

CITY OF KIMBALL, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2021

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INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

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

Basis of Accounting

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kimball, Nebraska's financial statements. The management's discussion and analysis, budgetary comparison schedules, nonmajor fund combining statements, and statement of revenue and expenditures by General Fund department are presented for purposes of additional analysis and are not a required part of the financial statements.

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

paragraph is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2022, on our consideration of the City of Kimball, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Kimball's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Kimball, Nebraska's internal control over financial reporting and compliance.

AM 66, P.C.

Grand Island, Nebraska

March 10, 2022

**CITY OF KIMBALL, NEBRASKA
MANAGEMENT’S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2021**

MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of the City of Kimball, we offer readers of the City of Kimball financial statements this narrative overview and analysis of the financial activities of the City of Kimball for the fiscal year ended September 30, 2021.

Financial Highlights

- The assets of the City of Kimball exceeded its liabilities at the close of the most recent fiscal year by \$15,079,424 (*net position*). Of this amount, \$7,300,980 (*unrestricted net position*) may be used to meet the government’s ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Kimball governmental funds reported combined ending net position of \$5,077,361. Approximately 30.4 percent of this total amount, \$1,542,430, is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$537,941, or 43.5 percent of General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements include not only the City of Kimball itself (known as the *primary government*), but also the Airport Authority, for which the City of Kimball is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

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

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

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

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

The City of Kimball maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Street Fund, the Golf Fund, the Economic Development Fund, and the Bond Fund, all of which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of *combining statements* elsewhere in this report.

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

The City of Kimball adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General, Street, Golf, and Economic Development Funds to demonstrate compliance with this budget.

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

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

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

The proprietary fund financial statements can be found on pages 20-22 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-54 of this report.

Other information. In addition to the financial statements and accompanying notes, this report also presents certain *supplementary and other information* concerning the City of Kimball's budgetary comparison schedules, nonmajor combining statements, and revenues and expenditures by General Fund department, which can be found on pages 55-61 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Kimball, assets exceeded liabilities by \$15,079,424 at the close of the most recent fiscal year.

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

Summary Statements of Net Position

	September 30, 2021			September 30, 2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 3,655,396	\$ 7,409,704	\$ 11,065,100	\$ 3,591,877	\$ 7,037,457	\$ 10,629,334
Capital Assets	1,551,676	4,971,579	6,523,255	1,602,790	5,185,973	6,788,763
Total Assets	<u>5,207,072</u>	<u>12,381,283</u>	<u>17,588,355</u>	<u>5,194,667</u>	<u>12,223,430</u>	<u>17,418,097</u>
Long-term Liabilities	125,031	1,921,000	2,046,031	151,697	2,400,000	2,551,697
Other Liabilities	4,680	458,220	462,900	5,247	502,289	507,536
Total Liabilities	<u>129,711</u>	<u>2,379,220</u>	<u>2,508,931</u>	<u>156,944</u>	<u>2,902,289</u>	<u>3,059,233</u>
Net Position:						
Net Investment in						
Capital Assets	1,426,645	3,661,579	5,088,224	1,451,093	3,225,973	4,677,066
Restricted	2,108,286	581,934	2,690,220	2,363,185	674,440	3,037,625
Unrestricted	1,542,430	5,758,550	7,300,980	1,223,445	5,420,728	6,644,173
Total Net Position	<u>\$ 5,077,361</u>	<u>\$ 10,002,063</u>	<u>\$ 15,079,424</u>	<u>\$ 5,037,723</u>	<u>\$ 9,321,141</u>	<u>\$ 14,358,864</u>

A portion of the City of Kimball’s net position (33.7 percent) reflects its investment in capital assets (land, infrastructure, buildings, machinery, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Kimball uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Kimball’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Kimball’s net position (17.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$7,300,980) may be used to meet the government’s ongoing obligations to citizens and creditors.

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

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

Expenses and Program Revenues - Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2021</u>		<u>Year Ended September 30, 2020</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ -	\$ 195,320	\$ 11,779	\$ 199,328
Public Safety	91,808	603,402	20	570,408
Public Works	246,166	525,631	265,766	509,845
Environment and Leisure	348,916	740,462	327,184	694,241
Economic Development	-	658,880	-	1,245,969
Community Betterment	-	3,666	-	5,841
Interest	-	4,264	-	6,098
Depreciation	-	139,173	-	118,064
Total	<u>\$ 686,890</u>	<u>\$ 2,870,798</u>	<u>\$ 604,749</u>	<u>\$ 3,349,794</u>

Revenues by Source - Governmental Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2021</u>		<u>Year Ended September 30, 2020</u>	
Charges for Services	\$ 251,842	8.65 %	\$ 230,997	8.57 %
Operating Grants and Contributions	225,052	7.73	144,834	5.37
Capital Grants and Contributions	209,996	7.22	228,918	8.49
Property Taxes	471,157	16.19	493,008	18.28
Motor Vehicle Taxes	48,584	1.67	50,202	1.86
Sales Tax	555,448	19.08	563,833	20.91
Occupation Taxes	144,734	4.97	145,187	5.38
Franchise Taxes	30,124	1.03	33,365	1.24
State Allocation	661,117	22.72	575,785	21.35
Keno Proceeds	35,155	1.21	34,581	1.28
Other	199,944	6.87	242,913	9.01
Interest	52,283	1.80	55,124	2.04
Loss on Disposal of Equipment	-	-	(123,867)	(4.59)
Transfers In	25,000	0.86	21,952	0.81
Total	<u>\$ 2,910,436</u>	<u>100.00 %</u>	<u>\$ 2,696,832</u>	<u>100.00 %</u>

Net position increased \$39,638 in the governmental funds during the year ended September 30, 2021.

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

Business-type activities. Business-type activities increased the City of Kimball's net position by \$680,922. Key elements of this increase are as follows:

Expenses and Program Revenues - Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2021</u>		<u>Year Ended September 30, 2020</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 3,334,023	\$ 2,709,776	\$ 3,139,484	\$ 2,909,894
Water	727,940	569,031	707,629	606,177
Sewer	431,322	395,247	397,229	400,270
Trash	208,235	198,275	196,425	194,069
Landfill	528,544	689,557	501,757	584,459
Total	5,230,064	4,561,886	4,942,524	4,694,869
Transfers out	-	25,000	-	21,952
Total	<u>\$ 5,230,064</u>	<u>\$ 4,586,886</u>	<u>\$ 4,942,524</u>	<u>\$ 4,716,821</u>

Revenues by Source - Business-type Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2021</u>		<u>Year Ended September 30, 2020</u>	
Charges for Services	\$ 5,230,064	99.28 %	\$ 4,917,453	86.27 %
Operating Grants and Contributions	-	-	25,071	0.44
Interest	40,708	0.77	116,276	2.04
Miscellaneous	-	-	640,981	11.25
Gain on Disposal of Equipment	(2,964)	(0.05)	-	-
Total	<u>\$ 5,267,808</u>	<u>100.00 %</u>	<u>\$ 5,699,781</u>	<u>100.00 %</u>

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Kimball's governmental funds reported combined ending fund balances of \$3,135,739. Approximately 16.3 percent of this total amount (\$511,106) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balances is not available for new spending because it has already been 1) restricted for street projects (\$635,870), 2) restricted for fire

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

equipment (\$80,787), 3) restricted for community betterment (\$185,082), 4) restricted for economic development (\$546,387), 5) restricted for debt service (\$650,377), 6) assigned for library programs (\$23,061), 7) assigned for cemetery improvements (\$74,628), 8) assigned for handyman program (\$943), 9) restricted for community development (\$9,783), 10) restricted for federal programs (\$209,996), or 11) assigned for budgetary stabilization (\$207,719).

The General Fund is the chief operating fund of the City of Kimball. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$537,941, while total fund balance was \$1,053,345. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 43.5 percent of total General Fund expenditures, while total fund balance represents 85.1 percent of that same amount.

The fund balance of the City of Kimball's General Fund increased by \$345,280 and the fund balance of the Economic Development Fund decreased \$330,523 during the current fiscal year.

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

Unrestricted net position of the proprietary funds at the end of the year were as follows: Electric Fund – \$5,179,681, Water Fund – \$469,485, Sewer Fund – \$73,166, Trash Fund – \$340,432, and Landfill Fund – deficit of \$(304,214). The change in net position for the proprietary funds was as follows: Electric Fund – increase of \$704,067, Water Fund – increase of \$133,435, Sewer Fund – increase of \$11,075, Trash Fund – increase of \$9,960, and Landfill Fund – decrease of \$(177,615). Other factors concerning the finances of these five funds have already been addressed in the discussion of the City of Kimball's business-type activities.

Budgetary Highlights

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

Capital Asset and Debt Administration

Capital Assets. The City of Kimball's investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounts to \$6,523,255 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, building and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Major capital asset events (greater than \$10,000) during the current fiscal year included the following:

- 2021 Chevy police pickup - \$42,779
- Crafc0 tar pot - \$17,740

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

- Underpass renovation - \$18,290
- Backup meter point - \$50,000
- AMR equipment - \$26,955
- Case IH Farmall 140A tractor - \$85,521
- Water main loop construction in progress - \$65,400
- JWC wipes cutter system - \$18,254
- Pro Plus sewer camera - \$10,950
- Landfill gas detection probes - \$18,710
- Landfill breakroom addition - \$36,447

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

	Year Ended September 30, 2021			Year Ended September 30, 2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 4,000	\$ 104,260	\$ 108,260	\$ 4,000	\$ 104,260	\$ 108,260
Construction in progress	-	92,355	92,355	-	5,127	5,127
Infrastructure	1,242,577	-	1,242,577	1,287,475	-	1,287,475
Buildings and improvements	-	1,338,659	1,338,659	-	1,340,283	1,340,283
Equipment and vehicles	305,099	667,313	972,412	311,315	708,089	1,019,404
Distribution systems	-	2,768,992	2,768,992	-	3,028,214	3,028,214
Total	<u>\$ 1,551,676</u>	<u>\$ 4,971,579</u>	<u>\$ 6,523,255</u>	<u>\$ 1,602,790</u>	<u>\$ 5,185,973</u>	<u>\$ 6,788,763</u>

Additional information on the City of Kimball's capital assets can be found in Note C3 on pages 42-45 of this report.

Long-term debt. At the end of the current fiscal year, the City of Kimball had a total long-term debt outstanding of \$1,435,031.

City of Kimball's Outstanding Debt

	Year Ended September 30, 2021			Year Ended September 30, 2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Notes payable	\$ 125,031	\$ -	\$ 125,031	\$ 151,697	\$ -	\$ 151,697
Bonds payable	-	1,310,000	1,310,000	-	1,960,000	1,960,000
Total	<u>\$ 125,031</u>	<u>\$ 1,310,000</u>	<u>\$ 1,435,031</u>	<u>\$ 151,697</u>	<u>\$ 1,960,000</u>	<u>\$ 2,111,697</u>

The City of Kimball's total debt decreased by \$676,666 (32.0 percent) during the current fiscal year, due to scheduled payments and paying off Electric bonds early.

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

Additional information on the City of Kimball's long-term debt can be found in Note C4 on pages 45-48 of this report.

Economic Factors and Next Year's Budgets and Rates

- Property tax asking for the year ending September 30, 2022, is \$501,494, an increase of \$20,936 (4.4 percent) from the prior year.
- The City is considering increasing utility rates.
- The City had a commitment of \$118,289 on the water main looping project at September 30, 2021.

All of these factors were considered in preparing the City of Kimball's budget for the year ending September 30, 2022.

Request for Information

This financial report is designed to provide a general overview of the City of Kimball's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Treasurer, City of Kimball, 223 S. Chestnut St., Kimball, NE 69145.

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

	Primary Government			Component Unit (Accrual Basis)
	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 171,707	\$ 1,524,677	\$ 1,696,384	\$ 130,939
Certificates of deposit	1,147,823	3,362,621	4,510,444	-
County treasurer cash	17,584	-	17,584	1,250
Accounts receivable	-	475,555	475,555	8,020
Unbilled revenue	-	311,381	311,381	-
Inventory	-	390,180	390,180	29,979
Prepaid expenses	-	37,356	37,356	2,100
Total current assets	1,337,114	6,101,770	7,438,884	172,288
Noncurrent assets:				
Restricted cash and cash equivalents	2,318,282	-	2,318,282	-
Restricted certificates of deposit	-	1,307,934	1,307,934	-
Capital assets:				
Land	4,000	104,260	108,260	-
Construction in progress	-	92,355	92,355	225,098
Other capital assets, net of depreciation	1,547,676	4,774,964	6,322,640	2,173,048
Net capital assets	1,551,676	4,971,579	6,523,255	2,398,146
Total noncurrent assets	3,869,958	6,279,513	10,149,471	2,398,146
Total assets	5,207,072	12,381,283	17,588,355	2,570,434
LIABILITIES				
Current liabilities:				
Accounts payable	-	153,923	153,923	47,859
Accrued wages and vacation	-	99,160	99,160	-
Payroll withholding	4,680	-	4,680	-
Sales tax payable	-	26,661	26,661	-
Accrued interest	-	3,566	3,566	1,153
Customer deposits	-	59,910	59,910	-
Current portion of long-term obligations	-	115,000	115,000	21,548
Total current liabilities	4,680	458,220	462,900	70,560
Noncurrent liabilities:				
Landfill closure liability	-	726,000	726,000	-
Noncurrent portion of long-term obligations	125,031	1,195,000	1,320,031	117,382
Total noncurrent liabilities	125,031	1,921,000	2,046,031	117,382
Total liabilities	129,711	2,379,220	2,508,931	187,942
NET POSITION				
Net investment in capital assets	1,426,645	3,661,579	5,088,224	2,259,216
Restricted for:				
Debt service	650,377	-	650,377	-
Street projects	635,870	-	635,870	-
Capital projects	80,787	-	80,787	-
Community betterment	185,082	-	185,082	-
Economic development	546,387	-	546,387	-
Community development	9,783	-	9,783	-
Landfill closure and post-closure	-	581,934	581,934	-
Unrestricted	1,542,430	5,758,550	7,300,980	123,276
Total net position	\$ 5,077,361	\$ 10,002,063	\$ 15,079,424	\$ 2,382,492

See notes to financial statements.

CITY OF KIMBALL, NEBRASKA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
General government	\$ 195,320	\$ -	\$ -
Public safety	603,402	-	91,808
Public works	525,631	36,170	-
Environment and leisure	740,462	215,672	133,244
Economic development	658,880	-	-
Community betterment	3,666	-	-
Interest and related expenses	4,264	-	-
Depreciation - unallocated	139,173	-	-
Total governmental activities	<u>2,870,798</u>	<u>251,842</u>	<u>225,052</u>
Business-type activities:			
Electric	2,709,776	3,334,023	-
Water	569,031	727,940	-
Sewer	395,247	431,322	-
Trash	198,275	208,235	-
Landfill	689,557	528,544	-
Total business-type activities	<u>4,561,886</u>	<u>5,230,064</u>	<u>-</u>
Total primary government	<u><u>\$ 7,432,684</u></u>	<u><u>\$ 5,481,906</u></u>	<u><u>\$ 225,052</u></u>
Component unit:			
Airport Authority	<u><u>\$ 393,054</u></u>	<u><u>\$ 113,787</u></u>	<u><u>\$ 199,351</u></u>

See notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position				
Capital Grants and Contributions	Primary Government			Component Unit (Accrual Basis)
	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)	Total	
\$ -	\$ (195,320)		\$ (195,320)	
-	(511,594)		(511,594)	
209,996	(279,465)		(279,465)	
-	(391,546)		(391,546)	
-	(658,880)		(658,880)	
-	(3,666)		(3,666)	
-	(4,264)		(4,264)	
-	(139,173)		(139,173)	
<u>209,996</u>	<u>(2,183,908)</u>	\$ -	<u>(2,183,908)</u>	
-	-	624,247	624,247	
-	-	158,909	158,909	
-	-	36,075	36,075	
-	-	9,960	9,960	
-	-	(161,013)	(161,013)	
-	-	<u>668,178</u>	<u>668,178</u>	
<u>\$ 209,996</u>	<u>(2,183,908)</u>	<u>668,178</u>	<u>(1,515,730)</u>	
<u>\$ -</u>				\$ (79,916)
General revenues:				
Taxes:				
Property	471,157	-	471,157	44,191
Motor vehicle	48,584	-	48,584	-
Sales tax	555,448	-	555,448	-
Occupation	144,734	-	144,734	-
Franchise fees	30,124	-	30,124	-
State allocation	661,117	-	661,117	-
Keno proceeds	35,155	-	35,155	-
Miscellaneous	199,944	-	199,944	366
Interest income	52,283	40,708	92,991	211
Loss on disposal of equipment	-	(2,964)	(2,964)	-
Interfund transfers	25,000	(25,000)	-	-
Total general revenues	<u>2,223,546</u>	<u>12,744</u>	<u>2,236,290</u>	<u>44,768</u>
Change in net position	39,638	680,922	720,560	(35,148)
Net position - September 30, 2020				
As originally reported	5,037,723	9,787,141	14,824,864	2,417,640
Restatement	-	(466,000)	(466,000)	-
As restated	<u>5,037,723</u>	<u>9,321,141</u>	<u>14,358,864</u>	<u>2,417,640</u>
Net position - September 30, 2021	<u>\$ 5,077,361</u>	<u>\$ 10,002,063</u>	<u>\$ 15,079,424</u>	<u>\$ 2,382,492</u>

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

September 30, 2021

	General <u>Fund</u>	Street <u>Fund</u>	Golf <u>Fund</u>
ASSETS			
Cash and cash equivalents	\$ (112,062)	\$ 635,870	\$ (26,835)
Certificates of deposit	1,147,823	-	-
County treasurer cash	17,584	-	-
	<u>1,053,345</u>	<u>635,870</u>	<u>(26,835)</u>
Total assets	<u>\$ 1,053,345</u>	<u>\$ 635,870</u>	<u>\$ (26,835)</u>
LIABILITIES AND FUND BALANCES			
Liabilities:	\$ -	\$ -	\$ -
Fund balances:			
Restricted for:			
Street projects	-	635,870	-
Fire equipment	-	-	-
Community betterment	-	-	-
Economic development	-	-	-
Debt service	-	-	-
Community development	-	-	-
Federal programs	209,996	-	-
Assigned for:			
Library programs	23,061	-	-
Cemetery improvements	74,628	-	-
Handyman program	-	-	-
Budgetary stabilization	207,719	-	-
Unassigned	537,941	-	(26,835)
Total fund balances	<u>1,053,345</u>	<u>635,870</u>	<u>(26,835)</u>
Total liabilities and fund balances	<u>\$ 1,053,345</u>	<u>\$ 635,870</u>	<u>\$ (26,835)</u>

See notes to financial statements.

Economic Development <u>Fund</u>	Bond <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
\$ 546,387	\$ 650,377	\$ 276,595	\$ 1,970,332
-	-	-	1,147,823
-	-	-	17,584
<u>\$ 546,387</u>	<u>\$ 650,377</u>	<u>\$ 276,595</u>	<u>\$ 3,135,739</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	635,870
-	-	80,787	80,787
-	-	185,082	185,082
546,387	-	-	546,387
-	650,377	-	650,377
-	-	9,783	9,783
-	-	-	209,996
-	-	-	23,061
-	-	-	74,628
-	-	943	943
-	-	-	207,719
-	-	-	511,106
<u>546,387</u>	<u>650,377</u>	<u>276,595</u>	<u>3,135,739</u>
<u>\$ 546,387</u>	<u>\$ 650,377</u>	<u>\$ 276,595</u>	<u>\$ 3,135,739</u>

CITY OF KIMBALL, NEBRASKA

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

September 30, 2021

Total fund balances - governmental funds \$ 3,135,739

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$2,686,860 and the accumulated depreciation is \$1,135,184. 1,551,676

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position. 514,977

Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Notes payable (125,031)

Total net position - governmental activities \$ 5,077,361

See notes to financial statements.

CITY OF KIMBALL, NEBRASKA

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

For the year ended September 30, 2021

	<u>General</u> <u>Fund</u>	<u>Street</u> <u>Fund</u>	<u>Golf</u> <u>Fund</u>
REVENUES			
Taxes:			
Property	\$ 462,023	\$ -	\$ -
Motor vehicle	48,584	-	-
Sales	310,588	85,244	-
Occupation	144,734	-	-
Franchise fees	30,124	-	-
Intergovernmental	219,093	442,024	-
Keno proceeds	-	-	-
Charges for services	39,873	-	192,937
Grants and contributions	338,067	-	96,981
Licenses and permits	8,071	-	-
Interest income	27,379	-	-
Lease and rent	-	-	7,150
Loan collections	-	-	-
Other income	47,866	4,757	50,720
Total revenues	<u>1,676,402</u>	<u>532,025</u>	<u>347,788</u>
EXPENDITURES			
General government	194,815	-	-
Public safety	603,402	-	-
Public works	70,183	441,096	-
Environment and leisure	317,383	-	423,079
Economic development	-	-	-
Community betterment	-	-	-
Capital outlay	52,029	36,030	-
Principal payments on debt	-	-	26,666
Interest on long-term debt	-	-	4,264
Total expenditures	<u>1,237,812</u>	<u>477,126</u>	<u>454,009</u>
Excess (deficiency) of revenues over expenditures	438,590	54,899	(106,221)
OTHER FINANCING SOURCES (USES)			
Transfers in	38,900	-	87,210
Transfers out	<u>(132,210)</u>	<u>(10,000)</u>	-
Net transfers	<u>(93,310)</u>	<u>(10,000)</u>	<u>87,210</u>
Net change in fund balances	345,280	44,899	(19,011)
Fund balances - September 30, 2020	<u>708,065</u>	<u>590,971</u>	<u>(7,824)</u>
Fund balances - September 30, 2021	<u>\$ 1,053,345</u>	<u>\$ 635,870</u>	<u>\$ (26,835)</u>

See notes to financial statements.

Economic Development <u>Fund</u>	Bond <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
\$ -	\$ 223	\$ 8,911	\$ 471,157
-	-	-	48,584
159,616	-	-	555,448
-	-	-	144,734
-	-	-	30,124
-	-	-	661,117
-	-	35,155	35,155
-	-	11,882	244,692
-	-	-	435,048
-	-	1,760	9,831
24,057	-	217	51,653
-	-	-	7,150
94,334	-	-	94,334
350	-	-	103,693
<u>278,357</u>	<u>223</u>	<u>57,925</u>	<u>2,892,720</u>
-	505	-	195,320
-	-	-	603,402
-	-	14,352	525,631
-	-	-	740,462
658,880	-	-	658,880
-	-	3,666	3,666
-	-	-	88,059
-	-	-	26,666
-	-	-	4,264
<u>658,880</u>	<u>505</u>	<u>18,018</u>	<u>2,846,350</u>
(380,523)	(282)	39,907	46,370
50,000	-	-	176,110
-	-	(8,900)	(151,110)
<u>50,000</u>	<u>-</u>	<u>(8,900)</u>	<u>25,000</u>
(330,523)	(282)	31,007	71,370
<u>876,910</u>	<u>650,659</u>	<u>245,588</u>	<u>3,064,369</u>
<u>\$ 546,387</u>	<u>\$ 650,377</u>	<u>\$ 276,595</u>	<u>\$ 3,135,739</u>

CITY OF KIMBALL, NEBRASKA

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

For the year ended September 30, 2021

Total net change in fund balances - governmental funds	\$ 71,370
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay (\$88,059) is exceeded by depreciation expense (\$139,173) during the period.	(51,114)
Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	26,666
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenues of internal service funds is reported with governmental activities.	<u>(7,284)</u>
Change in net position of governmental activities	<u><u>\$ 39,638</u></u>

See notes to financial statements.

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

	Enterprise Funds		
	Electric Fund	Water Fund	Sewer Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,279,382	\$ 240,100	\$ 14,489
Certificates of deposit	3,362,621	-	-
Accounts receivable	292,735	98,326	36,218
Unbilled revenue	183,937	61,279	29,766
Inventory	304,090	86,090	-
Prepaid insurance	20,392	5,991	4,873
Total current assets	<u>5,443,157</u>	<u>491,786</u>	<u>85,346</u>
Noncurrent assets:			
Restricted certificates of deposit	-	-	-
Capital assets:			
Land	23,762	23,812	8,810
Construction in progress	26,955	65,400	-
Distribution systems	5,281,373	3,318,656	2,384,437
Buildings and improvements	162,302	-	-
Equipment	861,723	412,511	347,690
Less accumulated depreciation	<u>(4,069,577)</u>	<u>(3,090,369)</u>	<u>(2,290,112)</u>
Net capital assets	<u>2,286,538</u>	<u>730,010</u>	<u>450,825</u>
Total noncurrent assets	<u>2,286,538</u>	<u>730,010</u>	<u>450,825</u>
Total assets	<u>7,729,695</u>	<u>1,221,796</u>	<u>536,171</u>
LIABILITIES			
Current liabilities:			
Accounts payable	120,701	12,208	5,845
Accrued wages and vacation	55,514	8,525	5,934
Payroll withholding	-	-	-
Sales tax payable	26,661	-	-
Accrued interest	690	1,568	401
Customer deposits	59,910	-	-
Current portion of long-term obligations	18,997	45,000	11,044
Total current liabilities	<u>282,473</u>	<u>67,301</u>	<u>23,224</u>
Noncurrent liabilities:			
Landfill closure liability	-	-	-
Noncurrent portion of long-term obligations	58,718	180,000	34,136
Total noncurrent liabilities	<u>58,718</u>	<u>180,000</u>	<u>34,136</u>
Total liabilities	<u>341,191</u>	<u>247,301</u>	<u>57,360</u>
NET POSITION			
Net investment in capital assets	2,208,823	505,010	405,645
Restricted	-	-	-
Unrestricted	5,179,681	469,485	73,166
Total net position	<u>\$ 7,388,504</u>	<u>\$ 974,495</u>	<u>\$ 478,811</u>

See notes to financial statements.

Enterprise Funds			Governmental
Trash	Landfill		Activities -
<u>Fund</u>	<u>Fund</u>	<u>Total</u>	Internal Service
			<u>Fund</u>
\$ 265,795	\$ (275,089)	\$ 1,524,677	\$ 519,657
-	-	3,362,621	-
48,276	-	475,555	-
36,399	-	311,381	-
-	-	390,180	-
1,124	4,976	37,356	-
<u>351,594</u>	<u>(270,113)</u>	<u>6,101,770</u>	<u>519,657</u>
-	1,307,934	1,307,934	-
-	47,876	104,260	-
-	-	92,355	-
-	-	10,984,466	-
30,161	2,145,608	2,338,071	-
736,530	463,730	2,822,184	-
(697,515)	(1,222,184)	(11,369,757)	-
<u>69,176</u>	<u>1,435,030</u>	<u>4,971,579</u>	<u>-</u>
<u>69,176</u>	<u>2,742,964</u>	<u>6,279,513</u>	<u>-</u>
<u>420,770</u>	<u>2,472,851</u>	<u>12,381,283</u>	<u>519,657</u>
3,564	11,605	153,923	-
7,598	21,589	99,160	-
-	-	-	4,680
-	-	26,661	-
-	907	3,566	-
-	-	59,910	-
-	39,959	115,000	-
<u>11,162</u>	<u>74,060</u>	<u>458,220</u>	<u>4,680</u>
-	726,000	726,000	-
-	922,146	1,195,000	-
-	1,648,146	1,921,000	-
<u>11,162</u>	<u>1,722,206</u>	<u>2,379,220</u>	<u>4,680</u>
69,176	472,925	3,661,579	-
-	581,934	581,934	-
340,432	(304,214)	5,758,550	514,977
<u>\$ 409,608</u>	<u>\$ 750,645</u>	<u>\$ 10,002,063</u>	<u>\$ 514,977</u>

CITY OF KIMBALL, NEBRASKA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS**

For the year ended September 30, 2021

	Enterprise Funds		
	Electric Fund	Water Fund	Sewer Fund
Operating revenues:			
Sales	\$ 3,113,623	\$ 686,149	\$ 431,285
Interdepartmental charges	-	-	-
Occupation taxes	117,111	27,993	-
Other revenue	103,289	13,798	37
Total operating revenues	3,334,023	727,940	431,322
Operating expenses:			
Cost of power	1,390,780	-	-
Personnel costs	531,737	239,060	199,741
Utilities and telephone	11,029	75,102	39,885
Repairs and maintenance	101,750	42,261	22,877
Contract services	9,069	4,373	6,286
Supplies	58,345	12,472	16,938
Professional fees	26,239	19,145	9,127
Insurance	91,758	25,144	20,712
Fuel and transportation	83,874	2,992	2,533
Dues, memberships, and training	7,105	1,414	2,259
Other expenses	19,622	5,752	2,826
Occupation taxes	118,646	26,087	-
Landfill closure costs	-	-	-
Depreciation	253,902	109,706	70,637
Benefits paid	-	-	-
Total operating expenses	2,703,856	563,508	393,821
Operating income (loss)	630,167	164,432	37,501
Nonoperating revenues (expenses):			
Interest income	32,310	-	-
Loss on disposal of equipment	(2,490)	(474)	-
Interest expense	(5,920)	(5,523)	(1,426)
Total nonoperating revenues (expenses)	23,900	(5,997)	(1,426)
Excess (deficiency) of revenues over expenses before transfers	654,067	158,435	36,075
Transfers from (to) other funds	50,000	(25,000)	(25,000)
Change in net position	704,067	133,435	11,075
Net position - September 30, 2020			
As originally reported	6,684,437	841,060	467,736
Restatement	-	-	-
As restated	6,684,437	841,060	467,736
Net position - September 30, 2021	\$ 7,388,504	\$ 974,495	\$ 478,811

See notes to financial statements.

<u>Enterprise Funds</u>				Governmental Activities - Internal Service <u>Fund</u>
<u>Trash Fund</u>	<u>Landfill Fund</u>		<u>Total</u>	
\$ 206,495	\$ 526,355		\$ 4,963,907	\$ -
-	-		-	343,554
-	-		145,104	-
1,740	2,189		121,053	-
<u>208,235</u>	<u>528,544</u>		<u>5,230,064</u>	<u>343,554</u>
-	-		1,390,780	-
93,250	231,870		1,295,658	-
-	27,420		153,436	-
38,192	44,325		249,405	-
-	51,089		70,817	-
5,332	20,586		113,673	-
6,406	25,378		86,295	-
13,748	20,555		171,917	-
7,291	8,904		105,594	-
561	12,130		23,469	-
1,899	1,403		31,502	-
-	-		144,733	-
-	136,000		136,000	-
31,596	74,872		540,713	-
-	-		-	351,468
<u>198,275</u>	<u>654,532</u>		<u>4,513,992</u>	<u>351,468</u>
9,960	(125,988)		716,072	(7,914)
-	8,398		40,708	630
-	-		(2,964)	-
-	(35,025)		(47,894)	-
<u>-</u>	<u>(26,627)</u>		<u>(10,150)</u>	<u>630</u>
9,960	(152,615)		705,922	(7,284)
-	(25,000)		(25,000)	-
<u>9,960</u>	<u>(177,615)</u>		<u>680,922</u>	<u>(7,284)</u>
399,648	1,394,260		9,787,141	522,261
-	(466,000)		(466,000)	-
<u>399,648</u>	<u>928,260</u>		<u>9,321,141</u>	<u>522,261</u>
<u>\$ 409,608</u>	<u>\$ 750,645</u>		<u>\$ 10,002,063</u>	<u>\$ 514,977</u>

CITY OF KIMBALL, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the year ended September 30, 2021

	Enterprise Funds	
	Electric Fund	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 3,322,709	\$ 722,757
Interdepartmental charges	-	-
Payments to suppliers	(1,880,044)	(212,521)
Payments to employees	(536,695)	(243,870)
Net cash provided (used) by operating activities	905,970	266,366
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfer from (to) other funds	50,000	(25,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(76,955)	(102,590)
Principal payments on capital debt	(562,270)	(40,000)
Interest paid on capital debt	(11,360)	(5,728)
Net cash used by capital and related financing activities	(650,585)	(148,318)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in certificates of deposit	(28,723)	-
Increase in restricted certificates of deposit	-	-
Interest received	32,310	-
Net cash provided (used) by investing activities	3,587	-
Increase (decrease) in cash and cash equivalents	308,972	93,048
Cash and cash equivalents - beginning of the year	970,410	147,052
Cash and cash equivalents - end of the year	\$ 1,279,382	\$ 240,100
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 630,167	\$ 164,432
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	253,902	109,706
Landfill closure costs	-	-
Change in assets and liabilities:		
Accounts receivable and unbilled revenue	(11,314)	(5,183)
Inventories	22,318	(1,127)
Prepaid insurance	3,944	(62)
Accounts payable	10,389	3,410
Accrued wages and vacation	(4,958)	(4,810)
Payroll withholding	-	-
Sales tax payable	2,572	-
Customer deposits	(1,050)	-
Net cash provided (used) by operating activities	\$ 905,970	\$ 266,366

See notes to financial statements.

Enterprise Funds				Governmental Activities - Internal Service Fund
Sewer Fund	Trash Fund	Landfill Fund	Total	
\$ 434,668	\$ 206,731	\$ 528,544	\$ 5,215,409	\$ -
-	-	-	-	343,554
(121,306)	(71,600)	(204,509)	(2,489,980)	(352,035)
(212,736)	(93,629)	(227,454)	(1,314,384)	-
<u>100,626</u>	<u>41,502</u>	<u>96,581</u>	<u>1,411,045</u>	<u>(8,481)</u>
(25,000)	-	(25,000)	(25,000)	-
(64,711)	-	(85,027)	(329,283)	-
(10,040)	-	(37,690)	(650,000)	-
(1,497)	-	(45,836)	(64,421)	-
<u>(76,248)</u>	<u>-</u>	<u>(168,553)</u>	<u>(1,043,704)</u>	<u>-</u>
-	-	-	(28,723)	-
-	-	(43,494)	(43,494)	-
-	-	8,398	40,708	630
<u>-</u>	<u>-</u>	<u>(35,096)</u>	<u>(31,509)</u>	<u>630</u>
(622)	41,502	(132,068)	310,832	(7,851)
<u>15,111</u>	<u>224,293</u>	<u>(143,021)</u>	<u>1,213,845</u>	<u>527,508</u>
<u>\$ 14,489</u>	<u>\$ 265,795</u>	<u>\$ (275,089)</u>	<u>\$ 1,524,677</u>	<u>\$ 519,657</u>
\$ 37,501	\$ 9,960	\$ (125,988)	\$ 716,072	\$ (7,914)
70,637	31,596	74,872	540,713	-
-	-	136,000	136,000	-
3,346	(1,504)	-	(14,655)	-
-	-	-	21,191	-
(89)	92	381	4,266	-
2,226	1,737	6,900	24,662	-
(12,995)	(379)	4,416	(18,726)	-
-	-	-	-	(567)
-	-	-	2,572	-
-	-	-	(1,050)	-
<u>\$ 100,626</u>	<u>\$ 41,502</u>	<u>\$ 96,581</u>	<u>\$ 1,411,045</u>	<u>\$ (8,481)</u>

CITY OF KIMBALL, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

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CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note.

1. Financial Reporting Entity

The City of Kimball, Nebraska, was incorporated in 1921. The City operates under a Mayor-Council form of government with an elected Mayor, and an elected legislative body, Council, composed of four members. The Mayor is elected at large for a four-year term, and the four members of the City Council are elected on four-year terms. The administration of the City government is performed under the direction of the Mayor by the City Administrator. Services provided to residents include public safety, highways and streets, planning and zoning, health and social services, culture and recreation, electric, water, sanitary sewer systems, sanitation, landfill, and general administrative services.

The City’s financial reporting entity comprises the following:

Primary Government: City of Kimball

Discretely Presented Component Unit: Airport Authority

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

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City by appropriate activity type to compose the primary government presentation. Currently, the City has no blended component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The following is the discretely presented component unit:

Brief Description of Activities and Relationship
to the City:

Airport Authority

Established to provide for the operation of the airport. The board is elected by the general public.

2. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

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

Capital Projects Funds

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

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Governmental Funds, continued

Debt Service Fund

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

Internal Service Funds

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

Proprietary Funds

Enterprise Funds

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

Major and Nonmajor Funds

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

Major:

Governmental:

General

See page 26 for description.

Street

The Street Fund is a special revenue fund that accounts for the City's share of highway allocation from the State of Nebraska.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

Major, continued:

Governmental, continued:

Golf

The Golf Fund is a special revenue fund that accounts for revenues and expenditures for the golf course.

Economic Development

The Economic Development Fund is a special revenue fund that accounts for various economic development programs to include Community Development Block Grant loans.

Bond

See page 27 for description.

Proprietary:

Enterprise:

Electric, Water, Sewer, Trash and
and Landfill

See page 27 for description.

Nonmajor:

Special Revenue:

Fire Equipment

Accounts for the collection of taxes for the acquisition of fire equipment.

Keno

Accounts for the Keno receipts and expenditures.

Community Development

The Community Development Fund is a capital project fund that accounts for revenues and expenditures for various capital projects in the City.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

Nonmajor, continued:

Special Revenue, continued:

Handyman Accounts for the Handyman program receipts and expenditures.

Fines Accounts for local fines and fees collected.

Internal Service:

Employee Benefits Accounts for the City’s self-insurance for health insurance and other employee benefits.

3. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b, below.

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

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Measurement Focus, continued

- b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

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

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Under the modified cash basis of accounting, proceeds from the issuance of long-term debt increase liabilities and payment of long-term debt reduces liabilities. Capital assets are capitalized and depreciation is recognized over the estimated lives of the related assets.

Business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified cash basis of accounting using a flow of current financial resources measurement focus. Proceeds from issuance of long-term debt are recognized as revenue when received and payment of long-term debt principal is reported as an expenditure when paid. Capital asset purchases are recorded as expenditures and depreciation is not recognized.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Basis of Accounting, continued

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used.

4. Assets, Liabilities, and Equity

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America and the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Certificates of Deposit

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

Certificates of deposit are carried at cost, which approximates fair market value. Additional cash and investment disclosures are presented in Notes B2, C1, and D2.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Receivables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Business-type activities report utility billings as their major receivables.

In the fund financial statements, proprietary fund receivables consist of all revenues earned at year end and not yet received. Utility accounts receivable compose the majority of proprietary fund receivables.

Inventory

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

Restricted Assets

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

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, capital assets that are purchased or acquired with an original cost of \$1,000 or more are capitalized and reported on the Statement of Net Position. Capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. The City has elected the depreciation approach for reporting infrastructure.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets, continued

Government-wide Statements, continued

Depreciation of governmental capital assets is recorded as an unallocated expense in the Statement of Activities. Depreciation for all proprietary capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The ranges of estimated useful lives by type of asset are as follows:

Buildings	10-50 years
Improvements	5-25 years
Machinery and Equipment	5-20 years
Utility Systems	5-99 years
Infrastructure	25-50 years

Prior to July 1, 1980, governmental funds' infrastructure assets were not capitalized. These assets (back to July 1, 1980) have been valued at estimated historical cost. The cost of normal maintenance, preservation, and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized.

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 the same as in the government-wide statements.

Compensated Absences

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

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable.

Fund Financial Statements

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

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

Government-wide Statements, continued

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

Fund Financial Statements

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

Effective October 1, 2010, the City has adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted—Amounts that can be spent only for specific purposes because of the City Charter, City Code, state or federal laws or externally imposed conditions by grantors or creditors.

Committed—Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution.

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

Unassigned—All amounts not included in other spendable classifications.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

Fund Financial Statements, continued

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 16). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the City Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

Equity Restatement

Business-type net position and Landfill fund balance were restated \$466,000 at September 30, 2021, to account for a change in the landfill closure liability.

5. Revenues, Expenditures, and Expenses

Sales and Use Tax

The City presently levies a 1 1/2-cent sales tax on taxable sales within the City. The sales tax is collected by the Nebraska Department of Revenue and remitted to the City in the month following receipt. The Nebraska Department of Revenue receives the sales tax approximately one month after collection by vendors. Two-thirds of the sales tax is recorded in the General Fund and one-third is recorded in the Economic Development Fund. Sales tax collected on the sale of motor vehicles is recorded in the Street Fund as required by LB904.

Property Taxes

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

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Property Taxes, continued

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

Property taxes levied for 2020-2021 are recorded as revenue when received by the County.

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

Governmental Funds – by Character and Function

Proprietary Fund – by Operating and Nonoperating

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

Interfund Transfers

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

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Fund Accounting Requirements

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

2. Deposit Laws and Regulations

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance or with U.S. Treasury and U.S. agency securities having an aggregate value at least equal to the amount of the deposits. The City's demand deposits are insured up to \$250,000 and certificates of deposit/savings accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Any bank deposits in excess of the FDIC limits are insured by collateral held by the pledging institution in the City's name.

3. Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources are described in Note A2 for the various funds.

4. Debt Restrictions and Covenants

Bonds Payable

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

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data

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

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

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

- a. On or before August 1, the City prepares a budget for the fiscal year commencing October 1. The budget includes proposed expenditures and resources available.
- b. The budget is published with subsequent public hearings to obtain taxpayer comments.
- c. Prior to September 20, the City Council adopts the budget, which is then filed with the appropriate state and county officials.
- d. Total expenditures may not legally exceed total appropriations. Appropriations lapse at year end and any revisions require board approval.
- e. The County Clerk certifies a preliminary property tax levy for each fund of the City which levied property taxes in the county the previous year based on the combined valuation and amount required for the City the prior year. The preliminary levy becomes the final levy unless the governing board passes, by a majority vote, a resolution setting the levy at a different amount.
- f. The property tax requirements resulting from the budget process are utilized by the County Assessor to establish the tax levy. Taxes are levied annually on or before October 15. Real property taxes and personal property taxes are due December 31 with the first half delinquent May 1 and the second half delinquent September 1.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data, continued

- g. Appropriations lapse at the end of the fiscal year, except for capital improvement appropriations and certain encumbrances against operating budgets.
- h. The City of Kimball adopts a budget by resolution for all fund types.

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

1. Cash and Certificates of Deposit

Deposits

The City’s policies regarding deposits of cash are discussed in Note A4. The table presented below is designed to disclose how its deposits were insured or secured with collateral at September 30, 2021. The categories of collateral are defined as follows:

Category 1 – Insured by FDIC or collateralized with securities held by the City (or public trust) or by its agent in its name.

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution’s trust department or agent in the City’s name.

Category 3 – Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the City’s name; or collateralized with no written or approved collateral agreement.

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits	\$ 10,242,337	\$ 1,380,971	\$ 8,861,366	\$ -	\$ <u>9,963,983</u>

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

1. Cash and Certificates of Deposit, continued

Deposits, continued

Reconciliation to Government-wide Statement of Net Position:

Primary Government –

Unrestricted cash and cash equivalents	\$ 1,696,384
Unrestricted certificates of deposit	4,510,444
Restricted cash and cash equivalents	2,318,282
Restricted certificates of deposit	<u>1,307,934</u>
Total primary government	9,833,044

Component Units –

Unrestricted cash and cash equivalents	<u>130,939</u>
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Total	<u>\$ 9,963,983</u>
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2. Restricted Assets

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Type of Restricted Assets:			
Cash and cash equivalents	\$ 2,318,282	\$ -	\$ 2,318,282
Certificates of deposit	-	1,307,934	1,307,934
	<u>\$ 2,318,282</u>	<u>\$ 1,307,934</u>	<u>\$ 3,626,216</u>

The governmental activities restricted assets are restricted for the following purposes:

Street projects	\$ 635,870
Economic development	546,387
Debt service	650,377
Federal programs	209,996
Community development	9,783
Fire equipment	80,787
Community betterment	<u>185,082</u>
	<u>\$ 2,318,282</u>

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

2. Restricted Assets, continued

The business-type activities restricted assets at September 30, 2021, consisted of \$1,307,934 in the Landfill Fund that is restricted for landfill closure and post-closure costs.

3. Capital Assets

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

	Balance at October 1, <u>2020</u>	<u>Additions</u>	<u>Disposals</u>	Balance at September 30, <u>2021</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 4,000	\$ -	\$ -	\$ 4,000
Other capital assets being depreciated:				
Infrastructure	1,578,175	18,290	-	1,596,465
Equipment and vehicles	1,033,026	69,769	(16,400)	1,086,395
Total other capital assets at historical cost	2,611,201	88,059	(16,400)	2,682,860
Less accumulated depreciation for:				
Infrastructure	(290,700)	(63,188)	-	(353,888)
Equipment and vehicles	(721,711)	(75,985)	16,400	(781,296)
Total accumulated depreciation	(1,012,411)	(139,173) *	16,400	(1,135,184)
Other capital assets, net	1,598,790	(51,114)	-	1,547,676
Governmental activities capital assets, net	<u>\$ 1,602,790</u>	<u>\$ (51,114)</u>	<u>\$ -</u>	<u>\$ 1,551,676</u>

* Depreciation expense was charged to governmental activities as follows:

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

3. Capital Assets, continued

Governmental Activities, continued:

General Fund:

Public safety:

Fire	\$ 3,144
Police	<u>29,866</u>
Total public safety	33,010

Cemetery 7,926

Library 1,195

Park and recreation:

Park and Pool	<u>4,657</u>
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Total General Fund 46,788

Special Revenue Funds:

Golf 23,031

Street 69,354

Total governmental activities depreciation expense \$ 139,173

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

3. Capital Assets, continued

	Balance at October 1, <u>2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2021</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 104,260	\$ -	\$ -	\$ -	\$ 104,260
Construction in progress	<u>5,127</u>	<u>123,675</u>	<u>-</u>	<u>(36,447)</u>	<u>92,355</u>
Total capital assets not being depreciated	109,387	123,675	-	(36,447)	196,615
Other capital assets being depreciated:					
Buildings and improvements	2,276,424	25,200	-	36,447	2,338,071
Distribution systems	12,354,789	76,937	(1,447,260)	-	10,984,466
Equipment	<u>2,739,149</u>	<u>103,471</u>	<u>(20,436)</u>	<u>-</u>	<u>2,822,184</u>
Total other capital assets at historical cost	17,370,362	205,608	(1,467,696)	36,447	16,144,721
Less accumulated depreciation for:					
Buildings and improvements	(936,141)	(63,271)	-	-	(999,412)
Distribution systems	(9,326,575)	(333,195)	1,444,296	-	(8,215,474)
Equipment	<u>(2,031,060)</u>	<u>(144,247)</u>	<u>20,436</u>	<u>-</u>	<u>(2,154,871)</u>
Total accumulated depreciation	<u>(12,293,776)</u>	<u>(540,713) *</u>	<u>1,464,732</u>	<u>-</u>	<u>(11,369,757)</u>
Other capital assets, net	<u>5,076,586</u>	<u>(335,105)</u>	<u>(2,964)</u>	<u>36,447</u>	<u>4,774,964</u>
Business-type capital assets, net	<u>\$ 5,185,973</u>	<u>\$ (211,430)</u>	<u>\$ (2,964)</u>	<u>\$ -</u>	<u>\$ 4,971,579</u>

* Depreciation expense was charged to functions as follows:

Electric	\$ 253,902
Water	109,706
Sewer	70,637
Trash	31,596
Landfill	<u>74,872</u>
Total business-type activities depreciation expense	<u>\$ 540,713</u>

Construction in progress at September 30, 2021, consists of costs of \$26,955 for automatic reading equipment and \$65,400 for the water main loop project. See Note D3 for additional details on these projects.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

3. Capital Assets, continued

	Balance at October 1, <u>2020</u>	<u>Additions</u>	<u>Disposals</u>	Balance at September 30, <u>2021</u>
<u>Component Unit:</u>				
<u>Airport Authority:</u>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 225,098	\$ -	\$ 225,098
Other capital assets being depreciated:				
Improvements	3,851,686	-	-	3,851,686
Machinery and equipment	164,088	6,494	-	170,582
Total other capital assets at historical cost	4,015,774	6,494	-	4,022,268
Less accumulated depreciation for:				
Improvements	(1,517,062)	(209,110)	-	(1,726,172)
Machinery and equipment	(113,767)	(9,281)	-	(123,048)
Total accumulated depreciation	(1,630,829)	(218,391)	-	(1,849,220)
Other capital assets, net	2,384,945	(211,897)	-	2,173,048
Component Unit capital assets, net	<u>\$ 2,384,945</u>	<u>\$ 13,201</u>	<u>\$ -</u>	<u>\$ 2,398,146</u>

4. Long-term Debt

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Changes in Long-term Debt

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

<u>Type of Debt</u>	Balance October 1, <u>2020</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>2021</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Notes payable	<u>\$ 151,697</u>	<u>\$ -</u>	<u>\$ (26,666)</u>	<u>\$ 125,031</u>	<u>\$ -</u>
Business-type Activities:					
Bonds payable	<u>\$ 1,960,000</u>	<u>\$ -</u>	<u>\$ (650,000)</u>	<u>\$ 1,310,000</u>	<u>\$ 115,000</u>

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

4. Long-term Debt, continued

Changes in Long-term Debt, continued

<u>Type of Debt</u>	Balance October 1, 2020	<u>Additions</u>	<u>Deductions</u>	Balance September 30, 2021	Amounts Due Within <u>One Year</u>
Component Unit:					
Bonds payable	\$ 159,877	\$ -	\$ (20,947)	\$ 138,930	\$ 21,548

Governmental Activities

As of September 30, 2021, the governmental long-term liabilities consisted of the following:

Notes payable:

The City entered into a loan agreement with Points West Community Bank on December 14, 2015, in the amount of \$329,071 for golf equipment. The loan bears interest at 2.95 percent. The loan is due in semi-annual installments of \$30,930 through December 14, 2028. Paid by the Golf Fund. The City has been making payments early on this loan.

\$ 125,031

Current portion

\$ -

Noncurrent portion

125,031

Total

\$ 125,031

Business-type Activities

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

Bonds payable:

The City issued combined utility revenue bonds in the amount of \$875,000 on April 30, 2018, to fund the landfill expansion. Interest ranges from 2.05 percent to 3.60 percent. Interest is due in semi-annual installments and principal is due in annual installments through May 15, 2033. Paid by the Landfill Fund.

\$ 860,000

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

4. Long-term Debt, continued

Business-type Activities, continued

Bonds payable, continued:

The City issued combined utility revenue bonds in the amount of \$750,000 on May 26, 2015, to fund substation improvements. Interest ranges from 0.50 percent to 3.10 percent. Interest is due in semi-annual installments and principal is due in annual installments through May 15, 2030. Paid by the Electric Fund. These bonds were paid off during the year ended September 30, 2021.

-

The City issued combined utilities revenue bonds in the amount of \$1,245,000 on November 5, 2013, to refund existing bonds and to finance a landfill project. Interest ranges from 0.50 percent to 3.40 percent. Interest is due in semi-annual installments and principal is due in annual installments through December 15, 2024. The Electric Fund pays 34.5 percent, the Sewer Fund pays 20.1 percent and the Landfill Fund pays 45.4 percent of these bonds.

225,000

The City issued general obligation refunding bonds in the amount of \$595,000 on November 11, 2014, to refund water bonds and refinance a NDEQ loan. Interest ranges from 0.45 percent to 2.65 percent. Interest is due in semi-annual installments and principal is due in annual installments through December 15, 2025. Paid by the Water Fund.

225,000

Total bonds payable	\$ <u>1,310,000</u>
Current portion	\$ 115,000
Noncurrent portion	<u>1,195,000</u>
Total	\$ <u>1,310,000</u>

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

4. Long-term Debt, continued

Component Unit

Bonds payable:

The Airport Authority issued bonds in the amount of \$244,900 on August 18, 2015, to fund airport improvements. Principal including interest at 2.85 percent is due in semi-annual installments of \$12,678 through June 15, 2027.

\$ 138,930

Current portion

\$ 21,548

Noncurrent portion

117,382

Total

\$ 138,930

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

Year Ending <u>September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Component Unit</u>	
	Direct Placement Debt		Other Debt Issues		Other Debt Issues	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ -	\$ -	\$ 115,000	\$ 25,086	\$ 21,548	\$ 3,807
2023	-	-	115,000	36,298	22,167	3,188
2024	-	-	115,000	33,205	22,803	2,552
2025	18,399	12,531	120,000	29,819	23,458	1,897
2026	27,784	3,146	115,000	27,231	24,131	1,224
2027-2031	78,848	4,442	390,000	100,980	24,823	532
2032-2033	-	-	340,000	19,300	-	-
	<u>\$ 125,031</u>	<u>\$ 20,119</u>	<u>\$ 1,310,000</u>	<u>\$ 271,919</u>	<u>\$ 138,930</u>	<u>\$ 13,200</u>

5. Interfund Transactions

The General Fund transferred \$87,210 to the Golf Fund and \$25,000 to the Economic Development Fund, the Street Fund transferred \$10,000 to the General Fund, and the Fire Equipment Fund transferred \$8,900 to the General Fund during the year ended September 30, 2021.

The Electric Fund transferred \$25,000 to the Economic Development Fund and the Water, Sewer and Landfill Funds each transferred \$25,000 to the Electric Fund during the year ended September 30, 2021.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

6. Closure and Postclosure Costs

Landfill

The City has a license to operate a Landfill, which is accounted for in the Landfill Fund of the City, an enterprise fund.

State and federal laws and regulations require the City of Kimball to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$630,000 reported as landfill closure and postclosure care liability at September 30, 2021, represents the cumulative amount reported to date based on the use of approximately 33.7 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$1,150,231 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care at September 30, 2021. The City expects to close the landfill in the year 2041. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

In accordance with the State of Nebraska Title 132 Solid Waste Regulations, the City of Kimball must satisfy the requirements for a financial assurance mechanism (FAM). The City is in compliance with these requirements, and, at September 30, 2021, the City had a certificate of deposit of \$1,239,277 at First Tier Bank. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

C&D Site

The City has a license to operate a Construction and Demolition Landfill Site (C&D Site), which is accounted for in the Landfill Fund of the City, an enterprise fund.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

6. Closure and Postclosure Costs, continued

C&D Site, continued

State and Federal laws and regulations require the City to place a final cover on the site when it stops accepting waste and maintain the site after closure. Estimated closure costs are estimated by engineers and approved by the Nebraska Department of Environmental Quality (NDEQ) at \$155,048. Postclosure costs are estimated at \$36,265. In accordance with state law, the City has established a separate account for deposits of monies necessary to fund the estimated costs. As of September 30, 2021, the account balance was \$68,657. The City estimates that the site is approximately 50.2 percent full as of September 30, 2021. The City has recorded a liability of \$96,000 at September 30, 2021 for the closure and postclosure costs.

7. Fund Equity

The Golf Fund had a deficit fund balance of \$26,835 as of September 30, 2021. The City plans to increase fund balance in future years by transferring excess funds from other funds.

NOTE D – OTHER NOTES

1. Employee Pension Plans

The City has a 457(b) deferred compensation plan. The City made monthly contributions on behalf of each full-time employee with a minimum of one year of service based on 6.00 percent of the employee's regular earnings. The total contributions for September 30, 2021 were \$64,978.

2. Risk Management

Insurance

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

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City’s investments at September 30, 2021, are held by the counterparties not in the name of the City. The underlying securities consist of cash, direct obligations of or guaranteed by the full faith and credit of the U.S. Government, and other similar obligations of the U.S.

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

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

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City’s investment policy requires that market conditions and investment securities be analyzed to determine the maximum yield to be obtained and to minimize the impact of rising interest rates. The certificate of deposit maturities are as follows:

<u>Maturities by Month</u>	<u>Amount</u>
January 2022	\$ 1,413,721
May 2022	5,823
August 2022	68,806
September 2022	23,061
October 2022	3,095,608
March 2023	161,226
August 2024	1,050,133
	<u>\$ 5,818,378</u>

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

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

<u>Financial Institution</u>	<u>Amount</u>
Points West Community Bank	\$ 5,815
FirsTier Bank	4,762,430
Kimball State Bank	<u>1,050,133</u>
	\$ <u>5,818,378</u>

3. Commitments and Contingencies

Leases

On February 16, 2016, the City entered into a 63-month lease for a postage machine from MailFinance, Inc. Quarterly payments of \$615 are due through June 2021.

On May 17, 2021, the City entered into a 63-month lease for a postage machine from Quadrient Leasing. Monthly payments of \$205 are due through August 2026.

On November 22, 2016, the City entered into a 60-month lease for a copier from Great America Leasing Corporation. Monthly payments of \$299 are due through December 2025.

On October 22, 2019, the City entered into a 60-month lease for a copier from Great America Leasing Corporation. Monthly payments of \$118 are due through October 2024.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Leases

Rent expense was \$7,054 during the year ended September 30, 2021. The following payments are due under the leases:

<u>Year Ending</u> <u>September 30,</u>	
2022	\$ 7,464
2023	7,464
2024	7,464
2025	3,475
2026	2,255
	<u>\$ 28,122</u>

Construction Commitments

At September 30, 2021, the City had a \$183,689 contractual commitment to Hennings Construction for the water main loop project. The City had paid \$65,400 on this contract as of September 30, 2021, leaving \$118,289 to be paid under the contractual obligation. This project was completed in November 2021.

Contingencies

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

4. Notes Receivable

The City has ten LB840 loans that had balances totaling \$808,217 at September 30, 2021. Principal and interest are due in monthly installments. Since the Economic Development fund is accounted for on the modified cash basis, notes receivable are not presented in the financial statements.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE D – OTHER NOTES, continued

5. Subsequent Events

Management has evaluated subsequent events through March 10, 2022, the date on which the financial statements were available for issue.

On October 18, 2021, the Kimball Airport Authority approved issuing \$655,000 of bonds to refund current bonds.

SUPPLEMENTARY AND OTHER INFORMATION

CITY OF KIMBALL, NEBRASKA

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

Year ended September 30, 2021

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 466,900	\$ 462,023	\$ (4,877)
Motor vehicle	50,500	48,584	(1,916)
Sales	275,000	310,588	35,588
Occupation	140,200	144,734	4,534
Franchise fees	35,000	30,124	(4,876)
Intergovernmental	221,029	219,093	(1,936)
Charges for services	30,600	39,873	9,273
Grants and contributions	22,000	338,067	316,067
Licenses and permits	5,600	8,071	2,471
Interest income	29,700	27,379	(2,321)
Other	14,650	47,866	33,216
	<hr/>	<hr/>	<hr/>
Total resources	1,291,179	1,676,402	385,223
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	199,575	194,815	(4,760)
Public safety	642,544	603,402	(39,142)
Public works	101,472	70,183	(31,289)
Environment and leisure	367,118	317,383	(49,735)
Capital outlay	70,600	52,029	(18,571)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	1,381,309	1,237,812	(143,497)
Resources over (under) charges to appropriations	(90,130)	438,590	528,720
OTHER FINANCING SOURCES (USES)			
Transfers in	-	38,900	38,900
Transfers out	(87,210)	(132,210)	(45,000)
Net transfers	<hr/>	<hr/>	<hr/>
	(87,210)	(93,310)	(6,100)
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS			
	<hr/>	<hr/>	<hr/>
	\$ (177,340)	\$ 345,280	\$ 522,620

CITY OF KIMBALL, NEBRASKA

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

Year ended September 30, 2021

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Sales tax	\$ 60,000	\$ 85,244	\$ 25,244
Intergovernmental	364,190	442,024	77,834
Other	<u>4,500</u>	<u>4,757</u>	<u>257</u>
Total resources	428,690	532,025	103,335
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	457,266	441,096	(16,170)
Capital outlay	<u>45,000</u>	<u>36,030</u>	<u>(8,970)</u>
Total charges to appropriations	<u>502,266</u>	<u>477,126</u>	<u>(25,140)</u>
Resources over (under) charges to appropriations	(73,576)	54,899	128,475
OTHER FINANCING USES			
Transfers out	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS AND OTHER FINANCING USES	<u>\$ (73,576)</u>	<u>\$ 44,899</u>	<u>\$ 118,475</u>

CITY OF KIMBALL, NEBRASKA

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

Year ended September 30, 2021

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Charges for services	\$ 152,000	\$ 192,937	\$ 40,937
Grants and contributions	96,060	96,981	921
Lease and rent	6,600	7,150	550
Other	2,750	50,720	47,970
	<hr/>	<hr/>	<hr/>
Total resources	257,410	347,788	90,378
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Environment and leisure	339,741	423,079	83,338
Principal payments on debt	30,930	26,666	(4,264)
Interest and fees on long-term debt	4,500	4,264	(236)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	375,171	454,009	78,838
Resources under charges to appropriations	(117,761)	(106,221)	11,540
OTHER FINANCING SOURCES			
Transfers in	87,210	87,210	-
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES UNDER CHARGES TO APPROPRIATIONS	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ (30,551)	\$ (19,011)	\$ 11,540

CITY OF KIMBALL, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
ECONOMIC DEVELOPMENT FUND**

Year ended September 30, 2021

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Sales tax	\$ 165,000	\$ 159,616	\$ (5,384)
Grants and contributions	-	-	-
Interest income	22,394	24,057	1,663
Loan collections	110,918	94,334	(16,584)
Other	-	350	350
	<hr/>	<hr/>	<hr/>
Total resources	298,312	278,357	(19,955)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Economic development	568,003	658,880	90,877
	<hr/>	<hr/>	<hr/>
Resources under charges to appropriations	(269,691)	(380,523)	(110,832)
OTHER FINANCING SOURCES			
Transfers in	-	50,000	50,000
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES UNDER CHARGES TO APPROPRIATIONS	<hr/> \$ (269,691) <hr/>	<hr/> \$ (330,523) <hr/>	<hr/> \$ (60,832) <hr/>

CITY OF KIMBALL, NEBRASKA

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

September 30, 2021

	Special Revenue Funds					Total
	Fire Equipment <u>Fund</u>	Keno <u>Fund</u>	Handyman <u>Fund</u>	Community Development <u>Fund</u>	Fines <u>Fund</u>	Nonmajor Governmental <u>Funds</u>
ASSETS						
Cash and cash equivalents	<u>\$ 80,787</u>	<u>\$ 182,424</u>	<u>\$ 943</u>	<u>\$ 9,783</u>	<u>\$ 2,658</u>	<u>\$ 276,595</u>
LIABILITIES AND FUND BALANCES						
Liabilities:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances:						
Restricted for:						
Fire equipment	80,787	-	-	-	-	80,787
Community betterment	-	182,424	-	-	2,658	185,082
Community development	-	-	-	9,783	-	9,783
Assigned for:						
Handyman program	-	-	943	-	-	943
Total fund balances	<u>80,787</u>	<u>182,424</u>	<u>943</u>	<u>9,783</u>	<u>2,658</u>	<u>276,595</u>
Total liabilities and fund balances	<u>\$ 80,787</u>	<u>\$ 182,424</u>	<u>\$ 943</u>	<u>\$ 9,783</u>	<u>\$ 2,658</u>	<u>\$ 276,595</u>

CITY OF KIMBALL, NEBRASKA

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

For the year ended September 30, 2021

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Fire Equipment Fund	Keno Fund	Handyman Fund	Community Development Fund	Fines Fund	
REVENUES						
Property taxes	\$ 8,911	\$ -	\$ -	\$ -	\$ -	\$ 8,911
Keno proceeds	-	35,155	-	-	-	35,155
Charges for services	-	-	11,882	-	-	11,882
Licenses and permits	-	-	-	-	1,760	1,760
Interest income	-	217	-	-	-	217
Total revenues	<u>8,911</u>	<u>35,372</u>	<u>11,882</u>	<u>-</u>	<u>1,760</u>	<u>57,925</u>
EXPENDITURES						
Public works	-	-	11,882	-	2,470	14,352
Community betterment	-	3,666	-	-	-	3,666
Total expenditures	<u>-</u>	<u>3,666</u>	<u>11,882</u>	<u>-</u>	<u>2,470</u>	<u>18,018</u>
Excess (deficiency) of revenues over expenditures	8,911	31,706	-	-	(710)	39,907
OTHER FINANCING USES						
Transfers out	<u>(8,900)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,900)</u>
Net change in fund balances	11	31,706	-	-	(710)	31,007
Fund balances - September 30, 2020	<u>80,776</u>	<u>150,718</u>	<u>943</u>	<u>9,783</u>	<u>3,368</u>	<u>245,588</u>
Fund balances - September 30, 2021	<u>\$ 80,787</u>	<u>\$ 182,424</u>	<u>\$ 943</u>	<u>\$ 9,783</u>	<u>\$ 2,658</u>	<u>\$ 276,595</u>

CITY OF KIMBALL, NEBRASKA

**COMBINING STATEMENT OF REVENUES AND EXPENDITURES -
MODIFIED CASH BASIS - GENERAL FUND DEPARTMENTS**

Year ended September 30, 2021

	<u>Administrative</u>	<u>Police</u>	<u>Fire</u>
REVENUES			
Taxes:			
General property tax	\$ (1,526)	\$ 457,639	\$ 5,910
Motor vehicle tax	-	48,584	-
Sales tax	43,426	-	-
Occupation tax	14,473	-	28,947
Franchise fees	30,124	-	-
Intergovernmental receipts	204,200	-	13,742
Charges for services	-	-	-
Grants and contributions	209,996	91,808	-
Licenses and permits	8,071	-	-
Interest income	26,773	-	-
Other receipts	38,428	3,054	-
Total revenues	<u>573,965</u>	<u>601,085</u>	<u>48,599</u>
EXPENDITURES			
Personnel services:			
Salaries and benefits	52,605	389,848	3,500
Operating expenses:			
Insurance	29,707	25,344	8,758
Contracted services	925	56,146	-
Professional fees	24,043	19,955	-
Meetings, seminars, and dues	6,471	5,662	1,250
Transportation	211	13,187	1,677
Repairs and maintenance	16,886	23,324	16,072
Printing, postage, and publications	3,298	889	-
Utilities and telephone	8,668	6,383	7,920
Total operating expenses	<u>90,209</u>	<u>150,890</u>	<u>35,677</u>
Supplies	8,752	16,501	516
Other expenses	43,249	4,875	1,595
Capital outlay	-	42,779	-
Total expenditures	<u>194,815</u>	<u>604,893</u>	<u>41,288</u>
Excess (deficiency) of revenues over expenditures before transfers	379,150	(3,808)	7,311
OTHER FINANCING SOURCES (USES)			
Transfers in	38,900	-	-
Transfers out	(112,210)	-	-
Net transfers	<u>(73,310)</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 305,840</u>	<u>\$ (3,808)</u>	<u>\$ 7,311</u>

Park	Pool	Event Center	Library	Fitness Center	Cemetery	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 462,023
-	-	-	-	-	-	48,584
47,555	50,761	-	104,193	-	64,653	310,588
28,947	17,368	-	24,605	-	30,394	144,734
-	-	-	-	-	-	30,124
-	-	-	1,151	-	-	219,093
-	12,101	-	3,350	134	24,288	39,873
8,281	5,100	-	22,882	-	-	338,067
-	-	-	-	-	-	8,071
-	-	-	104	-	502	27,379
5,543	150	-	69	526	96	47,866
90,326	85,480	-	156,354	660	119,933	1,676,402
50,094	43,532	-	98,680	-	45,829	684,088
3,978	4,027	-	8,380	-	2,011	82,205
-	-	-	-	-	-	57,071
1,503	2,668	-	8,753	-	3,262	60,184
48	1,121	-	1,057	-	-	15,609
329	-	-	257	-	612	16,273
8,086	1,786	-	10,096	-	5,123	81,373
-	70	-	482	-	88	4,827
14,295	8,143	157	8,840	-	10,771	65,177
28,239	17,815	157	37,865	-	21,867	382,719
388	6,821	-	22,227	-	671	55,876
5,148	599	-	5,780	38	1,816	63,100
-	-	-	-	-	9,250	52,029
83,869	68,767	157	164,552	38	79,433	1,237,812
6,457	16,713	(157)	(8,198)	622	40,500	438,590
-	-	-	-	-	-	38,900
(5,000)	-	-	-	-	(15,000)	(132,210)
(5,000)	-	-	-	-	(15,000)	(93,310)
\$ 1,457	\$ 16,713	\$ (157)	\$ (8,198)	\$ 622	\$ 25,500	\$ 345,280

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities – modified cash basis, the business-type activities – accrual basis, the aggregate discretely presented component unit – accrual basis, each major fund – modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information – modified cash basis for the governmental funds of the City of Kimball, Nebraska, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City’s financial statements, and have issued our report thereon dated March 10, 2022. Our report on the financial statements disclosed that, as described in Note A to the financial statements, the City of Kimball, Nebraska, prepares its financial statements for the governmental funds on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

SHAREHOLDERS:

Robert D. Almquist
Phillip D. Maltzahn
Marcy J. Luth
Heidi A. Ashby
Christine R. Shenk
Michael E. Hoback
Joseph P. Stump
Kyle R. Overturf
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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described below, that we consider to be significant deficiencies.

Segregation of Duties

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

Compliance and Other Matters

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

City of Kimball's Response to Findings

The City of Kimball's response to the findings identified in our audit is that due to the small size of the City, it is impractical to further segregate duties. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

AMGL, P.C.

Grand Island, Nebraska
March 10, 2022