

CITY OF MCCOOK, NEBRASKA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

September 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities - modified cash basis, the business-type activities - accrual basis, the aggregate discretely presented component units - accrual basis, each major fund - modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information - modified cash basis for the governmental funds of the City of McCook, Nebraska, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities - modified cash basis, the business-type activities - accrual basis, the aggregate discretely presented component units - accrual basis, each major fund - modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information - modified cash basis for the governmental funds of the City of McCook, Nebraska as of September 30, 2023, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with the basis of accounting described in Note A.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of McCook, Nebraska and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter—Basis of Accounting

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

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of McCook, Nebraska's financial statements. The combining fiduciary fund statement, the statement of general fund departmental revenue and expenditures, the combining component unit financial statements, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information described in the second sentence of this paragraph and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2023, on our consideration of the City of McCook, 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 McCook'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 McCook, Nebraska's internal control over financial reporting and compliance.

AMGL, PC.

Grand Island, Nebraska
December 28, 2023

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

This discussion and analysis of the City of McCook's financial performance provides an overall review of the City's financial activities for the fiscal year ended September 30, 2023. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

For FY 22/23 the City reduced the General Fund levy to .340814. The FY 21/22 levy was increased by \$0.01, to \$.359044. The FY16/17 levy was increased by \$0.03, to \$.349044, which was the first increase since 2002. In total since 2002, the City levy has increased by \$0.02177. The City does not have a levy for bonded debt.

Pursuant to a 2015 sales tax ballot question, McCook's residents approved a 1.5% local option sales tax. 1/6 of the total sales tax receipts are utilized to fund economic development through a voter approved LB 840 Program administered by the McCook Economic Development Corporation. The remaining 5/6 of the total sales tax receipts generated are utilized for the following purposes: property tax relief, capital improvement projects, capital outlay purchases, and debt reduction.

At the November 2022 General Election, voters approved an additional 0.5% local option sales tax with all revenues generated to be used for public infrastructure projects, which includes a swimming pool and ballpark/sports complex facilities. The effective date of the tax was April 1, 2023.

Total sales tax receipts were \$3,525,044, of which, \$308,804 were from motor vehicle sales restricted to Street Department use. This marks the highest sales tax receipts recognized by the City of McCook since the inception of McCook's local option sales tax in 2001. Sales Tax receipts for the Recreation Bonds totaled \$353,575.

For Capital Improvement Projects the Council committed \$350,000 for One & Longer Street Plan Improvements; \$150,000 for annual street maintenance, \$40,000 for drainage maintenance; and \$100,000 of uncommitted to be designated for future projects. A final payment of \$58,000 was made for the North Cherokee Paving Project and the Overlay Project for a portion of East 1st Street, which was completed using sales tax revenues and State of Nebraska Buyback dollars. Installation of City of McCook entry signs was completed utilizing \$32,500 of previously committed funds.

The 1/6th sales tax receipts generated \$528,367 for funding of the LB 840, which included \$51,447 from motor vehicle sales restricted to Street Department use. The MEDC focused on development of workforce housing on land they own in the North Pointe subdivision and in the Seminole/Park area and expansion of the McCook Business Industrial Park. Funds were utilized for electricity to the Seminole/Park Development area, infant childcare incentives, and a housing study. A \$17,500 loan was issued to Willow & Co., LLC.

In FY 20/21 the MEDC created a Rural Workforce Housing Investment Fund to be used for low interest, deferred loans with the hope of lowering the cost of construction of homes and to provide housing rehabilitation assistance. Funding was received through a \$250,000 Rural Workforce Housing Fund grant, a \$167,000 grant from the Nebraska Investment Finance Authority, plus \$250,000 of locally funded dollars. Contributions from the City were \$54,300 from LB840 funds and \$25,000 from the City's ACE funds.

In FY 22/23 the MEDC utilized \$145,500 of LB840 funds as part of the \$351,000 local match for a Rural Workforce Housing (RWFH) grant for housing projects. The DED awarded MEDC \$702,000 in housing funds for community housing needs.

The City elected to use the Construction Manager at Risk process for construction of the municipal swimming pool and selected Carrothers Construction Company to serve as the construction manager for the project in an amount not to exceed \$6,399,567. In August, Municipal Improvement Bonds, Series 2023, were issued in the amount of \$5,680,000. Bond payments will be made utilizing revenues generated from the 0.5% local option sales tax. The

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

City received a \$250,000 donation from the McCook Masonic Templecraft and were awarded a Civic and Community Center Financing Fund (CCCF) grant for \$562,000 for this project.

In March 2021, the Council extended for another five-year term the agreement with McCook Keno, LLC for the operation of Keno within the City of McCook. Kiosks are located at three locations. The annual revenue for FY 22/23 was \$82,000, a decrease of 15% from last year. Of note, keno revenues have declined across the state of Nebraska. Revenues derived from the keno operation are to be used for "community betterment purposes". A transfer of \$75,000 was made to offset General Fund expenses.

The City received \$684,600 from the Coronavirus Relief Fund for presumptive payroll reimbursement for our Police, Firefighters, Paramedics, and E911 Dispatchers. The City designated these funds for an E911 console, radios, and equipment - \$150,000; Equipped Police vehicle \$47,900; Public Works Bucket Truck - \$125,000; Fire/Ambulance Extrication equipment - \$130,000; and a \$200,000 transfer to the City of McCook Self Insurance Fund. The balance of these funds on September 30, 2023 was \$150,000.

The City received \$1,338,000 from the American Rescue Plan Act. The Council designated these funds to E911 console, radios, and equipment - \$440,000; internet to the Water Treatment Plant - \$20,000; Fan Press for the Wastewater Treatment Plant - \$500,000; and a drainage project along North Highway 83- \$300,000. After completion of these projects an estimated \$200,000 remains to be designated by the Council before December 31, 2024.

The Fire Department was awarded a grant through the FEMA/Department of Homeland Security Assistance to Firefighters Fire Prevention and Safety Grant in the amount of \$189,246 for the purchase of a Fire Safety Trailer Simulator to be used for training and public education.

In October 2018, the City renewed the Professional Retail Operations Agreement with Nebraska Public Power District (NPPD) for the lease of its electric system. The term was extended from fifteen years to twenty-five years, commencing on January 1, 2019, with the City being paid 12.5% of the retail revenues. The agreement allows for the City to implement additional one-half percent incremental increases to an overall cap of 14%. Any one-half percent increase, if opted in the future, must be done annually. The current year's lease generated \$1,341,500. Of this amount, the City transferred \$375,000 to the Self Insured Health Insurance Fund and \$966,500 to the General Fund.

The natural gas franchise agreement with Black Hills Energy is for a term of 10 years with the franchise fee paid to the City quarterly. The franchise fee is \$0.018 per therm delivered. The annual revenue received was \$60,600.

The 4% Hotel Occupation tax established by the Council in April 2018 generated \$158,500 for the General Fund.

The City provides medical and dental insurance for eligible employees using a self-insurance fund. The fund is financed by operating transfers from the Governmental and Proprietary Fund of an average amount per employee, which is based on management's previous experience. Employee premiums per two-week period are \$20.00 for a single member, \$47.00 for an employee and spouse, \$40.00 for an employee and children, and \$80.00 for an employee and family. In FY 22/23, the fund covered up to \$35,000 in costs per employee. Any expenses over that amount are covered by an insurance carrier. The City uses a claims service to handle the insurance claims. For the current fiscal year the City budgeted \$24,725 per employee for insurance. The actual cost per employee averaged \$25,400 due to the increased cost of medications and services provided. The City continues to work with Brown & Brown to monitor these costs and assist in developing options to help contain these costs.

In March 2015 the City approved a disability pension annuity distribution for a former police officer. The City will pay the former employee \$1,573 per month for the remainder of the individual's life, per the disability annuity agreement.

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

During FY 22/23 the Community Development Agency approved the Engineering International Redevelopment Project to renovate and rehabilitate a commercial building to create professional office and retail space and the Elevate Wellness Project to construct a commercial health and wellness facility.

The North Pointe Properties, Phase I Plan was modified - the 2013 Redevelopment plan, the 2021 Redevelopment plan, and the 2023 Minor Modification shall collectively be referred to as the "Redevelopment Plan". The purpose of the Substantial Modification is to authorize the issuance of additional TIF Indebtedness for the Project to assist in paying for installation of infrastructure in Phases II and III. The Minor Modification: (1) amended the legal description of the Project Site; (2) updated the phasing schedule for the Project; (3) updated the construction schedule for the Project; and (4) updated the projected TIF sources and uses for the project. The developer intends to construct 17 residential dwelling units to be in six sub-phases.

Redevelopment Area #6 was created and a redevelopment plan was approved for McCook Business Park, Phase II. The McCook Economic Development Corporation contracted to purchase the Project Site and intends to develop the Project Site into Phase II of the McCook Business Park. The Project Site is anticipated to be developed in up to four phases. The first phase will involve the construction of a commercial building for the operations of a liquid livestock feeding company.

In October 2017 the City issued \$8,605,000 of Series 2016 Combined Utilities Revenue Refunding Bonds to refinance the Water Department 2006 loan from the Nebraska Department of Environmental Quality Safe Water State Revolving Loan for \$9,922,000 to construct an Ion Exchange drinking water treatment facility to remove unsafe levels of Arsenic, Uranium, and Nitrate from the municipal water supply and the Wastewater Treatment Department loan from the Clean Water State Revolving Loan for \$3,930,000 for construction and improvements to meet Ammonia limits required by the National Pollutant Discharge Elimination System (NPDES) Permit. The S&P Global Ratings assigned its 'A+' long-term rating to these refunding bonds.

In April 2021, the Council called for the early redemption of the Series 2015 Combined Utilities Revenue Refunding Bonds and authorized the issuance of the Series 2021 Combined Utilities Revenue Refunding Bonds, in an amount not to exceed \$6,600,000. The proposed savings was an estimated \$545,000 over the course of the 15 year bond. The final bond issued was \$6,555,000.

In June 2015, the Water Department received a Nebraska Department of Environmental Quality Safe Water State Revolving Loan for \$1,320,072 for 16" transmission main replacement, East "H" Street water main replacement, and East "C" Street water main improvements. Total disbursements were \$1,650,090, with loan forgiveness of \$330,018. This loan is to be repaid over twenty years and was not included in the refinance because of loan terms that allow for no prepayment within five years of the Loan Date for those receiving loan forgiveness.

In May 2022, the Water Department received a Nebraska Department of Environment and Energy Safe Drinking Water State Revolving Loan for \$2,490,000 to replace the East 14th water main, the West 5th 16" Water Main, the 12" water main from South Street north to "A" Street, and a portion of the South Street water main. This loan includes Loan Forgiveness of up to 15% of eligible Project Costs (maximum \$373,500) plus an additional \$79,601 for Loan Forgiveness and is to be repaid over thirty years.

Ordinance No. 2023-3065 provided for a 6% per month rate increase for the base and 100 cubic feet charge, for both residential and commercial Sewer Use Charges. Ordinance No. 2023-3064 provided for a 6% per month rate increase for the base and 100 cubic feet charge, for both residential and commercial Water Use Charges. These rates are monitored and adjusted annually if necessary, to insure funds are available for payment of the State Revolving Loans for the sewer and water improvements, Combined Utilities Bond, and to offset any increases in operating costs. This annual monitoring will continue now that these loans have been refinanced with refunding bonds.

Ordinance No. 2022-3048 provided for increases in Solid Waste Collection. Residential Trash Collection increased from \$24.50 to \$26.25 per month and Household/Commercial increased from \$67.00 to \$77.00 per ton. The last rate increase for Solid Waste Collection occurred in April 2022.

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

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of McCook's financial statements. The City's financial statements comprise:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements
- Supplementary and other information which further explains and supports the information in the financial statements

Government-wide Financial Statements. The *government-wide financial statements* report information about the City as a whole using accounting methods similar to those used by a private-sector business.

The government-wide financial statements distinguish the following functions of the City:

- *Governmental activities* are primarily supported by taxes and intergovernmental revenues. The governmental activities of the City include general government, economic development, public safety, public works, parks, cultural activities, and human service.
- *Business-type activities* are supported by user fees and charges which are intended to recover all or a significant portion of their costs. The City's electric, water, wastewater, and solid waste collection services are all included as business-type activities.

Fund Financial Statements. The fund financial statements provide detailed information about the City's most significant funds, not the City as a whole. Funds are groupings of activities that enable the City to maintain control over resources that have been segregated for particular purposes or objectives. All of the funds of the City of McCook can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- *Governmental Funds.* The governmental funds are used to account for the financial activity of the City's basic services, similar to that described for the governmental activities in the government-wide financial statements. However, unlike the government-wide statements, which provide a long-term focus of the City, the fund financial statements focus on a short-term view of the inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year.
- *Proprietary Funds.* The proprietary funds are used to account for the financial activity of the City's operations for which customers are charged a user fee; they provide both a long- and short-term view of financial information. The City maintains four enterprise funds which are a type of proprietary fund - the electric, water, wastewater, and solid waste operations. These enterprise funds are the same as the business-type activities in the government-wide financial statements.
- *Fiduciary Funds.* The City maintains fiduciary funds, which are used to account for resources held by the City in a trustee capacity or as a custodian for the benefit of parties outside the

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

government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in both the government-wide and fund financial statements. The notes can be found immediately following the financial statements.

Government-wide Financial Analysis

Summary Statements of Net Position

	Year Ended September 30, 2023			Year Ended September 30, 2022		
	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)	Total	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)	Total
Current and Other Assets	\$ 15,992,939	\$ 11,527,176	\$ 27,520,115	\$ 9,653,358	\$ 11,255,043	\$ 20,908,401
Capital Assets	23,673,984	15,522,021	39,196,005	23,763,517	15,301,932	39,065,449
Total Assets	39,666,923	27,049,197	66,716,120	33,416,875	26,556,975	59,973,850
Long-term Liabilities	5,609,478	6,554,869	12,164,347	189,199	7,123,748	7,312,947
Other Liabilities	357,873	1,073,790	1,431,663	166,523	1,006,581	1,173,104
Total Liabilities	5,967,351	7,628,659	13,596,010	355,722	8,130,329	8,486,051
Net Position:						
Net Investment in						
Capital Assets	17,804,733	9,167,343	26,972,076	23,468,995	8,363,297	31,832,292
Restricted	11,087,386	1,014,841	12,102,227	4,717,398	1,009,943	5,727,341
Unrestricted	4,807,453	9,238,354	14,045,807	4,874,760	9,053,406	13,928,166
Total Net Position	<u>\$ 33,699,572</u>	<u>\$ 19,420,538</u>	<u>\$ 53,120,110</u>	<u>\$ 33,061,153</u>	<u>\$ 18,426,646</u>	<u>\$ 51,487,799</u>

Net position may serve over time as a useful indicator of a government's financial position. At the close of the current fiscal year, the City of McCook's assets exceeded its liabilities by \$53,120,110.

Capital assets (land, infrastructure, buildings, streets, improvements, and equipment), net of any debt issued to acquire these assets, comprise 50.8 percent of the City's net position. Although these capital assets assist the City in providing services to its citizens, they are generally not available to fund the operations of future periods.

An additional 22.8 percent of the City's net position is subject to external restrictions as to how it may be used. The remaining component of net position (\$14,045,807) is the unrestricted net position.

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

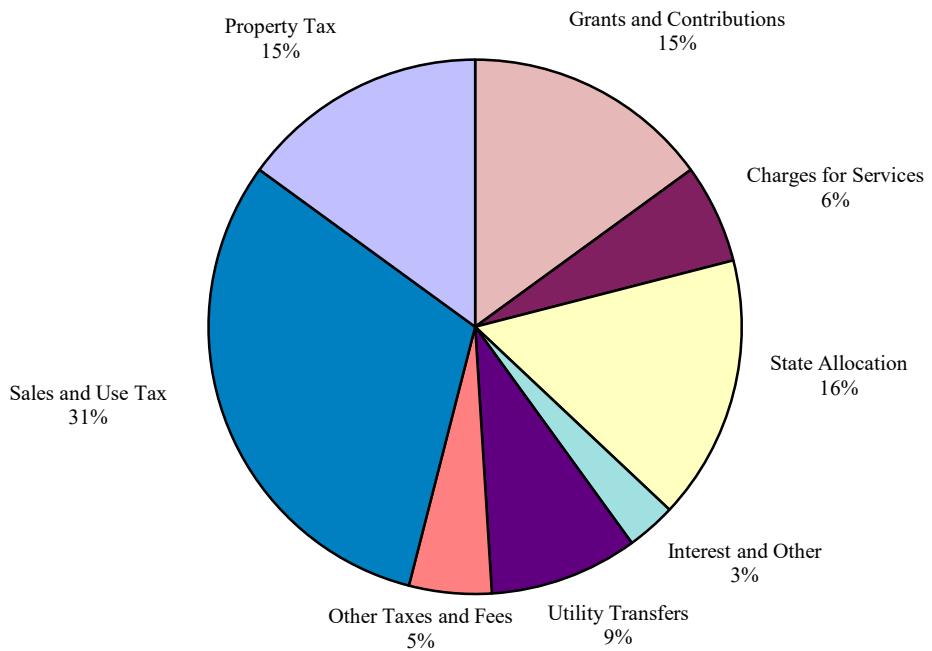
Changes in Net Position

The following table presents a summary of revenues and expenses of the governmental and business-type activities:

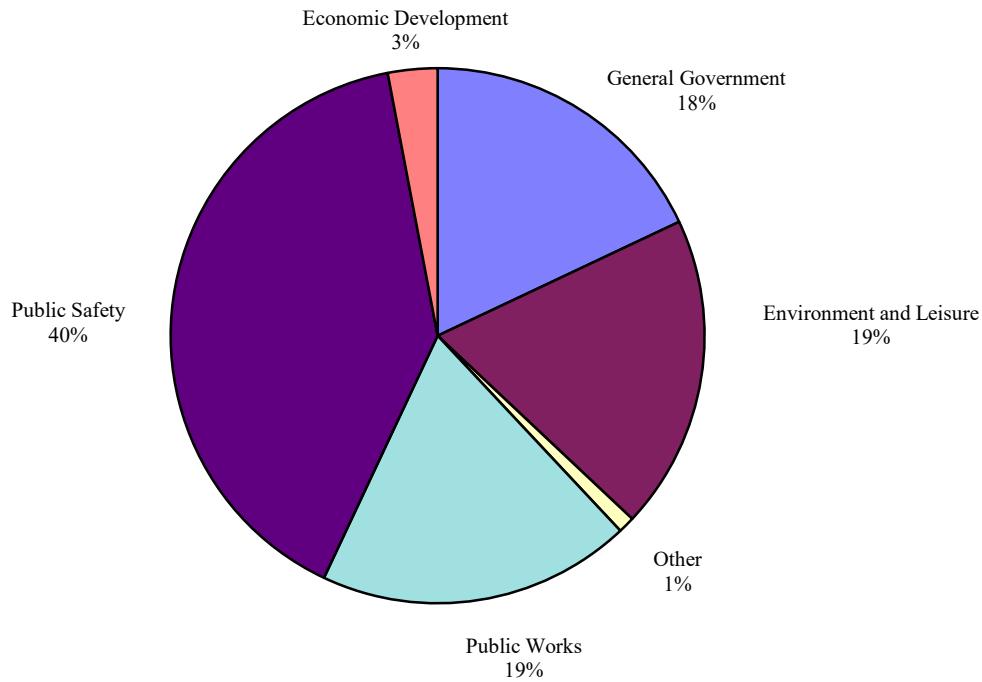
	September 30, 2023			September 30, 2022		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
Revenues						
Program Revenues:						
Charges for Services	\$ 697,472	\$ 8,042,372	\$ 8,739,844	\$ 668,968	\$ 7,952,806	\$ 8,621,774
Operating Grants and Contributions	688,777	-	688,777	356,063	-	356,063
Capital Grants and Contributions	983,146	-	983,146	1,139,069	129,754	1,268,823
General Revenues:						
Property Taxes	1,678,346	-	1,678,346	1,641,751	-	1,641,751
Sales and Use Taxes	3,525,044	-	3,525,044	3,005,859	-	3,005,859
Other Taxes and Fees	577,481	-	577,481	562,320	-	562,320
State Allocation	1,802,958	-	1,802,958	1,837,321	-	1,837,321
Interest Income	372,463	386,248	758,711	77,972	73,379	151,351
Other	(73,428)	-	(73,428)	207,881	-	207,881
Total Revenues	<u>10,252,259</u>	<u>8,428,620</u>	<u>18,680,879</u>	<u>9,497,204</u>	<u>8,155,939</u>	<u>17,653,143</u>
Expenses						
General Government	1,921,640	-	1,921,640	1,542,937	-	1,542,937
Economic Development	352,735	-	352,735	485,264	-	485,264
Public Safety	4,232,883	-	4,232,883	3,647,393	-	3,647,393
Public Works	2,001,727	-	2,001,727	1,909,638	-	1,909,638
Environmental and Leisure	2,053,580	-	2,053,580	1,667,197	-	1,667,197
Interest Expense	132,025	-	132,025	18,643	-	18,643
Electric Utility	-	3,539	3,539	-	3,540	3,540
Water	-	2,690,483	2,690,483	-	2,514,660	2,514,660
Sewer	-	1,253,553	1,253,553	-	1,195,248	1,195,248
Solid Waste	-	2,406,403	2,406,403	-	2,205,666	2,205,666
Total Expenses	<u>10,694,590</u>	<u>6,353,978</u>	<u>17,048,568</u>	<u>9,271,072</u>	<u>5,919,114</u>	<u>15,190,186</u>
Increase in Net Position						
Before Transfers	(442,331)	2,074,642	1,632,311	226,132	2,236,825	2,462,957
Net Transfers	<u>1,080,750</u>	<u>(1,080,750)</u>	<u>-</u>	<u>1,534,106</u>	<u>(1,534,106)</u>	<u>-</u>
Increase in Net Position	<u><u>\$ 638,419</u></u>	<u><u>\$ 993,892</u></u>	<u><u>\$ 1,632,311</u></u>	<u><u>\$ 1,760,238</u></u>	<u><u>\$ 702,719</u></u>	<u><u>\$ 2,462,957</u></u>

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

2023 Revenues by Source - Governmental Activities

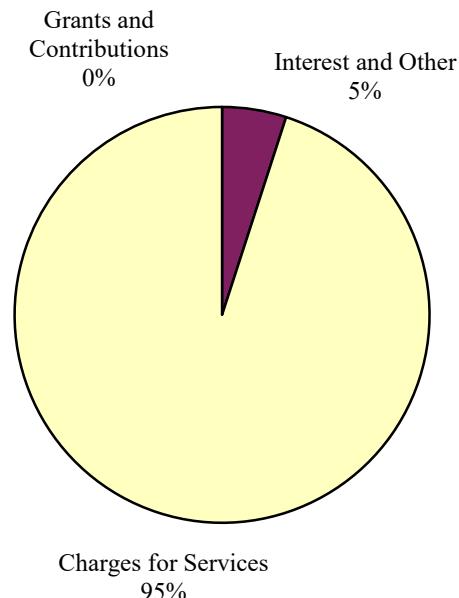


2023 Expenses - Governmental Activities

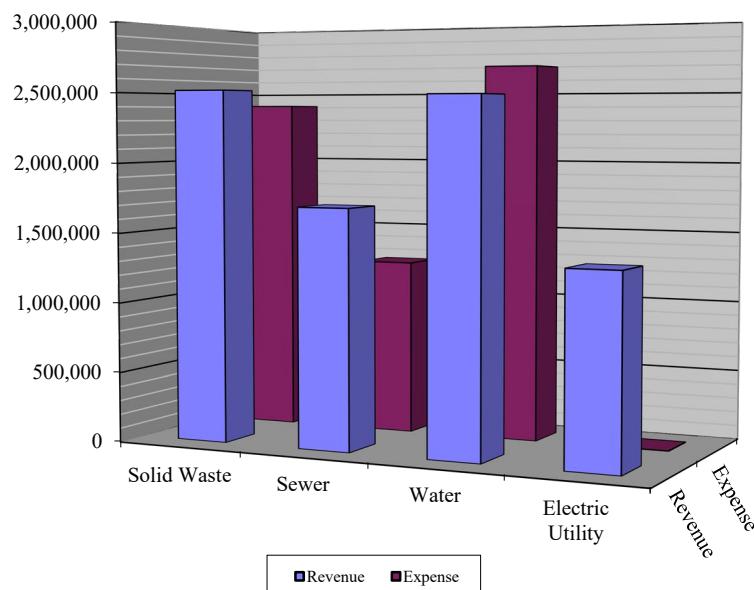


CITY OF MCCOOK, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
For The Year Ended September 30, 2023

2023 Revenues by Source - Business-type Activities



2023 Expenses and Program Revenues - Business-type Activities



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

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the City of McCook'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 McCook'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 McCook's governmental funds reported combined ending fund balances of \$14,607,961. Approximately 7.5 percent of this total amount (\$1,100,847) 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 to pay debt service (\$413,572), 2) restricted to fund capital projects (\$1,505,816), 3) endowed as nonspendable to fund perpetual care (\$119,205), 4) restricted for community betterment (\$26,991), 5) restricted to fund economic development projects (\$1,313,478), 6) restricted for federal projects (\$684,813), 7) restricted for street projects (\$1,230,762), 8) restricted for the pool project (\$5,792,749), 9) committed for capital projects (\$579,501), 10) assigned for storm/hail repairs (\$438,418), or 11) assigned for budgetary stabilization (\$1,401,809).

The General Fund is the chief operating fund of the City of McCook. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,100,847, while total fund balance reached \$3,201,362. As a measure of the General Fund's liquidity, it may be useful to compare unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 14.7 percent of General Fund total expenditures, while total fund balance represents 42.8 percent of General Fund total expenditures.

The fund balance of the City of McCook's General Fund increased by \$16,120 during the current fiscal year.

Proprietary funds. The City of McCook'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 and Emergency Fund - \$0, Water Fund - \$6,275,478, Sewer Fund - \$2,695,028, and Solid Waste Fund - \$267,848. The growth (decrease) in net position for the proprietary funds was as follows: Electric and Emergency Fund - decrease of \$(3,539), Water Fund – increase of \$4,392, Sewer Fund – increase of \$894,608, and Solid Waste Fund – increase of \$98,431. Other factors concerning the finances of these four funds have already been addressed in the discussion of the City of McCook's business-type activities.

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

Budgetary Highlights

No amendments to the 2022-2023 budget were made.

Capital Asset and Debt Administration

Capital Assets. The City of McCook's investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounts to \$39,196,005 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, distribution systems, buildings and improvements, machinery and equipment, office furniture and equipment, and vehicles.

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

- North Highway 83 drainage project - \$201,221
- MMC keyless entry - \$31,480
- North Cherokee & East 1st paving project - \$58,036
- Airport master plan - \$32,498
- Construction in progress on swimming pool facility - \$631,326
- Frontier flex-wing grooming mower - \$27,800
- John Deere tractor with snow blower - \$35,283
- 2020 John Deere 5115M utility tractor - \$88,000
- Columbarium niche #2 - \$50,264
- 2023 Dodge Durango and equipment - \$58,297
- Safety training trailer - \$199,624
- Dry storage building - \$101,151
- 2023 Truvac flex hydro truck - \$444,277
- 2022 Ford F150 pickup for water department - \$44,350
- Fire hydrant replacement - \$43,754
- South Street water main replacement - \$85,875
- Drinking water cell – 34,548
- Tonka system controls - \$93,602
- Well radio upgrade - \$95,492
- Three 6" team valves - \$33,863
- Fan press - \$425,009
- 2023 container replacement - \$38,195

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

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

	Year Ended September 30, 2023			Year Ended September 30, 2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 776,893	\$ 485,735	\$ 1,262,628	\$ 776,893	\$ 485,735	\$ 1,262,628
Construction in Progress	913,969	-	913,969	1,026,476	-	1,026,476
Infrastructure	12,095,639	-	12,095,639	11,390,982	-	11,390,982
Buildings and Improvements	7,474,574	2,701,568	10,176,142	8,121,755	2,709,793	10,831,548
Machinery and Equipment	419,115	681,780	1,100,895	316,380	685,999	1,002,379
Distribution Systems	-	11,652,938	11,652,938	-	11,420,405	11,420,405
Office Furniture and Equipment	1,092,735	-	1,092,735	1,244,409	-	1,244,409
Vehicles	901,059	-	901,059	886,622	-	886,622
Total	<u>\$ 23,673,984</u>	<u>\$ 15,522,021</u>	<u>\$ 39,196,005</u>	<u>\$ 23,763,517</u>	<u>\$ 15,301,932</u>	<u>\$ 39,065,449</u>

Additional information on the City of McCook's capital assets can be found in Note C4 on pages 51-53 of this report.

Long-term Debt

Outstanding Long-term Debt

	Year Ended September 30, 2023			Year Ended September 30, 2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Notes Payable	\$ 189,251	\$ -	\$ 189,251	\$ 294,522	\$ -	\$ 294,522
Revenue Bonds	-	5,435,000	5,435,000	-	5,985,000	5,985,000
Municipal Imp Bonds	5,680,000	-	5,680,000	-	-	-
Water SRF Loan	-	919,678	919,678	-	953,635	953,635
Total Long-term Outstanding Debt	<u>\$ 5,869,251</u>	<u>\$ 6,354,678</u>	<u>\$ 12,223,929</u>	<u>\$ 294,522</u>	<u>\$ 6,938,635</u>	<u>\$ 7,233,157</u>

The City's long-term debt increased \$4,990,772 (69.0 percent) during the year ended September 30, 2023, due primarily to the issuance of \$5,680,000 of Municipal Improvement Bonds for the swimming pool project.

Additional information on the City of McCook's long-term debt can be found in Note C5 on pages 53-60 of this report.

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of McCook compares favorably to the State's average unemployment and the national average rate.
- Inflationary trends in the region compare favorably to national indices.
- Property tax asking for the year ending September 30, 2024, is \$1,897,419, a \$214,158 (12.7 percent) increase over the prior year.
- The City had a contractual commitments of \$1,090,427 on the South Street water main replacement. As of September 30, 2023, \$81,375 had been paid on these contracts, leaving remaining commitments of \$1,009,052 expected to be completed by September 2024.
- The City had contractual commitments totaling \$6,725,567 for the swimming pool. As of September 30, 2023, \$615,609 had been paid on this project, leaving remaining commitments totaling \$6,109,958 expected to be completed by May 2024.
- The City had a \$108,000 contractual commitment for the controls integration project. As of September 30, 2023, \$25,750 had been paid on this project, leaving a remaining commitment of \$82,250 expected to be completed by December 2023.
- The City had the following additional contractual commitments with no amounts paid as of September 30, 2023: \$347,359 for a 2024 Ford ambulance expected to be received April 2025, \$375,382 for an airport rescue and fire vehicle expected to be received March 2025, and \$814,748 for North Point and West C Street paving expected to be completed by June 2024.

All of these factors were considered in preparing the City of McCook's budget for the 2024 fiscal year.

Financial Contact

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors with a general overview of the City of McCook's finances and to demonstrate the City's accountability for the money with which the City is entrusted. If you have questions concerning any of the information presented in this report or requests for additional information, contact the City of McCook, 505 West C Street, P.O. Box 1059, McCook, NE 69001-1059, or call (308) 345-2022.

CITY OF MCCOOK, NEBRASKA
STATEMENT OF NET POSITION

September 30, 2023

	Primary Government			Component Units (Accrual Basis)
	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,277,759	\$ 9,217,115	\$ 13,494,874	\$ 83,322
County treasurer cash	55,082	-	55,082	-
Current portion of notes receivable	85,169	-	85,169	555,557
Accounts receivable	-	91,896	91,896	-
Unbilled revenue	-	739,018	739,018	-
Reinsurance receivable	226,200	-	226,200	-
Inventory	-	305,862	305,862	-
Total current assets	<u>4,644,210</u>	<u>10,353,891</u>	<u>14,998,101</u>	<u>638,879</u>
Noncurrent assets:				
Restricted cash and cash equivalents	11,087,386	1,173,285	12,260,671	-
Noncurrent portion of notes receivable	261,343	-	261,343	2,687,781
Capital assets:				
Land	776,893	485,735	1,262,628	-
Construction in progress	913,969	-	913,969	-
Other capital assets, net of depreciation	21,983,122	15,036,286	37,019,408	-
Net capital assets	<u>23,673,984</u>	<u>15,522,021</u>	<u>39,196,005</u>	<u>-</u>
Total noncurrent assets	<u>35,022,713</u>	<u>16,695,306</u>	<u>51,718,019</u>	<u>2,687,781</u>
Total assets	39,666,923	27,049,197	66,716,120	3,326,660
LIABILITIES				
Current liabilities:				
Accounts payable	-	152,401	152,401	-
Accrued expenses	-	227,524	227,524	-
Customer deposits	-	98,614	98,614	-
Accrued interest	-	20,612	20,612	-
Claims incurred not paid	98,100	-	98,100	-
Current portion of long-term obligations	259,773	574,639	834,412	555,557
Total current liabilities	<u>357,873</u>	<u>1,073,790</u>	<u>1,431,663</u>	<u>555,557</u>
Noncurrent liabilities:				
Accrued landfill closure costs	-	715,000	715,000	-
Accrued deep well abandonment costs	-	59,830	59,830	-
Noncurrent portion of long-term obligations	<u>5,609,478</u>	<u>5,780,039</u>	<u>11,389,517</u>	<u>2,687,781</u>
Total noncurrent liabilities	<u>5,609,478</u>	<u>6,554,869</u>	<u>12,164,347</u>	<u>2,687,781</u>
Total liabilities	5,967,351	7,628,659	13,596,010	3,243,338
NET POSITION				
Net investment in capital assets	17,804,733	9,167,343	26,972,076	-
Restricted for:				
Street improvements	1,230,762	-	1,230,762	-
Landfill postclosure	-	96,170	96,170	-
Deep injection well closure	-	29,200	29,200	-
Debt service	413,572	889,471	1,303,043	-
Economic development	1,313,478	-	1,313,478	-
Perpetual care	119,205	-	119,205	-
Capital projects	1,505,816	-	1,505,816	-
Federal projects	684,813	-	684,813	-
Pool project	5,792,749	-	5,792,749	-
Community betterment	26,991	-	26,991	-
Unrestricted	<u>4,807,453</u>	<u>9,238,354</u>	<u>14,045,807</u>	<u>83,322</u>
Total net position	<u>\$ 33,699,572</u>	<u>\$ 19,420,538</u>	<u>\$ 53,120,110</u>	<u>\$ 83,322</u>

See notes to financial statements.

CITY OF MCCOOK, NEBRASKA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Grants and Contributions</u>
Primary government:				
Governmental activities (modified cash basis):				
General government	\$ 1,912,370	\$ 49,727	\$ 25,000	
Economic development	352,735	-	-	
Public safety	3,693,898	460,848	7,596	
Public works	1,497,134	79,481	-	
Environment and leisure	1,665,347	107,416	371,644	
Depreciation - unallocated	1,441,081	-	-	
Interest and fees on long-term debt	132,025	-	284,537	
Total governmental activities	<u>10,694,590</u>	<u>697,472</u>	<u>688,777</u>	
Business-type activities (accrual basis):				
Electric and emergency	3,539	1,341,511	-	
Water	2,690,483	2,483,276	-	
Sewer	1,253,553	1,700,508	-	
Solid waste	2,406,403	2,517,077	-	
Total business-type activities	<u>6,353,978</u>	<u>8,042,372</u>	<u>-</u>	
Total primary government	<u><u>\$ 17,048,568</u></u>	<u><u>\$ 8,739,844</u></u>	<u><u>\$ 688,777</u></u>	
Component units:				
Community Development Agency	\$ 777,055	\$ 7,357	\$ 239,504	
McCook Leasing Corporation	-	-	-	
Total component units	<u><u>\$ 777,055</u></u>	<u><u>\$ 7,357</u></u>	<u><u>\$ 239,504</u></u>	

See notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position				
Primary Government				
Capital Grants and Contributions	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)	Total	Component Units (Accrual Basis)
\$ -	\$ (1,837,643)		\$ (1,837,643)	
-	(352,735)		(352,735)	
194,925	(3,030,529)		(3,030,529)	
190,570	(1,227,083)		(1,227,083)	
597,651	(588,636)		(588,636)	
-	(1,441,081)		(1,441,081)	
-	152,512		152,512	
<u>983,146</u>	<u>(8,325,195)</u>	<u>\$ -</u>	<u>(8,325,195)</u>	
-	-	1,337,972	1,337,972	
-	-	(207,207)	(207,207)	
-	-	446,955	446,955	
-	-	110,674	110,674	
<u>-</u>	<u>-</u>	<u>1,688,394</u>	<u>1,688,394</u>	
<u>\$ 983,146</u>	<u>(8,325,195)</u>	<u>1,688,394</u>	<u>(6,636,801)</u>	
\$ -				\$ (530,194)
\$ -				<u>-</u>
<u>\$ -</u>				<u>(530,194)</u>
General revenues:				
Taxes:				
Property	1,678,346	-	1,678,346	-
Motor vehicle	183,815	-	183,815	-
Payments in lieu of taxes	108,244	-	108,244	464
Occupation	184,778	-	184,778	-
Sales tax	3,525,044	-	3,525,044	-
Franchise	100,644	-	100,644	-
State allocation	1,802,958	-	1,802,958	-
TIF proceeds	-	-	-	537,277
Keno proceeds	81,945	-	81,945	-
Loss on disposal of capital assets	(179,689)	-	(179,689)	-
Miscellaneous	24,316	-	24,316	-
Interest income	372,463	386,248	758,711	2,829
Net transfers	1,080,750	(1,080,750)	-	-
Total general revenues	<u>8,963,614</u>	<u>(694,502)</u>	<u>8,269,112</u>	<u>540,570</u>
Change in net position	638,419	993,892	1,632,311	10,376
Net position - September 30, 2022	33,061,153	18,426,646	51,487,799	72,946
Net position - September 30, 2023	<u>\$ 33,699,572</u>	<u>\$ 19,420,538</u>	<u>\$ 53,120,110</u>	<u>\$ 83,322</u>

CITY OF MCCOOK, NEBRASKA

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

September 30, 2023

	<u>General Fund</u>	<u>Street Fund</u>	<u>Economic Development Fund</u>
ASSETS			
Cash and cash equivalents	\$ 3,146,280	\$ 1,230,762	\$ 1,313,478
County treasurer cash	<u>55,082</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 3,201,362</u>	<u>\$ 1,230,762</u>	<u>\$ 1,313,478</u>
LIABILITIES AND FUND BALANCES			
Liabilities:	\$ -	\$ -	\$ -
Fund balances:			
Nonspendable:			
Perpetual care	119,205	-	-
Restricted for:			
Capital projects	-	-	-
Street improvements	-	1,230,762	-
Economic development	-	-	1,313,478
Debt service	-	-	-
Federal projects	-	-	-
Pool project	-	-	-
Community betterment	-	-	-
Committed for:			
Capital projects	579,501	-	-
Assigned for:			
Budgetary stabilization	1,401,809	-	-
Storm/hail repairs	-	-	-
Unassigned	<u>1,100,847</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>3,201,362</u>	<u>1,230,762</u>	<u>1,313,478</u>
Total liabilities and fund balances	<u>\$ 3,201,362</u>	<u>\$ 1,230,762</u>	<u>\$ 1,313,478</u>

See notes to financial statements.

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Grant Fund</u>	<u>Other Governmental Fund (Keno)</u>	<u>Total Governmental Funds</u>
\$ 413,572	\$ 1,505,816	\$ 6,915,980	\$ 26,991	\$ 14,552,879
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,082</u>
\$ 413,572	\$ 1,505,816	\$ 6,915,980	\$ 26,991	\$ 14,607,961
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	119,205
-	1,505,816	-	-	1,505,816
-	-	-	-	1,230,762
-	-	-	-	1,313,478
413,572	-	-	-	413,572
-	-	684,813	-	684,813
-	-	5,792,749	-	5,792,749
-	-	-	26,991	26,991
-	-	-	-	579,501
-	-	-	-	1,401,809
-	-	438,418	-	438,418
-	-	-	-	1,100,847
413,572	1,505,816	6,915,980	26,991	14,607,961
\$ 413,572	\$ 1,505,816	\$ 6,915,980	\$ 26,991	\$ 14,607,961

CITY OF MCCOOK, NEBRASKA

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

September 30, 2023

Total fund balances - governmental funds \$ 14,607,961

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

The Internal Service Fund is included as a governmental activity in the statement of changes in net position. 940,366

LB840 notes receivables are not due in the current period and therefore are not reported as assets in the governmental funds. 346,512

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 \$46,989,394 and the accumulated depreciation is \$23,315,410. 23,673,984

Long-term liabilities, including 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 (5,869,251)

Total net position - governmental activities \$ 33,699,572

See notes to financial statements.

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

For the year ended September 30, 2023

	<u>General Fund</u>	<u>Street Fund</u>	<u>Economic Development Fund</u>
REVENUES			
Taxes:			
Property	\$ 1,678,346	\$ -	\$ -
Motor vehicle	183,815	-	-
Payments in lieu of taxes	108,244	-	-
Occupation	184,778	-	-
Sales tax	1,745,744	257,358	528,367
Franchise	100,644	-	-
Intergovernmental	614,601	1,188,357	-
Grants	443,799	185,570	-
Keno proceeds	-	-	-
Charges for services	908,333	22,386	-
Contributions	129,687	-	-
Interest income	128,620	16,631	22,769
Loan collections	-	-	101,703
Sale of assets	23,029	-	-
Bond proceeds	-	-	-
Bond premium	-	-	-
Other revenue	11,782	-	-
Total revenues	<u>6,261,422</u>	<u>1,670,302</u>	<u>652,839</u>
EXPENDITURES			
General government	1,719,577	-	-
Economic development	-	-	352,735
Public safety	3,423,585	-	-
Public works	267,874	1,483,229	-
Environment and leisure	1,573,061	-	-
Capital outlay	444,669	173,836	-
Principal payments on debt	46,169	59,102	-
Interest on long-term debt	6,126	6,434	-
Bond fees	-	-	-
Total expenditures	<u>7,481,061</u>	<u>1,722,601</u>	<u>352,735</u>
Excess (deficiency) of revenues over expenditures	(1,219,639)	(52,299)	300,104
OTHER FINANCING SOURCES (USES)			
Transfers in	1,242,011	239,229	-
Transfers out	<u>(6,252)</u>	<u>-</u>	<u>-</u>
Net transfers	<u>1,235,759</u>	<u>239,229</u>	<u>-</u>
Net change in fund balances	16,120	186,930	300,104
Fund balances - September 30, 2022	<u>3,185,242</u>	<u>1,043,832</u>	<u>1,013,374</u>
Fund balances - September 30, 2023	<u><u>\$ 3,201,362</u></u>	<u><u>\$ 1,230,762</u></u>	<u><u>\$ 1,313,478</u></u>

See notes to financial statements.

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Grant Fund</u>	<u>Other Governmental Funds (Keno)</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,678,346
-	-	-	-	183,815
-	-	-	-	108,244
-	-	-	-	184,778
-	993,575	-	-	3,525,044
-	-	-	-	100,644
-	-	46,170	-	1,849,128
-	-	356,032	-	985,401
-	-	-	81,945	81,945
-	-	19,622	-	950,341
-	-	266,620	-	396,307
14,827	37,181	102,619	1,330	323,977
-	-	-	-	101,703
-	-	-	-	23,029
-	-	5,680,000	-	5,680,000
-	-	284,537	-	284,537
-	-	12,534	-	24,316
<u>14,827</u>	<u>1,030,756</u>	<u>6,768,134</u>	<u>83,275</u>	<u>16,481,555</u>
-	-	82,299	24,455	1,826,331
-	-	-	-	352,735
-	-	69,556	-	3,493,141
-	-	-	-	1,751,103
-	-	14,442	-	1,587,503
-	18,911	911,171	-	1,548,587
-	-	-	-	105,271
-	-	-	-	12,560
-	-	119,465	-	119,465
<u>-</u>	<u>18,911</u>	<u>1,196,933</u>	<u>24,455</u>	<u>10,796,696</u>
14,827	1,011,845	5,571,201	58,820	5,684,859
-	-	-	-	1,481,240
-	(239,229)	(455,009)	(75,000)	(775,490)
<u>-</u>	<u>(239,229)</u>	<u>(455,009)</u>	<u>(75,000)</u>	<u>705,750</u>
14,827	772,616	5,116,192	(16,180)	6,390,609
398,745	733,200	1,799,788	43,171	8,217,352
<u>\$ 413,572</u>	<u>\$ 1,505,816</u>	<u>\$ 6,915,980</u>	<u>\$ 26,991</u>	<u>\$ 14,607,961</u>

CITY OF MCCOOK, NEBRASKA

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

For the year ended September 30, 2023

Total net change in fund balances - governmental funds	\$ 6,390,609
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 (\$1,554,266) exceeded depreciation expense (\$1,441,081). Asset additions of \$5,679 were funded directly by donations.	113,185
Basis remaining on capital asset disposals does not impact the fund financial statements. However, the remaining basis is reported as a loss on disposal of capital assets in the statement of activities.	(202,718)
Principal payments received on LB840 loans are reported as revenue in the governmental fund statements, but these payments decrease the note receivable balance in the statement of activities.	(87,554)
The increase in net position of the Internal Service Fund is included as a governmental activity in the government wide statements.	(374)
The issuance of bonds is reported as revenue in the governmental funds, but the issuance of bonds increases long-term liabilities in the statement of net position.	(5,680,000)
Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	105,271
Change in net position of governmental activities	<u>\$ 638,419</u>

See notes to financial statements.

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

	<u>Electric and Emergency Fund</u>	<u>Water Fund</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ -	\$ 5,757,319
Accounts receivable	-	6,970
Unbilled revenue	-	388,290
Reinsurance receivable	-	-
Inventory	-	305,862
Total current assets	<u>-</u>	<u>6,458,441</u>
Noncurrent assets:		
Restricted cash and cash equivalents	-	848,220
Capital assets:		
Land	-	295,625
Distribution systems	170,000	23,707,148
Buildings and improvements	-	639,392
Tools and equipment	-	868,074
Accumulated depreciation	<u>(154,956)</u>	<u>(17,149,147)</u>
Net capital assets	<u>15,044</u>	<u>8,361,092</u>
Total noncurrent assets	<u>15,044</u>	<u>9,209,312</u>
Total assets	15,044	15,667,753
LIABILITIES		
Current liabilities:		
Accounts payable	-	73,717
Sales tax payable	-	9,052
Claims incurred not paid	-	-
Accrued payroll	-	21,511
Accrued vacation	-	40,229
Accrued sick leave	-	19,230
Customer deposits	-	98,614
Accrued interest	-	19,224
Current portion of long-term obligations	<u>-</u>	<u>364,639</u>
Total current liabilities	<u>-</u>	<u>646,216</u>
Noncurrent liabilities:		
Accrued landfill postclosure costs	-	-
Accrued deep well abandonment costs	-	59,830
Noncurrent portion of long-term obligations	<u>-</u>	<u>5,220,039</u>
Total noncurrent liabilities	<u>-</u>	<u>5,279,869</u>
Total liabilities	<u>-</u>	<u>5,926,085</u>
NET POSITION		
Net investment in capital assets	15,044	2,776,414
Restricted for:		
Landfill postclosure	-	-
Deep injection well closure	-	29,200
Debt service	-	660,576
Unrestricted	<u>-</u>	<u>6,275,478</u>
Total net position	<u>\$ 15,044</u>	<u>\$ 9,741,668</u>

See notes to financial statements.

Business-type Activities - Enterprise Funds

	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 2,489,268	\$ 970,528	\$ 9,217,115	\$ 812,266	
18,755	66,171	91,896	-	
225,089	125,639	739,018	-	
-	-	-	226,200	
-	-	305,862	-	
<u>2,733,112</u>	<u>1,162,338</u>	<u>10,353,891</u>	<u>1,038,466</u>	
228,895	96,170	1,173,285	-	
-	190,110	485,735	-	
10,677,625	-	34,554,773	-	
4,047,922	926,210	5,613,524	-	
1,090,090	1,949,185	3,907,349	-	
(9,440,108)	(2,295,149)	(29,039,360)	-	
<u>6,375,529</u>	<u>770,356</u>	<u>15,522,021</u>	<u>-</u>	
<u>6,604,424</u>	<u>866,526</u>	<u>16,695,306</u>	<u>-</u>	
<u>9,337,536</u>	<u>2,028,864</u>	<u>27,049,197</u>	<u>1,038,466</u>	
9,735	68,949	152,401	-	
9,426	-	18,478	-	
-	-	-	98,100	
7,453	22,663	51,627	-	
8,320	55,460	104,009	-	
1,762	32,418	53,410	-	
-	-	98,614	-	
1,388	-	20,612	-	
210,000	-	574,639	-	
<u>248,084</u>	<u>179,490</u>	<u>1,073,790</u>	<u>98,100</u>	
-	715,000	715,000	-	
-	-	59,830	-	
<u>560,000</u>	<u>-</u>	<u>5,780,039</u>	<u>-</u>	
<u>560,000</u>	<u>715,000</u>	<u>6,554,869</u>	<u>-</u>	
<u>808,084</u>	<u>894,490</u>	<u>7,628,659</u>	<u>98,100</u>	
5,605,529	770,356	9,167,343	-	
-	96,170	96,170	-	
-	-	29,200	-	
228,895	-	889,471	-	
2,695,028	267,848	9,238,354	940,366	
<u>\$ 8,529,452</u>	<u>\$ 1,134,374</u>	<u>\$ 19,420,538</u>	<u>\$ 940,366</u>	

CITY OF MCCOOK, NEBRASKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
For the year ended September 30, 2023

	<u>Electric and Emergency Fund</u>	<u>Water Fund</u>
Operating revenues:		
Charges for services	\$ 1,341,511	\$ 2,329,324
Miscellaneous revenues	-	153,952
Total operating revenues	<u>1,341,511</u>	<u>2,483,276</u>
Operating expenses:		
Salaries and benefits	-	719,860
Insurance and bonds	-	88,355
Utilities and telephone	-	145,465
Repairs and maintenance	-	265,214
Equipment rent	-	13,667
Contracted services	-	35,370
Supplies	-	19,654
Plant chemicals	-	270,673
Transportation	-	20,965
Professional fees	-	8,848
Sales tax	-	20,510
Miscellaneous	-	78,923
Depreciation	3,539	931,424
Insurance claims and health premiums	-	-
Total operating expenses	<u>3,539</u>	<u>2,618,928</u>
Operating income (loss)	1,337,972	(135,652)
Nonoperating revenues (expenses):		
Interest income	-	254,136
Interest expense	-	(67,174)
Loan fees	-	(4,381)
Total nonoperating revenues (expenses)	<u>-</u>	<u>182,581</u>
Income (loss) before transfers	1,337,972	46,929
Interfund transfers:		
Transfers in	-	17,463
Transfers out	(1,341,511)	(60,000)
Net transfers	<u>(1,341,511)</u>	<u>(42,537)</u>
Change in net position	(3,539)	4,392
Net position - September 30, 2022	<u>18,583</u>	<u>9,737,276</u>
Net position - September 30, 2023	<u><u>\$ 15,044</u></u>	<u><u>\$ 9,741,668</u></u>

See notes to financial statements.

Business-type Activities - Enterprise Funds

<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 1,685,561	\$ 2,507,667	\$ 7,864,063	\$ 2,686,414
14,947	9,410	178,309	-
<u>1,700,508</u>	<u>2,517,077</u>	<u>8,042,372</u>	<u>2,686,414</u>
392,710	892,375	2,004,945	-
56,180	60,741	205,276	-
105,955	8,003	259,423	-
78,209	146,438	489,861	-
3,018	1,697	18,382	-
12,580	957,162	1,005,112	-
16,437	12,402	48,493	-
-	-	270,673	-
8,851	213,430	243,246	-
12,499	7,957	29,304	-
97,860	-	118,370	-
25,895	14,141	118,959	-
437,465	92,057	1,464,485	-
-	-	-	3,096,124
<u>1,247,659</u>	<u>2,406,403</u>	<u>6,276,529</u>	<u>3,096,124</u>
452,849	110,674	1,765,843	(409,710)
92,993	39,119	386,248	34,336
(5,370)	-	(72,544)	-
(524)	-	(4,905)	-
<u>87,099</u>	<u>39,119</u>	<u>308,799</u>	<u>34,336</u>
539,948	149,793	2,074,642	(375,374)
425,009	-	442,472	375,000
(70,349)	(51,362)	(1,523,222)	-
<u>354,660</u>	<u>(51,362)</u>	<u>(1,080,750)</u>	<u>375,000</u>
894,608	98,431	993,892	(374)
7,634,844	1,035,943	18,426,646	940,740
<u>\$ 8,529,452</u>	<u>\$ 1,134,374</u>	<u>\$ 19,420,538</u>	<u>\$ 940,366</u>

CITY OF MCCOOK, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the year ended September 30, 2023

	<u>Electric and Emergency Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 1,341,511
Receipts from other funds	-
Payments to suppliers	-
Payments to employees	-
Net cash provided (used) by operating activities	<u>1,341,511</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers from other funds	-
Transfers to other funds	<u>(1,341,511)</u>
Net cash provided (used) by noncapital financing activities	<u>(1,341,511)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of property and equipment	-
Increase in accrued deep well abandonment costs	-
Principal payments on capital debt	-
Interest paid on capital debt	-
Loan fees paid	-
Net cash used by capital and related financing activities	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	<u>-</u>
Increase (decrease) in cash and cash equivalents	<u>-</u>
Cash and cash equivalents - beginning of the year	<u>-</u>
Cash and cash equivalents - end of the year	<u>\$ -</u>
Composition of cash and cash equivalents:	
Cash and cash equivalents	\$ -
Restricted cash and cash equivalents	-
Total cash and cash equivalents	<u>\$ -</u>

See notes to financial statements.

Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
Water Fund	Sewer Fund	Solid Waste Fund	Total	
\$ 2,510,428	\$ 1,682,313	\$ 2,507,770	\$ 8,042,022	\$ -
-	-	-	-	2,512,114
(929,395)	(416,046)	(1,420,101)	(2,765,542)	(3,059,224)
(703,508)	(385,853)	(876,690)	(1,966,051)	-
<u>877,525</u>	<u>880,414</u>	<u>210,979</u>	<u>3,310,429</u>	<u>(547,110)</u>
17,463	425,009	-	442,472	375,000
(60,000)	(70,349)	(51,362)	(1,523,222)	-
<u>(42,537)</u>	<u>354,660</u>	<u>(51,362)</u>	<u>(1,080,750)</u>	<u>375,000</u>
(968,315)	(598,598)	(117,661)	(1,684,574)	-
5,760	-	-	5,760	-
(368,957)	(215,000)	-	(583,957)	-
(67,763)	(5,621)	-	(73,384)	-
(4,381)	(524)	-	(4,905)	-
<u>(1,403,656)</u>	<u>(819,743)</u>	<u>(117,661)</u>	<u>(2,341,060)</u>	<u>-</u>
254,136	92,993	39,119	386,248	34,336
(314,532)	508,324	81,075	274,867	(137,774)
<u>6,920,071</u>	<u>2,209,839</u>	<u>985,623</u>	<u>10,115,533</u>	<u>950,040</u>
<u>\$ 6,605,539</u>	<u>\$ 2,718,163</u>	<u>\$ 1,066,698</u>	<u>\$ 10,390,400</u>	<u>\$ 812,266</u>
\$ 5,757,319	\$ 2,489,268	\$ 970,528	\$ 9,217,115	\$ 812,266
848,220	228,895	96,170	1,173,285	-
<u>\$ 6,605,539</u>	<u>\$ 2,718,163</u>	<u>\$ 1,066,698</u>	<u>\$ 10,390,400</u>	<u>\$ 812,266</u>

CITY OF MCCOOK, NEBRASKA

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

For the year ended September 30, 2023

	<u>Electric and Emergency Fund</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 1,337,972
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	3,539
Change in assets and liabilities:	
Accounts receivable	-
Reinsurance receivable	-
Inventories	-
Customer deposits	-
Accounts payable	-
Claims incurred not paid	-
Sales tax payable	-
Accrued expenses	-
Net cash provided (used) by operating activities	<u>\$ 1,341,511</u>

See notes to financial statements.

Business-type Activities - Enterprise Funds

<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ (135,652)	\$ 452,849	\$ 110,674	\$ 1,765,843	\$ (409,710)
931,424	437,465	92,057	1,464,485	-
23,545	(18,724)	(9,307)	(4,486)	-
-	-	-	-	(174,300)
7,220	-	-	7,220	-
227	-	-	227	-
31,029	1,438	1,870	34,337	-
-	-	-	-	36,900
3,380	529	-	3,909	-
16,352	6,857	15,685	38,894	-
<u>\$ 877,525</u>	<u>\$ 880,414</u>	<u>\$ 210,979</u>	<u>\$ 3,310,429</u>	<u>\$ (547,110)</u>

CITY OF MCCOOK, NEBRASKA

**STATEMENT OF ASSETS AND LIABILITIES - MODIFIED CASH BASIS -
FIDUCIARY FUNDS**

September 30, 2023

	<u>Custodial Funds</u>
ASSETS	
Cash	<u>\$ 196,603</u>
LIABILITIES HELD FOR OTHERS	
Held for other purposes	<u>\$ 196,603</u>

See notes to financial statements.

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

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CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of McCook, Nebraska (City) are prepared in accordance with the modified cash basis of accounting for governmental and fiduciary funds and the accrual basis for the proprietary funds and discretely presented component unit. 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 McCook, Nebraska, was incorporated as a City of the first class in 1933. The City operates under a City Manager form of government. The Mayor is elected by the Council. All members of the City Council are elected on four-year terms. The administration of the City government is performed under the direction of the Council by the City Manager. Services provided to residents include public safety, highways and streets, parks, recreation, water and sanitary sewer systems, garbage collection, and general administrative services.

The City's financial reporting entity comprises the following:

Primary Government:	City of McCook
Discretely Presented Component Units:	Community Development Authority McCook Leasing Corporation

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 MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Blended Component Units

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

Discretely Presented Component Units

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

	<u>Brief Description of Activities and Relationship to the City</u>
McCook Community Development Agency	On February 20, 2006, the City Council passed an ordinance repealing the CRA and creating a CDA for the City of McCook. The Mayor and the members of the City Council shall constitute the Agency and the City Manager shall serve as the director of the CDA.
McCook Leasing Corporation	Created in 2011 to provide for the construction and issuance of bonds for the construction of the combined Administration and Public Safety building. This entity had no activity during the year ended September 30, 2023.

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 MCCOOK, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fund Financial Statements

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Capital Project Funds

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

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Governmental Funds, continued

Debt Service Fund

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

Proprietary Funds

Enterprise Funds

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

Internal Service Fund

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

Fiduciary Funds (Not included in government-wide statements)

Custodial Funds

Custodial funds account for assets held by the City in a purely custodial capacity. The reporting entity includes ten custodial funds. Since these funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds

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

<u>Fund</u>	<u>Brief Description</u>
<i>Major:</i>	
Governmental:	
General Fund	See page 32 for description.
Street Fund	The Street Fund is a Special Revenue Fund that accounts for the City's share of highway allocation from the State of Nebraska.
Debt Service Fund	See page 33 for description.
Capital Projects Fund	See page 32 for description.
Grant Fund	The Grant Fund is a Special Revenue Fund that accounts for grant revenue and expenditures.
Economic Development Fund	The Economic Development Fund is a Special Revenue Fund that accounts for sales tax proceeds to be used for LB840 economic development.
Proprietary:	
Enterprise:	
Electric and Emergency, Water, Sewer, and Solid Waste	See page 33 for description.
<i>Nonmajor:</i>	
Governmental:	
Keno Fund	The Keno Fund is a Special Revenue Fund that accounts for Keno proceeds and community betterment expenditures.

3. Measurement Focus and Basis of Accounting

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

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Measurement Focus

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

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

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. Fiduciary funds are not involved in the measurement of results of operations; therefore, the measurement focus is not applied to them.

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. Right of use assets and related lease liabilities, as defined by GASB 87 and 96, are not reflected in the accompanying modified cash basis financial statements.

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Basis of Accounting, continued

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

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

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

4. Assets, Liabilities, and Equity

Estimates

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

Cash and Investments

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

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Cash and Investments, continued

Investments are carried at fair value. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes B2, C1, and D2.

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

Receivables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Business-type activities report utility billings as their major receivables.

In the fund financial statements, proprietary fund receivables consist of all revenues earned at year end and not yet received. Utility accounts receivable compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventory

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

Restricted Assets

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

Capital Assets

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

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets, continued

Government-wide Statements

In the government-wide financial statements, property and equipment are accounted for as capital assets. The City has a \$5,000 capitalization threshold. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. The City has elected the depreciation approach for reporting infrastructure.

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

Buildings	25-50 years
Improvements	10-50 years
Machinery and Equipment	3-20 years
Utility System	25-50 years

Beginning October 1, 2003, governmental funds' infrastructure assets were capitalized under the retroactive capitalization method. These assets have been valued at 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.

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Compensated Absences

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

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 payable.

Fund Financial Statements

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal 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.

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications

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

Fund Financial Statements

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

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

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

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

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

Fund Financial Statements, continued

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

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

Unassigned—All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 20). 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.

5. Revenues, Expenditures, and Expenses

Sales and Use Tax

The City presently levies a 2.0 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. As of October 1, 2006, sales tax collected on the sale of motor vehicles is recorded in the Street Fund as required by LB904. During November 2022, voters approved 0.5 percent for payment of the recreational bonds. The LB840 Fund receives 16.67 percent of the non-motor vehicle sales tax collections for economic development. The balance of the sales tax may be used for budgeted General Fund appropriations and capital projects; purchase of capital equipment; improving, repairing or replacing the City's infrastructure, including but not limited to water quality improvements, City streets, parks, and other public facilities; and repaying or redeeming water, sewer and other City debt.

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Property Taxes

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

The tax levies for all political subdivisions in Red Willow 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 2022-2023 are recorded as revenue when received by the County.

Electrical Distribution System Lease and Wholesale Power Contract

The City of McCook, Nebraska, recognizes revenue under a net lease of the electric distribution system. Rental payments are equal to 12.5 percent of retail revenues from the distribution system, adjusted to eliminate revenues from tax-supported agencies and fuel cost and similar adjustments. The lessee will maintain the electric distribution system pursuant to prudent utility practice and provide insurance thereon.

The lease, entered into on January 1, 2019, is for a 25-year period. The lease is annually renewable thereafter, unless terminated by a minimum of five years prior written notice.

Operating Revenues and Expenses

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

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Expenditures/Expenses

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

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

Governmental Funds – by Character and Function

Proprietary Funds – by Operating and Nonoperating

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

Interfund Transfers

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

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Fund Accounting Requirements

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

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

2. Deposit Laws and Regulations

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

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

3. Revenue Restrictions

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

4. Debt Restrictions and Covenants

Bonds Payable

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

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

4. Debt Restrictions and Covenants, continued

Sewer Loans

The City has established the following accounts to comply with the covenants listed in the sewer loan agreements.

1. Dedicated Source of Revenue for Repayment of the Loans – The City pledges the sewer user charge as the dedicated source of revenue for repayment of the loans.
2. Loan Principal and Interest Redemption Account - Out of the McCook Sewer Fund there shall be credited monthly, on or before the 15th day of each month to the Loan Principal and Interest Redemption Account, the following amounts:
 - a) An amount equal to 1/6th of the next maturing semi-annual interest payments. The loan interest reserve was \$1,388 at September 30, 2023.
 - b) An amount equal to 1/12th of the next maturing annual principal payments. The loan principal reserve was \$61,250 at September 30, 2023.
3. Debt Service Reserve – The debt service reserve was \$166,257 at September 30, 2023.

Water Loans

The City has established the following accounts to comply with the covenants listed in the water loan agreements.

1. Dedicated Source of Revenue for Repayment of the Loans – The City pledges the water user charge as the dedicated source of revenue for repayment of the loans.
2. Loan Principal and Interest Redemption Account - Out of the McCook Water Fund there shall be credited monthly, on or before the 15th day of each month to the Loan Principal and Interest Redemption Account, the following amounts:
 - a) An amount equal to 1/6th of the next maturing semi-annual interest payments. The loan interest reserve was \$20,205 at September 30, 2023.
 - b) An amount equal to 1/6th of the next maturing semi-annual principal payments. The loan principal reserve was \$106,303 at September 30, 2023.
3. Debt Service Reserve – The debt service reserve was \$534,068 at September 30, 2023.

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data

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

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

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

- a. On or before August 1, the City prepares a budget for the fiscal year commencing October 1. The budget includes proposed expenditures and resources available.
- b. The budget is published with subsequent public hearings to obtain taxpayer comments.
- c. Prior to September 30, the City Council adopts the budget, which is then filed with the appropriate state and county officials.
- d. Total expenditures may not legally exceed total appropriations. Appropriations lapse at year end and any revisions require board approval.
- e. Appropriations lapse at the end of the fiscal year, except for capital improvement appropriations and certain encumbrances against operating budgets.
- f. The County Clerk certifies a preliminary property tax levy for each fund of the City which levied property taxes in the county the previous year based on the combined valuation and amount required for the City the prior year. The preliminary levy becomes the final levy unless the governing board passes, by a majority vote, a resolution setting the levy at a different amount.

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data, continued

- g. The property tax requirements resulting from the budget process are utilized by the County Assessor to establish the tax levy. Taxes are levied annually on or before October 20. Real property taxes and personal property taxes are due December 31 with the first half delinquent May 1 and the second half delinquent September 1.
- h. The City of McCook adopts a budget by ordinance for all funds.

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

1. Cash

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, 2023. The categories of collateral are defined as follows:

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

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

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

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

1. Cash, continued

Deposits, continued

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits	\$ 26,615,260	\$ 250,000	\$ 26,365,260	\$ -	\$ <u>26,035,470</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –				
Unrestricted cash and cash equivalents				\$ 13,494,874
Restricted cash and cash equivalents				12,260,671
Fiduciary Funds –				
Custodial Funds cash				196,603
Component Unit –				
Unrestricted cash and cash equivalents				83,322
				\$ <u>26,035,470</u>

2. Restricted Assets

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

Type of Restricted Assets:	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ <u>11,087,386</u>	\$ <u>1,173,285</u>	\$ <u>12,260,671</u>

The General Fund has \$119,205 of cash restricted for cemetery perpetual care. The Street Fund has \$1,230,762 of cash restricted for street improvements. The Economic Development Fund has \$1,313,478 of cash restricted for economic development. The Debt Service Fund has \$413,572 of cash restricted for debt service. The Capital Projects Fund has \$1,505,816 of cash restricted for Capital Projects. The Grant Fund has \$684,813 of cash restricted for Federal programs and \$5,792,749 of cash restricted for the pool project. The Keno Fund has \$26,991 of cash restricted for community betterment.

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

2. Restricted Assets, continued

The Water Fund has \$89,030 restricted for future closure costs on the deep injection well, \$98,614 restricted for customer deposits, and \$660,576 restricted for debt service. Funds of \$228,895 are restricted in the Sewer Fund for debt service. The Solid Waste Fund has funds of \$96,170 that are restricted for the future landfill postclosure costs. See Note B4 for additional disclosures.

3. Accounts and Notes Receivable

Accounts receivable of the business-type activities consist of utilities receivables. Receivables detail at September 30, 2023, is as follows:

	<u>Business-type Activities</u>
Accounts receivable	\$ 91,896
Unbilled revenue	<u>739,018</u>
Total accounts receivable	<u>\$ 830,914</u>

As of September 30, 2023, the City had the following LB840 notes receivable:

	<u>Balance</u>	<u>Terms</u>
Clary Village	\$ 116,315	4%; due as TIF proceeds are collected; final maturity 3/31/31
McCook Economic Development Corporation	38,194	0%; due as TIF proceeds are collected over 15 years
McCook Economic Development Corporation	87,612	0%; due as TIF proceeds are collected over 15 years

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

3. Accounts and Notes Receivable, continued

Hot Tub Brokers	83,858	2%; 120 monthly payments of \$919.56 due 1/1/21 – 12/1/31
Early Morning Cackle	38,469	3%; 120 monthly payments of \$538.42 due 5/1/20 – 4/1/30
Straight Align LLC	32,179	3%; 120 monthly payments of \$482.80 due 11/1/19 – 10/1/29
Young Bison Daycare	39,517	3%; 120 monthly payments of \$545.61 due 6/1/20 – 5/1/30
American Agricultural Laboratory	26,683	2%; 120 monthly payments of \$690.10 due 2/5/17 – 1/5/27
Allowance for uncollectible notes	<u>(116,315)</u>	
	<u><u>\$ 346,512</u></u>	

The Community Development Agency had the following TIF receivables and payables as of September 30, 2023:

	<u>TIF Receivable</u>	<u>TIF Payable</u>
North Pointe	\$ 38,194	\$ 38,194
Clary Village	78,780	78,780
Cobblestone	449,100	449,100
Quillan Courts	71,196	71,196
N-Stant Convenience	65,100	65,100
Blackwood Enterprises	149,800	149,800
Infill Housing	39,504	39,504
Holiday Inn	1,003,779	1,003,779
Next Generation	<u>1,347,885</u>	<u>1,347,885</u>
	<u><u>\$ 3,243,338</u></u>	<u><u>\$ 3,243,338</u></u>
Current portion	\$ 555,557	\$ 555,557
Long-term portion	<u>2,687,781</u>	<u>2,687,781</u>
	<u><u>\$ 3,243,338</u></u>	<u><u>\$ 3,243,338</u></u>

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

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

4. Capital Assets

Capital asset activity for the year ended September 30, 2023, was as follows:

	Balance at October 1, <u>2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2023</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 776,893	\$ -	\$ -	\$ -	\$ 776,893
Construction in progress	<u>1,026,476</u>	<u>681,403</u>	<u>-</u>	<u>(793,910)</u>	<u>913,969</u>
Total capital assets not being depreciated	1,803,369	681,403	-	(793,910)	1,690,862
Other capital assets being depreciated:					
Infrastructure	16,708,479	259,757	-	793,910	17,762,146
Buildings and improvements	19,378,489	36,665	(457,126)	-	18,958,028
Machinery and equipment	1,136,887	179,157	-	-	1,316,044
Furniture and equipment	3,365,464	139,363	(11,673)	-	3,493,154
Vehicles	<u>3,589,007</u>	<u>257,921</u>	<u>(77,768)</u>	<u>-</u>	<u>3,769,160</u>
Total other capital assets at historical cost	44,178,326	872,863	(546,567)	793,910	45,298,532
Less accumulated depreciation for:					
Infrastructure	(5,317,497)	(349,010)	-	-	(5,666,507)
Buildings and improvements	(11,256,734)	(481,128)	254,408	-	(11,483,454)
Machinery and equipment	(820,507)	(76,422)	-	-	(896,929)
Furniture and equipment	(2,121,055)	(291,037)	11,673	-	(2,400,419)
Vehicles	<u>(2,702,385)</u>	<u>(243,484)</u>	<u>77,768</u>	<u>-</u>	<u>(2,868,101)</u>
Total accumulated depreciation	(22,218,178)	(1,441,081) *	343,849	-	(23,315,410)
Other capital assets, net	<u>21,960,148</u>	<u>(568,218)</u>	<u>(202,718)</u>	<u>793,910</u>	<u>21,983,122</u>
Governmental activities capital assets, net	<u>\$ 23,763,517</u>	<u>\$ 113,185</u>	<u>\$ (202,718)</u>	<u>\$ -</u>	<u>\$ 23,673,984</u>

* Depreciation expense was incurred by the following governmental activities:

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

4. Capital Assets, continued

General Fund:

General government:

Administration	\$ 9,270
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Public safety:

Fire	122,429
Civil defense	9,383
Ambulance	72,003
Municipal Center	131,803
Public safety	505
Police	<u>202,862</u>
Total public safety	538,985

Public works:

Public works	2,332
Cemetery	<u>16,135</u>
Total public works	18,467

Environment and leisure:

Airport	156,043
Library	53,045
Parks	80,878
Ball park	18,609
Pool	11,169
Auditorium	22,649
Public transportation	8,120
Senior Center	<u>37,720</u>
Total environment and leisure	<u>388,233</u>
Total General Fund	954,955

Special Revenue Funds:

Street	<u>486,126</u>
Total Governmental Activities depreciation expense	<u>\$ 1,441,081</u>

Construction in progress at September 30, 2023 consists of \$251,270 of costs incurred on the airport master plan update project, \$645,119 of costs incurred on the swimming pool project, and \$17,580 of costs incurred on the four City entry signs. See note D3 for additional details regarding commitments remaining on these projects.

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

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

4. Capital Assets, continued

	Balance at October 1, <u>2022</u>	Additions	Disposals	Balance at September 30, <u>2023</u>
<u>Business-type Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 485,735	\$ -	\$ -	\$ 485,735
Other capital assets being depreciated:				
Distribution systems	33,134,755	1,420,018	-	34,554,773
Buildings and improvements	5,487,764	125,760	-	5,613,524
Machinery and equipment	3,805,781	138,796	(37,228)	3,907,349
Total other capital assets at historical cost	<u>42,428,300</u>	<u>1,684,574</u>	<u>(37,228)</u>	<u>44,075,646</u>
Less accumulated depreciation for:				
Distribution systems	(21,714,350)	(1,187,485)	-	(22,901,835)
Buildings and improvements	(2,777,971)	(133,985)	-	(2,911,956)
Machinery and equipment	(3,119,782)	(143,015)	37,228	(3,225,569)
Total accumulated depreciation	<u>(27,612,103)</u>	<u>(1,464,485)</u> *	<u>37,228</u>	<u>(29,039,360)</u>
Other capital assets, net	<u>14,816,197</u>	<u>220,089</u>	<u>-</u>	<u>15,036,286</u>
Business-type capital assets, net	<u><u>\$ 15,301,932</u></u>	<u><u>\$ 220,089</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,522,021</u></u>

* Depreciation expense was charged to functions as follows:

Electric and Emergency	\$ 3,539
Water	931,424
Sewer	437,465
Solid Waste	92,057
Total Business-type Activities depreciation expense	<u>\$ 1,464,485</u>

5. 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.

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

5. Long-term Debt, continued

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2023:

<u>Type of Debt</u>	<u>Balance October 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2023</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds payable	\$ -	\$ 5,680,000	\$ -	\$ 5,680,000	\$ 150,000
Notes payable	<u>294,522</u>	<u>-</u>	<u>(105,271)</u>	<u>189,251</u>	<u>109,773</u>
Total Governmental-type Activities	<u>\$ 294,522</u>	<u>\$ 5,680,000</u>	<u>\$ (105,271)</u>	<u>\$ 5,869,251</u>	<u>\$ 259,773</u>
Business-type Activities:					
Bonds payable	\$ 5,985,000	\$ -	\$ (550,000)	\$ 5,435,000	\$ 540,000
Notes payable	<u>953,635</u>	<u>-</u>	<u>(33,957)</u>	<u>919,678</u>	<u>34,639</u>
Deep well abandonment costs	<u>54,070</u>	<u>5,760</u>	<u>-</u>	<u>59,830</u>	<u>-</u>
Landfill closure costs	<u>715,000</u>	<u>-</u>	<u>-</u>	<u>715,000</u>	<u>-</u>
Total Business-type Activities	<u>\$ 7,707,705</u>	<u>\$ 5,760</u>	<u>\$ (583,957)</u>	<u>\$ 7,129,508</u>	<u>\$ 574,639</u>
Component Units:					
CDA notes payable	<u>\$ 3,434,899</u>	<u>\$ 239,504</u>	<u>\$ (431,065)</u>	<u>\$ 3,243,338</u>	<u>\$ 555,557</u>

Governmental Activities

The General and Street Funds are making the principal and interest payments on the governmental notes payable and the Capital Projects Fund is making the principal and interest payments on the bonds payable. As of September 30, 2023, the governmental long-term liabilities consisted of the following:

Bonds payable:

On August 15, 2023, the City issued \$5,680,000 of Series 2023 Municipal Improvement Bonds to finance the swimming pool project. The bonds are due in annual principal payments commencing September 15, 2024 through September 15, 2043. Interest of 5.0 percent is due in semi-annual payments on March 15 and September 15. \$ 5,680,000

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

5. Long-term Debt, continued

Governmental Activities, continued

Notes payable:

Note payable of \$127,451 due to Horizon Bank, bearing interest of 3.99 percent. Annual principal and interest payments of \$21,227 are due commencing November 1, 2018, through November 1, 2024. The note is secured by self-contained breathing apparatuses. 37,095

Note payable of \$159,955 due to McCook National Bank, bearing interest of 4.50 percent. Annual principal and interest payments of \$31,068 are due commencing April 1, 2020, through April 1, 2025. The note is secured by a 2019 Ford F-550 ambulance. 57,977

Note payable of \$114,040 due to McCook National Bank, bearing interest of 3.75 percent. Annual principal and interest payments of \$31,170 are due commencing November 1, 2020, through November 1, 2023. The note is secured by a 2020 Caterpillar 926M wheel loader. 30,067

Note payable of \$178,691 due to McCook National Bank, bearing interest of 4.50 percent. Annual principal and interest payments of \$34,365 are due commencing November 1, 2019, through November 1, 2024. The note is secured by a 2019 Mac Queen street sweeper. 64,112
\$ 5,869,251

Current portion	\$ 259,773
Noncurrent portion	<u>5,609,478</u>
Total	<u>\$ 5,869,251</u>

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

5. Long-term Debt, continued

Business-type Activities

As of September 30, 2023, the long-term debt payable from proprietary fund resources consisted of the following:

Notes payable:

\$1,650,090 Nebraska Department of Environment and Energy (DEE) water note payable, due in semi-annual principal and interest payments of \$41,195 commencing June 15, 2015, through June 15, 2032. The note bears interest of 2.0 percent. \$ 336,372

During the year ended September 30, 2022, the City drew \$583,306 on a \$2,036,899 Nebraska DEE water note payable, due in semi-annual principal payments of \$33,948 commencing December 15, 2024, through June 15, 2054. The note is non-interest bearing. 583,306

Bond payable:

On August 24, 2021, the City issued \$6,555,000 of Series 2021 Combined Utility Revenue Refunding Bonds to refinance the Series 2016 Combined Utility Revenue Refunding Bonds. The bonds are due in annual principal payments commencing June 15, 2022 through June 15, 2036. Interest ranging from 0.35 percent to 2.0 percent is due in semi-annual payments on December 15 and June 15. At September 30, 2023, the Water Fund owed \$4,665,000 and the Sewer Fund owed \$770,000 of the outstanding bonds. 5,435,000

Total business-type activity notes payable \$ 6,354,678

Current portion	\$ 574,639
Noncurrent portion	<u>5,780,039</u>
Total	<u>\$ 6,354,678</u>

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

5. Long-term Debt, continued

Component Units:

Community Development Agency:

During the year ended September 30, 2015, the CDA issued a \$208,000 note payable to McCook Economic Development Corporation (MEDC) to finance North Pointe redevelopment expenses. This note is non-interest bearing and will be paid off as North Pointe TIF proceeds are collected over 15 years.

\$ 38,194

During the year ended September 30, 2015, the CDA issued a \$180,000 note payable to MEDC to finance Clary Village redevelopment expenses. This note will be paid off as Clary Village TIF proceeds are collected over 15 years.

78,780

During the year ended September 30, 2016, the CDA entered into a TIF agreement with McCook Hotel Group, LLC for the Cobblestone Hotel Project. This note will be paid to the redeveloper as TIF proceeds are collected over 15 years.

449,100

During the year ended September 30, 2016, the CDA issued a \$110,000 note payable to MEDC to finance the Quillan Courts Project. This note will be paid to the redeveloper as Quillan Courts TIF proceeds are collected over 15 years.

71,196

During the year ended September 30, 2020, the CDA entered into a TIF agreement with N-Stant Convenience to finance up to \$196,500 on the N-Stant project. This note will be paid to the redeveloper as N-Stant TIF proceeds are collected over 15 years.

65,100

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

5. Long-term Debt, continued

Component Units, continued:

Community Development Agency, continued:

During the year ended September 30, 2020, the CDA entered into a TIF agreement with Blackwood Enterprises to finance up to \$200,000 on the Blackwood Enterprises project. This note will be paid to the redeveloper as Blackwood Enterprises TIF proceeds are collected over 15 years.

149,800

During the year ended September 30, 2022, the CDA entered into a TIF agreement with Infill Housing to finance up to \$45,225 on the Infill Housing project. This note will be paid to the redeveloper as Infill Housing TIF proceeds are collected over 15 years.

39,504

During the year ended September 30, 2016, the CDA entered into a TIF agreement with McCook Lodging, LLC to finance up to \$1,400,000 on the Holiday Inn project. TIF collections were deferred until the 2019 tax year due to delays on this project. This note will be paid to the redeveloper as Holiday Inn TIF proceeds are collected over 15 years.

1,003,779

During the year ended September 30, 2018, the CDA entered into a TIF agreement with Next Generation, Inc. to finance up to \$1,744,000 on the Next Generation project. This note will be paid to the redeveloper as Next Generation TIF proceeds are collected over 15 years.

1,347,885

Total component unit debt \$ 3,243,338

Current portion	\$ 555,557
Noncurrent portion	<u>2,687,781</u>
Total	<u>\$ 3,243,338</u>

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

5. Long-term Debt, continued

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

Year Ending <u>September 30,</u>	Business-type Activities					
	Direct Placement - Notes Payable			Other Debt Issues - Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$ 34,639	\$ 6,555	\$ 3,278	\$ 540,000	\$ 63,945	
2025	103,232	5,859	2,929	545,000	61,245	
2026	103,943	5,149	2,574	680,000	57,975	
2027	104,667	4,424	2,212	330,000	53,215	
2028	105,406	3,685	1,842	330,000	50,410	
2029-2033	467,791	7,047	3,524	1,655,000	195,880	
2034-2037	-	-	-	1,355,000	58,855	
	\$ 919,678	\$ 32,719	\$ 16,359	\$ 5,435,000	\$ 541,525	

Year Ending <u>September 30,</u>	Governmental Activities				Component Units	
	Direct Placement - Notes		Other Debt Issues-Bonds		Direct Placement Debt	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 109,773	\$ 8,057	\$ 150,000	\$ 307,667	\$ 555,557	\$ -
2025	79,478	3,913	180,000	276,500	415,894	-
2026	-	-	190,000	267,500	415,500	-
2027	-	-	200,000	258,000	415,500	-
2028	-	-	210,000	248,000	415,500	-
2029-2033	-	-	1,220,000	1,071,750	876,687	-
2034-2038	-	-	1,550,000	735,000	148,700	-
2039-2043	-	-	1,980,000	306,500	-	-
	\$ 189,251	\$ 11,970	\$ 5,680,000	\$ 3,470,917	\$ 3,243,338	\$ -

Municipal Solid Waste Landfill Postclosure

The City recognizes a proportionate share of the estimated total current cost of closure and postclosure care costs of the municipal solid waste landfill as an expense and a liability in each period that the landfill accepts solid waste.

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

5. Long-term Debt, continued

Municipal Solid Waste Landfill Postclosure, continued

Under an agreement with the Nebraska Department of Environmental Quality, the City of McCook discontinued acceptance of solid waste after the completion of the current cell on September 1, 1996. According to the engineering study performed for the municipal solid waste landfill, the revised closure costs for the landfill were estimated at \$36,000. The postclosure care costs were estimated at \$48,085 annually for 30 years after closure as required by EPA rule “Solid Waste Disposal Facility Criteria.” The amount accrued has been adjusted for inflation. The total closure and postclosure cost estimate is \$1,478,550. The cumulative liability, which is based on the capacity of the landfill used to date, was \$715,000 at September 30, 2023. The City of McCook considers this amount available through the normal annual budgeting process. The City has a restricted cash reserve of \$96,170 as of September 30, 2023, consisting of a landfill postclosure reserve of \$96,170. The City was released from its landfill remedial action reserve in December 2016, so it no longer restricts cash for the remedial action reserve.

Deep Well Abandonment Costs

The City recognizes a proportionate share of the estimated total current cost of well abandonment for the deep injection well as an expense and a liability in each period that the well operates.

Under an agreement with the Nebraska Department of Environmental Quality, the City of McCook established an escrow account with a balance at September 30, 2023, of \$89,030 to be used for future deep well abandonment costs. The estimated cost of abandonment is being recognized over the 30-year estimated life of the well. The accrued deep well abandonment cost was \$59,830 at September 30, 2023.

6. Interfund Transactions and Balances

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Keno	\$ 75,000	\$ -
Grant Fund	30,000	-
Electric and Emergency	966,511	-
Water	60,000	(6,252)
Sewer	60,000	-
Solid Waste	50,500	-
Total General Fund	<u>1,242,011</u>	<u>(6,252)</u>

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

6. Interfund Transactions and Balances, continued

Operating transfers, continued:

	<u>Transfers In</u>	<u>Transfers Out</u>
Street Fund:		
Capital Projects	239,229	-
Keno Fund:		
General	-	(75,000)
Internal Service Fund:		
Electric	375,000	-
Grant Fund:		
General	-	(30,000)
Capital Projects Fund:		
Street	-	(239,229)
Water Fund:		
General	6,252	(60,000)
Sewer	10,349	-
Solid Waste	<u>862</u>	<u>-</u>
Total Water Fund	<u>17,463</u>	<u>(60,000)</u>
Electric Fund:		
Internal Service Fund	-	(375,000)
General	<u>-</u>	<u>(966,511)</u>
Total Electric Fund	<u>-</u>	<u>(1,341,511)</u>
Sewer Fund:		
General	-	(60,000)
Water	<u>-</u>	<u>(10,349)</u>
Total Sewer Fund	<u>-</u>	<u>(70,349)</u>
Solid Waste Fund:		
General	-	(50,500)
Water	<u>-</u>	<u>(862)</u>
Total Solid Waste Fund	<u>-</u>	<u>(51,362)</u>
Total Operating Transfers	<u>\$ 1,873,703</u>	<u>\$ (1,873,703)</u>

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE D – OTHER NOTES

1. Employee Pension and Other Benefit Plans

The City participates in three employee benefit plans as follows:

<u>Name of Plan</u>	<u>Type of Plan</u>
City General Plan	Defined Contribution Plan
City Manager Plan	Defined Contribution Plan
Police and Firefighters Plan	Defined Contribution Plan

The City Manager Plan is administered by the City, and the Police and Firefighters Plan and the City General Plan are administered by a third party. None of the plans are included in these financial statements.

City General Plan

The City provides pension benefits for substantially all of the full-time employees (excluding all uniformed personnel covered under other retirement plans) through a defined contribution plan. The defined contribution plan includes all General and Proprietary Fund employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

Public employees are eligible to participate on the first day of the month following the date on which the employee meets the eligibility requirements. The City contributes up to six percent of the participant's base salary and the employee contributes from six percent to 15 percent of his or her base salary. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested after seven years of continuous service. The City's total payroll and eligible compensation (excluding uniformed personnel) in the year ended September 30, 2023, was \$3,410,910 and \$2,917,089, respectively. All contributions, including \$194,578 in employee contributions and \$172,063 in City contributions, have been transferred to the plan's trustee during the year ended September 30, 2023.

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

City General Plan, continued

The Public Employee Plan, which is administered by CPI Qualified Plan Consultants, Inc., had plan assets with a market value of \$6,237,953 at September 30, 2023.

City Manager Plan

The City Manager currently participates in the City General pension plan. No contributions were made to the City Manager Plan during the year ended September 30, 2023. The balance of \$231,609 in the plan at September 30, 2023 represents balances for former City Managers.

Police and Firefighters Plan

The City provides pension benefits for the policemen and the firemen under separate defined contribution plans established by statutes of the State of Nebraska, effective January 1, 1984. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. The City contributes 7 percent to the policemen's fund and 13 percent to the firemen's fund while the policemen contribute 7 percent and the firemen contribute 6.5 percent. The City's contributions for each fire employee (and interest allocated to the employee's account) are fully vested after seven years of continuous service. The City contributions for each police employee (and interest allocated to the employee's account) vest as follows: 40 percent after 2 years, 60 percent after 4 years, 80 percent after 6 years, and 100 percent after 7 years.

The City's total payroll and eligible compensation for policemen and firemen in the year ended September 30, 2023, was \$1,077,664 and \$794,046, respectively. All contributions, including \$75,437 and \$51,613, respectively, in employee contributions and \$75,437 and \$103,226, respectively, in City contributions, have been transferred to the plan's trustee during the year ended September 30, 2023. The City did not use any of the unallocated account in the policemen's and firemen's pension funds for the City's contribution during the year ended September 30, 2023.

The policemen and firemen plans had plan assets with a market value of \$1,498,929 and \$3,683,932, respectively, at September 30, 2023.

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE D – OTHER NOTES, continued

2. Risk Management

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

Deposits and Investments

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City's investments at September 30, 2023, are held by the 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. Government or its agencies.

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 City had no certificates of deposit as of September 30, 2023.

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

Concentration of Credit Risk. The City's investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2023, the City's bank balances, totaling \$26,035,470, were all held at McCook National Bank.

Foreign Currency Risk. This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The City's investments had no exposure to foreign currency risk and the City held no investments denominated in foreign currency at September 30, 2023.

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

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies

Claims and Lawsuits

Various claims and lawsuits are pending against the City. In the opinion of City management, the potential loss on all claims and lawsuits as of September 30, 2023, will not be significant to the City's financial statements.

Construction Commitments

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

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/23</u>	<u>Remaining Commitment</u>	<u>Expected Date of Completion</u>
Airport master plan	\$ 360,291	\$ 251,269	\$ 109,022	March 2024
Four City entrance signs	29,875	17,580	12,295	November 2023
2024 Ford ambulance	347,359	-	347,359	April 2025
Rotary fan press equipment	458,790	396,531	62,259	December 2023
Swimming pool plan:				
Engineer	326,000	195,600	130,400	
Contractor	<u>6,399,567</u>	<u>420,009</u>	<u>5,979,558</u>	
	6,725,567	615,609	6,109,958	May 2024
Airport fire/rescue vehicle	375,382	-	375,382	March 2025
North Pointe/West C St paving	814,748	-	814,748	June 2024
South Street water main:				
Engineer	108,500	81,375	27,125	
Contractor	<u>981,927</u>	<u>-</u>	<u>981,927</u>	
	1,090,427	81,375	1,009,052	September 2024
Waste water treatment facility:				
Engineer	45,900	24,610	21,290	June 2026
Controls integration	108,000	25,750	82,250	December 2023
WWTP storage building	135,700	101,151	34,549	November 2023

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

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Self-Insurance Fund

The City provides medical and dental insurance for eligible employees using a self-insurance fund. The fund is reported in the Internal Service Fund and is financed by operating transfers from the Proprietary and General Funds of an average amount per employee, which is based on management's previous experience. The Self-Insurance Fund covers up to \$35,000 in costs per employee. Any expenses over that amount are covered by an insurance carrier. The City also uses a claims service to handle the insurance claims.

Disability Pension Annuity

On March 16, 2015, the City approved a disability pension annuity distribution for a former police officer. Under terms of the disability annuity agreement, the City will pay the former employee \$1,573 per month for the rest of the individual's life.

Other Commitments

The City is party to additional commitments for six copiers with monthly payments totaling \$1,023, a digital mailing system for \$200 per month, a telecommunications site for \$150 per month, and tower space from McCook Public Power District for \$50 per month. Also, the City has a commitment for \$2,000 per year for landfill land.

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

NOTE D – OTHER NOTES, continued

4. Interlocal Agreements

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

<u>Parties to Agreement</u>	<u>Term</u>	<u>Description</u>
Red Willow County	8/7/06 - indefinite	Establish and provide E-911 services
McCook Public Schools and Red Willow County	10/1/11 - indefinite	Joint grant writer services
Red Willow Western Rural Fire Protection District	3/2/02 - indefinite	Hazmat response team assistance
Red Willow County Fire Districts and Municipal Fire Departments	6/18/01 - indefinite	Mutual fire assistance
Red Willow County	10/1/96 - indefinite	Ambulance services
Red Willow County	3/16/20 - 3/16/30	Building inspection and permitting services for Calabria Subdivision
McCook Public Schools	1/19/02 - indefinite	School resource officer
Red Willow County	4/1/05 - indefinite	Fuel purchases
Nebraska First Class Cities	10/18/10 - indefinite	Federal transportation funding
Public Alliance for Community Energy	2/19/88 - indefinite	Acquisition, management, distribution, and sale of energy
Red Willow County	10/1/11 - indefinite	Snow removal
Hitchcock and Hayes Counties	3/20/23 - indefinite	Providing NCIC services

5. Union Agreements

The City is subject to the following union contracts:

- McCook Professional Firefighters Association Local 2100, Lieutenants CBA
- McCook Professional Firefighters Association Local 2100, Firefighters CBA
- McCook Fraternal Order of Police Lodge 57

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE D – OTHER NOTES, continued

6. Tax Abatements

The Community Development Agency (CDA), who is authorized by Nebraska statutes to enter into property tax abatement agreements for the purpose of developing properties in blighted areas, has entered into tax increment financing (TIF) agreements with various redevelopers. The TIF program has the stated purpose of increasing valuation, business activity and employment in the community.

Under the TIF program, redevelopers can apply for TIF financing whereby the property tax they pay on the increased valuation of property under a TIF agreement is returned to the redeveloper by the CDA to finance the project for a period of up to 15 years.

Information relevant to the abatements granted by the CDA for the year ended September 30, 2023 is as follows:

<u>TIF Project:</u>	<u>Date of TIF Agreement</u>	<u>2023 TIF Valuation</u>	<u>TIF Proceeds Received during the year ended 9/30/2023</u>
Keystone	May 2009	\$ 1,680,592	\$ 27,475
North Pointe	July 2014	2,152,657	44,111
Clary Village	March 2015	421,346	3,951
Cobblestone Hotel	May 2015	2,840,226	50,276
Quillan Courts	June 2016	427,166	4,147
Holiday Inn	March 2016	4,967,146	94,053
Next Generation, Inc.	February 2017	13,480,206	308,334
N-Stant Convenience	April 2020	264,672	4,740
Blackwood Enterprises	March 2020	610,147	190
Infill Housing	October 2021	259,046	<u>-</u>
			<u>\$ 537,277</u>

7. Subsequent Events

Management has evaluated subsequent events through December 28, 2023, the date on which the financial statements were available for issue.

On November 20, 2023, Council approved the purchase of a 2024 Caterpillar 926M high lift wheel loader from Nebraska Machinery for \$278,000 for the solid waste department.

On November 20, 2023, Council awarded a bid for \$248,055 for the McCook Business Park Phase II sanitary sewer and water main extensions to Midlands Contracting.

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE D – OTHER NOTES, continued

7. Subsequent Events, continued

On November 20, 2023, Council approved an agreement with the McCook Economic Development Corporation assigning financial responsibility for the North Pointe paving project to the McCook Economic Development Corporation.

On November 20, 2023, Council approved an agreement with the Southwest Public Health Department assigning financial responsibility for the West C Street paving project to the Southwest Public Health Department.

SUPPLEMENTARY AND OTHER INFORMATION

CITY OF MCCOOK, NEBRASKA

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

Year ended September 30, 2023

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLows)			
Taxes:			
Property	\$ 1,688,261	\$ 1,678,346	\$ (9,915)
Motor vehicle	170,000	183,815	13,815
Payments in lieu of taxes	115,000	108,244	(6,756)
Occupation	152,000	184,778	32,778
Franchise	87,500	100,644	13,144
Sales	1,457,998	1,745,744	287,746
Intergovernmental	612,600	614,601	2,001
Grants	969,000	443,799	(525,201)
Charges for services	511,125	908,333	397,208
Interest income	15,000	128,620	113,620
Contributions	108,500	129,687	21,187
Sale of assets	-	23,029	23,029
Loan proceeds	295,000	-	(295,000)
Other	165,000	11,782	(153,218)
Total resources	<u>6,346,984</u>	<u>6,261,422</u>	<u>(85,562)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government:			
Administrative	817,193	759,761	(57,432)
Publicity	8,750	5,229	(3,521)
City Council	574,381	93,333	(481,048)
Health operating	861,250	861,252	2
Total general government	<u>2,261,574</u>	<u>1,719,575</u>	<u>(541,999)</u>
Public safety:			
Fire	2,479,053	1,441,726	(1,037,327)
Ambulance	181,576	153,415	(28,161)
Police	2,383,211	2,140,757	(242,454)
Civil defense	9,709	54,547	44,838
Total public safety	<u>5,053,549</u>	<u>3,790,445</u>	<u>(1,263,104)</u>
Public works:			
Building and zoning	101,414	91,873	(9,541)
Cemetery	255,032	269,449	14,417
Total public works	<u>356,446</u>	<u>361,322</u>	<u>4,876</u>
Environment and leisure:			
Public transportation	197,007	191,458	(5,549)
Senior Center	509,676	470,196	(39,480)
Library	377,218	362,268	(14,950)
Parks	266,425	255,484	(10,941)
Ballparks	129,638	116,918	(12,720)
Auditorium	52,201	45,602	(6,599)
Pool	13,372	5,893	(7,479)
Airport	176,011	161,900	(14,111)
Total environment and leisure	<u>1,721,548</u>	<u>1,609,719</u>	<u>(111,829)</u>
Total charges to appropriations	<u>9,393,117</u>	<u>7,481,061</u>	<u>(1,912,056)</u>

CITY OF MCCOOK, NEBRASKA

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

Year ended September 30, 2023

	<u>Budget</u> (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
Resources under charges to appropriations	(3,046,133)	(1,219,639)	1,826,494
OTHER FINANCING SOURCES (USES)			
Transfers in	1,230,500	1,242,011	11,511
Transfers out	-	(6,252)	(6,252)
Net transfers	<u>1,230,500</u>	<u>1,235,759</u>	<u>5,259</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS			
	<u><u>\$ (1,815,633)</u></u>	<u><u>\$ 16,120</u></u>	<u><u>\$ 1,831,753</u></u>

CITY OF MCCOOK, NEBRASKA

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

Year ended September 30, 2023

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLows)			
Sales tax	\$ 191,200	\$ 257,358	\$ 66,158
Intergovernmental	1,149,356	1,188,357	39,001
Grants	150,000	185,570	35,570
Charges for services	-	22,386	22,386
Interest income	-	16,631	16,631
 Total resources	 1,490,556	 1,670,302	 179,746
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	1,050,333	1,483,229	432,896
Capital outlay	603,602	173,836	(429,766)
Principal payments on debt	59,102	59,102	-
Interest expense	6,434	6,434	-
 Total charges to appropriations	 1,719,471	 1,722,601	 3,130
Resources under charges to appropriations	(228,915)	(52,299)	176,616
OTHER FINANCING SOURCES			
Transfers in	-	239,229	239,229
RESOURCES AND OTHER FINANCING SOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS			
	<u><u>\$ (228,915)</u></u>	<u><u>\$ 186,930</u></u>	<u><u>\$ 415,845</u></u>

CITY OF MCCOOK, NEBRASKA

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

Year ended September 30, 2023

	Budget (Original and <u>Final</u>)	<u>Actual</u>	<u>Budget</u>	Variances - Actual Over (Under) Final
RESOURCES (INFLows)				
Sales tax	\$ 460,802	\$ 528,367	\$ 67,565	
Interest income	-	22,769	22,769	
Loan collections	<u>130,000</u>	<u>101,703</u>	<u>(28,297)</u>	
Total resources	<u>590,802</u>	<u>652,839</u>	<u>62,037</u>	
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Economic development	<u>1,554,742</u>	<u>352,735</u>	<u>(1,202,007)</u>	
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS				
	<u><u>\$ (963,940)</u></u>	<u><u>\$ 300,104</u></u>	<u><u>\$ 1,264,044</u></u>	

CITY OF MCCOOK, NEBRASKA

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

Year ended September 30, 2023

	<u>Budget</u> (Original and Final)	<u>Actual</u>	<u>Variances -</u> Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLows)			
Sales tax	\$ 640,000	\$ 993,575	\$ 353,575
Interest income	-	37,181	37,181
Total resources	<u>640,000</u>	<u>1,030,756</u>	<u>390,756</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Capital projects	<u>1,239,153</u>	<u>18,911</u>	<u>(1,220,242)</u>
Resources over (under) charges to appropriations	(599,153)	1,011,845	1,610,998
OTHER FINANCING USES			
Transfers out	<u>-</u>	<u>(239,229)</u>	<u>(239,229)</u>
RESOURCES AND OTHER FINANCING USES OVER (UNDER) CHARGES TO APPROPRIATIONS			
	<u>\$ (599,153)</u>	<u>\$ 772,616</u>	<u>\$ 1,371,769</u>

CITY OF MCCOOK, NEBRASKA

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

Year ended September 30, 2023

	<u>Budget</u> (Original and Final)	<u>Actual</u>	<u>Variances -</u> <u>Actual Over</u> <u>(Under) Final</u> <u>Budget</u>
RESOURCES (INFLOWS)			
Intergovernmental	\$ 42,000	\$ 46,170	\$ 4,170
Grant revenue	194,700	356,032	161,332
Charges for services	25,000	19,622	(5,378)
Contributions	-	266,620	266,620
Interest income	-	102,619	102,619
Bond proceeds	-	5,680,000	5,680,000
Bond premiums	-	284,537	284,537
Other revenues	-	12,534	12,534
Total resources	<u>261,700</u>	<u>6,768,134</u>	<u>6,506,434</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	471,025	82,299	(388,726)
Public safety	217,860	69,556	(148,304)
Environment and leisure	134,168	14,442	(119,726)
Capital outlay	1,194,559	911,171	(283,388)
Bond issuance costs	-	119,465	119,465
Total charges to appropriations	<u>2,017,612</u>	<u>1,196,933</u>	<u>(820,679)</u>
Resources over (under) charges to appropriations	(1,755,912)	5,571,201	7,327,113
OTHER FINANCING USES			
Transfers out	-	(455,009)	(455,009)
RESOURCES AND OTHER FINANCING USES OVER (UNDER) CHARGES TO APPROPRIATIONS			
	<u>\$ (1,755,912)</u>	<u>\$ 5,116,192</u>	<u>\$ 6,872,104</u>

CITY OF MCCOOK, NEBRASKA

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

Year ended September 30, 2023

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLows)			
Interest	\$ -	\$ 14,827	\$ 14,827
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
	<u>-\$</u>	<u>-\$</u>	<u>-\$</u>
RESOURCES OVER CHARGES TO APPROPRIATIONS			
	<u>\$ -</u>	<u>\$ 14,827</u>	<u>\$ 14,827</u>

CITY OF MCCOOK, NEBRASKA

**COMBINING STATEMENT OF ASSETS AND LIABILITIES -
MODIFIED CASH BASIS - FIDUCIARY FUNDS**

September 30, 2023

	<u>Special Fire</u>	<u>Senior Center Contributions</u>	<u>School</u>	<u>Library Memorial</u>
ASSETS				
Cash	<u>\$ 1,158</u>	<u>\$ 81,661</u>	<u>\$ 1,214</u>	<u>\$ 53,164</u>
LIABILITIES HELD FOR OTHERS				
Held in trust for other purposes	<u>\$ 1,158</u>	<u>\$ 81,661</u>	<u>\$ 1,214</u>	<u>\$ 53,164</u>

	McCook Volunteer Fire and <u>Library</u>	Community Public <u>Ambulance</u>	Paramedic Works	Fire Safety <u>Police</u>	Police/ <u>Trailer</u>	Total Custodial <u>DARE</u>		
<u>\$ 1</u>	<u>\$ 1,674</u>	<u>\$ 10,604</u>	<u>\$ 5,370</u>	<u>\$ 4,316</u>	<u>\$ 24,892</u>	<u>\$ 10,848</u>	<u>\$ 1,701</u>	<u>\$ 196,603</u>
<u>\$ 1</u>	<u>\$ 1,674</u>	<u>\$ 10,604</u>	<u>\$ 5,370</u>	<u>\$ 4,316</u>	<u>\$ 24,892</u>	<u>\$ 10,848</u>	<u>\$ 1,701</u>	<u>\$ 196,603</u>

CITY OF MCCOOK, NEBRASKA

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

Year ended September 30, 2023

	Administrative	Publicity	Auditorium	City Council
REVENUES				
Taxes:				
General property tax	\$ 1,678,346	\$ -	\$ -	\$ -
Motor vehicle tax	183,815	-	-	-
Payments in lieu of taxes	108,244	-	-	-
Occupation tax	184,778	-	-	-
Franchise	100,644	-	-	-
Sales	1,745,744	-	-	-
Intergovernmental revenue:				
State assistance	433,015	-	-	-
County assistance	-	-	-	-
Rural fire	-	-	-	-
School resource officer	-	-	-	-
Licenses and permits	3,376	-	-	-
Rental and fees	342,840	-	-	-
Admission fees and concessions	-	-	-	-
Grants	-	-	-	-
Contributions	5,000	-	-	-
Interest income	122,970	-	-	-
Sale of assets	23,029	-	-	-
Other receipts	11,782	-	-	-
Total revenues	<u>4,943,583</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Personnel services:				
Salaries and benefits	515,811	-	11,884	9,689
Operating expenses:				
Insurance	11,207	-	11,975	8,170
Interlocal agreement	-	-	-	51,429
Contract services	13,788	-	152	4,447
Professional fees	81,184	-	-	-
Meetings, seminars, and dues	28,732	500	-	4,496
Repairs and maintenance	41,301	-	5,779	-
Printing, postage, and publications	10,970	-	-	-
Transportation	7,977	-	-	3,819
Utilities and telephone	3,812	-	15,812	-
Total operating expenses	<u>198,971</u>	<u>500</u>	<u>33,718</u>	<u>72,361</u>
Supplies	13,922	2,644	-	93
Other expenses	15,118	2,085	-	11,190
Capital outlay	-	-	-	-
Principal payments	-	-	-	-
Interest on long-term debt	-	-	-	-
Total expenditures	<u>743,822</u>	<u>5,229</u>	<u>45,602</u>	<u>93,333</u>
Excess (deficiency) of revenues over expenditures before transfers	4,199,761	(5,229)	(45,602)	(93,333)
TRANSFERS FROM (TO)				
OTHER FUNDS	<u>1,212,011</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
AFTER TRANSFERS	<u>\$ 5,411,772</u>	<u>\$ (5,229)</u>	<u>\$ (45,602)</u>	<u>\$ (93,333)</u>

Police	Fire	Ambulance	Civil Defense	Building and Zoning	Library	Cemetery
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	3,840	-
69,669	-	-	-	-	-	-
-	55,140	-	-	-	-	-
34,000	-	-	-	-	-	-
-	-	-	-	44,101	-	-
9,242	5,965	379,549	-	-	5,119	1,350
-	-	-	-	-	-	22,770
7,596	-	-	189,246	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
120,507	61,105	379,549	189,246	44,101	8,959	24,120
1,631,763	998,535	-	-	80,316	236,137	99,816
104,627	96,529	7,386	389	3,895	12,571	10,954
-	-	-	-	-	-	-
10,138	6,167	60,661	-	2,500	-	285
867	474	-	-	353	-	-
15,107	15,583	5,789	-	145	105	-
120,641	44,611	13,122	22,299	2,136	24,562	16,098
-	-	528	-	-	911	-
45,910	12,598	7,129	-	262	706	2,258
77,647	5,672	5,322	379	977	15,087	32,779
374,937	181,634	99,937	23,067	10,268	53,942	62,374
25,126	4,790	4,852	-	630	6,891	13,782
45,453	17,839	15,652	-	659	65,298	30
63,478	217,701	1,906	31,480	-	-	43,183
-	19,007	27,162	-	-	-	-
-	2,220	3,906	-	-	-	-
2,140,757	1,441,726	153,415	54,547	91,873	362,268	219,185
(2,020,250)	(1,380,621)	226,134	134,699	(47,772)	(353,309)	(195,065)
30,000	(6,252)	-	-	-	-	-
\$ (1,990,250)	\$ (1,386,873)	\$ 226,134	\$ 134,699	\$ (47,772)	\$ (353,309)	\$ (195,065)

CITY OF MCCOOK, NEBRASKA

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

Year ended September 30, 2023

	<u>Parks</u>	<u>Ballparks</u>	<u>Pool</u>	<u>Airport</u>
REVENUES				
Taxes:				
General property tax	\$ -	\$ -	\$ -	\$ -
Motor vehicle tax	- -	- -	- -	- -
Payments in lieu of taxes	- -	- -	- -	- -
Occupation tax	- -	- -	- -	- -
Franchise	- -	- -	- -	- -
Sales	- -	- -	- -	- -
Intergovernmental revenue:				
State assistance	- -	- -	- -	- -
County assistance	- -	- -	- -	- -
Rural fire	- -	- -	- -	- -
School resource officer	- -	- -	- -	- -
Licenses and permits	- -	- -	- -	- -
Rental and fees	- -	- -	- -	85,921
Admission fees and concessions	- -	- -	- -	- -
Grants	- -	- -	- -	- -
Contributions	- -	- -	- -	- -
Interest income	- -	- -	- -	- -
Sale of assets	- -	- -	- -	- -
Other receipts	- -	- -	- -	- -
Total revenues	- -	- -	- -	85,921
EXPENDITURES				
Personnel services:				
Salaries and benefits	140,661	57,238	- -	79,688
Operating expenses:				
Insurance	13,535	6,098	540	19,127
Interlocal agreement	- -	- -	- -	- -
Contract services	- -	- -	- -	- -
Professional fees	325	5,487	1,230	751
Meetings, seminars, and dues	502	- -	- -	1,100
Repairs and maintenance	30,542	11,064	- -	17,780
Printing, postage, and publications	- -	- -	- -	- -
Transportation	4,366	1,762	- -	3,212
Utilities and telephone	30,005	26,545	1,521	17,453
Total operating expenses	79,275	50,956	3,291	59,423
Supplies	16,548	8,724	29	1,870
Other expenses	- -	- -	2,573	3,262
Capital outlay	19,000	- -	- -	17,657
Principal payments	- -	- -	- -	- -
Interest on long-term debt	- -	- -	- -	- -
Total expenditures	255,484	116,918	5,893	161,900
Excess (deficiency) of revenues over expenditures before transfers	(255,484)	(116,918)	(5,893)	(75,979)
TRANSFERS FROM (TO) OTHER FUNDS	- -	- -	- -	- -
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
AFTER TRANSFERS	\$ (255,484)	\$ (116,918)	\$ (5,893)	\$ (75,979)

Unemployment	Uncollectible Tax	Senior Center	HandiBus	Health Operating	Perpetual Care	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,678,346
-	-	-	-	-	-	183,815
-	-	-	-	-	-	108,244
-	-	-	-	-	-	184,778
-	-	-	-	-	-	100,644
-	-	-	-	-	-	1,745,744
-	-	343	18,594	-	-	455,792
-	-	-	-	-	-	69,669
-	-	-	-	-	-	55,140
-	-	-	-	-	-	34,000
-	-	-	-	-	-	47,477
-	-	-	3,600	-	4,500	838,086
-	-	-	-	-	-	22,770
-	-	180,356	66,601	-	-	443,799
-	-	112,654	12,033	-	-	129,687
-	-	-	-	-	5,650	128,620
-	-	-	-	-	-	23,029
-	-	-	-	-	-	11,782
-	-	293,353	100,828	-	10,150	6,261,422
-	-	199,096	150,290	861,252	-	5,072,176
-	-	10,567	8,881	-	-	326,451
-	-	10,886	-	-	-	62,315
-	-	212	-	-	-	98,350
-	-	2,000	1,884	-	-	94,555
-	-	527	1,425	-	-	74,011
-	-	10,025	3,415	-	-	363,375
-	-	1,053	2	-	-	13,464
-	-	716	11,664	-	-	102,379
-	-	16,925	2,380	-	-	252,316
-	-	52,911	29,651	-	-	1,387,216
-	-	26,697	7,086	-	-	133,684
-	15,939	191,492	4,431	-	-	391,021
-	-	-	-	-	50,264	444,669
-	-	-	-	-	-	46,169
-	-	-	-	-	-	6,126
-	15,939	470,196	191,458	861,252	50,264	7,481,061
-	(15,939)	(176,843)	(90,630)	(861,252)	(40,114)	(1,219,639)
-	-	-	-	-	-	1,235,759
\$ -	\$ (15,939)	\$ (176,843)	\$ (90,630)	\$ (861,252)	\$ (40,114)	\$ 16,120

CITY OF MCCOOK, NEBRASKA
COMBINING STATEMENT OF NET POSITION -
COMPONENT UNITS

September 30, 2023

	Community Development Agency	McCook Leasing Corporation	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 83,322	\$ -	\$ 83,322
Current portion of note receivable	555,557	-	555,557
Total current assets	<u>638,879</u>	-	<u>638,879</u>
Noncurrent assets:			
Noncurrent portion of note receivable	<u>2,687,781</u>	-	<u>2,687,781</u>
Total assets	3,326,660	-	3,326,660
LIABILITIES			
Current liabilities:			
Current portion of long-term obligations	555,557	-	555,557
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	<u>2,687,781</u>	-	<u>2,687,781</u>
Total liabilities	<u>3,243,338</u>	-	<u>3,243,338</u>
NET POSITION			
Unrestricted	<u>\$ 83,322</u>	<u>\$ -</u>	<u>\$ 83,322</u>

See notes to financial statements.

CITY OF MCCOOK, NEBRASKA

**COMBINING STATEMENT OF ACTIVITIES -
COMPONENT UNITS**

For the year ended September 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Component units:			
Community Development Agency	\$ 777,055	\$ 7,357	\$ 239,504
McCook Leasing Corporation	-	-	-
Total component units	<u>\$ 777,055</u>	<u>\$ 7,357</u>	<u>\$ 239,504</u>

See notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position
Primary Government

<u>Capital Grants and Contributions</u>	<u>Community Development Agency</u>	<u>McCook Leasing Corporation</u>	<u>Total</u>
\$ -	\$ (530,194)	\$ -	\$ (530,194)
-	-	-	-
\$ -	(530,194)	-	(530,194)
General revenues:			
TIF proceeds	537,277	-	537,277
Payments in lieu of tax	464	-	464
Interest income	2,829	-	2,829
Change in net position	10,376	-	10,376
Net position - September 30, 2022	<u>72,946</u>	<u>-</u>	<u>72,946</u>
Net position - September 30, 2023	\$ 83,322	\$ -	\$ 83,322

SINGLE AUDIT REPORTS

CITY OF MCCOOK, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended September 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal AL Number</u>	<u>Pass-Through Identifying Number</u>	<u>Expenditures</u>
<u>Department of Transportation</u>			
Passed Through Nebraska Department of Transportation:			
Public Transportation for Nonurbanized Areas	20.509	71120N	\$ 96,142
Airport Improvement Program	20.106	3-31-052-018	32,498
Highway Safety Cluster:			
State and Community Highway Safety	20.600	47-6006273	<u>7,596</u>
Total Department of Transportation			136,236
<u>Department of Health and Human Services</u>			
Passed Through West Central Nebraska Area Agency on Aging:			
Aging Cluster:			
Title III, Part B - Supportive Services and Senior Centers	93.044	47-6006273	25,579
Title III, Part C - Nutrition Services	93.045	47-6006273	113,937
Nutrition Services Incentive Program	93.053	47-6006273	<u>31,051</u>
Total Aging Cluster/Total Passed Through West Central Nebraska Area Agency on Aging/Total Department of Health and Human Services			170,567
<u>Federal Emergency Management Agency</u>			
Fire Prevention and Safety Grant Program	97.044	n/a	189,246
<u>Department of the Treasury</u>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	n/a	<u>645,971</u> *
Total Federal Awards			
\$ 1,142,020			

*Major Program

NOTE A - BASIS OF PRESENTATION

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

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



SHAREHOLDERS:

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

**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 McCook, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities - modified cash basis, the business-type activities - accrual basis, the aggregate discretely presented component units - accrual basis, each major fund - modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information - modified cash basis for the governmental funds of the City of McCook, Nebraska, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated December 28, 2023. Our report on the financial statements disclosed that, as described in Note A to the financial statements, the City of McCook, Nebraska, prepares its financial statements for the governmental funds on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal

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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.

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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2023-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of McCook'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 McCook's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of McCook's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

AMGL, PC

Grand Island, Nebraska
December 28, 2023

**SHAREHOLDERS:**

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

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

Report on Compliance for Each Major Federal Program**Opinion on Each Major Federal Program**

We have audited the City of McCook, Nebraska's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2023. The City of McCook, Nebraska's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of McCook, Nebraska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

AMGL, PC.

Grand Island, Nebraska
December 28, 2023

CITY OF MCCOOK, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2023

1. A summary of auditor's results:

- (i) Unmodified opinions were issued on all opinion units of the City of McCook, Nebraska, as of September 30, 2023, and for the year then ended.
- (ii) One significant deficiency disclosed during the audit of the financial statements is reported in the "Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*." The significant deficiency is not reported as a material weakness.
- (iii) The audit disclosed no instances of noncompliance that are material to the financial statements of the City of McCook, Nebraska.
- (iv) The audit did not disclose any significant deficiencies in the internal control over major programs for the City of McCook, Nebraska.
- (v) An unmodified opinion was issued on compliance for major programs.
- (vi) The audit did not disclose any audit findings that we are required to report under 2 CFR section 200.516(a).
- (vii) Major Program: #21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds.
- (viii) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (ix) The City of McCook, Nebraska did not qualify as a low-risk auditee.

CITY OF MCCOOK, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
Year ended September 30, 2023

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

2023-001

Condition: There is not adequate segregation of duties.

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

Cause: There are a limited number of accounting personnel.

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

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

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

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

None

CITY OF MCCOOK, NEBRASKA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended September 30, 2023

Findings noted during the audit of the financial statements and reported in accordance with GAGAS for the year ended September 30, 2022:

2022-001 - Significant Deficiency

Condition: There is not adequate segregation of duties.

Status: This condition still exists, as it is impractical to further segregate duties due to the limited number of accounting personnel. However, management will continue to review/provide oversight of transactions.



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<u>Finding Number</u>	<u>Planned Corrective Action</u>	<u>Anticipated Completion Date</u>	<u>Responsible Contact Person</u>
2023-001	While it is impractical to further segregate duties due to the limited number of accounting personnel, management and the City Council will continue to review, monitor and provide oversight of transactions.	Ongoing monitoring	Lea Ann Doak