

**CITY OF CRETE, NEBRASKA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**September 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities - modified cash basis, the business-type activities - accrual basis, the aggregate discretely presented component units - accrual basis, each major fund - modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information - modified cash basis for the governmental funds of the City of Crete, Nebraska, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures

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A PROFESSIONAL  
CORPORATION

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities – modified cash basis, the business-type activities – accrual basis, the aggregate discretely presented component units – accrual basis, each major fund – modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information – modified cash basis for the governmental funds of the City of Crete, Nebraska, as of September 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with the basis of accounting as described in Note A.

## **Basis of Accounting**

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

## **Other Matters**

### *Other Information*

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

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2021, on our consideration of the City of Crete, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Crete's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Crete, Nebraska's internal control over financial reporting and compliance.

AMGL, PC.

Grand Island, Nebraska  
May 4, 2021

**CITY OF CRETE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For The Year Ended September 30, 2020**

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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, 2020. For information on the Crete Airport Authority, please see the separate audit report for that entity.

**Financial Highlights**

- The assets of the City of Crete exceeded its liabilities at the close of the most recent fiscal year by \$30,571,699 (*net position*). Of this amount, \$11,354,448 (*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 \$6,064,969. Approximately 48.2 percent of this total amount, \$2,924,012, is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,856,733, or 71.0 percent of total General Fund expenditures.

**Overview of the Financial Statements**

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

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

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

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

**CITY OF CRETE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2020**

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

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

The government-wide financial statements can be found on pages 14 and 15 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Crete, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Crete can be divided into two categories: governmental funds and proprietary funds.

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

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

The City of Crete maintains ten 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 six 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, 2020**

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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 \$30,571,699 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, 2020**

**Government-wide Financial Analysis, continued**

**Summary Statements of Net Position**

	Year Ended September 30, 2020			Year Ended September 30, 2019		
	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	\$ 6,064,969	\$ 11,185,168	\$ 17,250,137	\$ 7,916,442	\$ 10,600,099	\$ 18,516,541
Capital Assets	-	25,793,975	25,793,975	-	26,079,377	26,079,377
Total Assets	6,064,969	36,979,143	43,044,112	7,916,442	36,679,476	44,595,918
Long-term Liabilities	-	10,445,667	10,445,667	-	11,089,758	11,089,758
Other Liabilities	-	2,026,746	2,026,746	(856)	1,997,185	1,996,329
Total Liabilities	-	12,472,413	12,472,413	(856)	13,086,943	13,086,087
Net Position						
Net Investment in Capital						
Assets	-	14,704,216	14,704,216	-	14,359,128	14,359,128
Restricted	3,140,957	1,372,078	4,513,035	3,947,585	1,275,228	5,222,813
Unrestricted	2,924,012	8,430,436	11,354,448	3,969,713	7,958,177	11,927,890
Total Net Position	<u>\$ 6,064,969</u>	<u>\$ 24,506,730</u>	<u>\$ 30,571,699</u>	<u>\$ 7,917,298</u>	<u>\$ 23,592,533</u>	<u>\$ 31,509,831</u>

A large portion of the City of Crete's net position (48.1 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 (14.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$11,354,448) 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, 2020**

	September 30, 2020			September 30, 2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 444,109	\$ 14,446,576	\$ 14,890,685	\$ 601,503	\$ 14,991,215	\$ 15,592,718
Operating Grants and Contributions	280,541	2,654	283,195	1,371,661	-	1,371,661
Capital Grants and Contributions	1,179,647	-	1,179,647	717,816	-	717,816
General Revenues:						
Property Taxes	1,359,614	-	1,359,614	1,305,259	-	1,305,259
Sales and Use Taxes	1,866,549	-	1,866,549	1,748,117	-	1,748,117
Other Taxes and Fees	456,175	-	456,175	448,344	-	448,344
State Allocation	1,474,625	-	1,474,625	1,420,570	-	1,420,570
Interest Income	23,027	127,924	150,951	57,047	141,212	198,259
Other	55,726	-	55,726	108,493	-	108,493
Total Revenues	<u>7,140,013</u>	<u>14,577,154</u>	<u>21,717,167</u>	<u>7,778,810</u>	<u>15,132,427</u>	<u>22,911,237</u>
<b>Expenses</b>						
General Government	770,563	-	770,563	935,544	-	935,544
Public Safety	2,439,545	-	2,439,545	2,305,203	-	2,305,203
Public Works	1,270,009	-	1,270,009	5,118,090	-	5,118,090
Environmental and Leisure	4,020,809	-	4,020,809	977,768	-	977,768
Economic Development	84,138	-	84,138	192,794	-	192,794
Debt Service	757,282	-	757,282	746,188	-	746,188
Electric	-	10,773,368	10,773,368	-	10,658,661	10,658,661
Water	-	1,036,518	1,036,518	-	971,683	971,683
Sewer	-	1,503,067	1,503,067	-	1,555,466	1,555,466
Total Expenses	<u>9,342,346</u>	<u>13,312,953</u>	<u>22,655,299</u>	<u>10,275,587</u>	<u>13,185,810</u>	<u>23,461,397</u>
Increase (Decrease) in Net Position Before Transfers	(2,202,333)	1,264,201	(938,132)	(2,496,777)	1,946,617	(550,160)
Net Transfers	350,004	(350,004)	-	350,004	(350,004)	-
Increase (Decrease) in Net Position	<u>\$ (1,852,329)</u>	<u>\$ 914,197</u>	<u>\$ (938,132)</u>	<u>\$ (2,146,773)</u>	<u>\$ 1,596,613</u>	<u>\$ (550,160)</u>

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

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

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

**CITY OF CRETE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2020**

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As of the end of the current fiscal year, the City of Crete's governmental funds reported combined ending fund balances of \$5,970,519. Approximately 41.1 percent of this total amount (\$2,453,999) 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 (\$888,129), 2) restricted to pay debt service (\$409,803), 3) endowed as nonspendable to fund perpetual care (\$119,564), 4) restricted for community betterment (\$216,125), 5) restricted for Federal programs (\$36,399), 6) restricted to fund economic development projects (\$1,207,902), 7) restricted for cemetery maintenance (\$27,035), 8) restricted for library renovations (\$236,000), 9) assigned for capital outlay (\$262,806), 10) assigned for cemetery projects (\$10,000), or 11) assigned for fire equipment (\$102,757).

The General Fund is the chief operating fund of the City of Crete. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,856,733, while total fund balance reached \$3,352,089. 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 71.0 percent of General Fund total expenditures, while total fund balance represents 83.4 percent of General Fund total expenditures.

The fund balance of the City of Crete's General Fund decreased by \$772,459 during the current fiscal year. Also the fund balance of the Capital Projects Fund decreased by \$1,417,530 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 - \$6,542,949, Water Fund - \$284,875, and Sewer Fund - \$1,602,612. The growth (decrease) in net position for the proprietary funds was as follows: Electric Fund - \$866,925, Water Fund – decrease of \$(187,639), and Sewer Fund - \$234,911. 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, 2020**

**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, 2020, amounts to \$25,793,975 (net of accumulated depreciation). This investment in capital assets includes land, distribution systems, buildings and improvements, machinery and equipment, office furniture and equipment, and vehicles.

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

- Water main replacements - \$110,402
- 2020 Ford pickup for water department - \$31,407
- Construction costs on Blue Acres lift station - \$94,000
- Construction costs on Braden electrical substation - \$201,611
- Land at 700 South Highway 103 - \$99,546
- Lots 23 and 24 of Block 145 - \$49,866
- Portable generators - \$20,525
- Electric transformers - \$64,424
- 2020 Chevy pickup for electric department - \$32,440
- 2020 Ford pickup for electric department - \$29,656
- Two 2020 Ford transit vans for electric department - \$50,656

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

	Year Ended September 30, 2020			Year Ended September 30, 2019		
	<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	\$ -	\$ 793,971	\$ 793,971	\$ -	\$ 644,560	\$ 644,560
Construction in Progress	-	169,359	169,359	-	1,103,339	1,103,339
Distribution Systems	-	21,855,328	21,855,328	-	21,288,890	21,288,890
Buildings and Improvements	-	2,396,066	2,396,066	-	2,564,541	2,564,541
Equipment	-	418,717	418,717	-	420,180	420,180
Vehicles	-	160,534	160,534	-	57,867	57,867
Total	\$ -	\$ 25,793,975	\$ 25,793,975	\$ -	\$ 26,079,377	\$ 26,079,377

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

**CITY OF CRETE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
For The Year Ended September 30, 2020**

**Long-term Debt**

**Outstanding Long-term Debt**

	<u>Year Ended September 30, 2020</u>			<u>Year Ended September 30, 2019</u>		
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>		<u>Activities</u>	<u>Activities</u>	
Revenue Bonds	\$ -	\$ 11,089,759	\$ 11,089,759	\$ -	\$ 11,720,249	\$ 11,720,249

The City's long-term debt decreased \$630,490 (5.4 percent) during the year ended September 30, 2020, due to scheduled principal payments.

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

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

- Property tax asking for the year ending September 30, 2021 is \$1,414,000, which is \$25,250 (1.8 percent) higher than the prior year.
- At September 30, 2020, the City had contractual commitments of \$51,000 remaining to be paid for the Caselle software. This is expected to be paid half by the governmental funds and half by the business-type funds during the year ending September 30, 2021.
- The City had remaining contractual commitments of \$63,304 as of September 30, 2020, for engineering and construction costs on the Blue Acres lift station replacement. This project is expected to be completed in December 2019.
- As of September 30, 2020, the City had contractual commitments of \$24,000 for GPS data maintenance. This commitment is expected to be paid over the next two fiscal years.
- As of September 30, 2020, the City had a contractual commitment of \$10,000 for the new library. This final retainage was paid during October 2020.
- At September 30, 2020, the City also had contractual commitments totaling \$85,868 for the 2020 street improvement project. Final payments on this project were made during October 2020.

All of these factors were considered in preparing the City of Crete's budget for the 2021 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, 2020**

	Primary Government			Component Units (Accrual Basis)
	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 2,837,981	\$ 4,084,387	\$ 6,922,368	\$ 287,340
Investments	202,757	3,433,033	3,635,790	377,235
County treasurer cash	69,527	-	69,527	637
Accounts receivable	-	1,387,449	1,387,449	44,261
Unbilled revenue	-	206,689	206,689	-
Accrued interest receivable	-	11,753	11,753	-
Current portion of TIF receivables	-	-	-	99,900
Due (to) from other funds	(178,618)	178,618	-	-
Prepaid insurance	-	-	-	5,015
Inventory	-	285,737	285,737	9,098
Total current assets	<u>2,931,647</u>	<u>9,587,666</u>	<u>12,519,313</u>	<u>823,486</u>
Noncurrent assets:				
Restricted cash and cash equivalents	2,768,322	909,869	3,678,191	-
Restricted investments	365,000	687,633	1,052,633	333,956
Noncurrent portion of TIF receivables	-	-	-	1,303,600
Capital assets:				
Land	-	793,971	793,971	397,514
Construction in progress	-	169,359	169,359	-
Other capital assets, net of depreciation	-	24,830,645	24,830,645	2,555,220
Net capital assets	<u>-</u>	<u>25,793,975</u>	<u>25,793,975</u>	<u>2,952,734</u>
Total noncurrent assets	<u>3,133,322</u>	<u>27,391,477</u>	<u>30,524,799</u>	<u>4,590,290</u>
<b>Total assets</b>	<u>6,064,969</u>	<u>36,979,143</u>	<u>43,044,112</u>	<u>5,413,776</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	-	796,506	796,506	3,895
Accrued expenses	-	219,261	219,261	-
Customer deposits	-	225,424	225,424	-
Accrued interest	-	141,463	141,463	1,058
Unearned rent revenue	-	-	-	28,290
Current portion of long-term obligations	-	644,092	644,092	105,796
Total current liabilities	<u>-</u>	<u>2,026,746</u>	<u>2,026,746</u>	<u>139,039</u>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	<u>-</u>	<u>10,445,667</u>	<u>10,445,667</u>	<u>1,136,279</u>
<b>Total liabilities</b>	<u>-</u>	<u>12,472,413</u>	<u>12,472,413</u>	<u>1,275,318</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	14,704,216	14,704,216	2,881,734
Restricted for:				
Cemetery perpetual care	119,564	-	119,564	-
Street improvements	888,129	-	888,129	-
Debt service	409,803	1,372,078	1,781,881	-
Economic development	1,207,902	-	1,207,902	-
Federal projects	36,399	-	36,399	-
Community betterment	216,125	-	216,125	-
Cemetery maintenance	27,035	-	27,035	-
Library renovations	236,000	-	236,000	333,956
Unrestricted	<u>2,924,012</u>	<u>8,430,436</u>	<u>11,354,448</u>	<u>922,768</u>
<b>Total net position</b>	<u>\$ 6,064,969</u>	<u>\$ 24,506,730</u>	<u>\$ 30,571,699</u>	<u>\$ 4,138,458</u>

See notes to financial statements.

**CITY OF CRETE, NEBRASKA**

**STATEMENT OF ACTIVITIES**

**For the year ended September 30, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
<b>Primary government:</b>			
<b>Governmental activities</b>			
<b>(modified cash basis):</b>			
General government	\$ 770,563	\$ 42,230	\$ 157,194
Public safety	2,439,545	326,045	110,462
Public works	1,270,009	40,028	12,885
Environment and leisure	4,020,809	34,871	-
Economic development	84,138	935	-
Principal payments	533,000	-	-
Interest and fees on long-term debt	224,282	-	-
Total governmental activities	9,342,346	444,109	280,541
<b>Business-type activities</b>			
<b>(accrual basis):</b>			
Electric	10,773,368	11,868,705	968
Water	1,036,518	841,610	683
Sewer	1,503,067	1,736,261	1,003
Total business-type activities	13,312,953	14,446,576	2,654
<b>Total primary government</b>	\$ 22,655,299	\$ 14,890,685	\$ 283,195
<b>Component units (accrual basis):</b>			
Crete Airport Authority	\$ 463,150	\$ 239,832	\$ -
Friends of Crete Public Library	136,685	-	-
Community Development Agency	11,139	122,950	81,641
<b>Total component units</b>	\$ 610,974	\$ 362,782	\$ 81,641

See notes to financial statements.



Net (Expenses) Revenues and Changes in Net Position				
Primary Government				
<u>Capital Grants and Contributions</u>	<u>Governmental Activities (Modified Cash Basis)</u>	<u>Business-type Activities (Accrual Basis)</u>	<u>Total</u>	<u>Component Units (Accrual Basis)</u>
\$ -	\$ (571,139)		\$ (571,139)	
42,581	(1,960,457)		(1,960,457)	
146,944	(1,070,152)		(1,070,152)	
990,122	(2,995,816)		(2,995,816)	
-	(83,203)		(83,203)	
-	(533,000)		(533,000)	
-	(224,282)		(224,282)	
<u>1,179,647</u>	<u>(7,438,049)</u>	<u>\$ -</u>	<u>(7,438,049)</u>	
-	-	1,096,305	1,096,305	
-	-	(194,225)	(194,225)	
-	-	234,197	234,197	
<u>-</u>	<u>-</u>	<u>1,136,277</u>	<u>1,136,277</u>	
<u>\$ 1,179,647</u>	<u>(7,438,049)</u>	<u>1,136,277</u>	<u>(6,301,772)</u>	
\$ -				\$ (223,318)
38,533				(98,152)
<u>-</u>				<u>193,452</u>
<u>\$ 38,533</u>				<u>(128,018)</u>
General revenues:				
Taxes:				
Property	1,359,614	-	1,359,614	24,952
Motor vehicle	107,242	-	107,242	-
Occupation	23,372	-	23,372	-
Sales tax	1,866,549	-	1,866,549	-
Franchise	293,188	-	293,188	-
Special assessments	32,373	-	32,373	-
State allocation	1,474,625	-	1,474,625	-
Keno proceeds	26,815	-	26,815	-
Miscellaneous	18,911	-	18,911	99
Gain on sale of assets	10,000	-	10,000	-
Interest income	23,027	127,924	150,951	10,715
Gain on investments	-	-	-	41,518
Net transfers	350,004	(350,004)	-	-
Total general revenues	<u>5,585,720</u>	<u>(222,080)</u>	<u>5,363,640</u>	<u>77,284</u>
Change in net position	(1,852,329)	914,197	(938,132)	(50,734)
Net position - September 30, 2019	<u>7,917,298</u>	<u>23,592,533</u>	<u>31,509,831</u>	<u>4,189,192</u>
Net position - September 30, 2020	<u>\$ 6,064,969</u>	<u>\$ 24,506,730</u>	<u>\$ 30,571,699</u>	<u>\$ 4,138,458</u>

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

**September 30, 2020**

	<u>General</u> <u>Fund</u>	<u>Street</u> <u>Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,819,644	\$ 888,129
Investments	477,757	-
County treasurer cash	61,892	-
	<u>\$ 3,359,293</u>	<u>\$ 888,129</u>
	<u>\$ 3,359,293</u>	<u>\$ 888,129</u>
<b>LIABILITIES AND</b>		
<b>FUND BALANCES</b>		
Liabilities:		
Due to other funds	\$ 7,204	\$ -
Fund balances:		
Nonspendable:		
Perpetual care	119,564	-
Restricted for:		
Street improvements	-	888,129
Debt service	-	-
Federal projects	-	-
Community betterment	-	-
Economic development	-	-
Cemetery maintenance	27,035	-
Library renovations	236,000	-
Assigned for:		
Capital outlay	-	-
Cemetery projects	10,000	-
Fire equipment	102,757	-
Unassigned	2,856,733	-
	<u>3,352,089</u>	<u>888,129</u>
Total fund balances	<u>3,352,089</u>	<u>888,129</u>
<b>Total liabilities and fund balances</b>	<u>\$ 3,359,293</u>	<u>\$ 888,129</u>

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>
\$ 402,168	\$ (173,029)	\$ 1,574,941	\$ 5,511,853
-	-	90,000	567,757
7,635	-	-	69,527
<u>\$ 409,803</u>	<u>\$ (173,029)</u>	<u>\$ 1,664,941</u>	<u>\$ 6,149,137</u>
\$ -	\$ 171,414	\$ -	\$ 178,618
-	-	-	119,564
-	-	-	888,129
409,803	-	-	409,803
-	-	36,399	36,399
-	-	216,125	216,125
-	-	1,207,902	1,207,902
-	-	-	27,035
-	-	-	236,000
-	-	262,806	262,806
-	-	-	10,000
-	-	-	102,757
-	(344,443)	(58,291)	2,453,999
<u>409,803</u>	<u>(344,443)</u>	<u>1,664,941</u>	<u>5,970,519</u>
<u>\$ 409,803</u>	<u>\$ (173,029)</u>	<u>\$ 1,664,941</u>	<u>\$ 6,149,137</u>

**CITY OF CRETE, NEBRASKA**

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

**September 30, 2020**

**Total fund balances - governmental funds** \$ 5,970,519

Amounts reported for *governmental activities* in the statement  
of net position are different because:

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

94,450

**Total net position - governmental activities**

\$ 6,064,969

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, 2020**

	<u>General Fund</u>	<u>Street Fund</u>	<u>Debt Service Fund</u>
<b>REVENUES</b>			
Taxes:			
Property	\$ 1,191,062	\$ -	\$ 168,552
Motor vehicle	107,242	-	-
Occupation	23,372	-	-
Sales tax	1,208,401	-	276,574
Franchise	293,188	-	-
Special assessments	-	-	32,373
Intergovernmental	765,895	810,990	-
Grants	26,074	9,592	-
Keno proceeds	-	-	-
Charges for services	426,005	17,169	-
Loan collections	-	-	-
Contributions	167,734	-	-
Interest income	7,004	-	73
Sales proceeds on capital assets	10,000	-	-
Other revenue	15,845	3,066	-
Total revenues	<u>4,241,822</u>	<u>840,817</u>	<u>477,572</u>
<b>EXPENDITURES</b>			
General government	637,428	-	-
Public safety	2,144,605	-	-
Public works	92,877	847,526	-
Environment and leisure	902,507	-	-
Economic development	-	-	-
Capital outlay	243,506	11,350	-
Principal payments on debt	-	-	385,000
Interest on long-term debt	-	30,826	170,802
Bond/loan fees	-	-	2,178
Total expenditures	<u>4,020,923</u>	<u>889,702</u>	<u>557,980</u>
<b>Excess (deficiency) of revenues     over expenditures</b>	220,899	(48,885)	(80,408)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	4,774,054	104,004	64,063
Transfers out	(5,767,412)	(57,996)	-
Net transfers	<u>(993,358)</u>	<u>46,008</u>	<u>64,063</u>
<b>Net change in fund balances</b>	(772,459)	(2,877)	(16,345)
Fund balances - September 30, 2019	<u>4,124,548</u>	<u>891,006</u>	<u>426,148</u>
Fund balances - September 30, 2020	<u>\$ 3,352,089</u>	<u>\$ 888,129</u>	<u>\$ 409,803</u>

See notes to financial statements.

Capital Projects <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
\$ -	\$ -	\$ 1,359,614
-	-	107,242
-	-	23,372
-	381,574	1,866,549
-	-	293,188
-	-	32,373
-	-	1,576,885
146,944	151,255	333,865
-	26,815	26,815
-	-	443,174
-	935	935
850,000	6,329	1,024,063
6,123	9,738	22,938
-	-	10,000
-	-	18,911
<u>1,003,067</u>	<u>576,646</u>	<u>7,139,924</u>
-	133,135	770,563
-	32,028	2,176,633
25,229	1,234	966,866
-	4,843	907,350
-	84,138	84,138
3,350,106	152,851	3,757,813
-	148,000	533,000
11,066	9,410	222,104
-	-	2,178
<u>3,386,401</u>	<u>565,639</u>	<u>9,420,645</u>
(2,383,334)	11,007	(2,280,721)
965,804	267,487	6,175,412
-	-	(5,825,408)
<u>965,804</u>	<u>267,487</u>	<u>350,004</u>
(1,417,530)	278,494	(1,930,717)
<u>1,073,087</u>	<u>1,386,447</u>	<u>7,901,236</u>
<u>\$ (344,443)</u>	<u>\$ 1,664,941</u>	<u>\$ 5,970,519</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, 2020**

<b>Total net change in fund balances - governmental funds</b>	\$ (1,930,717)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
The decrease in net position of the Internal Service Fund is included as a governmental activity in the government wide statements.	<u>78,388</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ (1,852,329)</u></u>

See notes to financial statements.

**CITY OF CRETE, NEBRASKA**  
**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS**  
**September 30, 2020**

	Business-type Activities - Enterprise Funds	
	Electric Fund	Water Fund
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,655,353	\$ (181,329)
Investments	3,033,033	400,000
Accounts receivable	1,141,721	95,872
Unbilled revenue	160,852	17,682
Accrued interest receivable	10,560	992
Due from other funds	173,366	4,732
Inventory	274,748	10,989
Total current assets	7,449,633	348,938
Noncurrent assets:		
Restricted cash and cash equivalents	135,084	-
Restricted investments	621,707	-
Capital assets:		
Land	252,643	-
Construction in progress	43,722	119,231
Distribution systems	8,855,188	6,399,493
Buildings and improvements	4,163,933	1,502,818
Equipment	811,820	271,927
Vehicles	1,162,338	67,970
Accumulated depreciation	(9,919,614)	(4,273,520)
Net capital assets	5,370,030	4,087,919
Total noncurrent assets	6,126,821	4,087,919
<b>Total assets</b>	13,576,454	4,436,857
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	770,794	12,473
Sales tax payable	50,708	-
Accrued payroll	27,340	17,636
Accrued vacation	51,633	33,954
Customer deposits	225,424	-
Accrued interest	6,209	-
Current portion of long-term obligations	120,000	-
Total current liabilities	1,252,108	64,063
Noncurrent liabilities:		
Noncurrent portion of long-term obligations	765,000	-
<b>Total liabilities</b>	2,017,108	64,063
<b>NET POSITION</b>		
Net investment in capital assets	4,485,030	4,087,919
Restricted for:		
Debt service	531,367	-
Unrestricted	6,542,949	284,875
<b>Total net position</b>	\$ 11,559,346	\$ 4,372,794

See notes to financial statements.



<u>Sewer Fund</u>	<u>Total</u>	Governmental Activities - Internal Service <u>Fund</u>
\$ 1,610,363	\$ 4,084,387	\$ 94,450
-	3,433,033	-
149,856	1,387,449	-
28,155	206,689	-
201	11,753	-
520	178,618	-
-	285,737	-
<u>1,789,095</u>	<u>9,587,666</u>	<u>94,450</u>
774,785	909,869	-
65,926	687,633	-
541,328	793,971	-
6,406	169,359	-
19,145,504	34,400,185	-
1,101,798	6,768,549	-
771,925	1,855,672	-
29,405	1,259,713	-
(5,260,340)	(19,453,474)	-
<u>16,336,026</u>	<u>25,793,975</u>	<u>-</u>
<u>17,176,737</u>	<u>27,391,477</u>	<u>-</u>
18,965,832	36,979,143	94,450
13,239	796,506	-
-	50,708	-
12,425	57,401	-
25,565	111,152	-
-	225,424	-
135,254	141,463	-
524,092	644,092	-
<u>710,575</u>	<u>2,026,746</u>	<u>-</u>
9,680,667	10,445,667	-
<u>10,391,242</u>	<u>12,472,413</u>	<u>-</u>
6,131,267	14,704,216	-
840,711	1,372,078	-
1,602,612	8,430,436	94,450
<u>\$ 8,574,590</u>	<u>\$ 24,506,730</u>	<u>\$ 94,450</u>

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

**For the year ended September 30, 2020**

	Business-type Activities - Enterprise Funds	
	Electric Fund	Water Fund
<b>Operating revenues:</b>		
Charges for services	\$ 11,182,665	\$ 813,528
Municipal sales	267,412	13,138
MEAN lease	135,322	-
MEAN revenue sharing	202,788	-
Tap fees/switch assessments	-	3,048
Sale of materials	73,573	9,838
Miscellaneous revenues	6,945	2,058
Total operating revenues	11,868,705	841,610
<b>Operating expenses:</b>		
Cost of power	8,619,227	-
Salaries and benefits	1,049,668	595,456
Insurance and bonds	48,260	25,169
Utilities and telephone	73,432	93,803
Repairs and maintenance	115,437	31,604
Contracted services	17,923	21,621
Supplies	47,878	33,553
Vehicle expense	39,952	15,333
Fuel and oil	56,714	-
Professional fees	128,325	1,632
Rent expense	6,576	4,944
Dues, memberships and training	13,139	2,994
Bad debts	1,755	-
Miscellaneous	11,813	3,847
Depreciation	401,586	206,144
Franchise fees	120,000	-
Insurance claims and health premiums	-	-
Total operating expenses	10,751,685	1,036,100
Operating income (loss)	1,117,020	(194,490)
<b>Nonoperating revenues (expenses):</b>		
Interest income	120,624	6,586
Grant income	968	683
Special assessment adjustments	-	(418)
Interest expense	(21,683)	-
Total nonoperating revenues (expenses)	99,909	6,851
Income (loss) before transfers	1,216,929	(187,639)
<b>Interfund transfers:</b>		
Transfers out	(350,004)	-
<b>Change in net position</b>	866,925	(187,639)
Net position - September 30, 2019	10,692,421	4,560,433
Net position - September 30, 2020	\$ 11,559,346	\$ 4,372,794

See notes to financial statements.

<u>Sewer Fund</u>	<u>Total</u>	Governmental Activities - Internal Service <u>Fund</u>
\$ 1,727,769	\$ 13,723,962	\$ 46,780
-	280,550	-
-	135,322	-
-	202,788	-
-	3,048	-
385	83,796	-
8,107	17,110	50,291
<u>1,736,261</u>	<u>14,446,576</u>	<u>97,071</u>
-	8,619,227	-
469,429	2,114,553	-
44,390	117,819	-
163,970	331,205	-
41,429	188,470	-
49,543	89,087	-
23,150	104,581	-
1,814	57,099	-
-	56,714	-
1,632	131,589	-
3,180	14,700	-
1,033	17,166	-
-	1,755	-
14,480	30,140	-
510,877	1,118,607	-
-	120,000	-
-	-	18,772
<u>1,324,927</u>	<u>13,112,712</u>	<u>18,772</u>
411,334	1,333,864	78,299
714	127,924	89
1,003	2,654	-
(5,500)	(5,918)	-
(172,640)	(194,323)	-
<u>(176,423)</u>	<u>(69,663)</u>	<u>89</u>
234,911	1,264,201	78,388
-	(350,004)	-
<u>234,911</u>	<u>914,197</u>	<u>78,388</u>
8,339,679	23,592,533	16,062
<u>\$ 8,574,590</u>	<u>\$ 24,506,730</u>	<u>\$ 94,450</u>

**CITY OF CRETE, NEBRASKA**  
**STATEMENT OF CASH FLOWS -**  
**PROPRIETARY FUNDS**  
**For the year ended September 30, 2020**

	<u>Electric Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from customers	\$ 11,827,102
Receipts from other funds	-
Payments to suppliers	(9,258,794)
Payments to employees	(1,033,002)
Net cash provided (used) by operating activities	1,535,306
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Transfers to other funds	(350,004)
Change in due from/to other funds	103,982
Net cash used by noncapital financing activities	(246,022)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchase of property and equipment	(568,607)
Grant proceeds	968
Principal payments on capital debt	(115,000)
Interest paid on capital debt	(22,236)
Net cash used by capital and related financing activities	(704,875)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Increase in investments	(101,400)
Decrease in restricted investments	8,394
Interest received	124,181
Net cash provided by investing activities	31,175
Increase (decrease) in cash and cash equivalents	615,584
Cash and cash equivalents - beginning of the year	2,174,853
Cash and cash equivalents - end of the year	\$ 2,790,437
<b>Composition of cash and cash equivalents:</b>	
Cash and cash equivalents	\$ 2,655,353
Restricted cash and cash equivalents	135,084
Total cash and cash equivalents	\$ 2,790,437

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>
\$ 817,442	\$ 1,741,659	\$ 14,386,203	\$ -
-	-	-	97,071
(242,332)	(352,891)	(9,854,017)	(18,772)
(582,694)	(463,300)	(2,078,996)	-
<u>(7,584)</u>	<u>925,468</u>	<u>2,453,190</u>	<u>78,299</u>
-	-	(350,004)	-
(4,732)	(520)	98,730	(131,131)
<u>(4,732)</u>	<u>(520)</u>	<u>(251,274)</u>	<u>(131,131)</u>
(146,480)	(118,119)	(833,206)	-
683	1,003	2,654	-
-	(515,491)	(630,491)	-
-	(179,450)	(201,686)	-
<u>(145,797)</u>	<u>(812,057)</u>	<u>(1,662,729)</u>	<u>-</u>
-	-	(101,400)	-
-	-	8,394	-
6,750	794	131,725	89
<u>6,750</u>	<u>794</u>	<u>38,719</u>	<u>89</u>
(151,363)	113,685	577,906	(52,743)
(29,966)	2,271,463	4,416,350	147,193
<u>\$ (181,329)</u>	<u>\$ 2,385,148</u>	<u>\$ 4,994,256</u>	<u>\$ 94,450</u>
\$ (181,329)	\$ 1,610,363	\$ 4,084,387	\$ 94,450
-	774,785	909,869	-
<u>\$ (181,329)</u>	<u>\$ 2,385,148</u>	<u>\$ 4,994,256</u>	<u>\$ 94,450</u>

**CITY OF CRETE, NEBRASKA**

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

**For the year ended September 30, 2020**

	<u>Electric Fund</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ 1,117,020
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	401,586
Change in assets and liabilities:	
Accounts receivable	(49,897)
Inventories	47,011
Customer deposits	3,176
Accounts payable	(5,374)
Sales tax payable	5,118
Accrued expenses	16,666
Net cash provided (used) by operating activities	<u>\$ 1,535,306</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>
\$ (194,490)	\$ 411,334	\$ 1,333,864	\$ 78,299
206,144	510,877	1,118,607	-
(24,168)	5,398	(68,667)	-
(949)	-	46,062	-
-	-	3,176	-
(6,883)	(8,270)	(20,527)	-
-	-	5,118	-
12,762	6,129	35,557	-
<u>\$ (7,584)</u>	<u>\$ 925,468</u>	<u>\$ 2,453,190</u>	<u>\$ 78,299</u>

**CITY OF CRETE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS**

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**CITY OF CRETE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

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

The City’s financial reporting entity comprises the following:

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

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

**CITY OF CRETE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**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>
Crete Airport Authority	Established to provide for the operation of the Crete Airport. The City Council appoints members of its board. Information included in this financial statement is from the entity's fiscal year ended July 31, 2020.
Community Development Agency	Established to enhance economic development activities in the City using tax increment financing.
Friends of Crete Public Library	Established to provide support for the operations of the Crete Public Library. Information included in this financial statement is from the entity's fiscal year ended August 31, 2020.

**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, 2020**

**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, 2020**

**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, 2020

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.

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, 2020**

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

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

**Measurement Focus, continued**

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

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

**Basis of Accounting**

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

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

**CITY OF CRETE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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, 2020

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, 2020**

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

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

**Sales and Use Tax**

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

**Property Taxes**

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

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

Property taxes levied for 2019-2020 are recorded as revenue when received by the County.

**CITY OF CRETE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**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, 2020**

**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, 2020**

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

**5. Budgetary Data**

The City is required by state laws to adopt annual or biennial budgets for all fund types. Each budget is presented on the cash basis of accounting, which is consistent with the requirements of the state budget act. The City of Crete adopts a two year (biennial) budget.

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

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

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

**CITY OF CRETE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

**5. Budgetary Data, continued**

- g. The property tax requirements resulting from the budget process are utilized by the County Assessor to establish the tax levy. Taxes are levied annually on or before October 15. Real property taxes and personal property taxes are due December 31 with the first half delinquent May 1 and the second half delinquent September 1.
- h. The City of Crete adopts a budget by ordinance for all funds.

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

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

**1. Cash and Investments**

**Cash**

The City’s policies regarding deposits of cash are discussed in Note A4. The table presented below is designed to disclose how its deposits were insured or secured with collateral at September 30, 2020. 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, 2020**

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

**1. Cash and Investments, continued**

**Cash, continued**

<b><u>Types of Deposits</u></b>	<b><u>Total Bank Balance</u></b>	<b><u>Category 1</u></b>	<b><u>Category 2</u></b>	<b><u>Category 3</u></b>	<b><u>Total Carrying Value</u></b>
Demand deposits	\$ 10,915,749	\$ 651,183	\$ 10,264,566	\$ -	\$ <u>10,887,899</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –					
Unrestricted cash and cash equivalents					\$ 6,922,368
Restricted cash and cash equivalents					3,678,191
Component Unit –					
Unrestricted cash and cash equivalents					<u>287,340</u>
					<u>\$ 10,887,899</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, 2020. 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.

<b><u>Type of Investment</u></b>	<b><u>Category 1</u></b>	<b><u>Category 2</u></b>	<b><u>Category 3</u></b>	<b><u>Carrying Amount</u></b>	<b><u>Fair Value</u></b>
Money Market	\$ 148,858	\$ -	\$ -	\$ 148,858	\$ 148,858
Time Deposits	4,552,360	-	-	4,552,360	4,552,360
Mutual Funds	698,396	-	-	<u>698,396</u>	<u>698,396</u>
				<u>\$ 5,399,614</u>	<u>\$ 5,399,614</u>

**CITY OF CRETE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

**1. Cash and Investments, continued**

**Investments, continued**

Reconciliation to Government-wide Statement of Net Position:

Primary Government –		
Unrestricted investments	\$ 3,635,790	
Restricted investments	1,052,633	
Component Units –		
Unrestricted investments	377,235	
Restricted investments	<u>333,956</u>	
	<u>\$ 5,399,614</u>	

**2. Restricted Assets**

The restricted assets as of September 30, 2020, 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	\$ 2,768,322	\$ 909,869	\$ 3,678,191	\$ -
Investments	<u>365,000</u>	<u>687,633</u>	<u>1,052,633</u>	<u>333,956</u>
Total Restricted Assets	<u>\$ 3,133,322</u>	<u>\$ 1,597,502</u>	<u>\$ 4,703,824</u>	<u>\$ 333,956</u>

Restricted cash and investments for the governmental activities consists of \$119,564 of General Fund assets restricted for cemetery perpetual care, \$27,035 of General Fund assets restricted for cemetery maintenance, \$236,000 of General Fund assets restricted for library renovations, \$888,129 of Street Fund cash restricted for street improvements, \$402,168 of Debt Service cash restricted for debt service, \$36,399 of Owner Occupied Rehab Fund cash restricted for Federal programs, \$216,125 of Keno Fund cash restricted for community betterment, and \$1,207,902 of Economic Development Fund cash restricted for economic development.

The Electric Fund restricted assets consist of \$531,367 restricted for debt service and \$225,424 restricted for customer deposits. The Sewer Fund has \$840,711 restricted for debt service.

The Friends of Crete Public Library component unit restricted investments consist of \$333,956 restricted for library capital projects.

**CITY OF CRETE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**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, 2020, is as follows:

	<u>Business-type Activities</u>
Accounts receivable	\$ 1,482,049
Allowance for uncollectible accounts	( 94,600)
Total accounts receivable	<u>\$ 1,387,449</u>

The Community Development Agency has three tax increment financing (TIF) agreements with the following estimated TIF receivables and payables to redevelopers as of September 30, 2020:

<u>Project/ Redeveloper</u>	<u>TIF Receivable</u>	<u>TIF Payable</u>
Dairy Queen	\$ 41,550	\$ 42,275
Crete Lodging	1,213,800	1,128,800
Union Bank	<u>148,150</u>	<u>-</u>
	<u>\$ 1,403,500</u>	<u>\$ 1,171,075</u>
Current portion	\$ 99,900	\$ 82,796
Noncurrent portion	<u>1,303,600</u>	<u>1,088,279</u>
Total	<u>\$ 1,403,500</u>	<u>\$ 1,171,075</u>

**CITY OF CRETE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

**4. Capital Assets**

	Balance at October 1, <u>2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2020</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 644,560	\$ 149,411	\$ -	\$ -	\$ 793,971
Construction in progress	1,103,339	169,359	-	(1,103,339)	169,359
Total capital assets not being depreciated	1,747,899	318,770	-	(1,103,339)	963,330
Other capital assets being depreciated:					
Distribution systems	32,995,768	301,078	-	1,103,339	34,400,185
Buildings and improvements	6,763,157	5,392	-	-	6,768,549
Equipment	1,791,866	63,806	-	-	1,855,672
Vehicles	1,260,013	144,159	(144,459)	-	1,259,713
Total other capital assets at historical cost	42,810,804	514,435	(144,459)	1,103,339	44,284,119
Less accumulated depreciation for:					
Distribution systems	(11,706,878)	(837,979)	-	-	(12,544,857)
Buildings and improvements	(4,198,616)	(173,867)	-	-	(4,372,483)
Equipment	(1,371,686)	(65,269)	-	-	(1,436,955)
Vehicles	(1,202,146)	(41,492)	144,459	-	(1,099,179)
Total accumulated depreciation	(18,479,326)	(1,118,607) *	144,459	-	(19,453,474)
Other capital assets, net	24,331,478	(604,172)	-	1,103,339	24,830,645
Business-type capital assets, net	<u>\$ 26,079,377</u>	<u>\$ (285,402)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,793,975</u>

\* Depreciation expense was charged to functions as follows:

Electric	\$ 401,586
Water	206,144
Sewer	<u>510,877</u>
Total Business-type Activities depreciation expense	<u>\$ 1,118,607</u>

**CITY OF CRETE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

**4. Capital Assets, continued**

Construction in progress at September 30, 2020 consists of \$110,402 of costs incurred on the water main replacement project and \$58,957 of costs incurred on the new computer system/software project. See note D3 for details on contractual commitments on these projects.

Component Units:

	Balance at July 31, <u>2019</u>	<u>Additions</u>	<u>Disposals</u>	Balance at July 31, <u>2020</u>
<u>Crete Airport Authority:</u>				
Capital assets not being depreciated:				
Land	\$ 397,514	\$ -	\$ -	\$ 397,514
Other capital assets being depreciated:				
Buildings and improvements	6,023,813	-	-	6,023,813
Equipment	926,911	-	-	926,911
Total other capital assets at historical cost	6,950,724	-	-	6,950,724
Less accumulated depreciation for:				
Buildings and improvements	(3,665,855)	(159,147)	-	(3,825,002)
Equipment	(522,556)	(47,946)	-	(570,502)
Total accumulated depreciation	(4,188,411)	(207,093)	-	(4,395,504)
Other capital assets, net	2,762,313	(207,093)	-	2,555,220
Governmental activities capital assets, net	\$ 3,159,827	\$ (207,093)	\$ -	\$ 2,952,734

**CITY OF CRETE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

**5. Long-term Debt**

**Changes in Long-term Debt**

The following is a summary of changes in long-term debt for the year ended September 30, 2020:

<u>Type of Debt</u>	Balance October 1, 2019	<u>Additions</u>	<u>Deductions</u>	Balance September 30, 2020	Amounts Due Within <u>One Year</u>
Business-type Activities:					
Bonds payable	\$ 11,720,249	\$ -	\$ (630,490)	\$ 11,089,759	\$ 644,092
Component unit:					
Community Development Agency TIF payables	\$ 44,050	\$ 1,128,800	\$ (1,775)	\$ 1,171,075	\$ 82,796
	Balance August 1, 2019	<u>Additions</u>	<u>Deductions</u>	Balance July 31, 2020	Amounts Due Within <u>One Year</u>
Component unit:					
Crete Airport Authority Bonds payable	\$ 71,000	\$ -	\$ -	\$ 71,000	\$ 23,000

**Business-type Activities**

As of September 30, 2020, 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.

\$ 885,000

**CITY OF CRETE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

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

**5. Long-term Debt, continued**

**Business-type Activities, continued**

On December 15, 2016, the Sewer Fund issued \$6,998,000 of Series 2016A USDA Bonds to refinance the bond anticipation note issued during the wastewater treatment plant project. The bonds bear interest of 1.875%. Annual principal and interest payments of \$422,890 are due commencing December 15, 2017 through December 15, 2036. 6,106,458

On December 15, 2016, the Sewer Fund issued \$4,011,000 of Series 2016B USDA Bonds to refinance the bond anticipation note issued during the wastewater treatment plant project. The bonds bear interest of 1.375%. Annual principal and interest payments of \$230,793 are due commencing December 15, 2017 through December 15, 2036. 3,476,797

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. 621,504

Total business-type activity long-term debt \$ 11,089,759

Current portion \$ 644,092

Noncurrent portion 10,445,667

Total \$ 11,089,759

**CITY OF CRETE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**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 \$1,171,075 of TIF payables due to redevelopers. \$ 1,171,075

Crete Airport Authority:

Airport limited tax bonds dated August 1, 2017, with original lease issue amount of \$114,000. Interest is 3.25 percent with final maturity August 15, 2022. 71,000

Total component unit long-term debt \$ 1,242,075

Current portion \$ 105,796

Noncurrent portion 1,136,279

Total long-term debt \$ 1,242,075

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2020, are as follows:

<u>Year Ending September 30,</u>	Business-type Activities	
	Other Debt Issues	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 644,092	\$ 201,686
2022	652,841	191,025
2023	666,738	179,907
2024	675,787	168,343
2025	689,991	156,357
2026-2030	3,208,605	596,067
2031-2035	3,198,464	328,952
2036-2037	1,353,241	67,949
	\$ 11,089,759	\$ 1,890,286



**CITY OF CRETE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

**5. Long-term Debt, continued**

Year Ending <u>September 30,</u>	Component Units			
	Direct Placement Debt		Other Debt Issues	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 82,796	\$ -	\$ 23,000	\$ 1,934
2022	79,121	-	24,000	1,170
2023	79,121	-	24,000	390
2024	79,121	-	-	-
2025	79,121	-	-	-
2026-2030	395,605	-	-	-
2031-2035	376,190	-	-	-
	<u>\$ 1,171,075</u>	<u>\$ -</u>	<u>\$ 71,000</u>	<u>\$ 3,494</u>

**6. Interfund Transactions and Balances**

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Electric	\$ 350,004	\$ -
Street	3,996	( 104,004)
Intrafund General	4,420,054	(4,420,054)
Debt Service	-	( 64,063)
Capital Projects	-	( 965,804)
Nonmajor Governmental Funds	-	( 213,487)
Total General Fund	<u>4,774,054</u>	<u>(5,767,412)</u>
Street Fund:		
General	104,004	( 3,996)
Nonmajor Governmental Funds	-	( 54,000)
Total Street Fund	<u>104,004</u>	<u>( 57,996)</u>
Debt Service Fund:		
General	64,063	-
Capital Projects Fund:		
General	965,804	-
Nonmajor Governmental Funds:	267,487	-
Electric Fund:		
General	-	( 350,004)
Total Operating Transfers	<u>\$ 6,175,412</u>	<u>\$ (6,175,412)</u>

**CITY OF CRETE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

**6. Interfund Transactions and Balances, continued**

**Interfund Balances**

At September 30, 2020, the Capital Projects Fund owed \$171,414 to the Electric Fund. This interfund loan bears 2.39 percent interest and is due in 10 annual principal and interest payments of \$45,444 through July 2, 2024.

The General Fund owed \$1,952 to the Electric Fund, owed \$4,732 to the Water Fund, and owed \$520 to the Sewer Fund. These interfund loans are expected to be repaid during the next fiscal year.

**7. Deficit Fund Balances**

Deficit fund balances of (\$344,443) for the Capital Projects Fund, (\$57,212) for the CDBG Fund, and (\$1,079) for the FEMA Disaster Fund are expected to be eliminated with interfund transfers in future years.

**NOTE D – OTHER NOTES**

**1. Employee Pension and Other Benefit Plans**

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

The City's regular employer contribution amounted to \$163,380 for the year ended September 30, 2020, and the employee contributions also totaled \$163,380 for the year ended September 30, 2020, on \$2,334,000 of covered payroll (with total payroll of \$2,913,315).

The City's police contribution amounted to \$59,341 for the year ended September 30, 2020, and the police employee contributions also totaled \$59,341 for the year ended September 30, 2020, on \$847,729 of covered payroll.

**CITY OF CRETE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE D – OTHER NOTES, continued**

**1. Employee Pension and Other Benefit Plans, continued**

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

**2. Risk Management**

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

**Deposits and Investments**

***Custodial Credit Risk.*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City's investments at September 30, 2020, 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, 2020

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 2020	\$ 305,000
November 2020	10,000
February 2021	735,000
March 2021	10,000
April 2021	169,000
May 2021	212,950
July 2021	201,134
August 2021	332,045
September 2021	310,063
October 2021	169,335
November 2021	51,000
April 2022	101,862
July 2022	77,229
August 2022	90,000
November 2022	121,084
December 2022	1,000
April 2023	206,408
June 2023	229,220
September 2023	260,168
March 2024	110,941
April 2024	109,248
April 2025	124,423
May 2025	103,520
September 2025	100,725
March 2027	101,346
October 2027	145,000
August 2030	120,431
September 2030	44,228
	<u>\$ 4,552,360</u>

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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, 2020, the City’s certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Pinnacle Bank	\$ 831,000
City Bank & Trust	1,032,000
Wells Fargo Advisors	<u>2,689,360</u>
	\$ <u>4,552,360</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, 2020.

3. Commitments and Contingencies

Claims and Lawsuits

The City is subject to claims and other actions arising in the ordinary course of business. Some of these claims and actions have resulted in lawsuits where the City is a defendant. In the opinion of City management, the potential loss on all claims and lawsuits as of September 30, 2020, will not be significant to the City’s financial statements.

**CITY OF CRETE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE D – OTHER NOTES, continued**

**3. Commitments and Contingencies, continued**

**Construction and Contractual Commitments**

As of September 30, 2020, the City had the following construction and contractual obligations:

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/20</u>	<u>Remaining Commitment</u>	<u>Expected Date of Completion</u>
New library project:				
Construction	\$ 5,577,977	\$ 5,567,977	\$ 10,000	October 2020
2020 Street improvement project:				
Design/architecture	12,290	10,647	1,643	October 2020
Construction	<u>84,225</u>	<u>-</u>	<u>84,225</u>	October 2020
Total library project	96,515	10,647	85,868	
GPS data maintenance	96,000	72,000	24,000	March 2022
Casselle software	119,386	68,386	51,000	Spring 2021
Water system improvements:				
Engineering	23,200	18,320	4,880	Spring 2021

**Contingencies**

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

**Self-Insurance Fund**

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

**CITY OF CRETE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**NOTE D – OTHER NOTES, continued**

**3. Commitments and Contingencies, continued**

**Purchase Power Contract**

On May 29, 1986 the City entered into a contract with Municipal Energy Agency of Nebraska (MEAN) for total power requirement. This agreement states that the City will purchase its power needs in excess of the power supplied by the United States Department of Energy, Western Area Power Administration directly from MEAN. To ensure that MEAN had adequate power to supply their municipal customers, MEAN participated in the building of certain power plants. The City committed to purchase power directly from MEAN for the longer of ten years or when the bonds to build the power plant had been paid in full. The power plant bonds are scheduled to be paid in full in the year 2041. The dollar amount of power purchased from MEAN was \$7,325,652 for the year ended September 30, 2020. 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 \$135,322 for the year ended September 30, 2020. In addition, MEAN issued a \$202,787 revenue sharing payment to the City during the year ended September 30, 2020. The City has the option to assign its rights and commitments in this contract if the entity to which it is assigning such rights and commitments is acceptable to MEAN. The capacity compensation rate is scheduled to decrease over the next four fiscal years.

**Operating Leases**

The City is party to an operating lease for a postage machine and technology management services. Total rent expense was \$26,445 for the year ended September 30, 2020. Future lease obligations are as follows:

<u>Year Ended September 30,</u>	<u>Lease Commitments</u>
2021	\$ 26,445
2022	26,237
2023	<u>4,200</u>
	<u>\$ 56,882</u>

**Friends of Crete Public Library Commitment**

The Friends of the Crete Public Library pledged \$250,000 to the City for the current library construction project. The pledge is to be paid over three years. As of September 30, 2020, \$83,333 remains to be paid to the City on this pledge.

**CITY OF CRETE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**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, 2020:

<u>Type of Debt</u>	<u>Balance October 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2020</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds payable	\$ 7,110,000	\$ -	\$ (385,000)	\$ 6,725,000	\$ 445,000
Bond anticipation notes	415,000	-	-	415,000	415,000
Capital lease obligations	301,000	-	(148,000)	153,000	153,000
Total Governmental-type Activities	<u>\$ 7,826,000</u>	<u>\$ -</u>	<u>\$ (533,000)</u>	<u>\$ 7,293,000</u>	<u>\$ 1,013,000</u>

**Governmental Activities:**

The Debt Service Fund and Street Fund make the bond payments and the Economic Development Fund makes the capital lease payments. As of September 30, 2020, the governmental long-term liabilities consisted of the following:

Bonds payable:

During April 2014, the City issued General Obligation Refunding Bonds totaling \$2,250,000 to refinance the Series 2009 GO Refunding Bonds. The bonds bear interest at rates ranging from 0.25 percent to 2.85 percent with annual principal payments beginning November 15, 2014, through November 15, 2024. \$ 1,070,000

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. 765,000

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. 3,895,000

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. 995,000



**CITY OF CRETE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE D – OTHER NOTES, continued**

**4. Governmental Long-Term Debt, continued**

**Governmental Activities, continued:**

Bonds anticipation notes:

During August 2018, the City issued Series 2018 Bond Anticipation Notes (BAN's) totaling \$415,000 to provide interim financing for capital projects. The BAN's bear interest of 2.05 percent and mature August 15, 2021. 415,000

Capital lease obligation:

On June 28, 2011, the City entered into a \$1,200,000 capital lease obligation. The lease bears interest ranging from 0.60 percent to 3.35 percent with annual principal payments beginning September 15, 2012, through September 15, 2021. 135,000

During June 2012, the City entered into a \$157,000 capital lease obligation. The capital lease bears interest of 2.2 percent with annual principal payments commencing September 15, 2013, through September 15, 2021. 18,000

Total long-term debt	\$ <u>7,293,000</u>
Current portion	\$ 1,013,000
Noncurrent portion	<u>6,280,000</u>
Total long-term debt	\$ <u>7,293,000</u>

Annual debt service requirements to maturity, including principal and interest, for governmental long-term debt as of September 30, 2020, are as follows:

<u>Year Ending</u> <u>September 30,</u>	Governmental Activities	
	Other Debt Issues	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,013,000	\$ 194,977
2022	455,000	173,375
2023	465,000	164,064
2024	475,000	153,625
2025	485,000	142,238
2026-2030	1,405,000	596,435
2031-2035	1,475,000	383,015
2036-2040	1,050,000	187,231
2041-2042	470,000	23,962
	\$ 7,293,000	\$ 2,018,922

**CITY OF CRETE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE D – OTHER NOTES, continued**

**5. Interlocal Agreements**

The City has the following interlocal agreements in effect as of September 30, 2020:

<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	7/1/20 to 6/30/21	Economic and community development services
League Association of Risk management	10/1/19 to 9/30/21	Risk management services and coverage
NMPP Energy MEAN	4/1/81 to 3/31/38	Wholesale electricity and related services
Southeast Nebraska E911 City of Beatrice	7/1/15 to indefinite	Emergency dispatch
Crete Public Schools	2/12/18 to 1/31/22	School resource officer

**6. LB840 Loan**

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

**CITY OF CRETE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE D – OTHER NOTES, continued**

**6. LB840 Loan, continued**

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

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

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

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

On August 14, 2019, the City issued a \$15,000 LB840 loan to Kosmicki Koch Associates, LLC to provide funding for the Brew House. Kosmicki Koch Associates, LLC also assumed the \$24,888.33 LB840 loan issued by the City to the former owner of the Brew House. The loans are non-interest bearing and are 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.

**CITY OF CRETE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**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, 2020 is as follows:

<u>TIF Project:</u>	<u>Years Remaining on TIF Agreements</u>	<u>2020 TIF Valuation</u>	<u>TIF Proceeds Received during the year 9-30-2020</u>
Dairy Queen	10	\$ 192,885	\$ 4,099
Crete Lodging	15	3,753,955	-
Union Bank	10	687,405	<u>14,990</u>
			<u>\$ 19,089</u>

**8. Subsequent Events**

Management has evaluated subsequent events through May 4, 2021, the date on which the financial statements were available for issue.

On October 6, 2020, Council approved a \$224,314 bid from Van Kirk Brothers for the Belohlavy Addition lift station and force main construction project.

On October 20, 2020, Council approved the purchase of an E-citation system for \$21,864 for the police department and approved a \$32,900 contract for roof replacement on the police station.

On October 7, 2020, the Airport Authority received a \$30,000 CARES Act grant.

In November 2020, the City received \$290,876 of CARES Act – Coronavirus Relief Funding for police and first responder payroll costs.

On January 19, 2021, Council awarded \$250,000 of LB840 funds to Crete Housing & Development Corporation for the workforce housing matching funds.

**SUPPLEMENTARY AND OTHER INFORMATION**

**CITY OF CRETE, NEBRASKA**

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

**Year ended September 30, 2020**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Taxes:			
Property	\$ 1,258,000	\$ 1,191,062	\$ (66,938)
Motor vehicle	100,000	107,242	7,242
Occupation	80,000	23,372	(56,628)
Franchise	276,000	293,188	17,188
Sales	1,010,000	1,208,401	198,401
Intergovernmental	752,700	765,895	13,195
Grants	27,275	26,074	(1,201)
Charges for services	582,945	426,005	(156,940)
Interest income	2,950	7,004	4,054
Contributions	290,100	167,734	(122,366)
Sales proceeds on capital assets	50,000	10,000	(40,000)
Other	12,630	15,845	3,215
Total resources	<u>4,442,600</u>	<u>4,241,822</u>	<u>(200,778)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
General government	740,000	637,428	(102,572)
Public safety	2,419,595	2,144,605	(274,990)
Public works	115,680	92,877	(22,803)
Environment and leisure	1,070,600	902,507	(168,093)
Capital outlay	949,015	243,506	(705,509)
Total charges to appropriations	<u>5,294,890</u>	<u>4,020,923</u>	<u>(1,273,967)</u>
Resources over (under) charges to appropriations	(852,290)	220,899	1,073,189
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	3,444,130	4,774,054	1,329,924
Transfers out	<u>(3,040,700)</u>	<u>(5,767,412)</u>	<u>(2,726,712)</u>
Net transfers	<u>403,430</u>	<u>(993,358)</u>	<u>(1,396,788)</u>
<b>RESOURCES AND OTHER FINANCING SOURCES (USES) UNDER CHARGES TO APPROPRIATIONS</b>			
	<u>\$ (448,860)</u>	<u>\$ (772,459)</u>	<u>\$ (323,599)</u>

**CITY OF CRETE, NEBRASKA**

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

**Year ended September 30, 2020**

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
<b>RESOURCES (INFLOWS)</b>			
Intergovernmental	\$ 776,650	\$ 810,990	\$ 34,340
Grants	-	9,592	9,592
Charges for services	24,100	17,169	(6,931)
Other revenue	600	3,066	2,466
	<hr/>	<hr/>	<hr/>
Total resources	801,350	840,817	39,467
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Public works	849,500	847,526	(1,974)
Capital assets	54,000	11,350	(42,650)
Interest expense	-	30,826	30,826
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	903,500	889,702	(13,798)
Resources under charges to appropriations	(102,150)	(48,885)	53,265
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	104,000	104,004	4
Transfers out	-	(57,996)	(57,996)
Net transfers	104,000	46,008	(57,992)
	<hr/>	<hr/>	<hr/>
<b>RESOURCES AND OTHER FINANCING SOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<b>\$ 1,850</b>	<b>\$ (2,877)</b>	<b>\$ (4,727)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CITY OF CRETE, NEBRASKA**

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

**Year ended September 30, 2020**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Property tax	\$ 155,300	\$ 168,552	\$ 13,252
Sales tax	330,000	276,574	(53,426)
Special assessments	10,000	32,373	22,373
Interest income	-	73	73
Total resources	<u>495,300</u>	<u>477,572</u>	<u>(17,728)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Principal payments	385,000	385,000	-
Interest expense	171,000	170,802	(198)
Bond fees	1,000	2,178	1,178
Total charges to appropriations	<u>557,000</u>	<u>557,980</u>	<u>980</u>
Resources under charges to appropriations	(61,700)	(80,408)	(18,708)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	-	64,063	64,063
<b>RESOURCES AND OTHER FINANCING SOURCES UNDER CHARGES TO APPROPRIATIONS</b>	<u>\$ (61,700)</u>	<u>\$ (16,345)</u>	<u>\$ 45,355</u>



**CITY OF CRETE, NEBRASKA**

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

**Year ended September 30, 2020**

	Budget (Original and <u>(Final)</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Grants	\$ 155,000	\$ 146,944	\$ (8,056)
Contributions	1,500,000	850,000	(650,000)
Interest income	-	6,123	6,123
Total resources	<u>1,655,000</u>	<u>1,003,067</u>	<u>(651,933)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Public works	-	25,229	25,229
Capital outlay	4,000,000	3,350,106	(649,894)
Interest expense	-	11,066	11,066
Total charges to appropriations	<u>4,000,000</u>	<u>3,386,401</u>	<u>(613,599)</u>
Resources under charges to appropriations	(2,345,000)	(2,383,334)	(38,334)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>45,500</u>	<u>965,804</u>	<u>920,304</u>
<b>RESOURCES AND OTHER FINANCING SOURCES UNDER CHARGES TO APPROPRIATIONS</b>	<u><u>\$ (2,299,500)</u></u>	<u><u>\$ (1,417,530)</u></u>	<u><u>\$ 881,970</u></u>

**CITY OF CRETE, NEBRASKA**

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

**September 30, 2020**

	Special Revenue Funds		
	CDBG	Owner	Keno
	<u>Fund</u>	Occupied Rehab <u>Fund</u>	<u>Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ (57,212)	\$ 36,399	\$ 216,125
Investments	-	-	-
Total assets	\$ (57,212)	\$ 36,399	\$ 216,125
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:	\$ -	\$ -	\$ -
Fund balances:			
Restricted for:			
Federal programs	-	36,399	-
Community betterment	-	-	216,125
Economic development	-	-	-
Assigned for:			
Capital outlay	-	-	-
Unassigned	(57,212)	-	-
Total fund balances	(57,212)	36,399	216,125
Total liabilities and fund balances	\$ (57,212)	\$ 36,399	\$ 216,125

Special Revenue Funds			Total
Capital Outlay Fund	FEMA Disaster Fund	Economic Development Fund	Other Governmental Funds
\$ 172,806	\$ (1,079)	\$ 1,207,902	\$ 1,574,941
90,000	-	-	90,000
<u>\$ 262,806</u>	<u>\$ (1,079)</u>	<u>\$ 1,207,902</u>	<u>\$ 1,664,941</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	36,399
-	-	-	216,125
-	-	1,207,902	1,207,902
262,806	-	-	262,806
-	(1,079)	-	(58,291)
<u>262,806</u>	<u>(1,079)</u>	<u>1,207,902</u>	<u>1,664,941</u>
<u>\$ 262,806</u>	<u>\$ (1,079)</u>	<u>\$ 1,207,902</u>	<u>\$ 1,664,941</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, 2020**

	Special Revenue Funds		
		Owner	
	CDBG	Occupied Rehab	Keno
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
<b>REVENUES</b>			
Sales tax	\$ -	\$ -	\$ -
Keno proceeds	-	-	26,815
Grant income	-	147,962	-
Loan collections	-	-	-
Contributions	1,657	-	-
Interest income	-	13	14
Total revenues	1,657	147,975	26,829
<b>EXPENDITURES</b>			
General government	29,579	71,802	20,648
Public safety	-	-	-
Public works	-	-	-
Environment and leisure	-	-	-
Economic development	-	-	-
Capital outlay	-	-	-
Principal payments	-	-	-
Interest on long-term debt	-	-	-
Total expenditures	29,579	71,802	20,648
Excess (deficiency) of revenues over expenditures before transfers	(27,922)	76,173	6,181
<b>OTHER FINANCING SOURCES</b>			
Transfers in	-	-	-
Net change in fund balances	(27,922)	76,173	6,181
Fund balances - September 30, 2019	(29,290)	(39,774)	209,944
Fund balances - September 30, 2020	\$ (57,212)	\$ 36,399	\$ 216,125

Special Revenue Funds

Capital Outlay <u>Fund</u>	FEMA Disaster <u>Fund</u>	Economic Development <u>Fund</u>	Total Other Governmental <u>Funds</u>
\$ -	\$ -	\$ 381,574	\$ 381,574
-	-	-	26,815
-	3,293	-	151,255
-	-	935	935
4,672	-	-	6,329
-	-	9,711	9,738
<u>4,672</u>	<u>3,293</u>	<u>392,220</u>	<u>576,646</u>
11,106	-	-	133,135
32,028	-	-	32,028
155	1,079	-	1,234
4,843	-	-	4,843
-	-	84,138	84,138
152,851	-	-	152,851
-	-	148,000	148,000
-	-	9,410	9,410
<u>200,983</u>	<u>1,079</u>	<u>241,548</u>	<u>565,639</u>
(196,311)	2,214	150,672	11,007
<u>182,424</u>	<u>-</u>	<u>85,063</u>	<u>267,487</u>
(13,887)	2,214	235,735	278,494
<u>276,693</u>	<u>(3,293)</u>	<u>972,167</u>	<u>1,386,447</u>
<u>\$ 262,806</u>	<u>\$ (1,079)</u>	<u>\$ 1,207,902</u>	<u>\$ 1,664,941</u>

**CITY OF CRETE, NEBRASKA**

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

**July 31, August 31, and September 30, 2020**

	Crete Airport Authority <u>(July 31, 2020)</u>	Friends of Crete Public Library <u>(August 31, 2020)</u>	Community Development Agency <u>(September 30, 2020)</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 149,767	\$ 15,459	\$ 122,114	\$ 287,340
Investments	-	377,235	-	377,235
County treasurer cash	637	-	-	637
Accounts receivable	44,261	-	-	44,261
Current portion of TIF receivables	-	-	99,900	99,900
Fuel inventory	9,098	-	-	9,098
Prepaid insurance	5,015	-	-	5,015
<b>Total current assets</b>	<u>208,778</u>	<u>392,694</u>	<u>222,014</u>	<u>823,486</u>
Noncurrent assets:				
Restricted investments	-	333,956	-	333,956
Noncurrent portion of TIF receivables	-	-	1,303,600	1,303,600
Capital assets:				
Land	397,514	-	-	397,514
Other capital assets, net of depreciation	2,555,220	-	-	2,555,220
<b>Net capital assets</b>	<u>2,952,734</u>	<u>-</u>	<u>-</u>	<u>2,952,734</u>
<b>Total noncurrent assets</b>	<u>2,952,734</u>	<u>333,956</u>	<u>1,303,600</u>	<u>4,590,290</u>
<b>Total assets</b>	3,161,512	726,650	1,525,614	5,413,776
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	3,895	-	-	3,895
Accrued interest payable	1,058	-	-	1,058
Unearned rent revenue	28,290	-	-	28,290
Current portion of long-term obligation	23,000	-	82,796	105,796
<b>Total current liabilities</b>	<u>56,243</u>	<u>-</u>	<u>82,796</u>	<u>139,039</u>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	48,000	-	1,088,279	1,136,279
<b>Total liabilities</b>	<u>104,243</u>	<u>-</u>	<u>1,171,075</u>	<u>1,275,318</u>
<b>NET POSITION</b>				
Net investment in capital assets	2,881,734	-	-	2,881,734
Restricted for library capital projects	-	333,956	-	333,956
Unrestricted	175,535	392,694	354,539	922,768
<b>Total net position</b>	<u>\$ 3,057,269</u>	<u>\$ 726,650</u>	<u>\$ 354,539</u>	<u>\$ 4,138,458</u>

See notes to financial statements.

**CITY OF CRETE, NEBRASKA**

**COMBINING STATEMENT OF ACTIVITIES -  
COMPONENT UNITS**

**For the year ended July 31, August 31, and September 30, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
<b>Component units:</b>			
Crete Airport Authority (7/31/20)	\$ 463,150	\$ 239,832	\$ -
Friends of Crete Public Library (8/31/20)	136,685	-	-
Community Development Agency (9/30/20)	11,139	122,950	81,641
<b>Total component units</b>	<b>\$ 610,974</b>	<b>\$ 362,782</b>	<b>\$ 81,641</b>

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>
\$ -	\$ (223,318)	\$ -	\$ -	\$ (223,318)
38,533	-	(98,152)	-	(98,152)
-	-	-	193,452	193,452
<u>\$ 38,533</u>	<u>(223,318)</u>	<u>(98,152)</u>	<u>193,452</u>	<u>(128,018)</u>
General revenues:				
Property taxes	24,952	-	-	24,952
Interest and dividend income	-	10,715	-	10,715
Gains on investments	-	41,518	-	41,518
Other income	99	-	-	99
Total general revenues	<u>25,051</u>	<u>52,233</u>	<u>-</u>	<u>77,284</u>
Change in net position	(198,267)	(45,919)	193,452	(50,734)
Net position - September 30, 2019	<u>3,255,536</u>	<u>772,569</u>	<u>161,087</u>	<u>4,189,192</u>
Net position - September 30, 2020	<u>\$ 3,057,269</u>	<u>\$ 726,650</u>	<u>\$ 354,539</u>	<u>\$ 4,138,458</u>



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



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities - modified cash basis, the business-type activities - accrual basis, the aggregate discretely presented component units - accrual basis, each major fund - modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information - modified cash basis for the governmental funds of the City of Crete, Nebraska, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated May 4, 2021. Our report on the financial statements disclosed that, as described in Note A to the financial statements, the City of Crete, Nebraska, prepares its financial statements for the governmental funds on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Crete's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph 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. However, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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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. We consider the deficiencies described below to be material weaknesses:

#### Inadequate Design and Ineffective Oversight Over Monthly Reconciliations

The City failed to accurately reconcile all bank accounts monthly during the year ended September 30, 2020. This resulted in numerous cash, revenue and expense adjustments during the audit.

#### Inadequate Design and Ineffective Oversight Over Software Conversion

The accounting software conversion that occurred during the year created several errors in cash, accounts receivable, accounts payable, payroll liabilities, and equity that were not corrected until the year end audit adjustments. Several software functions were not being utilized correctly, causing posting errors.

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. We consider the deficiency described below to be a significant deficiency.

#### Segregation of Duties

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Crete's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City of Crete's Response to Findings**

The City of Crete's response to the findings identified in our audit is that due to the small size of the City, it is impractical to further segregate duties. The City will implement procedures to ensure accurate bank reconciliations are performed monthly in the future. Also, the City now has a better understanding of the new accounting software and will monitor account balances for all funds to ensure transactions are being posted correctly for pooled cash, accounts receivable, and

payroll each month 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, PC

Grand Island, Nebraska  
May 4, 2021