in	104,000	104,004	4
Transfers out	-	(84,492)	(84,492)
Net transfers	104,000	19,512	(84,488)
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER CHARGES TO APPROPRIATIONS	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ -	\$ 154,269	\$ 154,269

CITY OF CRETE, NEBRASKA

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

Year ended September 30, 2023

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Property tax	\$ 206,300	\$ 199,708	\$ (6,592)
Sales tax	252,000	480,327	228,327
Special assessments	20,150	10,282	(9,868)
Interest income	50	639	589
Total resources	478,500	690,956	212,456
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Principal payments	390,000	390,000	-
Interest expense	138,500	135,399	(3,101)
Bond fees	-	1,239	1,239
Total charges to appropriations	528,500	526,638	(1,862)
Resources over (under) charges to appropriations	(50,000)	164,318	214,318
OTHER FINANCING SOURCES (USES)			
Transfers in	50,000	-	(50,000)
Transfers out	-	(296,382)	(296,382)
Net transfers	50,000	(296,382)	(346,382)
RESOURCES AND OTHER FINANCING SOURCES (USES) UNDER CHARGES TO APPROPRIATIONS	\$ -	\$ (132,064)	\$ (132,064)

CITY OF CRETE, NEBRASKA

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

Year ended September 30, 2023

	Budget (Original and <u>(Final)</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Grants	\$ 145,000	\$ 181,529	\$ 36,529
Interest income	-	296	296
Bond proceeds	3,800,000	2,130,000	(1,670,000)
Total resources	3,945,000	2,311,825	(1,633,175)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	-	11,881	11,881
Environment and leisure	-	3,016	3,016
Capital outlay	3,907,350	2,127,205	(1,780,145)
Principal payments	60,000	60,000	-
Interest expense	23,150	25,234	2,084
Bond fees	-	16,614	16,614
Total charges to appropriations	3,990,500	2,243,950	(1,746,550)
Resources over (under) charges to appropriations	(45,500)	67,875	113,375
OTHER FINANCING SOURCES			
Transfers in	45,500	358,452	312,952
RESOURCES AND OTHER FINANCING SOURCES OVER CHARGES TO APPROPRIATIONS	\$ -	\$ 426,327	\$ 426,327

CITY OF CRETE, NEBRASKA

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

September 30, 2023

	Special Revenue Funds		
		Owner	
	CDBG	Occupied Rehab	Keno
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
ASSETS			
Cash and cash equivalents	\$ (132,348)	\$ 33,840	\$ 92,469
Investments	-	-	-
Total assets	<u>\$ (132,348)</u>	<u>\$ 33,840</u>	<u>\$ 92,469</u>
LIABILITIES AND FUND BALANCES			
Liabilities:	\$ -	\$ -	\$ -
Fund balances:			
Restricted for:			
Federal programs	-	33,840	-
Community betterment	-	-	92,469
Economic development	-	-	-
Assigned for:			
Capital outlay	-	-	-
Airport operations	-	-	-
Unassigned	(132,348)	-	-
Total fund balances	<u>(132,348)</u>	<u>33,840</u>	<u>92,469</u>
Total liabilities and fund balances	<u>\$ (132,348)</u>	<u>\$ 33,840</u>	<u>\$ 92,469</u>

Special Revenue Funds					Total
ARPA Fund	Airport Fund	Capital Outlay Fund	FEMA Disaster Fund	Economic Development Fund	Other Governmental Funds
\$ 271,597	268,103	\$ 168,452	\$ 45	\$ 2,175,073	\$ 2,877,231
-	-	90,000	-	-	90,000
<u>\$ 271,597</u>	<u>\$ 268,103</u>	<u>\$ 258,452</u>	<u>\$ 45</u>	<u>\$ 2,175,073</u>	<u>\$ 2,967,231</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
271,597	-	-	45	-	305,482
-	-	-	-	-	92,469
-	-	-	-	2,175,073	2,175,073
-	-	258,452	-	-	258,452
-	268,103	-	-	-	268,103
-	-	-	-	-	(132,348)
<u>271,597</u>	<u>268,103</u>	<u>258,452</u>	<u>45</u>	<u>2,175,073</u>	<u>2,967,231</u>
<u>\$ 271,597</u>	<u>\$ 268,103</u>	<u>\$ 258,452</u>	<u>\$ 45</u>	<u>\$ 2,175,073</u>	<u>\$ 2,967,231</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, 2023

	Special Revenue Funds		
	CDBG	Owner Occupied Rehab	Keno
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
REVENUES			
Property tax	\$ -	\$ -	\$ -
Sales tax	-	-	-
Keno proceeds	-	-	112,599
Charges for services	-	-	-
Grant income	34,212	254,127	-
Loan collections	-	-	-
Contributions	-	-	-
Interest income	-	53	60
Other income	-	-	-
Total revenues	34,212	254,180	112,659
EXPENDITURES			
General government	37,314	261,627	47,174
Public safety	-	-	-
Public works	-	-	-
Environment and leisure	-	-	-
Economic development	-	-	-
Capital outlay	-	-	-
Total expenditures	37,314	261,627	47,174
Excess (deficiency) of revenues over expenditures before transfers	(3,102)	(7,447)	65,485
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	-	(266,566)
Net change in fund balances	(3,102)	(7,447)	(201,081)
Fund balances - September 30, 2022			
As previously reported	(129,246)	41,287	293,550
Restatement	-	-	-
As restated	(129,246)	41,287	293,550
Fund balances - September 30, 2023	\$ (132,348)	\$ 33,840	\$ 92,469

Special Revenue Funds

ARPA Fund	Airport Fund	Capital Outlay Fund	FEMA Disaster Fund	Economic Development Fund	Total Other Governmental Funds
\$ -	\$ 902	\$ -	\$ -	\$ -	\$ 902
-	-	-	-	606,327	606,327
-	-	-	-	-	112,599
-	136,933	-	4,522	-	141,455
-	15,069	10,692	389,656	-	703,756
-	-	-	-	2,500	2,500
-	-	15,596	-	-	15,596
-	-	-	-	4,729	4,842
-	985	-	-	-	985
<hr/> -	<hr/> 153,889	<hr/> 26,288	<hr/> 394,178	<hr/> 613,556	<hr/> 1,588,962
-	-	2,117	-	-	348,232
-	-	33,091	-	-	33,091
-	-	762	106,897	-	107,659
-	103,003	7,586	-	-	110,589
-	-	-	-	69,189	69,189
<hr/> -	<hr/> 17,700	<hr/> 156,823	<hr/> -	<hr/> -	<hr/> 174,523
<hr/> -	<hr/> 120,703	<hr/> 200,379	<hr/> 106,897	<hr/> 69,189	<hr/> 843,283
-	33,186	(174,091)	287,281	544,367	745,679
<hr/> (23,701)	<hr/> -	<hr/> 273,659	<hr/> 314,500	<hr/> -	<hr/> 297,892
(23,701)	33,186	99,568	601,781	544,367	1,043,571
295,298	-	158,884	(601,736)	1,630,706	1,688,743
-	234,917	-	-	-	234,917
<hr/> 295,298	<hr/> 234,917	<hr/> 158,884	<hr/> (601,736)	<hr/> 1,630,706	<hr/> 1,923,660
<hr/> <u>\$ 271,597</u>	<hr/> <u>\$ 268,103</u>	<hr/> <u>\$ 258,452</u>	<hr/> <u>\$ 45</u>	<hr/> <u>\$ 2,175,073</u>	<hr/> <u>\$ 2,967,231</u>

CITY OF CRETE, NEBRASKA

**COMBINING STATEMENT OF NET POSITION -
COMPONENT UNITS**

August 31 and September 30, 2023

	Friends of Crete Public Library <u>(August 31, 2023)</u>	Community Development Agency <u>(September 30, 2023)</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 164,323	\$ 206,618	\$ 370,941
Investments	1,062,728	-	1,062,728
County treasurer cash	-	55,753	55,753
Current portion of TIF receivables	-	183,000	183,000
Total current assets	<u>1,227,051</u>	<u>445,371</u>	<u>1,672,422</u>
Noncurrent assets:			
Restricted investments	129,716	-	129,716
Noncurrent portion of TIF receivables	-	2,003,900	2,003,900
Total noncurrent assets	<u>129,716</u>	<u>2,003,900</u>	<u>2,133,616</u>
Total assets	1,356,767	2,449,271	3,806,038
LIABILITIES			
Current liabilities:			
Current portion of long-term obligation	-	216,267	216,267
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	-	1,790,968	1,790,968
Total liabilities	<u>-</u>	<u>2,007,235</u>	<u>2,007,235</u>
NET POSITION			
Restricted for library capital projects	129,716	-	129,716
Unrestricted	1,227,051	442,036	1,669,087
Total net position	<u>\$ 1,356,767</u>	<u>\$ 442,036</u>	<u>\$ 1,798,803</u>

See notes to financial statements.

CITY OF CRETE, NEBRASKA

**COMBINING STATEMENT OF ACTIVITIES -
COMPONENT UNITS**

For the period ended August 31 and September 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Component units:			
Crete Airport Authority (no longer a component unit)	\$ -	\$ -	\$ -
Friends of Crete Public Library (8/31/23)	18,947	-	-
Community Development Agency (9/30/23)	50,017	38,694	-
Total component units	<u>\$ 68,964</u>	<u>\$ 38,694</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>
\$ -	\$ -	\$ -	\$ -	\$ -
11,275	-	(7,672)	-	(7,672)
-	-	-	(11,323)	(11,323)
<u>\$ 11,275</u>	<u>-</u>	<u>(7,672)</u>	<u>(11,323)</u>	<u>(18,995)</u>
General revenues:				
Interest and dividend income	-	27,909	-	27,909
Gain on investments	-	48,484	-	48,484
Total general revenues	-	76,393	-	76,393
Change in net position	-	68,721	(11,323)	57,398
Net position - September 30, 2022				
As previously reported	3,523,337	1,288,046	453,359	5,264,742
Restatement	(3,523,337)	-	-	(3,523,337)
As restated	<u>-</u>	<u>1,288,046</u>	<u>453,359</u>	<u>1,741,405</u>
Net position - September 30, 2023	<u>\$ -</u>	<u>\$ 1,356,767</u>	<u>\$ 442,036</u>	<u>\$ 1,798,803</u>



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of the City Council
City of 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, 2023, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated January 5, 2024. 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
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A PROFESSIONAL
CORPORATION

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

Segregation of Duties

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

Bank Reconciliations

The September 30, 2023 bank reconciliations had several erroneous outstanding items and transfers between bank accounts were misposted in multiple instances throughout the year. Bank reconciliations should be reviewed for accuracy each month.

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 above. The City of Crete's response to the findings identified in our audit is that due to the small size of the City, it is impractical to further segregate duties. Also, a review process will be implemented to ensure bank reconciliations are prepared accurately in the future. 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, INC.

Grand Island, Nebraska
January 5, 2024

**CITY OF CRETE KENO LOTTERY
CRETE, NEBRASKA**

**REPORTS ON AGREED-UPON PROCEDURES
AND ANNUAL EXAMINATION**

For the Year Ended September 30, 2023

TABLE OF CONTENTS

	Page
INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES	2
INDEPENDENT ACCOUNTANT'S REPORT ON THE ANNUAL EXAMINATION	7
LETTER FROM OTHER ACCOUNTANTS VERIFYING THEIR PORTION OF THE REQUIRED PROCEDURES	9
NEBRASKA COUNTY/CITY ANNUAL LOTTERY REPORT, FORM 35K	10



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Tracy A. Cannon
Jamie L. Clemans

**INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON
PROCEDURES**

City of Crete Keno Lottery
Crete, Nebraska

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

We have performed the procedures enumerated below on Revenue Ruling 35-10-3 published by the Nebraska Department of Revenue, Charitable Gaming Division (Division), solely to assist the specified users in evaluating management's assertions about the City of Crete Keno Lottery's compliance with the specifically cited provisions of the Nebraska County and City Lottery Act and County and City Lottery Regulations of the City of Crete Keno Lottery for the year ended September 30, 2023, included in its representation letter dated December 28, 2023. The City of Crete Keno Lottery is responsible for the compliance with the specifically cited provisions of the regulations.

The City of Crete has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the City of Crete Keno Lottery's compliance with the specifically cited provisions of the regulations. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

**PROCEDURES PERFORMED IN CONNECTION WITH KENO LOTTERY
OPERATION**

The procedures and associated findings are as follows:

1. Compliance Requirement (Manual Draw Method): An unannounced observation of the keno activity must be made at least annually for all sponsors who use a manual ball draw method for selection of winning numbers during the conduct of a keno lottery.

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**

Findings:

The City of Crete does not use a manual draw method; therefore, this compliance procedure was not applicable.

2. Compliance Requirement (Manual Draw Method): During the unannounced visit, observe five keno games and verify that the keno operator has a minimum of three lottery workers involved during the drawing of the 20 keno numbers when a manual ball draw method of winning number selection is used. Three lottery workers must be involved on every game using a manual ball draw system without exception. A keno lottery using an automated ball draw system may be conducted with less than three lottery workers as prescribed in Regulation 35-621.06B.

Sponsor's Representative should observe that:

- a. The number of the game being drawn is recorded on a blank keno draw ticket.
- b. One lottery worker must call the ball numbers as they enter the rabbit ears.
- c. A different lottery worker must enter the numbers on the draw ticket on which the number of the game is recorded.
- d. The keno manager must verify the numbers drawn comparing the rabbit ears to the draw ticket and to the numbers entered into the keno system prior to computing the game.
- e. Determine at the time of the unannounced visit that the Lottery Operator is utilizing the method of winning number selection which agrees with the designated selection method on file with the Sponsor and the Department of Revenue.

Findings:

The City of Crete does not use a manual draw method; therefore, this compliance procedure was not applicable.

3. Compliance Requirement (Automated Ball Draw Method): Verify that keno management personnel have performed on a next day basis a review of all "no read" and duplicate number occurrences. Sponsors must also verify that keno management personnel have performed on a next day basis a review of the game draw for a minimum of ten percent of the games run for the previous day. A written log of such reviews must be maintained by the Lottery Operator or Sales Outlet Location where the automated ball draw equipment is in use.

Findings:

The City of Crete does not use an automated ball draw method; therefore, this compliance procedure was not applicable.

4. Compliance Requirement (Manual and Automated Ball Draw): View the videotape or digital recording for a minimum of five games for each month (from at least two different weeks within each month) to determine that the following items are in compliance with the regulations:

- a. The videotape or digital recording must have a clear image to show the empty rabbit ears or wheel, date and time, and full rabbit ears or wheel. The videotape or digital recording must also show the game number or the time and date which will relate to the game number.
- b. The winning numbers drawn per the videotape or digital recording must agree to the draw ticket prepared by a lottery worker, in the case of a manual ball draw, and the winning numbers recorded on the transaction log. Verify that all discrepancies were reported to the Nebraska Department of Revenue, Charitable Gaming Division, by the Lottery Operator, Sales Outlet Location, or Sponsor. Report all discrepancies not previously reported directly to the Nebraska Department of Revenue, Charitable Gaming Division. Compare the time of the videotape or digital recording to the transaction log; also examine any procedures which would allow the Lottery Operator or Sales Outlet Location the opportunity to affect the outcome of the keno game.
- c. The videotapes must be retained and may not be reused until the Sponsor has performed the compliance procedures on the tapes and has released the tapes.

Findings:

The City of Crete does not use any ball draw method; therefore, this compliance procedure was not applicable.

5. Compliance Requirement: Verify the accuracy of monthly game summary information provided by the Lottery Operator, by reconciling the gross proceeds with prize payouts from the keno system's transaction log, to the monthly summary information.

Findings:

Core CPAs, P.C. performed this procedure as noted in the attached letter at page 9, item 1. The monthly summary information agreed with the totals recorded on the keno system transaction logs.

6. Compliance Requirement: Determine that the gross proceeds of the keno lottery, less prizes paid in cash, are deposited into a separate bank account of the Sponsor or Lottery Operator. Trace the deposits monthly per the daily cash summary and the transaction log to the keno operations bank account to determine that the proper amount has been deposited within a commercially reasonable time frame and report any discrepancies.

Findings:

Core CPAs, P.C. performed these procedures as noted in the attached letter at page 9, items 2 and 3.

7. Compliance Requirement: Examine any cash overage or shortage in excess of \$25 per keno writer per shift/day and report unexplained and unresolved discrepancies and irregularities.

Findings:

Core CPAs, P.C. performed this procedure and disclosed any discrepancies to Michael Nevriy who reported the findings to the state department, as noted in the attached letter at page 9, item 4.

8. Compliance Requirement: The computer-generated prize pay tables for all types of wagers must agree with the published prize pay tables. Verify that the Lottery Operator has a procedure to maintain a log of all updates and changes to the prize pay tables and that the active prize pay tables on the keno system agree with the published prize pay tables.

Findings:

The active prize pay tables on the keno system were examined on December 15, 2023, and agreed with the published prize pay tables. The Lottery Operator maintains a log of all updates and changes to the prize pay tables.

9. Compliance Requirement: Examine the financial security provided for prize payments to verify that the funds are guaranteed and in compliance with the regulations.

Findings:

The financial security provided for prize payouts was examined on December 5, 2023, and is in the form of an irrevocable letter of credit in the amount of \$25,000. The beneficiary of the letter of credit is the City of Crete and the expiration date on the letter of credit is January 10, 2024. The previous letter of credit, in the amount of \$25,000, expired January 10, 2023. The value of the financial security is equal to the top prize offered.

10. Compliance Requirement: Ensure that all lottery records are maintained as prescribed in Schedule 59 - County/City Lottery Records approved by the Records Management Division of the Secretary of State's office and Regulation 35-622.

Findings:

Lottery records are maintained as prescribed in Schedule 59 - County/City Lottery Records since the lottery records are being stored as an electronic copy for both locations. All lottery records for the Eagle's Club are backed up nightly to an external hard drive that is stored in a fireproof safe in the office at the bar, 132 W 12th St, Crete, NE 68333. All lottery records for My Bar are backed up nightly to an external hard drive that is stored in a fireproof safe in the office at the bar, 915 Main Ave, Crete, NE 68333.

11. Compliance Requirement: Sponsor must file a Nebraska County/City Lottery Report, Form 35K, for the annual period corresponding to the Sponsor's fiscal year. The report must be filed with the Charitable Gaming Division by December 31, 2023.

Findings:

The Nebraska County/City Lottery Annual Report, Form 35K, covering the period ending September 30, 2023 is attached.

During the performance of the required procedures, no findings were noted.

We were engaged by the City of Crete to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on management's assertions. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City of Crete Keno Lottery and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of management and the Division, and is not intended to be and should not be used by anyone other than those specified parties.

AMGL, P.C.

Grand Island, Nebraska
December 28, 2023



**INDEPENDENT ACCOUNTANT'S REPORT ON THE ANNUAL
EXAMINATION**

City of Crete Keno Lottery
Crete, Nebraska

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

We have examined management's assertions, included in its representation letter dated December 28, 2023, that:

1. The Lottery Operator and the Sponsor are in compliance, for the year ended September 30, 2023, with applicable provisions of the Nebraska County and City Lottery Act and Regulations issued thereunder.
2. The Lottery Operator and the Sponsor are in compliance with the terms and conditions of the Lottery Operator contract for the year ended September 30, 2023.
3. The attached Nebraska County/City Lottery Report, Form 35K, of keno lottery activity for the year ended September 30, 2023, complies with the minimum requirements of Revenue Ruling 35-10-3.

Management is responsible for the City of Crete Keno Lottery's compliance with the requirements outlined in those assertions. Our responsibility is to express an opinion on management's assertions about compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertions about compliance with the specified requirements are fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management's assertions are fairly stated, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertions, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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
Jamie L. Clemans

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We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City of Crete Keno Lottery's compliance with the specified requirements.

In our opinion, management's assertions that the City of Crete Keno Lottery complied with Revenue Ruling 35-10-3 and the Nebraska County and City Lottery Act and Regulations are referred to above and are fairly stated, in all material respects.

This report is intended solely for the information and use of management and the Nebraska Department of Revenue, Charitable Gaming Division and is not intended to be and should not be used by anyone other than these specified parties.

AMGL, PC.

Grand Island, Nebraska
December 28, 2023

December 11, 2023

Mr. Grant Harden
AMGL
P.O. Box 1407
Grand Island, NE 68802

Dear Grant:

Please let this letter serve as confirmation of the procedures our firm performs on a monthly basis for Crete Keno, LLC, which would have included the period October 1, 2022 through September 31, 2023.

On a monthly basis, our firm performs the following:

1. The gross proceeds and prize payouts generated from the keno systems transactions logs are traced to the monthly proceeds and payout summary, as provided to the City.
2. The daily cash activity as shown per the keno systems transactions logs, which is comprised of the daily gross proceeds less prize payouts, is traced to the deposits per the bank statements of the separately maintained Keno Operations bank account.
3. The Keno Operations bank account is then reconciled to the monthly proceeds and payout summary.
4. Any large discrepancies in the daily deposits are documented and reported to the state department by Michael Nevrviv.

I believe that this should cover the compliance requirements for which you are relying on the procedures performed by our office.

Please let me know if additional information is required.

Respectfully,



Tara Schneider

c: Crete Keno, LLC

CORE CPAs, PC

747 N Burlington Ave, Suite 401 | PO Box 1317 | Hastings, NE 68902 | (402) 462-4154 | corecpas.us



Nebraska County/City Lottery Annual Report

FORM 35K Page 1

beginning 10/1/2022 and ending 9/30/2023

PLEASE DO NOT WRITE IN THIS SPACE

Name of County/City/Village (Sponsor) City of Crete	Nebraska Identification Number 35—331899
Name of Lottery Operator Crete Keno, LLC	Lottery Operator's E-Mail Address nev33222@yahoo.com

Method of Accounting
 Cash Accrual Other _____

PART A — INCOME, EXPENSES/DISBURSEMENTS, PROFIT AND INTEREST

Income:

1 Gross proceeds.....	1	\$	2,243,326.65
2 Prizes paid	2		1,830,611.85
3 Net proceeds (line 1 minus line 2).....	3		412,714.80
4 Overage or (Shortage)	4		0.00
5 Adjusted net proceeds	5		412,714.80

Expenses/Disbursements:

6 Lottery operator commissions.....	6	\$	314,065.72
7 State lottery taxes	7		44,074.00
8 License fees	8		0.00
9 Audit and legal fees.....	9		3,100.00
10 Other expenses/disbursements (attach itemized list).....	10		199.20
11 Total expenses/disbursements (total of lines 6 through 10)	11		361,438.92

Net Profit:

12 Total available for distribution (line 5 minus line 11)	12	\$	51,275.88
13 Total interest earned (total of line 3, page 2).....	13		60.15
14 Total available for community betterment (line 12 plus line 13).....	14		51,336.03

PART B — MISCELLANEOUS INFORMATION

15 Amount owed to the sponsor at the end of the period	15	\$	10,832.43
16 Amount owed to the lottery operator at the end of the period.....	16	\$	102,345.20

Under penalties of law, I declare that as a governing official of the county/city/village of Crete I have examined this report, including accompanying schedules and statements, and to the best of my knowledge and belief, it is complete, true and accurate.

This report will be/was made available to the residents of the county/city/village of Crete on 12/28/23 Date

sign here

<u>Kyle Overturf, CPA</u> Signature of Preparer	<u>12/28/23</u> Date	<u>(308) 381-1810</u> Daytime Telephone Number
<u>Kyle Overturf, CPA</u> Print Name of Preparer	<u>1203 West 2nd St, PO Box 1407 Grand Island, NE 68802</u> Address	<u>Crete, NE</u> City/State
<u>koverturf@gicpas.com</u> E-Mail Address		<u>68802</u> Zip Code
<u>Tom Ourada</u> Signature of Governing Official	<u>City Administrator</u> Title	<u>(402) 826-4313</u> Daytime Telephone Number
<u>Tom Ourada</u> Print Name of Governing Official	<u>243 East 13th Street</u> Address	<u>Crete, NE</u> City/State
<u>tom.ourada@crete.ne.gov</u> E-Mail Address		<u>68333</u> Zip Code

This report and statements are due within 90 days of the end of the reporting period.
 Mail to: NEBRASKA DEPARTMENT OF REVENUE, P.O. BOX 94855, LINCOLN, NE 68509-4855



NEBRASKA SCHEDULE I — Bank Account Information

Attach this page to Form 35K (page 1)

Name of County/City/Village (Sponsor) as Shown on Form 35K
City of Crete

Nebraska Identification Number
35-331899

- Enter information from bank statements for each account maintained for revenues and disbursements from county/city lottery (keno)
Attach additional sheet(s) if necessary

Table with columns: KENO OPERATIONS BANK ACCOUNT, PRIZE RESERVE BANK ACCOUNT, PROGRESSIVE JACKPOT ACCOUNT, BIG WINS BANK ACCOUNT, COMMUNITY BETTERMENT ACCOUNT, OTHER BANK ACCOUNT. Rows include: 1 Balance at fiscal year or short period beginning date, 2 Deposits, 3 Interest earned, 4 Subtotal, 5 Disbursements, 6 Balance at fiscal year or short period ending date, 7 Amount of lottery (keno) cash on hand or outstanding deposits, 8 Amount of lottery (keno) cash on hand or outstanding deposits, 9 Prizes paid by check and withdrawals, 10 Deposits into the keno operations account, 11 Other disbursements, 12 Total community betterment expenditures.

Use the space below to highlight these expenditures:

See attached.

Page, Line	Amount Reported	Explanation
	126.00	Purchased Checks
	73.20	Service Charge
Page 1, Line 10	<u>199.20</u>	Total
Page 2, Line 10	<u>57,715.60</u>	Loan from Operator
Page 2, Line 11	<u>40,054.00</u>	Loan Repayment to Operator