

CITY OF CREIGHTON, NEBRASKA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

CITY OF CREIGHTON, NEBRASKA
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**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Creighton, Nebraska, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express 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 modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Creighton, Nebraska, as of September 30, 2021, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the City's September 30, 2020, financial statements, and our report dated February 11, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Creighton, Nebraska's basic financial statements. The supplementary information on pages 34 - 50 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The statements of proprietary funds are presented in the supplementary information on the accrual basis of accounting for purposes of additional analysis as required by Nebraska Revised Statute 19-2903 and are also not required parts of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of the accrual basis of accounting for business-type activities, the supplementary information on pages 34 - 50 is fairly stated in all material respects in relation to the financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Creighton, Nebraska's basic financial statements for the year ended September 30, 2020, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Creighton, Nebraska's basic financial statements as a whole. The supplementary information on pages 36 - 47 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of the accrual basis of accounting for the business-type activities, the 2020 supplementary information on pages 36 - 47 is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2022, on our consideration of the City of Creighton, 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 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 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 Creighton, Nebraska's internal control over financial reporting and compliance.

Dana F Cole + Company, LLP

O'Neill, Nebraska
March 21, 2022

CITY OF CREIGHTON, NEBRASKA
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
SEPTEMBER 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	1,248,359	707,435	1,955,794
Certificates of deposit	3,043,419	85,783	3,129,202
Investments	9,500		9,500
Cash held by county treasurer	5,136		5,136
Restricted certificates of deposit	86,222		86,222
Capital assets			
Nondepreciable - land	29,954	6,300	36,254
Depreciable - net of depreciation	<u>1,488,873</u>	<u>2,070,114</u>	<u>3,558,987</u>
TOTAL ASSETS	<u>5,911,463</u>	<u>2,869,632</u>	<u>8,781,095</u>
LIABILITIES			
Customer deposits		22,851	22,851
Notes payable within one year		55,240	55,240
Bonds payable within one year		60,000	60,000
Noncurrent liabilities			
Notes payable in more than one year		841,140	841,140
Bonds payable in more than one year		<u>610,000</u>	<u>610,000</u>
TOTAL LIABILITIES		<u>1,589,231</u>	<u>1,589,231</u>
NET POSITION			
Invested in capital assets, net of related debt	1,518,827	510,034	2,028,861
Restricted for			
Community development	99,555		99,555
Fire department	246,042		246,042
Endowment - unexpendable	86,222		86,222
American Rescue Plan Act	96,104		96,104
Unrestricted	<u>3,864,713</u>	<u>770,367</u>	<u>4,635,080</u>
TOTAL NET POSITION	<u>5,911,463</u>	<u>1,280,401</u>	<u>7,191,864</u>

The notes are an integral part of these financial statements.

CITY OF CREIGHTON, NEBRASKA
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Functions/programs	Program Revenues				Net (Expenditures) Revenues and Changes in Net Position		
	Expenditures	Operating		Capital Grants and Contributions	Primary Government		Total
		Charges for Services	Grants and Contributions		Governmental Activities	Business-Type Activities	
Primary government							
Governmental activities							
General government	157,009	2,327		107,531	(47,151)		(47,151)
Public Health and Safety	345,463	46,372	30,781	94,903	(173,407)		(173,407)
Public Works - Recycling	16,399				(16,399)		(16,399)
Highways and Streets	384,850	150	221,675	1,603	(161,422)		(161,422)
Culture and Recreation	245,841	20,512	10,186	6,435	(208,708)		(208,708)
Community Development	72,650	32,897			(39,753)		(39,753)
Total governmental activities	1,222,212	69,361	295,539	210,472	(646,840)		(646,840)
Business-type activities							
Water	418,446	360,671				(57,775)	(57,775)
Sewer	249,774	258,039				8,265	8,265
Landfill	136,604	138,887				2,283	2,283
Total business-type activities	804,824	757,597				(47,227)	(47,227)
Total primary government	2,027,036	826,958	295,539	210,472	(646,840)	(47,227)	(694,067)
General revenues							
Property taxes - levied for general purposes					181,302		181,302
Other taxes - NPPD					20,324		20,324
City sales taxes					184,245	39,342	223,587
Motor vehicle taxes					27,495		27,495
Franchise fees					10,508		10,508
Unrestricted state revenues					153,287		153,287
Unrestricted investment earnings					57,140	511	57,651
NPPD lease unrestricted					171,962		171,962
Other miscellaneous revenues					50,004		50,004
Total general revenues					856,267	39,853	896,120
CHANGE IN NET POSITION					209,427	(7,374)	202,053
NET POSITION, beginning of year					5,702,036	1,287,775	6,989,811
NET POSITION, end of year					5,911,463	1,280,401	7,191,864

The notes are an integral part of these financial statements.

CITY OF CREIGHTON, NEBRASKA
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2020)

	2021				2020
	General	Street	Ambulance	Other Governmental Funds	Total
ASSETS					
Cash and cash equivalents	199,598	445,083	205,887	397,791	1,248,359
Certificates of deposit	2,934,181	30,321	31,473	47,444	3,043,419
Investments	9,500				9,500
Cash at county treasurer	4,539	281		316	5,136
Restricted certificates of deposit				86,222	86,222
TOTAL ASSETS	3,147,818	475,685	237,360	531,773	4,392,636
LIABILITIES AND FUND BALANCES					
LIABILITIES					
	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
FUND BALANCES					
Nonspendable - (Hoferer Fund)				86,222	86,222
Restricted - Fire				246,042	246,042
Restricted - Community Development				99,555	99,555
Restricted - American Rescue Plan Act				96,104	96,104
Committed - Senior Citizen Center maintenance	12,286		237,360		250,000
Assigned - Ambulance					
Assigned - Street					
Assigned - Hospital accounts	2,785,199	475,685			3,260,884
Assigned - Recycling				3,850	3,850
Unassigned	350,333				350,333
Total fund balances	3,147,818	475,685	237,360	531,773	4,392,636
TOTAL LIABILITIES AND FUND BALANCES	3,147,818	475,685	237,360	531,773	4,392,636

CITY OF CREIGHTON, NEBRASKA
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2020)

	2021 Total	2020 Total
Fund balances of governmental funds	4,392,636	4,178,003
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>1,518,827</u>	<u>1,524,033</u>
Net position of governmental activities	<u>5,911,463</u>	<u>5,702,036</u>

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

Fund balances of governmental funds

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Net position of governmental activities

The notes are an integral part of these financial statements.

CITY OF CREIGHTON, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)

	2021				2020
	General	Street	Ambulance	Other	Total (as restated)
REVENUES					
Taxes	321,797	66,218		25,351	413,366
Licenses and permits	2,327				2,327
Intergovernmental	158,956	221,675	92,300	159,782	632,713
Charges for services	20,512	150	46,372		67,034
Interest	56,182	55	273	630	57,140
Grants	13,656				13,656
Other	109,589	89,510	5,116	37,531	241,746
Total revenues	683,019	377,608	144,061	223,294	1,427,982
					1,319,794
EXPENDITURES					
General government	138,271				138,271
Public Works - Recycling				13,403	13,403
Public Works - Highways and Streets		381,596			381,596
Public Health and Safety	215,506		131,702	53,289	400,497
Culture and Recreation	210,589				210,589
Economic and Community Development	29,327			43,323	72,650
Total expenditures	593,693	381,596	131,702	110,015	1,217,006
REVENUES OVER (UNDER) EXPENDITURES	89,326	(3,988)	12,359	113,279	210,976
					3,531
OTHER FINANCING SOURCES (USES)					
Insurance proceeds	3,207		450		3,657
Operating transfers in (out)	(49,000)		15,000	34,000	
Total other financing sources (uses)	(45,793)		15,450	34,000	3,657
					65,026

CITY OF CREIGHTON, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)

	2021				2020
	General	Street	Ambulance	Other	Total (as restated)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	43,533	(3,988)	27,809	147,279	214,633
FUND BALANCES, beginning of year	3,104,285	479,673	209,551	384,494	4,178,003
FUND BALANCES, end of year	3,147,818	475,685	237,360	531,773	4,392,636

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

Net change in fund balances - total governmental funds

214,633 68,557

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded (were less than) depreciation and dispositions in the current period.

(5,206) 86,208

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

209,427 154,765

The notes are an integral part of these financial statements.

CITY OF CREIGHTON, NEBRASKA
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
PROPRIETARY FUNDS
SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2020)

	2021				2020	
	Business-Type Activities -				Enterprise Funds	
	Sewer	Water	Sanitation	Total	Total	
ASSETS						
Current assets						
Cash and cash equivalents	422,644	223,619	61,172	707,435	762,920	
Certificates of deposit	30,321	55,462		85,783	24,845	
Total current assets	452,965	279,081	61,172	793,218	787,765	
Capital assets						
Nondepreciable - land	2,000	3,800	500	6,300	6,300	
Depreciable assets						
Sewer system	1,770,934			1,770,934	1,770,934	
Water system		2,563,897		2,563,897	2,563,897	
Equipment	83,178	45,937		129,115	129,115	
Accumulated depreciation	(718,322)	(1,675,510)		(2,393,832)	(2,276,274)	
Total capital assets	1,137,790	938,124	500	2,076,414	2,193,972	
TOTAL ASSETS	1,590,755	1,217,205	61,672	2,869,632	2,981,737	
LIABILITIES						
Current liabilities						
Current amount of long-term debt	55,240	60,000		115,240	107,294	

CITY OF CREIGHTON, NEBRASKA
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
PROPRIETARY FUNDS
SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2020)

	2021				2020
	Business-Type Activities - Enterprise Funds				Total
	Sewer	Water	Sanitation	Total	
LIABILITIES (Continued)					
Noncurrent liabilities					
Customer deposits		22,851		22,851	20,288
Notes payable - NDEQ	896,380			896,380	948,674
Bonds payable		670,000		670,000	725,000
Less current amounts	(55,240)	(60,000)		(115,240)	(107,294)
Total noncurrent liabilities	841,140	632,851		1,473,991	1,586,668
TOTAL LIABILITIES	896,380	692,851		1,589,231	1,693,962
NET POSITION					
Invested in capital assets, net of related debt	241,410	268,124	500	510,034	520,298
Unrestricted	452,965	256,230	61,172	770,367	767,477
TOTAL NET POSITION	694,375	524,354	61,672	1,280,401	1,287,775

The notes are an integral part of these financial statements.

CITY OF CREIGHTON, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)

	2021			2020		
	Enterprise Funds			Total		
	Sewer	Water	Sanitation	Total		
OPERATING REVENUES						
User charges	255,935	355,815	125,561	737,311		712,528
Miscellaneous	2,104	4,856	13,326	20,286		13,740
Total operating revenues	<u>258,039</u>	<u>360,671</u>	<u>138,887</u>	<u>757,597</u>		<u>726,268</u>
OPERATING EXPENDITURES						
Personnel services	124,372	120,123		244,495		220,946
Materials and supplies	10,891	71,756		82,647		61,194
Repairs and maintenance	7,654	33,374		41,028		34,588
Gasoline and oil	3,411	2,348		5,759		4,583
Office expenses	622	838	132	1,592		1,690
Insurance	8,267	15,180		23,447		18,739
Utilities	12,791	45,831		58,966		63,848
Purchased services			133,354	133,354		126,994
Professional fees and schooling	21,445	37,449		58,894		36,250
Depreciation	44,296	73,262		117,558		118,905
Other	3,441	6,666	2,774	12,881		7,898
Total operating expenditures	<u>237,190</u>	<u>406,827</u>	<u>136,604</u>	<u>780,621</u>		<u>695,635</u>
OPERATING INCOME (LOSS)	<u>20,849</u>	<u>(46,156)</u>	<u>2,283</u>	<u>(23,024)</u>		<u>30,633</u>

CITY OF CREIGHTON, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)

	2021			2020 Total	
	Enterprise Funds				
	Sewer	Water	Sanitation		Total
NONOPERATING REVENUES (EXPENDITURES)					
Interest income	55	456		511	604
City sales tax		39,342		39,342	27,618
Federal grants					18,907
Bond issue costs					(11,962)
Interest expense	(12,584)	(11,619)		(24,203)	(31,682)
Total nonoperating revenues (expenditures)	(12,529)	28,179		15,650	3,485
CHANGE IN NET POSITION					
	8,320	(17,977)	2,283	(7,374)	34,118
NET POSITION, beginning of year					
	686,055	542,331	59,389	1,287,775	1,253,657
NET POSITION, end of year					
	694,375	524,354	61,672	1,280,401	1,287,775

The notes are an integral part of these financial statements.

CITY OF CREIGHTON, NEBRASKA
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)

	2021			2020		
	Enterprise Funds			Total		
	Sewer	Water	Sanitation	Total		
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	255,935	358,378	138,887	753,200	724,121	
Other cash received	2,104	4,856		6,960	1,272	
Cash paid for contracted hauling			(133,354)	(133,354)	(126,994)	
Cash paid for personnel services	(124,372)	(120,123)		(244,495)	(220,946)	
Other cash payments	(68,522)	(213,442)	(3,250)	(285,214)	(228,790)	
Net cash provided by operating activities	65,145	29,669	2,283	97,097	148,663	
CASH FLOWS FROM INVESTING ACTIVITIES						
Cash receipts from interest		105		105	70	
Certificates of deposit purchased	(30,266)	(30,266)		(60,532)		
Net cash provided by investing activities	(30,266)	(30,161)		(60,427)	70	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Federal grants					18,907	
Bond principal payments		(55,000)		(55,000)	(765,000)	
Bond issue costs					(11,962)	
Proceeds from bonds					725,000	
Principal paid on long-term debt	(52,294)			(52,294)	(51,565)	
Cash paid for interest	(12,584)	(11,619)		(24,203)	(31,682)	
Net cash used in capital and related financing activities	(64,878)	(66,619)		(131,497)	(116,302)	

CITY OF CREIGHTON, NEBRASKA
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)

	2021			2020 Total
	Enterprise Funds			
	Sewer	Water	Sanitation	Total
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
City sales tax receipts		39,342		39,342
				27,618
Net cash provided by noncapital financing activities		39,342		39,342
				27,618
NET INCREASE (DECREASE) IN CASH	(29,999)	(27,769)	2,283	(55,485)
CASH AND CASH EQUIVALENTS, beginning of year	452,643	251,388	58,889	762,920
CASH AND CASH EQUIVALENTS, end of year	422,644	223,619	61,172	707,435
				762,920
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	20,849	(46,156)	2,283	(23,024)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				30,633
Depreciation	44,296	73,262		117,558
Changes in assets and liabilities				118,905
Increase (decrease) in customer deposits		2,563		(875)
Total adjustments	44,296	75,825		120,121
				118,030
Net cash provided by operating activities	65,145	29,669	2,283	97,097
				148,663

The notes are an integral part of these financial statements.

CITY OF CREIGHTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further below, these financial statements are presented in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

A. REPORTING ENTITY

The City of Creighton, Nebraska (the City), was incorporated under the provisions of the State of Nebraska. The City operates under a Mayor and City Council form of government.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America as applied to governmental units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. Other criteria are the scope of public service and existence of special financing relationships.

Based on the aforementioned criteria, the following is a blended component unit of the City. The Community Development Agency of the City of Creighton, Nebraska, created in 1961, is administered solely by the Creighton City Council. The purpose of the Community Development Agency is to administer the community redevelopment activities (primarily tax incremental financing) of the City.

The Creighton Library Foundation is a not-for-profit entity organized exclusively for the benefit of the library. However, financial activities related to the Foundation are not reflected in the City's financial statements since activities of the Foundation for the year were not significant to the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole within the limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds.

CITY OF CREIGHTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Government-Wide Financial Statements (Continued)

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 part, by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenditures of a given function or segment are offset by program revenues. Direct expenditures are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position or fund balance, revenues, and expenditures or expenses. The City's funds are organized into three major categories: governmental, proprietary, and fiduciary. The City has the following agency fund: TIF Fund. An emphasis 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, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type.
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The entity may elect to treat a fund not meeting this criteria as major.

The City reports using the following funds:

Governmental Funds

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is considered a major fund.

CITY OF CREIGHTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

Governmental Funds (Continued)

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than debt service or major capital projects) that are legally restricted to expenditures for specified purposes. The City includes the following special revenue funds:

Reported as major funds:

Street	Accounts for activities for street improvements and maintenance including funds received from the state for highway allocations.
Ambulance	Accounts for the activities of the City-owned ambulance.

Reported as nonmajor funds:

Recycling	Accounts for the activities of the City recycling program.
Community Development	Accounts for economic reuse loan payments, community development loans, and other CDBG projects related to community and economic development.
Fire	Accounts for the activities of the City fire department.
American Rescue Plan Act (ARPA)	Accounts for ARPA funds received.
TIF	Accounts for taxes collected on behalf of developers.

Permanent Fund - The permanent fund accounts for assets held by the City pursuant to a trust agreement. The principal portion of this fund type must remain intact, but the earnings are unrestricted. The Hoferer Trust Fund is the City's only permanent fund.

Proprietary Funds

Proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate. The City has the following enterprise funds, all of which are reported as major: Sewer Fund, Water Fund, and Sanitation Fund.

CITY OF CREIGHTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

Measurement Focus

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as subsequently defined in item (b).

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. 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 within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent, financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

Basis of Accounting

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, customer deposits, and short-term and long-term liabilities arising from

CITY OF CREIGHTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Basis of Accounting (Continued)

cash transactions or events. Notes receivable relating to housing and economic development are reported as expenditures when the loan is made, and revenues when repayment is received. Taxes and other revenues collected by the county treasurers are included in revenues of the City in the year collected by the counties and the City funds held by the county treasurers at year end are included as assets of the City.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the City utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented in accordance with the accrual basis of accounting.

D. BUDGETS

Annual appropriated budgets are adopted for all City funds on the modified cash basis of accounting. Unused appropriations lapse at fiscal year end. Encumbrance accounting is not used.

The City legally adopts the general all-purpose budget as prescribed by the State of Nebraska Auditor of Public Accounts, which combines all fund types. Expenditures may not legally exceed appropriations at the total level. Any revisions to budget require council approval.

E. DEPOSITS AND INVESTMENTS

Cash and cash equivalents include amounts in demand deposits as well as short-term certificates of deposit with an original maturity of three months or less.

Nebraska statutes limit the City to investments as provided in the Authorized Investment Guidelines of the Nebraska Investment Council. Funds held in depositories are required to be fully insured or collateralized.

CITY OF CREIGHTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. DEPOSITS AND INVESTMENTS (Continued)

The City has no formal investment policies, other than the above requirement regarding custodial credit risk.

Investments are stated at cost.

F. CAPITAL ASSETS

Government-Wide Financial Statements

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined as assets that have initial useful lives that extend beyond a single reporting period. Capital assets are stated at cost or at estimated historical cost if actual is unavailable, except for donated assets, which are recorded at their fair values when donated.

The City maintains the following minimum capitalization thresholds for capital assets.

Building and improvements	10,000
Land and land improvements	5,000
Machinery, equipment, and vehicles	5,000
Infrastructure	25,000

As permitted by *Government Auditing Standards*, the City has elected to capitalize governmental fund type infrastructure, consisting primarily of street improvements, on a prospective basis. Consequently, except for proprietary fund types, the financial statements do not include infrastructure prior to October 1, 2003.

Major expenditures for property and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed when incurred. When capital assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. Net interest cost relating to construction is capitalized.

Depreciation has been provided using the straight-line method over estimated useful lives as follows:

Plant	20 - 50 years
Equipment	5 - 15 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in the government-wide statements.

CITY OF CREIGHTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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. Bond premiums or discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payment of principal, interest, and issuance costs are reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

H. NET POSITION/FUND BALANCE CLASSIFICATIONS

Government-Wide Financial Statements

Net position is classified and displayed in three components:

Invested in capital assets, net of related debt, 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.

Restricted net position consists of assets with constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or through constitutional provision or enabling legislation.

Unrestricted net position does not meet the definition of restricted.

It is the City's general policy to first use restricted net resources prior to the use of unrestricted net resources when an expenditure is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Financial Statements

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

CITY OF CREIGHTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. NET POSITION/FUND BALANCE CLASSIFICATIONS (Continued)

Fund Financial Statements (Continued)

Net Position/Fund Balance Classification

The City has no formal minimum fund balance policies or any formal stabilization arrangements in place.

Proprietary funds report the difference among assets, deferred outflows, liabilities, and deferred inflows as net position and are classified in the same manner as the government-wide financial statements as previously described.

Nonspendable

This classification includes amounts that cannot be spent because they either (a) are not in spendable form, or (b) are legally or contractually required to be maintained intact. The City currently includes the Hoferer Trust Fund balance in this category.

Restricted

This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City includes the fund balances of the Fire, ARPA, and Community Development Funds in this category, since the revenues of these funds are restricted by the grantors or by legislation. Funds held in the Fire Fund are subject to an interlocal agreement and are restricted for fire purposes. The balance in the Community Development Fund is to reuse funds restricted for housing loans and grants under terms of the original grant agreements with the state. The balance in the ARPA Fund is subject to the eligible uses in the American Rescue Plan Act.

Committed

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City includes the balance held in the certificate of deposit held for Senior Citizen Center maintenance as a committed fund balance.

CITY OF CREIGHTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. NET POSITION/FUND BALANCE CLASSIFICATIONS (Continued)

Fund Financial Statements (Continued)

Net Position/Fund Balance Classification (Continued)

Assigned

This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City administrator through the budgetary process. The City considers amounts held in segregated cash accounts in the General Fund related to the proceeds from the sale of the hospital, and the fund balances of the Ambulance, Street, and Recycling Funds as assigned. It is the City's intent to hold the funds from the sale of the hospital for future contingencies and not use the principal for operations.

Unassigned

This classification includes the residual fund balance for the General Fund.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

I. REVENUES AND EXPENDITURES

Governmental Funds

In the statement of activities, modified cash basis revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following significant program revenues in each activity:

General Government	Licenses, permits
Public Health and Safety	Operating and capital grants
Highways and Streets	State highway funds
Culture and Recreation	Recreation fees, donations, grants
Public Building	Rentals
Community Development	Grants, loan repayments

Proprietary Funds

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods or services. They also include all revenues and expenditures not related to capital and related financing, noncapital financing, or investing activities.

CITY OF CREIGHTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. PROPERTY TAXES

Under state law, municipalities are limited in their ability to levy a property tax. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1, and are payable in two installments on the following May 1 and September 1. All taxes are delinquent the September 1, following the year levied. The County bills and collects property taxes and remits them to the City monthly. Property tax revenues are recognized in the period that the County collects them.

K. INTERFUND TRANSFERS

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

L. USE OF ESTIMATES

The preparation of financial statements in accordance with 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.

M. PRIOR-YEAR INFORMATION

The financial statements include partial/summarized prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with the modified cash basis of accounting.

N. NEW ACCOUNTING PRONOUNCEMENTS

In January 2017, GASB issued Statement 84, *Fiduciary Activities*. This statement is effective for fiscal years beginning after December 15, 2019. GASB 84 establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The City currently does not have any fiduciary activities that meet the new criteria. Activities not meeting this criterion will be reported as governmental funds. It was not practicable to retroactively apply GASB 84, so the cumulative effect of applying this statement was reported as a re-statement of beginning net position for September 30, 2019. The City adopted GASB 84 in the current fiscal year.

CITY OF CREIGHTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS

The City's cash and investments are reported as follows:

Governmental activities	4,387,500
Business-type activities	<u>793,218</u>
Total cash and investments	<u>5,180,718</u>

The carrying value (and fair value) of the cash and investments consisted of the following:

Demand deposits (checking)	1,171,060
Savings accounts	784,734
Certificates of deposit	3,215,424
U.S. government bonds	<u>9,500</u>
Total cash and investments	<u>5,180,718</u>

Maturities of certificates of deposit are as follows:

One year	720,853
Two years	1,942,607
Three years	534,298
Four years	<u>17,666</u>
	<u>3,215,424</u>

Investments consist of Series HH bonds that mature in 2022.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. State law requires all funds in depositories to be fully insured or collateralized up to 102% of deposits, and the City's policy is to require depositories to provide pledged securities to cover deposits in excess of Federal Deposit Insurance Corporation (FDIC) limits. As of September 30, 2021, the City's deposits were entirely covered by FDIC insurance and securities held by agents of the depositories and assigned to the City in the form of joint safekeeping receipts.

Interest Rate Risk

The City has no formal policy for managing interest rate risk but does diversify maturity dates.

NOTE 3. RESTRICTED ASSETS

Restricted assets of governmental funds consist of specific accounts that are restricted by donors or by the terms of grants. Restricted assets of the governmental funds include the certificate of deposit related to the Hoferer Trust Fund of \$86,222.

CITY OF CREIGHTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 4. RETIREMENT PROGRAM

The City of Creighton, Nebraska, has a defined contribution pension plan (the Plan). All full-time employees are eligible to participate. The City of Creighton, Nebraska, matches up to 4% of the employees' base salary. The employees can also make additional salary deferrals subject to IRS limits.

The Plan is a Section 457(b) deferred compensation pension plan. The Plan was amended in 1998 to comply with federal law contained in the Small Business Job Protection Act of 1996. All assets relating to the plan are held in trust for the exclusive benefit of plan participants or their beneficiaries. The City pension contributions for the year ended September 30, 2021, were \$11,393, which was equal to the required amount.

Participants' accounts are invested with Ameritas Life Insurance Corp., and contributions are remitted monthly. The City does not provide any significant administrative services or investment advice relating to the Plan.

NOTE 5. LONG-TERM DEBT

General Obligation Bond Issues

The Series 2020 General Obligation Water Refunding Bonds dated July 2020, are due serially through 2031, with interest payable semi-annually at a rate of 1.35% - 2.05%. These bonds were issued to refund the Series 2015 General Obligation Water Refunding Bonds.

Note Payable NDEE (2009)

A loan agreement dated December 2009 to the Nebraska Department of Environment and Energy is payable by the Sewer Fund in semi-annual payments of \$6,852, including interest of 2% through December 15, 2030. An annual administration fee of 1% of the loan balance is also payable in semi-annual payments. Revenues (Sewer Fund) are pledged for repayment of the loan. The loan was used for a wastewater improvement project in 2010. The loan agreement contains a provision that in an event of default, the timing of repayment of outstanding amounts becomes immediately due.

Note Payable NDEE (2016)

A loan agreement dated September 2016 to the Nebraska Department of Environment and Energy is payable by the Sewer Fund in semi-annual payments of \$20,465, including interest of 1.25% through December 15, 2037. An annual administration fee of 1% of the loan balance is also payable in semi-annual payments. The revenues of the Sewer Fund are pledged as security for the loans. The loan was used for a wastewater improvement project in 2018. The loan agreement contains a provision that in an event of default, the timing of repayment of outstanding amounts becomes immediately due.

CITY OF CREIGHTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (Continued)

Changes in Long-Term Debt

Type of Debt	Balance 10/1/2020	Principal Retired	Debt Proceeds	Balance 9/30/2021	Amount Due Within One Year
Business-type activities					
2009 NDEQ Notes Payable - direct placement	<u>121,204</u>	<u>11,064</u>		<u>110,140</u>	<u>11,286</u>
2016 NDEQ Notes Payable - direct placement	<u>827,470</u>	<u>41,230</u>		<u>786,240</u>	<u>43,954</u>
2020 General Obligation Water Bonds	<u>725,000</u>	<u>55,000</u>		<u>670,000</u>	<u>60,000</u>

Maturities on Long-Term Debt

Fiscal Years Ending September 30,	2009 NDEQ (Sewer)		2016 NDEQ (Sewer)		2020 Water Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	11,286	2,147	43,954	4,090	60,000	10,425
2023	11,513	1,920	44,676	3,656	60,000	9,615
2024	11,745	1,688	44,899	3,432	60,000	8,805
2025	11,981	1,452	45,124	3,207	65,000	7,928
2026	12,222	1,211	45,350	2,981	65,000	6,877
2027 - 2031	51,393	2,340	230,178	11,478	310,000	17,732
2032 - 2036			235,998	5,659	50,000	400
2037 - 2041			96,061	601		
	<u>110,140</u>	<u>10,758</u>	<u>786,240</u>	<u>35,104</u>	<u>670,000</u>	<u>61,782</u>

The City has no unused lines of credit at September 30, 2021.

Tax Incremental Financing Arrangements

The City, acting through the Community Development Agency of the City of Creighton, Nebraska, has issued a Redevelopment Contract (Tax Incremental Financing Bond) to assist with a development project. The contract is due over a 15-year period in semi-annual payments.

Incremental ad valorem taxes generated from real property in the project area is pledged for payment of the debt for 15 years. The redevelopment contract with the developer outlines the responsibilities of the agency (the City) and the Developer. The contract requires the developer to purchase the bonds. The contract includes the provisions that mandatory prepayment will occur if taxes exceed the estimate, and that in the event that the ad valorem taxes are less than the estimate, or not timely paid, the bonds may never be paid in full by the ad valorem taxes. The bonds are not a general obligation of the Community

CITY OF CREIGHTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (Continued)

Tax Incremental Financing Arrangements (Continued)

Development Agency or the City. The City is the paying agent for the bonds. Taxes are collected by the County Treasurer and paid to the City for the bond payments to the developer. This is accounted for in an agency fund of the City.

Outstanding bonds were as follows:

Developer	Date	Period	Original Bond
Creighton Senior Living	July 14, 2014	15 years	110,000

NOTE 6. HOUSING GRANTS AND LOANS

In connection with a Community Development Block Grant, loans and grants were awarded to individuals in Creighton and certain surrounding towns for housing rehabilitation. A condition of this program is to have the recipients of these funds pay back all or a portion of the loans to the City of Creighton, Nebraska, in monthly installments. The interest rate varies from 1% - 4%. In addition, several of the loans were classified as grants and no payments are required. Collections on these loans are maintained in a separate special revenue fund to be used for future housing loans.

Loan activity for the year was as follows:

	Beginning of Year	New Loans	Principal Collected	Loan Forgiveness	End Of Year	Memo Interest
Housing rehab	<u>152,037</u>	<u> </u>	<u>(33,232)</u>	<u>(1,828)</u>	<u>116,977</u>	<u>1,355</u>

As of September 30, 2021, the balances were as follows:

Unforgiveable	98,191
Forgivable	<u>18,786</u>
Total	<u>116,977</u>

In February 2011, the City finalized a housing rehab loan to a council member for \$30,000. The loan has an interest rate of 2.0% and is due in monthly payments over a 30-year period. The balance of the loan was \$14,952 at September 30, 2021, including payments of \$1,214 that were past due.

CITY OF CREIGHTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 7. CAPITAL ASSETS

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

	Balance 10/1/20	Increases	Decreases	Balance 9/30/21
<u>Governmental Activities</u>				
Land - nondepreciable	29,954			29,954
Construction in progress - nondepreciable				
Buildings and improvements	2,136,102			2,136,102
Equipment and vehicles	2,262,318	96,389	(33,195)	2,325,512
Totals at cost	4,428,374	96,389	(33,195)	4,491,568
Accumulated depreciation	(2,904,341)	(96,721)	28,321	(2,972,741)
Net capital assets	<u>1,524,033</u>	<u>(332)</u>	<u>(4,874)</u>	<u>1,518,827</u>
<u>Business-Type Activities</u>				
Land - nondepreciable	6,300			6,300
Water department	2,563,897			2,563,897
Sewer department	1,770,934			1,770,934
Equipment	129,115			129,115
Totals at cost	4,470,246			4,470,246
Accumulated depreciation	(2,276,274)	(117,558)		(2,393,832)
Net capital assets	<u>2,193,972</u>	<u>(117,558)</u>		<u>2,076,414</u>

Capital Outlay by Function/Program

Expenditures for capital outlay by function for governmental activities for the year were as follows:

Public Health and Safety	83,380
Highways and Streets	<u>13,009</u>
	<u>96,389</u>

CITY OF CREIGHTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 7. CAPITAL ASSETS (Continued)

Depreciation

Depreciation expense was charged to the functions/programs as follows:

Governmental Activities

General government	18,738
Public Health and Safety	28,346
Highways and Streets	11,389
Public Works - other	2,996
Culture and Recreation	35,252
Total depreciation expense - governmental activities	<u>96,721</u>

Business-Type Activities

Water Fund	73,262
Sewer Fund	44,296
Total depreciation expense - business-type activities	<u>117,558</u>

NOTE 8. 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 has purchased commercial insurance to offset these certain risks. Settled claims have not significantly exceeded this commercial coverage in any of the past three fiscal years.

NOTE 9. SALE OF HOSPITAL AND TRANSFER TO GENERAL FUND

Effective February 1, 2011, the City of Creighton, Nebraska, completed the sale of Creighton Area Health Services (CAHS) to Avera Sacred Heart Health Services. The sale included substantially all of the real and personal property of the hospital, clinic, and nursing home.

The buyer paid off or assumed all USDA liabilities, other long-term debt, equipment leases, and provider agreements. Additionally, Avera agreed to operate the hospital for a minimum of 10 years. The City has the right of first refusal to repurchase the operating assets at fair value if Sacred Heart Health Services would decide to close or sell any of the operating facilities within the 10-year period.

As a result of this sale, remaining cash assets were transferred to the City's General Fund.

As of September 30, 2021, the City's General Fund included remaining cash accounts related to the hospital sale of \$2,775,699, which are considered assigned to future projects (including contingency for above repurchase agreement) and other uses to be determined by the City Council.

CITY OF CREIGHTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 10. TRANSFERS

Transfers for the year consisted of General Fund transfers for support to the Recycling Fund for \$14,000, \$20,000 for support of the Fire Fund, and \$15,000 for support to the Ambulance Fund.

NOTE 11. TAX ABATEMENTS

The City has approved property tax abatement agreements with local businesses in the form of TIF arrangements under the State of Nebraska Tax Increment Financing (TIF) laws. TIF is a method of financing the public costs associated with a private development project. Essentially, the property tax increases resulting from development are targeted to repay the public infrastructure investment required by a project.

TIF provides a means of encouraging private investment in deteriorating areas by allowing local governments to use future property tax revenues to finance the current infrastructure costs needed to attract development. Nebraska voters approved TIF in 1978 and the Unicameral passed enabling legislation in 1979. The legislature has revised the TIF statutes numerous times since.

Under Nebraska law, TIF projects may be commercial, residential, industrial, or mixed use. After a project is approved, the locality authorizes the issuance of warrants or TIF bonds to undertake public improvements in the designated area. The developer proceeds with construction in accordance with an approved plan and the bonds are paid off from the increase in property taxes resulting from the development. TIF arrangements are further disclosed and arrangements described in Note 5, Long-Term Debt.

For the fiscal year ended September 30, 2021, the following 2020 property taxes were abated under TIF arrangements.

Description	Total Tax Abated	City Share
Creighton Senior Living	8,687	2,410

The difference between the total tax and the City's share consist of taxes that would have been paid to other taxing entities absent the TIF arrangement.

NOTE 12. RESTATEMENT

As disclosed in Note 1, the City implemented GASB 84 during the year ended September 30, 2021. This reflected the change from reporting the TIF Fund as a fiduciary fund type to a non-major governmental fund. The fund balance of the TIF Fund at September 30, 2021, was \$- 0 -. The effect of the implementation did not result in a change to the governmental activities net position or the nonmajor governmental fund balance.

CITY OF CREIGHTON, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 13. RECENTLY ISSUED AND ADOPTED ACCOUNTING PRONOUNCEMENTS

In June 2017, GASB issued Statement 87, *Leases*. This statement is effective for fiscal years beginning after June 15, 2021. The City did not early implement this statement. When adopted, GASB 87 will require disclosure of the timing significance, and purpose of a government's leasing arrangements. When adopted, GASB 87 is not expected to have a material effect on the financial statements.

NOTE 14. SUBSEQUENT EVENTS

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through March 21, 2022, the date the financial statements were available to be issued.

In March 2022, the City approved the purchase of real estate at a cost of \$275,000. The property includes a building with a large meeting room and twelve motel rooms. The City plans to renovate this property for community use. The City has not advertised for bids for the renovation. The purchase and future renovation will be financed by the Hospital Fund, a component of the General Fund.

SUPPLEMENTARY INFORMATION

CITY OF CREIGHTON, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
ALL FUNDS
YEAR ENDED SEPTEMBER 30, 2021

	Budget Original and Final	Actual	Favorable (Unfavorable)
REVENUES			
Property taxes	196,699	172,701	(23,998)
Sales taxes	180,000	223,587	43,587
Motor vehicle taxes	25,000	27,495	2,495
Other taxes	15,000	20,324	5,324
Licenses and permits	2,350	2,327	(23)
Intergovernmental - federal	92,300	221,301	129,001
Intergovernmental - state	314,581	395,476	80,895
Charges for services	754,000	820,234	66,234
Interest	42,571	118,183	75,612
NPPD lease	190,000	171,962	(18,038)
Transfers	434,677	49,000	(385,677)
Grants		13,656	13,656
Insurance proceeds		3,657	3,657
TIF	7,000	8,601	1,601
Other	43,518	92,680	49,162
Total revenues	<u>2,297,696</u>	<u>2,341,184</u>	<u>43,488</u>
EXPENDITURES			
General government	205,190	138,271	66,919
Public Works - Recycling	17,566	13,403	4,163
Public Works - Street	556,300	381,596	174,704
Public Works - Utility funds	1,049,149	855,092	194,057
Public Health and Safety	529,929	400,497	129,432
Culture and Recreation	401,530	210,589	190,941
Economic Development	37,035	29,327	7,708
Housing Rehab and Community Development	63,740	34,722	29,018
Appropriation of hospital funds	2,855,507		2,855,507
TIF	7,000	8,601	(1,601)
Transfers	434,677	49,000	385,677
Total expenditures	<u>6,157,623</u>	<u>2,121,098</u>	<u>4,036,525</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(3,859,927)</u>	<u>220,086</u>	<u>4,080,013</u>
FUND BALANCE, beginning of year	<u>4,865,272</u>	<u>4,965,768</u>	
FUND BALANCE, end of year	<u>1,005,345</u>	<u>5,185,854</u>	

See accompanying notes to budgetary statement.

CITY OF CREIGHTON, NEBRASKA
NOTES TO BUDGETARY STATEMENT

NOTE 1. STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - ALL FUNDS

Basis of Accounting

The accompanying statements of revenues, expenditures, and changes in fund balances – budget and actual (budgetary basis) are presented on the cash basis of accounting. This basis is different than the basis of accounting used in preparing the basic financial statements. All unexpected appropriations lapse at the end of the budget year.

Budget Law

The City is required by state law to hold public hearings and adopt annual budgets for all funds on the cash basis of accounting. Total expenditures for each fund may not exceed the total budgeted expenditures. Appropriations for expenditures lapse at year end. Any revisions to the adopted budget of total expenditures to any fund require a public hearing.

The City uses the general all-purpose budget, which combines all funds. Expenditures may not legally exceed appropriations at the total level. Any revisions to the budget require Board approval.

Reconciliation

A reconciliation of operating results on the budgetary basis to net income for enterprise funds is as follows:

Revenues over expenditures - budgetary basis	
Governmental funds	214,633
Enterprise funds	<u>5,453</u>
Revenues over expenditures - all funds - budgetary basis	<u>220,086</u>
Revenues over expenditures - budgetary basis	
Enterprise funds	<u>5,453</u>
Adjustments	
Increase in deposits	(2,563)
Depreciation	(117,558)
Principal payments	<u>107,294</u>
Total adjustments	<u>(12,827)</u>
Net change in position - enterprise funds	<u>(7,374)</u>

CITY OF CREIGHTON, NEBRASKA
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE BY DEPARTMENT - MODIFIED CASH BASIS
YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)

	2021								2020 Total	
	General Government			Public Safety		Culture and Recreation				
	General	Economic Development	Hospital	Building	Police	Library	Park	Pool		Total
REVENUES										
Taxes										
Sales taxes	78,685							39,342	118,027	82,855
Property taxes	155,951								155,951	157,533
Motor vehicle tax	27,495								27,495	27,467
Nebraska Public Power District	20,324								20,324	22,561
Licenses and permits	2,327								2,327	2,571
Intergovernmental										
Municipal equalization	127,873								127,873	121,777
Homestead exemption	15,118								15,118	15,505
Property tax relief	9,890								9,890	11,725
Motor vehicle prorate	406								406	380
Other						5,669			5,669	5,420
Charges for services						347	10,170	9,995	20,512	12,364
Interest income	9,467		45,242			67		1,406	56,182	69,009
NPPD lease	85,981								85,981	87,778
Donations and other grants	8,220					5,436			13,656	19,502
Franchise fees	10,508								10,508	12,682
Other	55	276			3,300	2,156	6,711	602	13,100	18,075
Total revenues	552,300	276	45,242		3,300	13,675	16,881	51,345	683,019	667,204
EXPENDITURES										
Personnel services	41,603	24,965			155,547	72,284	12,340	23,423	330,162	301,683
Operating expenditures	69,247	4,362		14,661	19,740	26,783	19,972	21,117	175,882	192,081
Capital outlay	11,352			1,408	40,219		34,174	496	87,649	201,090
Total expenditures	122,202	29,327		16,069	215,506	99,067	66,486	45,036	593,693	694,854
REVENUES OVER (UNDER)	430,098	(29,051)	45,242	(16,069)	(212,206)	(85,392)	(49,605)	6,309	89,326	(27,650)
EXPENDITURES										

CITY OF CREIGHTON, NEBRASKA
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE BY DEPARTMENT - MODIFIED CASH BASIS
YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)

	2021								2020 Total
	General Government			Public Safety		Culture and Recreation			
	General	Economic Development	Hospital	Building	Police	Library	Park	Pool	
OTHER FINANCING SOURCES (USES)									
Insurance proceeds	3,207								3,207
Transfers	(420,039)	29,051		8,000	212,206	95,782	26,000		(49,000)
Total other financing sources (uses)	(416,832)	29,051		8,000	212,206	95,782	26,000		(45,793)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDI- TURES AND OTHER FINANCING USES	13,266		45,242	(8,069)		10,390	(23,605)	6,309	43,533
FUND BALANCE, beginning of year									3,104,285
FUND BALANCE, end of year									3,147,818

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CITY OF CREIGHTON, NEBRASKA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)

	2021							2020
	Street	Fire Department	Community Development	Recycling	Ambulance	TIF	ARPA	Total
REVENUES OVER (UNDER) EXPENDITURES	(3,988)	(4,931)	32,711	(10,605)	12,359		96,104	121,650
OTHER FINANCING SOURCES								
Insurance proceeds					450			450
Operating transfers in		20,000		14,000	15,000			49,000
Total other financing sources		20,000		14,000	15,450			49,450
								44,653
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(3,988)	15,069	32,711	3,395	27,809		96,104	171,100
FUND BALANCES, beginning of year	479,673	230,973	66,844	455	209,551			987,496
FUND BALANCES, end of year	475,685	246,042	99,555	3,850	237,360		96,104	1,158,596
								987,496

CITY OF CREIGHTON, NEBRASKA
NONMAJOR FUNDS
COMBINING STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
MODIFIED CASH BASIS
YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)

	2021						2020 Total (as restated)
	Recycling	Fire Department	Community Development	ARPA	TIF	Permanent Fund Hoferer Trust	Total
ASSETS							
Cash and cash equivalents	3,850	198,282	99,555	96,104			397,791
Certificates of deposit		47,444					47,444
Cash held by county treasurer		316				86,222	316
Restricted certificates of deposit							86,222
TOTAL ASSETS	<u>3,850</u>	<u>246,042</u>	<u>99,555</u>	<u>96,104</u>		<u>86,222</u>	<u>531,773</u>
							<u>384,494</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES	-0-	-0-	-0-	-0-	-0-	-0-	-0-
FUND BALANCES							
Restricted		246,042	99,555	96,104			441,701
Nonspendable - (Hoferer Fund)						86,222	86,222
Unassigned	3,850						3,850
Total fund balances	<u>3,850</u>	<u>246,042</u>	<u>99,555</u>	<u>96,104</u>		<u>86,222</u>	<u>531,773</u>
							<u>384,494</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>3,850</u>	<u>246,042</u>	<u>99,555</u>	<u>96,104</u>		<u>86,222</u>	<u>531,773</u>
							<u>384,494</u>

CITY OF CREIGHTON, NEBRASKA
NONMAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)

	2021						2020 (as restated)
	Recycling	Fire Department	Community Development	APRA	TIF	Permanent Fund Hoferer Trust	Total
REVENUES							
Taxes		16,750			8,601		25,351
Property taxes							28,934
Intergovernmental		9,934					9,934
Mutual Finance Organization		15,936					10,204
Rural Fire Department - cost share			32,897	96,104			15,936
Federal grants		4,911					129,001
Other		452	178				55,873
Interest							5,256
Grants	2,798	375	34,358				1,079
Other	2,798	48,358	67,433	96,104	8,601		7,358
Total revenues							20,694
							223,294
EXPENDITURES							
Operating	13,403	41,584	34,722		8,601		98,310
Capital outlay		11,705					11,705
Total expenditures	13,403	53,289	34,722		8,601		110,015
							137,169
REVENUES OVER (UNDER) EXPENDITURES	(10,605)	(4,931)	32,711	96,104			113,279
							15,036
OTHER FINANCING SOURCES							
Insurance proceeds							1,653
Operating transfers in	14,000	20,000					28,000
Total other financing sources	14,000	20,000					29,653
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES							
							44,689
FUND BALANCES, beginning of year	3,395	15,069	32,711	96,104		86,222	384,494
	455	230,973	66,844				339,805
FUND BALANCES, end of year	3,850	246,042	99,555	96,104		86,222	531,773
							384,494

CITY OF CREIGHTON, NEBRASKA
STATEMENT OF NET POSITION - ACCRUAL BASIS
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)

	2021				2020 Total
	Business-Type Activities - Enterprise Funds			Total	
	Sewer	Water	Sanitation		
ASSETS					
Current assets					
Cash and cash equivalents	422,644	223,619	61,172	707,435	762,920
Certificates of deposit	30,321	55,462		85,783	24,845
Accounts receivable (net)	27,369	37,025	14,256	78,650	86,574
Grant receivable		4,500		4,500	4,500
Inventories		36,406		36,406	37,401
Total current assets	<u>480,334</u>	<u>357,012</u>	<u>75,428</u>	<u>912,774</u>	<u>916,240</u>
Capital assets					
Nondepreciable - land	2,000	3,800	500	6,300	6,300
Depreciable assets					
Sewer system	1,770,934			1,770,934	1,770,934
Water system		2,563,897		2,563,897	2,563,897
Equipment	83,178	45,937		129,115	129,115
Accumulated depreciation	(718,322)	(1,675,510)		(2,393,832)	(2,276,274)
Total capital assets	<u>1,137,790</u>	<u>938,124</u>	<u>500</u>	<u>2,076,414</u>	<u>2,193,972</u>
TOTAL ASSETS	<u>1,618,124</u>	<u>1,295,136</u>	<u>75,928</u>	<u>2,989,188</u>	<u>3,110,212</u>

CITY OF CREIGHTON, NEBRASKA
STATEMENT OF NET POSITION - ACCRUAL BASIS
PROPRIETARY FUNDS
SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)

	2021				2020
	Business-Type Activities -				Total
	Sewer	Water	Sanitation	Total	
LIABILITIES					
Current liabilities					
Accounts payable	139	3,717		3,856	13,758
Accrued expenses	7,287	8,309		15,596	24,248
Current amount of long-term debt	55,240	60,000		115,240	107,294
Total current liabilities	62,666	72,026		134,692	145,300
Noncurrent liabilities					
Customer deposits		22,851		22,851	20,288
Notes payable - NDEQ	896,380			896,380	948,674
Bonds payable		670,000		670,000	725,000
Less current amounts	(55,240)	(60,000)		(115,240)	(107,294)
Total noncurrent liabilities	841,140	632,851		1,473,991	1,586,668
TOTAL LIABILITIES	903,806	704,877		1,608,683	1,731,968
NET POSITION					
Invested in capital assets, net of related debt	241,410	268,124	500	510,034	520,298
Unrestricted	472,908	322,135	75,428	870,471	857,946
TOTAL NET POSITION	714,318	590,259	75,928	1,380,505	1,378,244

The notes are an integral part of these financial statements.

CITY OF CREIGHTON, NEBRASKA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - ACCRUAL BASIS
PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)

	2021				2020	
	Business-Type Activities - Enterprise Funds			Total	Total	
	Sewer	Water	Sanitation	Total		
OPERATING REVENUES						
User charges	253,032	351,645	124,710	729,387	716,658	
Miscellaneous	2,104	4,856	13,326	20,286	13,629	
Total operating revenues	<u>255,136</u>	<u>356,501</u>	<u>138,036</u>	<u>749,673</u>	<u>730,287</u>	
OPERATING EXPENSES						
Personnel services	122,415	119,062		241,477	222,373	
Materials and supplies	6,720	67,398		74,118	66,283	
Repairs and maintenance	7,654	33,374		41,028	27,745	
Gasoline and oil	3,455	2,392		5,847	4,583	
Office expenses	622	838	132	1,592	1,690	
Insurance	8,267	15,180		23,447	18,739	
Utilities	12,772	45,384	344	58,500	63,689	
Purchased services			133,354	133,354	126,994	
Professional fees and schooling	21,445	37,449		58,894	36,250	
Depreciation expense	44,296	73,262		117,558	118,905	
Other	3,441	6,666	2,774	12,881	8,009	
Total operating expenses	<u>231,087</u>	<u>401,005</u>	<u>136,604</u>	<u>768,696</u>	<u>695,260</u>	
OPERATING INCOME (LOSS)	<u>24,049</u>	<u>(44,504)</u>	<u>1,432</u>	<u>(19,023)</u>	<u>35,027</u>	

CITY OF CREIGHTON, NEBRASKA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - ACCRUAL BASIS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)

	2021				2020	
	Business-Type Activities - Enterprise Funds				Total	
	Sewer	Water	Sanitation	Total		
NONOPERATING REVENUES (EXPENSES)						
Interest income	55	456		511	604	
City sales tax		39,342		39,342	27,618	
Federal grants					18,907	
Bond issue costs					(11,962)	
Interest expense	(8,391)	(10,178)		(18,569)	(31,420)	
Total nonoperating revenues (expenses)	(8,336)	29,620		21,284	3,747	
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	15,713	(14,884)	1,432	2,261	38,774	
CAPITAL CONTRIBUTIONS						
State grants					4,500	
CHANGE IN NET POSITION	15,713	(14,884)	1,432	2,261	43,274	
NET POSITION, beginning of year	698,605	605,143	74,496	1,378,244	1,334,970	
NET POSITION, end of year	714,318	590,259	75,928	1,380,505	1,378,244	

The notes are an integral part of these financial statements.

CITY OF CREIGHTON, NEBRASKA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)

	2021			2020		
	Enterprise Funds			Total		
	Sewer	Water	Sanitation	Total		
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	255,935	358,378	138,887	753,200	724,121	
Other cash received	2,104	4,856		6,960	1,161	
Cash paid for contracted hauling			(133,354)	(133,354)	(126,994)	
Cash paid for personnel services	(124,372)	(120,123)		(244,495)	(220,986)	
Other cash payments	(68,522)	(213,442)	(3,250)	(285,214)	(228,901)	
Net cash provided by operating activities	65,145	29,669	2,283	97,097	148,401	
CASH FLOWS FROM INVESTING ACTIVITIES						
Cash receipts from interest		105		105	70	
Certificates of deposit purchased	(30,266)	(30,266)		(60,532)		
Net cash provided by investing activities	(30,266)	(30,161)		(60,427)	70	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Federal grants					18,907	
Bond principal payments		(55,000)		(55,000)	(750,000)	
Bond issue costs					(11,962)	
Proceeds from bonds					710,000	
Principal paid on long-term debt	(52,294)			(52,294)	(51,565)	
Cash paid for interest	(12,584)	(11,619)		(24,203)	(31,420)	
Net cash used in capital and related financing activities	(64,878)	(66,619)		(131,497)	(116,040)	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
City sales tax receipts		39,342		39,342	27,618	
Net cash provided by noncapital financing activities		39,342		39,342	27,618	

CITY OF CREIGHTON, NEBRASKA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)

	2021			2020		
	Enterprise Funds			Total		
	Sewer	Water	Sanitation	Total		Total
NET INCREASE (DECREASE) IN CASH	(29,999)	(27,769)	2,283	(55,485)		60,049
CASH AND CASH EQUIVALENTS, beginning of year	452,643	251,388	58,889	762,920		702,871
CASH AND CASH EQUIVALENTS, end of year	422,644	223,619	61,172	707,435		762,920
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities						
Operating income (loss)	24,049	(44,504)	1,432	(19,023)		35,027
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation	44,296	73,262		117,558		118,905
Changes in assets and liabilities						
(Increase) decrease in accounts receivable	2,903	4,170	851	7,924		(4,130)
Decrease in inventory		995		995		330
Decrease in accounts payable	(4,146)	(5,756)		(9,902)		(2,243)
Increase (decrease) in customer deposits		2,563		2,563		(875)
Increase (decrease) in accrued expenses	(1,957)	(1,061)		(3,018)		1,387
Total adjustments	41,096	74,173	851	116,120		113,374
Net cash provided by operating activities	65,145	29,669	2,283	97,097		148,401
OTHER NONCASH ITEMS						
Increase in grants receivable						4,500

The notes are an integral part of these financial statements.

CITY OF CREIGHTON, NEBRASKA
NOTES TO STATEMENTS OF PROPRIETARY FUNDS

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The statements of proprietary funds (supplementary information) have been included and prepared in conformity with accounting principles generally accepted in the United States of America to satisfy Nebraska Revised Statute 19-2903, which requires that cities report enterprise funds on the accrual basis.

Measurement Focus

The statements of 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), and net financial position. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported.

Basis of Accounting

Revenues from user fees and sale of labor, material, and water are reported as operating revenues. Transactions which are capital, financing, or investing related are reported as nonoperating revenues. All expenses related to operating the proprietary funds are reported as operating expenses. Interest expense and financing costs are reported as nonoperating expenses.

Use of Estimates

In preparing the statements of proprietary funds in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that will affect the reported amounts of assets and liabilities, the disclosures 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, Cash Equivalents, and Investments

These items are presented in the same manner as in the modified cash basis financial statements.

Accounts Receivable

The accounts receivable of the enterprise funds have been adjusted for all known uncollectible accounts. Unbilled utility services are accrued at year end. All accounts receivable of the Water, Sewer, and Sanitation Funds are from consumers located in Creighton, Nebraska.

CITY OF CREIGHTON, NEBRASKA
NOTES TO STATEMENTS OF PROPRIETARY FUNDS

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory of materials in the enterprise funds are valued at the lower of cost or net realizable value as determined by the first-in, first-out (FIFO) method.

Capital Assets

These items are presented in the same manner as in the modified cash basis financial statements.

Accrued Expenses

Accrued expenses represent the liability for accrued salaries, vacation, and payroll taxes, as well as the liability for accrued interest on long-term debt obligations. Employees are not reimbursed for unused sick leave; therefore, sick leave is charged to operations as paid.

Long-Term Debt

These items are presented in the same manner as in the modified cash basis financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position - proprietary funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (revenue) until that time. At this time, the City has no transactions that meet the definition of deferred outflows of resources.

In addition to liabilities, the statement of net position - proprietary funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. At this time, the City has no transactions that meet the definition of deferred inflows of resources.

Equity Classification

Equity is classified as net position and displayed in three components as in the government-wide statements: net investment in capital assets, restricted, and unrestricted.

CITY OF CREIGHTON, NEBRASKA
NOTES TO STATEMENTS OF PROPRIETARY FUNDS

NOTE B. RECONCILIATION OF NET POSITION

Reconciliation of net position to the modified cash basis of accounting is as follows:

	Sewer	Water	Sanitation
Net position, accrual basis	714,318	590,259	75,928
Accounts receivable	(27,369)	(37,025)	(14,256)
Grant receivable		(4,500)	
Inventory		(36,406)	
Accounts payable - noncapital	139	3,717	
Accrued expenses	<u>7,287</u>	<u>8,309</u>	<u> </u>
Net position, modified cash basis	<u>694,375</u>	<u>524,354</u>	<u>61,672</u>

Reconciliation of net income to the modified cash basis of accounting is as follows:

	Sewer	Water	Sanitation
Net income (loss), accrual basis	15,713	(14,884)	1,432
Change in accounts receivable	2,903	4,170	851
Change in inventory		995	
Change in accounts payable - noncapital	(4,146)	(5,756)	
Change in accrued expenses	<u>(6,150)</u>	<u>(2,502)</u>	<u> </u>
Net income (loss), modified cash basis	<u>8,320</u>	<u>(17,977)</u>	<u>2,283</u>



**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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 City Council
City of Creighton, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Creighton, Nebraska, as of and for the year ended September 30, 2021, which collectively comprise the City of Creighton, Nebraska's basic financial statements, and have issued our report thereon dated March 21, 2022.

Internal Control Over Financial Reporting

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

Our consideration of internal control 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 were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 in the accompanying schedule of findings and responses to be material weaknesses as items 2021-001 and 2021-002.

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 in the accompanying schedule of findings and responses to be a significant deficiency as item 2021-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Creighton, Nebraska'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 is required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City of Creighton, Nebraska's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City of Creighton, Nebraska's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

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 City'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 City of Creighton, Nebraska's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dana F Cole + Company, LLP

O'Neill, Nebraska
March 21, 2022

CITY OF CREIGHTON, NEBRASKA
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2021

2021-001 SEGREGATION OF DUTIES

Criteria

Internal controls should be in place to ensure proper segregation of duties.

Condition

Due to the size of the City, there is limited segregation of duties over bookkeeping and accounting functions. The same individual routinely reconciles the bank statements, processes payroll and accounts payable, makes journal entries, and manages the general ledger functions.

Cause

The City has a limited number of personnel involved in the accounting functions.

Potential Effect

Because of the lack of segregation of duties, unauthorized transactions could occur.

Recommendations

Supervisors or a council member could review time cards and document their approval. The City should consider someone other than the City Clerk to reconcile bank statements and trace the expenditures, including ACH transfers and bank debits, to approved amounts and appropriate documentation. The City should consider cross-training of staff to periodically process payroll and accounts payable.

City's Response

The City has implemented procedures such as review of monthly revenue and expenditure reports by the Mayor to improve segregation of duties issues. The City Council also reviews and approves all expenditures. The City will, within the constraints of existing time and cost considerations, continue to review the situation and make improvements.

2021-002 UTILITY BILLING

Criteria

Internal controls should be in place to ensure proper utility billing and payment procedures are followed.

CITY OF CREIGHTON, NEBRASKA
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2021

2021-002 UTILITY BILLING (Continued)

Condition

The same individual posts payments, including cash, to customer accounts, enters billing, and makes adjustments to customer accounts including removal of delinquent accounts from the utility billing system.

Cause

The City has a limited number of personnel involved in the utility billing function.

Potential Effect

Because of the lack of segregation of duties, unauthorized transactions could occur or utility accounts could be adjusted or otherwise altered.

Recommendation

Due to limited personnel, it is not feasible to segregate these duties; however, we recommend that the adjustment procedures be limited to the City Clerk who does not routinely post cash payments. If this is not feasible or if the computer system cannot limit access, the City Clerk should review and approve all significant adjustments. In addition, at the end of the month, the City Clerk should review and approve the printout of all adjustments made during the month. This review should be documented.

We also recommend that the Clerk periodically review personal or related party accounts. The City Clerk should also consider random checks of accounts for proper billing and payment postings by taking a sample of the meter deposit readings and recalculating the customer statement to ensure proper billing. The City Clerk should also compare the printout of customer payments to deposit slips before they are deposited at the bank.

Uncollectible accounts should be reviewed by the Council on a periodic basis. A policy should be implemented to address past due accounts, which may include turning over to a collection agency. Any write-offs should be formally approved by the Council and documented in the minutes.

City's Response

The City will consider the above.

CITY OF CREIGHTON, NEBRASKA
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2021

2021-003 FINANCIAL REPORTING PROCESSES

Criteria

An organization should have policies and procedures, including related internal controls, in place to prepare accurate financial reports and year end financial statements, including the related disclosures.

Condition

The City has limited controls over the period-end financial reporting processes necessary to prepare the financial statements. The City utilizes the expertise of the auditor to propose adjustments and disclosures and to draft the financial statements.

Cause

The City has a limited number of personnel and has requested the auditors prepare the financial statements and related notes to the financial statements, in accordance with the basis of accounting described in Note 1 to the financial statements.

Potential Effect

Errors in the financial statements or disclosures could occur and not be detected by management.

Recommendation

The City should include all funds in the City's general ledger to provide for reconciliation to the financial statements. Monthly financial reports should be reconciled to the underlying general ledgers and cash accounts. All funds should be included on such reports. Management should carefully review financial statements including disclosures and understand the relationship to the underlying data. All proposed adjustments and accrual conversions should be understood before approving the final draft.

City's Response

The City relies on the auditor to propose the adjustments necessary to prepare the financial statements, including the related disclosures. The City reviews such financial statements and related disclosures and approves all adjustments.

CITY OF CREIGHTON, NEBRASKA
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2021

CONTROL DEFICIENCIES REPORTED IN PRIOR YEAR

Findings 2021-001, 2021-002, and 2021-003 were also reported for the year ended September 30, 2020, in our report dated February 11, 2021.

2020-004 REQUIRED COLLATERALIZATION

The City had deposits in excess of insured or collateralized. During the 2020-2021 year, City Management addressed the issue.