

**CITY OF VALENTINE, NEBRASKA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**September 30, 2021**

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**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

## INDEPENDENT AUDITOR'S REPORT

To the Members of the City Council  
City of Valentine, Nebraska

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

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

1203 W 2nd Street  
P.O. Box 1407  
Grand Island, NE 68802  
P 308-381-1810  
F 308-381-4824  
EMAIL [cpa@gicpas.com](mailto:cpa@gicpas.com)

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Valentine, Nebraska, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-13 and 59-65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2022, on our consideration of the City of Valentine, 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 Valentine'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 Valentine, Nebraska's internal control over financial reporting and compliance.

*AmGL, P.C.*

Grand Island, Nebraska

March 9, 2022

**CITY OF VALENTINE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2021**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

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

**Financial Highlights**

- The assets of the City of Valentine exceeded its liabilities at the close of the most recent fiscal year by \$25,473,806 (*net position*). Of this amount, \$5,706,355 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Valentine governmental funds reported combined ending net position of \$16,250,282. Approximately 10.6 percent of this total amount, \$1,719,891, is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$768,562, or 44.6 percent of total General Fund expenditures.

**Overview of the Financial Statements**

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Valentine that are principally supported by taxes and intergovernmental revenues (*governmental activities*)

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

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from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Valentine include general government, public safety, highways and streets, economic development, and culture and recreation. The business-type activities of the City of Valentine include the Electric, Water, Sewer, and Landfill Enterprise Funds.

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

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

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

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

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

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

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

**Proprietary funds.** The City of Valentine maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the

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

government-wide financial statements. The City of Valentine uses enterprise funds to account for its Electric, Water, Sewer, and Landfill Funds.

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

The basic proprietary fund financial statements can be found on pages 20-23 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-58 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Valentine's budgetary comparison schedules. Required supplementary information can be found on pages 59-65 of this report.

The nonmajor governmental funds combining statements and the statement of General Fund revenue and expenditures by department can be found on pages 66-68.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Valentine, assets exceeded liabilities by \$25,473,806 at the close of the most recent fiscal year.

### **Summary Statements of Net Position**

	September 30, 2021			September 30, 2020		
	Governmental	Business-type		Governmental	Business-type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Current and Other Assets	\$ 5,985,454	\$ 5,914,219	\$ 11,899,673	\$ 5,405,781	\$ 5,093,346	\$ 10,499,127
Capital Assets	12,909,826	7,674,845	20,584,671	13,162,611	7,597,763	20,760,374
Total Assets	18,895,280	13,589,064	32,484,344	18,568,392	12,691,109	31,259,501
Long-term Liabilities	2,095,989	3,351,000	5,446,989	2,313,030	3,486,000	5,799,030
Other Liabilities	549,009	1,014,540	1,563,549	685,559	684,601	1,370,160
Total Liabilities	2,644,998	4,365,540	7,010,538	2,998,589	4,170,601	7,169,190
Net Position:						
Net Investment in						
Capital Assets	10,656,683	4,997,596	15,654,279	10,689,632	5,137,763	15,827,395
Restricted	3,873,708	239,464	4,113,172	3,497,842	-	3,497,842
Unrestricted	1,719,891	3,986,464	5,706,355	1,382,329	3,382,745	4,765,074
Total Net Position	<u>\$ 16,250,282</u>	<u>\$ 9,223,524</u>	<u>\$ 25,473,806</u>	<u>\$ 15,569,803</u>	<u>\$ 8,520,508</u>	<u>\$ 24,090,311</u>



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

By far the largest portion of the City of Valentine's net position (61.5 percent) reflects its investment in capital assets (land, infrastructure, buildings, machinery, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Valentine uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Valentine's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Valentine's net position (16.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$5,706,355) may be used to meet the government's ongoing obligations to citizens and creditors.

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

**Expenses and Program Revenues – Governmental Activities**

<b><u>Function</u></b>	<b><u>Year Ended September 30, 2021</u></b>		<b><u>Year Ended September 30, 2020</u></b>	
	<b><u>Program Revenues</u></b>	<b><u>Program Expenses</u></b>	<b><u>Program Revenues</u></b>	<b><u>Program Expenses</u></b>
General Government	\$ 10,723	\$ 357,036	\$ 13,155	\$ 253,890
Public Safety	126,789	616,299	35	717,095
Public Works	5,713	405,082	5,013	360,788
Recreation	534,790	770,215	515,392	801,824
Cemetery	28,688	33,857	14,288	41,172
Airport	484,961	387,861	421,877	277,965
Interest	-	45,541	-	90,466
Depreciation	-	761,740	-	741,843
Total	1,191,664	3,377,631	969,760	3,285,043
Transfers out	-	62,000	-	34,405
	<u>\$ 1,191,664</u>	<u>\$ 3,439,631</u>	<u>\$ 969,760</u>	<u>\$ 3,319,448</u>

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

**Revenues by Source – Governmental Activities**

**SOURCES OF REVENUE**

	<b><u>Year Ended September 30, 2021</u></b>			<b><u>Year Ended September 30, 2020</u></b>		
Charges for Services	\$	920,942	22.35 %	\$	814,449	22.71 %
Operating Grants and Contributions		260,722	6.33		155,311	4.33
Capital Grants and Contributions		10,000	0.24		-	-
Property Taxes		396,875	9.63		399,256	11.13
Motor Vehicle Taxes		62,092	1.51		57,185	1.59
Sales Tax		1,355,193	32.89		1,140,835	31.81
Franchise Taxes		403,096	9.78		418,870	11.68
State Allocation		562,518	13.65		510,284	14.23
Special Assessments		32,338	0.79		24,916	0.70
Miscellaneous		99,228	2.41		43,689	1.22
Interest		17,106	0.42		21,514	0.60
Total	\$	<u>4,120,110</u>	<u>100.00 %</u>	\$	<u>3,586,309</u>	<u>100.00 %</u>

Net position increased \$680,479 in the governmental funds during the year ended September 30, 2021.

**Business-type activities.** Business-type activities increased the City of Valentine's net position by \$703,016. Key elements of this increase are as follows:

**Expenses and Program Revenues – Business-type Activities**

<b><u>Function</u></b>	<b><u>Year Ended September 30, 2021</u></b>		<b><u>Year Ended September 30, 2020</u></b>	
	<b><u>Program Revenues</u></b>	<b><u>Program Expenses</u></b>	<b><u>Program Revenues</u></b>	<b><u>Program Expenses</u></b>
Electric	\$ 4,446,744	\$ 4,038,677	\$ 4,467,839	\$ 3,957,022
Water	695,001	449,594	404,368	420,181
Sewer	316,462	391,709	290,098	389,091
Landfill	666,688	636,668	643,371	581,580
Total	<u>\$ 6,124,895</u>	<u>\$ 5,516,648</u>	<u>\$ 5,805,676</u>	<u>\$ 5,347,874</u>

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

**SOURCES OF REVENUE**

	<b><u>Year Ended September 30, 2021</u></b>			<b><u>Year Ended September 30, 2020</u></b>		
Charges for Services	\$	5,885,431	94.63 %	\$	5,805,676	98.14 %
Grants and Contributions		239,464	3.85		-	-
Loss on Disposal of Equipment		(2,401)	(0.04)		-	-
Interest		35,170	0.56		75,820	1.28
Interfund Transfer		62,000	1.00		34,405	0.58
Total	\$	<u>6,219,664</u>	<u>100.00 %</u>	\$	<u>5,915,901</u>	<u>100.00 %</u>

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

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

**Governmental Funds.** The focus of the City of Valentine'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 Valentine'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 Valentine's governmental funds reported combined ending fund balances of \$5,180,438. Approximately 14.8 percent of this total amount (\$768,562) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balances is not available for new spending because it has already been 1) restricted for debt service (\$696,360), 2) restricted to pay for infrastructure (\$1,410,321), 3) restricted for economic development (\$1,024,212), 4) restricted for street improvements (\$474,033), 5) restricted for community betterment (\$31,155), 6) nonspendable for cemetery perpetual care (\$146,352), 7) nonspendable for inventory and prepaids (\$36,585), 8) assigned for golf course operations (\$85,719), 9) assigned for budgetary stabilization (\$247,827), 10) assigned for airport operations (\$253,756), or 11) restricted for Federal programs (\$5,556).

The General Fund is the chief operating fund of the City of Valentine. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$768,562, while total fund balance was \$1,719,166. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 44.6 percent of total General Fund expenditures, while total fund balance represents 99.7 percent of the same amount.

The fund balance of the City of Valentine's General Fund increased by \$161,584 and the fund balance of the Infrastructure Fund increased by \$363,539 during the current fiscal year.

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

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

Unrestricted net position of the proprietary funds at the end of the year were as follows: Electric Fund - \$3,619,203, Water Fund - \$182,153, Sewer Fund - \$47,407, and Landfill Fund - \$137,701. The Electric Fund net position increased \$426,381, the Water Fund net position increased \$246,099, the Sewer Fund net position decreased \$(13,247), and the Landfill Fund net position increased \$43,783. Other factors concerning the finances of these four funds have already been addressed in the discussion of the City of Valentine's business-type activities.

### **Budgetary Highlights**

The City of Valentine did not amend its budget during the year ended September 30, 2021.

### **Capital Asset and Debt Administration**

**Capital Assets.** The City of Valentine's investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounts to \$20,584,671 (net of accumulated depreciation). This investment in capital assets includes land, building and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Major capital asset events (individually greater than \$20,000) during the current fiscal year included the following:

- Airport runway rehabilitation construction in progress - \$35,023
- Storm sewer phase 2 construction in progress - \$90,261
- Highway 83 construction advance - \$140,000
- 2020 Freightliner pumper - \$191,761
- 2020 Ford F150 - \$31,000
- Trojan UV3000B system - \$45,000
- Phase 4 landfill construction in progress - \$384,116

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

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

	<b>Year Ended September 30, 2021</b>			<b>Year Ended September 30, 2020</b>		
	<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>	<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>
	<b>Activities</b>	<b>Activities</b>		<b>Activities</b>	<b>Activities</b>	
Land	\$ 190,160	\$ -	\$ 190,160	\$ 190,160	\$ -	\$ 190,160
Construction in Progress	481,406	490,092	971,498	293,814	98,700	392,514
Buildings and Improvements	11,545,804	1,087,642	12,633,446	12,164,431	1,120,328	13,284,759
Machinery and Equipment	376,891	1,941,210	2,318,101	433,391	2,109,905	2,543,296
Distribution Systems, Buildings, and Equipment	-	4,086,265	4,086,265	-	4,213,828	4,213,828
Vehicles	315,565	69,636	385,201	80,815	55,002	135,817
Total	<u>\$ 12,909,826</u>	<u>\$ 7,674,845</u>	<u>\$ 20,584,671</u>	<u>\$ 13,162,611</u>	<u>\$ 7,597,763</u>	<u>\$ 20,760,374</u>

Additional information on the City of Valentine's capital assets can be found in Note C5 on pages 45-47 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Valentine had total bonded debt and notes payable outstanding of \$4,578,143.

**City of Valentine's Outstanding Debt**

	<b>Year Ended September 30, 2021</b>			<b>Year Ended September 30, 2020</b>		
	<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>	<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>
	<b>Activities</b>	<b>Activities</b>		<b>Activities</b>	<b>Activities</b>	
Refunding Bonds	\$ 1,355,000	\$ 2,325,000	\$ 3,680,000	\$ 1,475,000	\$ 2,460,000	\$ 3,935,000
Notes Payable	127,143	-	127,143	166,979	-	166,979
Capital Lease Payable	771,000	-	771,000	831,000	-	831,000
Total	<u>\$ 2,253,143</u>	<u>\$ 2,325,000</u>	<u>\$ 4,578,143</u>	<u>\$ 2,472,979</u>	<u>\$ 2,460,000</u>	<u>\$ 4,932,979</u>

The City of Valentine's total debt decreased by \$354,836 (7.2 percent) during the current fiscal year, due to scheduled payments.

The City of Valentine does not have a bond rating.

Additional information on the City of Valentine's long-term debt can be found in Note C7 on pages 48-51 of this report.

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

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

- Property tax asking for the year ending September 30, 2022, is \$430,000, a decrease of \$3,319 (0.8 percent) from the prior year.
- The City's property tax levy is \$0.226497 for 2021-2022, a \$0.010620 decrease (4.5 percent) from the prior year.
- The City has commitments of \$237,933 for the storm sewer improvement project, \$148,432 for the landfill project and \$20,500 for the runway rehabilitation project.

All of these factors were considered in preparing the City of Valentine's budget for the 2022 fiscal year.

**Request for Information**

This financial report is designed to provide a general overview of the City of Valentine's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Manager, City of Valentine, 323 N. Main Street, Valentine, NE 69201.

# CITY OF VALENTINE, NEBRASKA

## STATEMENT OF NET POSITION

September 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,362,458	\$ 2,211,568	\$ 3,574,026	\$ -
Certificates of deposit	97,349	1,722,425	1,819,774	-
County treasurer cash	19,881	-	19,881	-
Receivables:				
Special assessments	12,807	-	12,807	-
Accounts, net of allowance for doubtful accounts	-	123,297	123,297	-
Unbilled revenue	-	378,832	378,832	-
Current portion of notes receivable	35,068	-	35,068	61,000
Property tax	5,298	-	5,298	-
Sales tax	247,580	-	247,580	-
Inventory	31,386	251,486	282,872	-
Prepaid expenses	5,199	-	5,199	-
Total current assets	1,817,026	4,687,608	6,504,634	61,000
Noncurrent assets:				
Restricted cash and cash equivalents	3,432,096	239,464	3,671,560	-
Restricted certificates of deposit	244,458	987,147	1,231,605	-
Noncurrent portion of notes receivable	438,044	-	438,044	710,000
Noncurrent portion of special assessments	53,830	-	53,830	-
Capital assets:				
Land	190,160	-	190,160	-
Construction in progress	481,406	490,092	971,498	-
Depreciable capital assets, net of depreciation	12,238,260	7,184,753	19,423,013	-
Net capital assets	12,909,826	7,674,845	20,584,671	-
Total noncurrent assets	17,078,254	8,901,456	25,979,710	710,000
<b>Total assets</b>	18,895,280	13,589,064	32,484,344	771,000
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	202,176	613,339	815,515	-
Accrued expenses	75,898	116,623	192,521	-
Unavailable revenue	53,830	-	53,830	-
Customer deposits	-	149,578	149,578	-
Current portion of long-term obligations	217,105	135,000	352,105	61,000
Total current liabilities	549,009	1,014,540	1,563,549	61,000
Noncurrent liabilities:				
Accrued closure and postclosure costs	-	1,161,000	1,161,000	-
Compensated absences	59,951	-	59,951	-
Noncurrent portion of long-term obligations	2,036,038	2,190,000	4,226,038	710,000
Total noncurrent liabilities	2,095,989	3,351,000	5,446,989	710,000
<b>Total liabilities</b>	2,644,998	4,365,540	7,010,538	771,000
<b>NET POSITION</b>				
Net investment in capital assets	10,656,683	4,997,596	15,654,279	-
Restricted for:				
Debt service	696,360	-	696,360	-
Street improvements	474,033	-	474,033	-
Golf course improvements	85,719	-	85,719	-
Infrastructure	1,410,321	-	1,410,321	-
Economic development	1,024,212	-	1,024,212	-
Community betterment	31,155	-	31,155	-
Federal programs	5,556	239,464	245,020	-
Cemetery perpetual care	146,352	-	146,352	-
Unrestricted	1,719,891	3,986,464	5,706,355	-
<b>Total net position</b>	\$ 16,250,282	\$ 9,223,524	\$ 25,473,806	\$ -

See notes to financial statements.

# CITY OF VALENTINE, NEBRASKA

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
<b>Primary government:</b>			
<b>Governmental activities:</b>			
General government	\$ 357,036	\$ -	\$ 10,723
Public safety	616,299	-	126,789
Public works	405,082	5,713	-
Environment and leisure	770,215	513,030	11,760
Cemetery	33,857	28,688	-
Airport	387,861	373,511	111,450
Interest on long-term debt	45,541	-	-
Depreciation	761,740	-	-
Total governmental activities	<u>3,377,631</u>	<u>920,942</u>	<u>260,722</u>
<b>Business-type activities:</b>			
Electric	4,038,677	4,446,744	-
Water	449,594	455,537	-
Sewer	391,709	316,462	-
Landfill	636,668	666,688	-
Total business-type activities	<u>5,516,648</u>	<u>5,885,431</u>	<u>-</u>
<b>Total primary government</b>	<u>\$ 8,894,279</u>	<u>\$ 6,806,373</u>	<u>\$ 260,722</u>
<b>Component unit:</b>			
Valentine Community Education Agency	<u>\$ 23,097</u>	<u>\$ 23,097</u>	<u>\$ -</u>

See notes to financial statements.



Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position			Component Unit
	Governmental Activities	Business-type Activities	Total	
\$ -	\$ (346,313)		\$ (346,313)	
-	(489,510)		(489,510)	
-	(399,369)		(399,369)	
10,000	(235,425)		(235,425)	
-	(5,169)		(5,169)	
-	97,100		97,100	
-	(45,541)		(45,541)	
-	(761,740)		(761,740)	
10,000	(2,185,967)	\$ -	(2,185,967)	
-	-	408,067	408,067	
239,464	-	245,407	245,407	
-	-	(75,247)	(75,247)	
-	-	30,020	30,020	
239,464	-	608,247	608,247	
\$ 249,464	(2,185,967)	608,247	(1,577,720)	
\$ -				\$ -
General revenues:				
Taxes:				
Property	396,875	-	396,875	-
Motor vehicle	62,092	-	62,092	-
Sales tax	1,355,193	-	1,355,193	-
Franchise	403,096	-	403,096	-
State allocation	562,518	-	562,518	-
Special assessments	32,338	-	32,338	-
Miscellaneous	99,228	-	99,228	-
Loss on disposal of equipment	-	(2,401)	(2,401)	-
Interest income	17,106	35,170	52,276	-
Interfund transfers	(62,000)	62,000	-	-
Total general revenues	2,866,446	94,769	2,961,215	-
Change in net position	680,479	703,016	1,383,495	-
Net position - September 30, 2020	15,569,803	8,520,508	24,090,311	-
Net position - September 30, 2021	\$ 16,250,282	\$ 9,223,524	\$ 25,473,806	\$ -

# CITY OF VALENTINE, NEBRASKA

## BALANCE SHEET - GOVERNMENTAL FUNDS

**September 30, 2021**

	<u>General</u>	<u>Street</u>	<u>Airport</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,636,931	\$ 398,334	\$ 319,280
Certificates of deposit	97,349	110,632	-
County treasurer cash	17,561	2,320	-
Receivables:			
Special assessments	-	66,637	-
Property tax	4,467	831	-
Sales tax	75,773	20,239	-
Inventory	-	-	31,386
Prepaid expenses	861	-	3,226
	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 1,832,942</b>	<b>\$ 598,993</b>	<b>\$ 353,892</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 63,107	\$ 58,891	\$ 65,339
Accrued expenses	50,669	12,239	185
Unavailable revenue	-	53,830	-
	<hr/>	<hr/>	<hr/>
<b>Total liabilities</b>	<b>113,776</b>	<b>124,960</b>	<b>65,524</b>
Fund balances:			
Nonspendable:			
Inventory and prepaids	861	-	34,612
Cemetery perpetual care	-	-	-
Restricted for:			
Debt service	696,360	-	-
Street improvements	-	474,033	-
Infrastructure	-	-	-
Economic development	-	-	-
Community betterment	-	-	-
Federal programs	5,556	-	-
Assigned for:			
Airport	-	-	253,756
Golf course	-	-	-
Budgetary stabilization	247,827	-	-
Unassigned	768,562	-	-
	<hr/>	<hr/>	<hr/>
<b>Total fund balances</b>	<b>1,719,166</b>	<b>474,033</b>	<b>288,368</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Total liabilities and     fund balances</b>	<b>\$ 1,832,942</b>	<b>\$ 598,993</b>	<b>\$ 353,892</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See notes to financial statements.

<u>Infrastructure</u>	<u>Economic Development</u>	<u>Golf</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,296,651	\$ 986,314	\$ 108,163	\$ 48,881	\$ 4,794,554
-	-	-	133,826	341,807
-	-	-	-	19,881
-	-	-	-	66,637
-	-	-	-	5,298
113,670	37,898	-	-	247,580
-	-	-	-	31,386
-	-	1,112	-	5,199
<u>\$ 1,410,321</u>	<u>\$ 1,024,212</u>	<u>\$ 109,275</u>	<u>\$ 182,707</u>	<u>\$ 5,512,342</u>
\$ -	\$ -	\$ 9,639	\$ 5,200	\$ 202,176
-	-	12,805	-	75,898
-	-	-	-	53,830
-	-	22,444	5,200	331,904
-	-	1,112	-	36,585
-	-	-	146,352	146,352
-	-	-	-	696,360
-	-	-	-	474,033
1,410,321	-	-	-	1,410,321
-	1,024,212	-	-	1,024,212
-	-	-	31,155	31,155
-	-	-	-	5,556
-	-	-	-	253,756
-	-	85,719	-	85,719
-	-	-	-	247,827
-	-	-	-	768,562
<u>1,410,321</u>	<u>1,024,212</u>	<u>86,831</u>	<u>177,507</u>	<u>5,180,438</u>
<u>\$ 1,410,321</u>	<u>\$ 1,024,212</u>	<u>\$ 109,275</u>	<u>\$ 182,707</u>	<u>\$ 5,512,342</u>

**CITY OF VALENTINE, NEBRASKA**

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

**September 30, 2021**

**Total fund balances - governmental funds** \$ 5,180,438

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

Notes receivable are not recorded as an asset in the fund  
financial statements. 473,112

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 \$20,189,582  
and the accumulated depreciation is \$7,279,756. 12,909,826

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

Compensated absences	\$ (59,951)	
Bonds, note and capital lease payable	<u>(2,253,143)</u>	<u>(2,313,094)</u>

**Total net position - governmental activities** \$ 16,250,282

See notes to financial statements.

# CITY OF VALENTINE, NEBRASKA

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

**For the Year Ended September 30, 2021**

	<u>General</u>	<u>Street</u>	<u>Airport</u>
<b>REVENUES</b>			
Taxes:			
Property	\$ 396,875	\$ -	\$ -
Motor vehicle	-	62,092	-
Sales tax	415,776	107,861	-
Franchise	403,096	-	-
Intergovernmental	45,002	517,516	-
Special assessments	-	(3,088)	-
Licenses and permits	11,832	-	-
Charges for services	206,629	5,713	373,511
Grants and donations	142,005	-	111,450
Loan collections	-	-	-
Interest income	10,316	2,626	-
Other income	25,626	203	34,983
Total revenues	<u>1,657,157</u>	<u>692,923</u>	<u>519,944</u>
<b>EXPENDITURES</b>			
General government	352,140	-	-
Public safety	616,299	-	-
Public works	-	405,052	-
Environment and leisure	436,065	-	-
Cemetery	33,857	-	-
Airport	-	-	387,861
Economic development	-	-	-
Capital outlay	202,920	254,747	42,023
Principal payments on debt	60,000	39,836	-
Interest on long-term debt	23,097	4,435	-
Total expenditures	<u>1,724,378</u>	<u>704,070</u>	<u>429,884</u>
<b>Excess (deficiency) of     revenues over expenditures</b>	(67,221)	(11,147)	90,060
<b>OTHER FINANCING SOURCES (USES)</b>			
Net transfers in (out)	<u>228,805</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	161,584	(11,147)	90,060
Fund balances - September 30, 2020	<u>1,557,582</u>	<u>485,180</u>	<u>198,308</u>
Fund balances - September 30, 2021	<u><u>\$ 1,719,166</u></u>	<u><u>\$ 474,033</u></u>	<u><u>\$ 288,368</u></u>

See notes to financial statements.

<u>Infrastructure</u>	<u>Economic Development</u>	<u>Golf</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 396,875
-	-	-	-	62,092
623,666	207,890	-	-	1,355,193
-	-	-	-	403,096
-	-	-	-	562,518
35,426	-	-	-	32,338
-	-	-	5,200	17,032
-	-	335,089	-	920,942
-	-	10,000	7,267	270,722
-	49,516	-	-	49,516
2,254	1,910	-	-	17,106
-	4,000	1,893	1,975	68,680
<u>661,346</u>	<u>263,316</u>	<u>346,982</u>	<u>14,442</u>	<u>4,156,110</u>
-	-	-	5,200	357,340
-	-	-	-	616,299
-	-	-	-	405,052
-	-	333,811	-	769,876
-	-	-	-	33,857
-	-	-	-	387,861
-	249,300	-	-	249,300
-	-	9,265	-	508,955
-	-	120,000	-	219,836
-	-	18,009	-	45,541
<u>-</u>	<u>249,300</u>	<u>481,085</u>	<u>5,200</u>	<u>3,593,917</u>
661,346	14,016	(134,103)	9,242	562,193
<u>(297,807)</u>	<u>(82,360)</u>	<u>136,751</u>	<u>(47,389)</u>	<u>(62,000)</u>
363,539	(68,344)	2,648	(38,147)	500,193
<u>1,046,782</u>	<u>1,092,556</u>	<u>84,183</u>	<u>215,654</u>	<u>4,680,245</u>
<u>\$ 1,410,321</u>	<u>\$ 1,024,212</u>	<u>\$ 86,831</u>	<u>\$ 177,507</u>	<u>\$ 5,180,438</u>

**CITY OF VALENTINE, NEBRASKA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**

**For the Year Ended September 30, 2021**

<b>Total net change in fund balances - governmental funds</b>	\$ 500,193
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Payments on notes receivable are reported in the governmental funds as revenue, but the payments decrease notes receivable in the statement of activities.	(36,000)
Advances on notes receivable are reported in the governmental funds as expenditures, but the advances increase notes receivable in the statement of activities.	249,300
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 (\$508,955) is exceeded by depreciation expense (\$761,740) in the period.	(252,785)
The change in noncurrent compensated absences is reported as an expense in the statement of activities. Noncurrent compensated absences are not reported in the governmental funds.	(65)
Repayment of bond, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	219,836
<b>Change in net position of governmental activities</b>	<u><u>\$ 680,479</u></u>

See notes to financial statements.

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

	Enterprise Funds				
	Electric Fund	Water Fund	Sewer Fund	Landfill Fund	Total
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 1,672,144	\$ 140,752	\$ 56,579	\$ 342,093	\$ 2,211,568
Certificates of deposit	1,701,414	21,011	-	-	1,722,425
Receivables:					
Accounts, net of allowance for doubtful accounts	82,724	21,024	9,867	9,682	123,297
Unbilled revenue	303,210	46,940	28,604	78	378,832
Inventory	226,175	23,497	1,814	-	251,486
Total current assets	3,985,667	253,224	96,864	351,853	4,687,608
Noncurrent assets:					
Restricted cash and cash equivalents	-	239,464	-	-	239,464
Restricted certificates of deposit	-	-	-	987,147	987,147
Capital assets:					
Construction in progress	-	52,988	52,988	384,116	490,092
Other capital assets	8,003,091	1,761,255	3,379,775	2,231,826	15,375,947
Less accumulated depreciation	(4,125,078)	(1,114,162)	(2,018,988)	(932,966)	(8,191,194)
Net capital assets	3,878,013	700,081	1,413,775	1,682,976	7,674,845
Total noncurrent assets	3,878,013	939,545	1,413,775	2,670,123	8,901,456
<b>Total assets</b>	7,863,680	1,192,769	1,510,639	3,021,976	13,589,064
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	181,129	16,239	30,922	385,049	613,339
Accrued payroll and vacation	24,202	15,434	18,535	7,499	65,670
Sales tax payable	28,670	-	-	-	28,670
Accrued interest payable	22,283	-	-	-	22,283
Customer deposits	110,180	39,398	-	-	149,578
Current portion of long-term obligations	135,000	-	-	-	135,000
Total current liabilities	501,464	71,071	49,457	392,548	1,014,540
Noncurrent liabilities:					
Accrued closure and postclosure costs	-	-	-	1,161,000	1,161,000
Noncurrent portion of long-term obligations	2,190,000	-	-	-	2,190,000
Total noncurrent liabilities	2,190,000	-	-	1,161,000	3,351,000
<b>Total liabilities</b>	2,691,464	71,071	49,457	1,553,548	4,365,540
<b>NET POSITION</b>					
Net investment in capital assets	1,553,013	700,081	1,413,775	1,330,727	4,997,596
Restricted	-	239,464	-	-	239,464
Unrestricted	3,619,203	182,153	47,407	137,701	3,986,464
<b>Total net position</b>	<u>\$ 5,172,216</u>	<u>\$ 1,121,698</u>	<u>\$ 1,461,182</u>	<u>\$ 1,468,428</u>	<u>\$ 9,223,524</u>

See notes to financial statements.



# CITY OF VALENTINE, NEBRASKA

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

**For the Year Ended September 30, 2021**

	Enterprise Funds				
	Electric Fund	Water Fund	Sewer Fund	Landfill Fund	Total
<b>Operating revenues:</b>					
Charges for services	\$ 4,382,352	\$ 447,408	\$ 315,537	\$ 666,688	\$ 5,811,985
Other revenue	64,392	8,129	925	-	73,446
Total operating revenues	4,446,744	455,537	316,462	666,688	5,885,431
<b>Operating expenses:</b>					
Cost of power	2,506,686	-	-	-	2,506,686
Personnel services	261,304	232,580	178,771	92,816	765,471
Insurance and bonds	10,861	3,907	11,435	2,028	28,231
Utilities and telephone	22,622	22,369	53,116	1,850	99,957
Repairs and maintenance	64,646	92,449	41,823	65,674	264,592
Contractual obligations	3,539	7,255	1,430	387,035	399,259
Supplies	76,136	19,671	10,491	233	106,531
Licenses and fees	394,890	-	-	14,519	409,409
Professional fees	5,818	847	816	1,003	8,484
Miscellaneous	427,738	8,569	4,192	3,580	444,079
Depreciation	204,669	61,947	89,635	67,930	424,181
Total operating expenses	3,978,909	449,594	391,709	636,668	5,456,880
Operating income (loss)	467,835	5,943	(75,247)	30,020	428,551
<b>Nonoperating revenues (expenses):</b>					
Interest income	20,715	692	-	13,763	35,170
Grant income	-	239,464	-	-	239,464
Loss on disposal of equipment	(2,401)	-	-	-	(2,401)
Interest expense	(59,768)	-	-	-	(59,768)
Total nonoperating revenues (expenses)	(41,454)	240,156	-	13,763	212,465
Income (loss) before interfund transfers	426,381	246,099	(75,247)	43,783	641,016
<b>Interfund transfers:</b>					
Transfer from other funds	-	-	62,000	-	62,000
<b>Change in net position</b>	426,381	246,099	(13,247)	43,783	703,016
Net position - September 30, 2020	4,745,835	875,599	1,474,429	1,424,645	8,520,508
Net position - September 30, 2021	\$ 5,172,216	\$ 1,121,698	\$ 1,461,182	\$ 1,468,428	\$ 9,223,524

See notes to financial statements.

**CITY OF VALENTINE, NEBRASKA**

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS**

**For the Year Ended September 30, 2021**

	<u>Enterprise Funds</u>	
	<u>Electric Fund</u>	<u>Water Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 4,468,503	\$ 462,594
Payments to suppliers	(3,540,371)	(146,258)
Payments to employees	(260,447)	(234,546)
Net cash provided by operating activities	<u>667,685</u>	<u>81,790</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers from other funds	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of property and equipment	(28,974)	(3,638)
Grant proceeds	-	239,464
Principal payments on capital debt	(135,000)	-
Interest paid on capital debt	(60,476)	-
Net cash provided (used) by capital and related financing activities	<u>(224,450)</u>	<u>235,826</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Increase in certificates of deposit	(19,861)	(608)
Increase in restricted cash and cash equivalents	-	(239,464)
Increase in restricted certificates of deposit	-	-
Interest received	20,715	692
Net cash provided (used) by investing activities	<u>854</u>	<u>(239,380)</u>
Increase in cash and cash equivalents	444,089	78,236
Cash and cash equivalents - beginning of the year	<u>1,228,055</u>	<u>62,516</u>
Cash and cash equivalents - end of the year	<u><u>\$ 1,672,144</u></u>	<u><u>\$ 140,752</u></u>

See notes to financial statements.

Enterprise Funds		
<u>Sewer Fund</u>	<u>Landfill Fund</u>	<u>Total</u>
\$ 312,417	\$ 667,818	\$ 5,911,332
(100,148)	(475,241)	(4,262,018)
(180,733)	(92,459)	(768,185)
<u>31,536</u>	<u>100,118</u>	<u>881,129</u>
62,000	-	62,000
(86,936)	(31,867)	(151,415)
-	-	239,464
-	-	(135,000)
-	-	(60,476)
<u>(86,936)</u>	<u>(31,867)</u>	<u>(107,427)</u>
-	-	(20,469)
-	-	(239,464)
-	(62,288)	(62,288)
-	13,763	35,170
<u>-</u>	<u>(48,525)</u>	<u>(287,051)</u>
6,600	19,726	548,651
49,979	322,367	1,662,917
<u>\$ 56,579</u>	<u>\$ 342,093</u>	<u>\$ 2,211,568</u>

**CITY OF VALENTINE, NEBRASKA**

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

**For the Year Ended September 30, 2021**

	<u>Enterprise Funds</u>	
	<u>Electric</u>	<u>Water</u>
	<u>Fund</u>	<u>Fund</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ 467,835	\$ 5,943
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	204,669	61,947
Change in assets and liabilities:		
Accounts receivable and unbilled revenue	17,989	5,989
Inventories	19,992	9,153
Accounts payable	(46,512)	(344)
Accrued payroll and vacation	857	(1,966)
Sales tax payable	(915)	-
Customer deposits	3,770	1,068
Net cash provided by operating activities	<u>\$ 667,685</u>	<u>\$ 81,790</u>

See notes to financial statements.

Enterprise Funds			
<u>Sewer</u> <u>Fund</u>	<u>Landfill</u> <u>Fund</u>		<u>Total</u>
\$ (75,247)	\$ 30,020		\$ 428,551
89,635	67,930		424,181
(4,045)	1,130		21,063
(209)	-		28,936
23,364	681		(22,811)
(1,962)	357		(2,714)
-	-		(915)
-	-		4,838
<u>\$ 31,536</u>	<u>\$ 100,118</u>		<u>\$ 881,129</u>

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

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

**September 30, 2021**

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

The financial statements of the City of Valentine, Nebraska (City) are prepared in accordance with generally accepted accounting principles (GAAP). 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 Valentine, Nebraska, was incorporated in 1884. The City operates under a Council-Manager form of government with an elected Council, composed of five members. The five members of the City Council are elected on alternating 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; planning and zoning; parks; recreation; urban development; electric, water, and sanitary sewer systems; landfill; and general administrative services.

The City's financial reporting entity comprises the following:

Primary Government:	City of Valentine
---------------------	-------------------

Discretely Presented Component Unit:	Valentine Community Education Agency
--------------------------------------	--------------------------------------

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 VALENTINE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

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

**1. Financial Reporting Entity, continued**

**Blended Component Units**

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

**Discretely Presented Component Units**

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

	<u>Brief Description of Activities and Relationship to the City:</u>
Valentine Community Education Agency	Established to construct and operate a community education facility with Mid-Plains Community College.

**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 except for fiduciary funds. 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 VALENTINE, NEBRASKA**

### **NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

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

##### **2. Basis of Presentation, continued**

##### **Fund Financial Statements**

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

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

The funds of the financial reporting entity are described below:

##### **Governmental Funds**

##### *General Fund*

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

##### *Special Revenue Funds*

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

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

**September 30, 2021**

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

**2. Basis of Presentation, continued**

**Governmental Funds, continued**

*Permanent Funds*

The Permanent Funds account for assets held in trust by the City. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

**Proprietary Funds**

*Enterprise Funds*

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

**Major and Nonmajor Funds**

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

<b><u>Fund</u></b>	<b><u>Brief Description</u></b>
<i>Major:</i>	
Governmental:	
General	See page 27 for description.
Street	The Street Fund is a Special Revenue Fund that accounts for the City's share of highway allocation from the State of Nebraska.
Airport	The Airport Fund is a Special Revenue Fund that accounts for airport operations.
Infrastructure	The Infrastructure Fund is a Special Revenue Fund that accounts for the collection of the City sales tax.

**CITY OF VALENTINE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

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

**2. Basis of Presentation, continued**

**Major and Nonmajor Funds, continued**

<b><u>Fund</u></b>	<b><u>Brief Description</u></b>
<i>Major, continued:</i>	
Governmental, continued:	
Economic Development	Accounts for various economic development programs.
Golf	Accounts for revenues and expenditures of the golf course.
Proprietary:	
Enterprise:	
Electric, Water, Sewer, and Landfill	See page 28 for description.
<i>Nonmajor:</i>	
Special Revenue:	
Fines and Fees	Accounts for local fines and fees collected.
Permanent:	
Perpetual Care	Accounts for the collection of receipts for cemetery perpetual care.
Queen Jackson Memorial	Accounts for trust monies received for the direct benefit, welfare, and convenience of the public in projects and purposes such as improvement and maintenance of the city park, library, cemetery, and/or any other public project.

## **CITY OF VALENTINE, NEBRASKA**

### **NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

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

##### **3. Measurement Focus and Basis of Accounting**

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

##### **Measurement Focus**

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

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

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

##### **Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, governmental and business-like activities and the discretely presented component unit 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.

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

**September 30, 2021**

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

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

**Basis of Accounting, continued**

In the fund financial statements, governmental funds and fiduciary funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

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

**4. Assets, Liabilities, and Equity**

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

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.

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

**September 30, 2021**

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

**4. Assets, Liabilities, and Equity, continued**

**Receivables**

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

In the fund financial statements, receivables in governmental funds include revenue accruals such as special assessments and property taxes, since they are usually both measurable and available. 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.

**Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Restricted Assets**

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

## CITY OF VALENTINE, NEBRASKA

### NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

##### 4. Assets, Liabilities, and Equity, continued

###### Capital Assets

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

###### *Government-wide Statements*

In the government-wide financial statements, capital assets are capitalized and reported in the Statement of Net Position. The City has a \$1,000 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 of general capital assets and all proprietary capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The ranges of estimated useful lives by type of asset are as follows:

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

The governmental funds infrastructure assets are capitalized under the prospective method, 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 VALENTINE, NEBRASKA**

### **NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

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

##### **4. Assets, Liabilities, and Equity, continued**

###### **Unavailable Revenue**

Unavailable revenues consist of property taxes and special assessments expected to be collected after 60 days.

###### **Compensated Absences**

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. In the event of termination, an employee is paid for all unused accumulated vacation time. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. In the fund financial statements, governmental funds do not report the compensated absence liability since it is not payable from expendable available financial resources. The proprietary funds report the total liability.

###### **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 bonds and notes payable.

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 VALENTINE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

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

**4. Assets, Liabilities, and Equity, continued**

**Equity Classifications**

*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 net position” or “net investment in capital assets.”

*Fund Financial Statements*

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

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

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

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

**CITY OF VALENTINE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

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

**4. Assets, Liabilities, and Equity, continued**

**Equity Classifications, continued**

*Fund Financial Statements, continued*

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

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

**Unassigned**—All amounts not included in other spendable classifications.

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

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

**Sales and Use Tax**

The City presently levies a one-and-one-half-cent sales tax on taxable sales within the City. The sales tax is to be used for the following purposes:

3/4 percent – Pay principal and interest on bonds, relieve property tax, and purchase and maintain equipment and infrastructure

1/2 percent – Operation, maintenance and debt service of the City's pool and financing of the construction, operation, and maintenance of recreation, capital improvement, economic development or community betterment projects.

1/4 percent – Economic Development Program

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

**September 30, 2021**

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

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

**Sales and Use Tax, continued**

The sales tax is collected by the Nebraska Department of Revenue and remitted to the City in the month following receipt. The Nebraska Department of Revenue receives the sales tax approximately one month after collection by vendors. One-third of the sales tax is recorded in the General Fund and used for budgeted pool debt service. One-sixth of the sales tax is recorded in the Economic Development Fund and used for economic development. The remaining one-half is recorded in the infrastructure fund, a special revenue fund, and transfers are made to other funds as needed.

Sales taxes collected by the State in August and September and received by the City in October and November have been accrued and are included in receivables. As of October 1, 2006, sales tax collected on the sale of motor vehicles is recorded in the Street Fund as required by LB904.

**Property Taxes**

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

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

Property taxes levied for 2020-2021 are recorded as revenue when expected to be collected within 60 days after September 30, 2021. Prior-year levies were recorded using these same principles, and remaining receivables are re-evaluated annually. Property taxes expected to be collected after 60 days are recorded as deferred revenue on the fund balance sheets.

**Operating Revenues and Expenses**

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

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

**September 30, 2021**

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

**1. Fund Accounting Requirements**

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

## **CITY OF VALENTINE, NEBRASKA**

### **NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

#### **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 bank deposits in excess of the FDIC limits are insured by collateral held by the pledging institution in the City's name.

##### **3. Revenue Restrictions**

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

##### **4. Debt Restrictions and Covenants**

###### *Bonds Payable*

The various bond ordinances relating to the bonds payable contain some restrictions or covenants that are 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.

##### **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.

**CITY OF VALENTINE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

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

**5. Budgetary Data, continued**

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

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

**CITY OF VALENTINE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

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

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

**1. Cash and Certificates of Deposit**

**Deposits**

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

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

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

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

<b><u>Types of Deposits</u></b>	<b><u>Total Bank Balance</u></b>	<b><u>Category 1</u></b>	<b><u>Category 2</u></b>	<b><u>Category 3</u></b>	<b><u>Total Carrying Value</u></b>
Demand deposits and certificates of deposit	\$ 10,291,940	\$ 9,465,308	\$ 826,632	\$ -	\$ <u>10,296,965</u>

**Reconciliation to Government-wide Statement of Net Position:**

**Primary Government –**

Unrestricted cash and cash equivalents	\$ 3,574,026
Restricted cash and cash equivalents	3,671,560
Unrestricted certificates of deposit	1,819,774
Restricted certificates of deposit	<u>1,231,605</u>
	\$ <u>10,296,965</u>

**CITY OF VALENTINE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

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

**2. Restricted Assets**

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Type of Restricted Assets:			
Cash and cash equivalents	\$ 3,432,096	\$ 239,464	\$ 3,671,560
Certificates of deposit	244,458	987,147	1,231,605
	<u>\$ 3,676,554</u>	<u>\$ 1,226,611</u>	<u>\$ 4,903,165</u>

The governmental activities' restricted assets as of September 30, 2021, consisted of \$696,360 in the General Fund restricted for debt service, \$5,556 in the General Fund restricted for federal programs, \$508,966 in the Street Fund restricted for street improvements, \$1,296,651 in the Infrastructure Fund restricted for infrastructure, \$7,516 in the Fines and Fees Fund restricted for community betterment, \$986,314 in the Economic Development Fund restricted for economic development, \$146,352 in the Perpetual Care Fund restricted for cemetery perpetual care and \$28,839 in the Queen Jackson Memorial Fund restricted for community betterment.

The business-type activities' restricted assets as of September 30, 2021, consisted of \$987,147 in the Landfill Fund restricted for landfill closure and post-closure costs and \$239,464 in the Water Fund restricted for federal programs.

**3. Accounts Receivable**

Accounts receivable of the business-type activities consist of utilities receivable. Receivables detail at September 30, 2021, is as follows:

	<u>Business-type Activities</u>
Accounts receivable	\$ 209,547
Allowance for doubtful accounts	<u>(86,250)</u>
Net accounts receivable	<u>\$ 123,297</u>



**CITY OF VALENTINE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

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

**4. Notes Receivable**

**Governmental Activities**

The Economic Development Fund has made ten economic development loans. Notes receivable at September 30, 2021, consisted of the following:

Note for \$100,000 dated July 17, 2015; due in 180 monthly payments of \$739.69 through August 1, 2030; bearing interest at 4.0 percent. \$ 66,506

Note for \$34,000 dated November 14, 2012; due in 120 monthly payments of \$344.23 through November 14, 2022; bearing interest at 4.0 percent. This note was paid in full during the year ended September 30, 2021. -

Note for \$30,000 dated September 30, 2013; due in 120 monthly payments of \$306.43 through December 20, 2023; bearing interest at 4.0 percent. 7,900

Note for \$34,000 dated December 28, 2016; due in 180 monthly payments of \$306.43 through January 20, 2032; bearing interest at 4.0 percent. 26,970

Note for \$31,000 dated May 12, 2017; due in 180 monthly payments of \$306.43 through May 15, 2032; bearing interest at 4.0 percent. 22,681

Note for \$31,000 dated May 12, 2017; due in 180 monthly payments of \$306.43 through May 15, 2032; bearing interest at 4.0 percent. 22,964

Note for \$100,000 dated July 1, 2019; due in 120 monthly payments of \$1,012.45 through July 20, 2029; bearing interest at 4.0 percent. 81,587

**CITY OF VALENTINE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

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

**4. Notes Receivable, continued**

**Governmental Activities, continued**

Note for \$15,800 dated October 9, 2020; due in 180 monthly payments of \$116.87 through October 9, 2035; bearing interest at 4.0 percent.	14,982
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Note for \$84,000 dated January 22, 2021; due in 180 monthly payments of \$622.03 through February 1, 2036; bearing interest at 4.0 percent.	81,038
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Note for \$149,500 dated July 20, 2021; due in 180 monthly payments of \$1,469.59 through August 1, 2036; bearing interest at 4.0 percent.	<u>148,484</u>
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Total governmental activities notes receivable	\$ <u>473,112</u>
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Current portion	\$ 35,068
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Noncurrent portion	<u>438,044</u>
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Total	\$ <u>473,112</u>
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**Component Unit**

The Valentine Community Education Center has a capital lease note receivable from the City for a building. The note receivable had a balance of \$771,000 at September 30, 2021, and is described in greater detail in Note C7.

**CITY OF VALENTINE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

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

**5. Capital Assets**

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

	Balance at October 1, 2020	Additions	Disposals	Reclass	Balance at September 30, 2021
<b><u>Governmental Activities:</u></b>					
Capital assets not being depreciated:					
Land	\$ 190,160	\$ -	\$ -	\$ -	\$ 190,160
Construction in progress	293,814	475,045	-	(287,453)	481,406
Total capital assets not being depreciated	483,974	475,045	-	(287,453)	671,566
Other capital assets being depreciated:					
Buildings and improvements	17,418,886	11,440	-	-	17,430,326
Machinery and equipment	1,243,529	22,470	(8,399)	-	1,257,600
Vehicles	542,637	-	-	287,453	830,090
Total other capital assets at historical cost	19,205,052	33,910	(8,399)	287,453	19,518,016
Less accumulated depreciation for:					
Buildings and improvements	(5,254,455)	(630,067)	-	-	(5,884,522)
Machinery and equipment	(810,138)	(78,970)	8,399	-	(880,709)
Vehicles	(461,822)	(52,703)	-	-	(514,525)
Total accumulated depreciation	(6,526,415)	(761,740) *	8,399	-	(7,279,756)
Other capital assets, net	12,678,637	(727,830)	-	287,453	12,238,260
Governmental activities capital assets, net	<u>\$ 13,162,611</u>	<u>\$ (252,785)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,909,826</u>

\* Depreciation expense was incurred by the following governmental activities:

**General Fund:**

General government \$ 83,280

Public safety:

    Police 24,805

    Fire 40,388

        Total public safety 65,193

Public works:

    Cemetery 2,675

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

**September 30, 2021**

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

**5. Capital Assets, continued**

General Fund, continued:

Environment and leisure:

Swimming pool	67,113
Library	12,790
Parks and recreation	<u>28,026</u>
Total environment and leisure	<u>107,929</u>

Total General Fund	259,077
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Street Fund	171,466
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Airport Fund	245,797
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Golf Fund	<u>85,400</u>
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Total governmental activities depreciation expense	\$ <u>761,740</u>
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Construction in progress at September 30, 2021 consists of \$7,340 of City Hall schematic design costs, \$225,805 of design costs for the runway rehab project, \$90,261 of engineering on the storm sewer project, and \$158,000 of engineering and a construction advance on the Highway 83 project. See Note D3 for more information on construction commitments.

# CITY OF VALENTINE, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

#### 5. Capital Assets, continued

##### Business-type Activities:

	Balance at October 1, 2020	Additions	Disposals	Balance at September 30, 2021
<b><u>Business-type Activities:</u></b>				
Capital assets not being depreciated:				
Construction in progress	\$ 98,700	\$ 391,392	\$ -	\$ 490,092
Other capital assets being depreciated:				
Distribution systems	6,713,356	81,272	-	6,794,628
Buildings and improvements	1,902,776	-	-	1,902,776
Machinery and equipment	6,307,185	-	(45,267)	6,261,918
Vehicles	385,625	31,000	-	416,625
Total other capital assets at historical cost	15,308,942	112,272	(45,267)	15,375,947
Less accumulated depreciation for:				
Distribution systems	(2,499,528)	(208,835)	-	(2,708,363)
Buildings and improvements	(782,448)	(32,686)	-	(815,134)
Machinery and equipment	(4,197,280)	(166,294)	42,866	(4,320,708)
Vehicles	(330,623)	(16,366)	-	(346,989)
Total accumulated depreciation	(7,809,879)	(424,181) *	42,866	(8,191,194)
Other capital assets, net	7,499,063	(311,909)	(2,401)	7,184,753
Business-type activities capital assets, net	<u>\$ 7,597,763</u>	<u>\$ 79,483</u>	<u>\$ (2,401)</u>	<u>\$ 7,674,845</u>

\* Depreciation expense was charged to functions as follows:

Electric	\$ 204,669
Water	61,947
Sewer	89,635
Landfill	67,930
Total business-type activities depreciation expense	<u>\$ 424,181</u>

Construction in progress at September 30, 2021 consists of \$105,976 of design costs on the Main Street water and sewer replacement project and \$384,116 of engineering and construction costs on the landfill project. See Note D3 for more information on construction commitments.

**CITY OF VALENTINE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

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

**6. Accounts Payable**

Payables in the general, other governmental, and proprietary funds are primarily composed of payables to vendors.

**7. Long-term Debt**

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

**Changes in Long-term Debt**

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

<u>Type of Debt</u>	<u>Balance at October 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at September 30, 2021</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds, note and capital lease payable	<u>\$ 2,472,979</u>	<u>\$ -</u>	<u>\$ (219,836)</u>	<u>\$ 2,253,143</u>	<u>\$ 217,105</u>
Business-type Activities:					
Bonds and note payable	<u>\$ 2,460,000</u>	<u>\$ -</u>	<u>\$ (135,000)</u>	<u>\$ 2,325,000</u>	<u>\$ 135,000</u>
Component Unit:					
Valentine Community Education Agency Bonds Payable	<u>\$ 831,000</u>	<u>\$ -</u>	<u>\$ (60,000)</u>	<u>\$ 771,000</u>	<u>\$ 61,000</u>

**CITY OF VALENTINE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

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

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

**Governmental Activities**

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

Bonds, note and capital lease payable:

General obligation refunding bonds, Series 2020, with an original issue amount of \$1,475,000. Interest rates range from 0.85 percent to 1.80 percent. Interest is due in semi-annual installments and principal is due in annual installments through December 15, 2031. Paid from the Golf Fund. \$ 1,355,000

Capital lease of \$999,000 due to Valentine Community Education Agency, with interest ranging from 1.70 to 3.35 percent. Interest is due in semi-annual installments and principal is due in annual installments through December 15, 2031. Paid from the General Fund. 771,000

On February 28, 2019, the City entered into a loan agreement with Security First Bank in the amount of \$206,062 for a 2019 Elgin sweeper. The loan bears interest at 3.125 percent. The loan is due in five annual installments of \$45,111 with final maturity on February 1, 2024. This loan is paid from the Street Fund. 127,143

Total governmental activities bonds, note and capital lease payable \$ 2,253,143

Current portion \$ 217,105

Noncurrent portion 2,036,038

Total \$ 2,253,143

**CITY OF VALENTINE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

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

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

**Business-type Activities**

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

Bonds and note payable:

Combined utilities system revenue refunding bonds, series 2016, with an original issue amount of \$2,850,000. Interest rates range from 1.10 percent to 3.20 percent. Interest is due in semi-annual installments and principal is due in annual installments through November 15, 2036. Paid from the Electric Fund.

\$ 2,325,000

Current portion

\$ 135,000

Noncurrent portion

2,190,000

Total

\$ 2,325,000

**Component Unit**

Bond payable:

On January 26, 2017, the Valentine Community Education Agency issued \$999,000 of sales tax revenue bonds, series 2017, for the construction of the public education facility. Interest rates range from 1.70 percent to 3.35 percent. Interest is due in semi-annual installments and principal is due in annual installments through December 15, 2031. The City has a capital lease obligation which will service the debt for the Valentine Community Education Agency (this is shown as an offsetting note receivable by the Valentine Community Education Agency).

\$ 771,000

Current portion

\$ 61,000

Noncurrent portion

710,000

Total

\$ 771,000



# CITY OF VALENTINE, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

#### 7. Long-term Debt, continued

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

Year Ending September 30,	Governmental Activities				Business-type Activities		Component Unit	
	Direct Placement Debt		Other Debt Issue		Other Debt Issue		Other Debt Issue	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 102,105	\$ 25,772	\$ 115,000	\$ 17,293	\$ 135,000	\$ 58,518	\$ 61,000	\$ 21,766
2023	105,400	23,113	120,000	16,205	140,000	56,385	63,000	20,402
2024	107,638	20,236	120,000	15,035	140,000	54,005	64,000	18,861
2025	66,000	17,138	120,000	13,805	140,000	51,380	66,000	17,138
2026	68,000	15,363	120,000	12,485	140,000	48,545	68,000	15,363
2027-2031	368,000	43,974	630,000	36,668	715,000	182,554	368,000	43,974
2032-2036	81,000	1,357	130,000	1,170	750,000	87,569	81,000	1,357
2037	-	-	-	-	165,000	2,640	-	-
	<u>\$ 898,143</u>	<u>\$ 146,953</u>	<u>\$ 1,355,000</u>	<u>\$ 112,661</u>	<u>\$ 2,325,000</u>	<u>\$ 541,596</u>	<u>\$ 771,000</u>	<u>\$ 138,861</u>

#### 8. Special Assessments

The City completed street improvements in August of 2000. The total construction and engineering costs totaled \$659,645. Of this amount, \$385,393 was assessed to property owners.

In 2006, additional assessments of \$192,875 were assessed to property owners for recently developed land.

The City completed street improvements in August of 2008. The total construction and engineering costs totaled \$146,759. Of this amount \$111,043 was assessed to property owners.

The City completed street improvements in September of 2012. The total construction and engineering costs totaled \$548,401. Of this amount \$373,172 was assessed to property owners.

Principal collections from various special assessments outstanding are reported in the Street Fund. Special assessments receivable comprised the following assessments at September 30, 2021:

Current portion	\$ 12,807
Non-current portion	<u>53,830</u>
Total street improvement assessments	<u>\$ 66,637</u>

**CITY OF VALENTINE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

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

**9. Interfund Transactions**

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 448,652	\$ 219,847
Infrastructure Fund	-	297,807
Economic Development Fund	-	82,360
Golf Fund	136,751	-
Nonmajor Governmental Funds	-	47,389
Sewer Fund	<u>62,000</u>	<u>-</u>
Total operating transfers	<u>\$ 647,403</u>	<u>\$ 647,403</u>

**NOTE D – OTHER NOTES**

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

**City General Pension Plan**

The City of Valentine has a contributory defined contribution employees' pension plan in which the employees of the City participate. Eligible employees contribute six percent of their gross payroll and the City matches the six percent. Employees are eligible to participate after one year of continuous service and after attaining age 18.

All employees are fully vested in their own contributions and become vested in the City's contribution after seven years' participation in the plan.

For the year ended September 30, 2021, the City's total payroll and covered payroll under the plan was \$1,423,981 and \$1,172,600, respectively. Both the City's required contribution of \$70,356 and the covered employees' required contribution of \$70,356 were made for the year ended September 30, 2021.

## **CITY OF VALENTINE, NEBRASKA**

### **NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

#### **NOTE D – OTHER NOTES, continued**

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

###### **Deferred Compensation Plan**

The City has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all City employees. The plan permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, unforeseeable emergency, or permanent disability.

As of January 1, 1997, these funds were placed in trust, in accordance with IRS Code Section 457(g)(1). IRS Code Section 457(g)(1), applicable for plan year beginning January 1, 1997, states that “a plan maintained by an eligible employer shall not be treated as an eligible deferred compensation plan unless all assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries.” The deferred compensation plan as placed in trust is not subject to any creditors of the City.

The employees contributed \$28,329 under the plan for the year ended September 30, 2021.

##### **2. Risk Management**

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

###### **Deposits and Investments**

***Custodial Credit Risk.*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City’s investments at September 30, 2021, are held by the counterparties not in the name of the City. The underlying securities consist of cash, certificates of deposit, and insured money market funds.

**CITY OF VALENTINE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

**NOTE D – OTHER NOTES, continued**

**2. Risk Management, continued**

**Deposits and Investments, continued**

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

<u>Maturities by Month</u>	<u>Amount</u>
November 2021	\$ 110,632
June 2022	1,719,194
August 2022	29,839
September 2022	987,147
October 2022	204,567
	<u>\$ 3,051,379</u>

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

<u>Financial Institution</u>	<u>Amount</u>
Security First Bank	\$ 2,754,269
Bank of the West	11,209
Sandhills State Bank	81,334
Union Bank & Trust	204,567
	<u>\$ 3,051,379</u>

***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 and money market funds, minimizing credit risk associated with the City's investment portfolio.

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

**CITY OF VALENTINE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

**NOTE D – OTHER NOTES, continued**

**3. Commitments and Contingencies**

**Construction Commitments**

The City's governmental activities had the following construction commitments as of September 30, 2021:

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/2021</u>	<u>Obligation Pending</u>	<u>Expected Completion Date</u>
Runway rehab engineering	\$ 20,500	\$ -	\$ 20,500	Summer 2022
Storm sewer improvements	328,194	90,261	237,933	Summer 2022
Total	<u>\$ 348,694</u>	<u>\$ 90,261</u>	<u>\$ 258,433</u>	

The City's business-type activities had the following construction commitments as of September 30, 2021:

<u>Project</u>	<u>Contract Amount</u>	<u>Incurred Through 9/30/2021</u>	<u>Obligation Pending</u>	<u>Expected Completion Date</u>
Phase 4 landfill	<u>\$ 486,224</u>	<u>\$ 337,792</u>	<u>\$ 148,432</u>	December 2021

**Closure and Postclosure Costs**

State and federal laws and regulations require the Valentine Landfill to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Valentine Landfill reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,161,000 reported as landfill closure and postclosure care liability at September 30, 2021, represents the cumulative amount reported to date based on the use of approximately 46.4 percent of the estimated capacity of the landfill. The Valentine Landfill will recognize the remaining estimated cost of closure and postclosure care of \$1,109,181 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2021. The Valentine Landfill expects to close the landfill in the year 2041. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

## **CITY OF VALENTINE, NEBRASKA**

### **NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

#### **NOTE D – OTHER NOTES, continued**

##### **3. Commitments and Contingencies, continued**

###### **Closure and Postclosure Costs, continued**

In accordance with the State of Nebraska Title 132 Solid Waste Regulations, the City of Valentine must satisfy the requirements for a financial assurance mechanism (FAM). During the year ended September 30, 1996, the City Council passed Resolution 96-13 to make annual contributions to a special fund to finance closure and postclosure care. The Valentine Landfill is in compliance with these requirements, and, at September 30, 2021, investments totaled \$987,147 at Union Bank. The City of Valentine expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

###### **Contingencies**

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

##### **4. Tax Abatements**

The City has created a Community Development Agency (CDA) to provide for development of blighted areas. The City Council constitutes the Agency. Because the CDA does not maintain a separate bank account and all transactions are accounted for in the General Fund of the City, the CDA is not reported separately in the financial statements.

The 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.

**CITY OF VALENTINE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

**NOTE D – OTHER NOTES, continued**

**4. Tax Abatements, continued**

Information relevant to the abatements granted by the CDA for the year ended September 30, 2021 is as follows:

<u>TIF Project:</u>	<u>Years Remaining on TIF Agreements</u>	<u>2021 TIF Valuation</u>	<u>TIF Proceeds Received during the year 9-30-2021</u>
KTJ 231, LLC	8	\$ 2,736,822	\$ 33,974
Ranchland Foods	4	1,113,081	<u>13,817</u>
			<u>\$ 47,791</u>

**5. Interlocal Agreements**

The City had the following Interlocal agreements in effect as of September 30, 2021:

<u>Parties to Agreement</u>	<u>Term</u>	<u>Description</u>
Cherry County	October 1, 2011 - perpetual	Agreement for law enforcement and fire dispatch
City of Gordon, City of Rushville, City of Hay Springs, City of Chadron, City of Crawford, County of Sheridan, County of Dawes, and County of Cherry	November 12, 2002 - perpetual	Provide for intergovernmental law enforcement
Middle Niobrara Natural Resources District	June 20, 2000 - perpetual	Joint ownership of Mill Pond property
Cherry County	February 12, 2009 - perpetual	Cherry County Justice Center Exchange
Cherry County	October 1, 2020 - October 1, 2021	Library/Bookmobile services
Mid-Plains Community College	October 8, 2015 - perpetual	Valentine Community Education Agency
Central Nebraska Economic Development	January 1, 2018 - perpetual	Economic development services

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

**September 30, 2021**

**NOTE D – OTHER NOTES, continued**

**6. Subsequent Events**

Management has evaluated subsequent events through March 9, 2022, the date on which the financial statements were available for issue.

On October 20, 2021, the City issued \$2,225,000 of combined utility system revenue refunding bonds to refund electric bonds.

On February 22, 2022, the Valentine Community Education Agency issued \$730,000 of sales tax revenue refunding bonds to refund bonds.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF VALENTINE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
GENERAL FUND**

**Year Ended September 30, 2021**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Taxes:			
Property	\$ 429,221	\$ 395,895	\$ (33,326)
Sales	301,755	405,919	104,164
Franchise	440,500	403,096	(37,404)
Intergovernmental	44,144	45,002	858
Licenses and permits	10,500	11,832	1,332
Charges for services	178,918	206,629	27,711
Grants and donations	6,162	142,005	135,843
Interest income	8,724	10,316	1,592
Other	<u>11,510</u>	<u>25,626</u>	<u>14,116</u>
Total resources	1,431,434	1,646,320	214,886
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
General government	314,988	307,749	(7,239)
Public safety	732,272	646,795	(85,477)
Leisure and environment	526,271	436,995	(89,276)
Cemetery	144,050	33,562	(110,488)
Capital outlay	315,863	202,920	(112,943)
Principal payments on debt	60,000	60,000	-
Interest payments on debt	<u>23,096</u>	<u>23,097</u>	<u>1</u>
Total charges to appropriations	<u>2,116,540</u>	<u>1,711,118</u>	<u>(405,422)</u>
Resources under charges to appropriations	(685,106)	(64,798)	620,308
<b>OTHER FINANCING SOURCES</b>			
Net transfers	<u>570,023</u>	<u>228,805</u>	<u>(341,218)</u>
<b>RESOURCES AND OTHER FINANCING SOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u><u>\$ (115,083)</u></u>	<u><u>\$ 164,007</u></u>	<u><u>\$ 279,090</u></u>

**CITY OF VALENTINE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
STREET FUND**

**Year Ended September 30, 2021**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Motor vehicle tax	\$ 55,000	\$ 61,890	\$ 6,890
Sales tax	60,000	111,410	51,410
Intergovernmental	428,750	517,516	88,766
Special assessments	1,155	1,156	1
Charges for services	5,200	5,713	513
Grants and contributions	1,875,655	-	(1,875,655)
Interest income	1,050	2,626	1,576
Bond proceeds	1,500,000	-	(1,500,000)
Other income	-	203	203
	<hr/>	<hr/>	<hr/>
Total resources	3,926,810	700,514	(3,226,296)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Public works	943,592	386,115	(557,477)
Capital outlay	3,035,035	223,202	(2,811,833)
Principal payments on debt	39,836	39,836	-
Interest payments on debt	5,275	5,275	-
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	4,023,738	654,428	(3,369,310)
<b>RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<hr/>	<hr/>	<hr/>
	\$ (96,928)	\$ 46,086	\$ 143,014
	<hr/>	<hr/>	<hr/>

**CITY OF VALENTINE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
AIRPORT FUND**

**Year Ended September 30, 2021**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Charges for services	\$ 278,680	\$ 373,511	\$ 94,831
Grants and donations	2,885,336	111,450	(2,773,886)
Other income	<u>5,135</u>	<u>34,983</u>	<u>29,848</u>
Total resources	3,169,151	519,944	(2,649,207)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Operating expenditures	266,918	375,260	108,342
Capital outlay	<u>3,202,785</u>	<u>232,805</u>	<u>(2,969,980)</u>
Total charges to appropriations	<u>3,469,703</u>	<u>608,065</u>	<u>(2,861,638)</u>
Resources under charges to appropriations	(300,552)	(88,121)	212,431
<b>OTHER FINANCING SOURCES</b>			
Net transfers	<u>50,552</u>	<u>-</u>	<u>(50,552)</u>
<b>RESOURCES AND OTHER FINANCING SOURCES UNDER CHARGES TO APPROPRIATIONS</b>	<u><u>\$ (250,000)</u></u>	<u><u>\$ (88,121)</u></u>	<u><u>\$ 161,879</u></u>

**CITY OF VALENTINE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
INFRASTRUCTURE FUND**

**Year Ended September 30, 2021**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Sales tax	\$ 460,000	\$ 608,880	\$ 148,880
Special assessments	15,000	35,426	20,426
Interest income	<u>3,000</u>	<u>2,254</u>	<u>(746)</u>
Total resources	478,000	646,560	168,560
<b>OTHER FINANCING USES</b>			
Net transfers	<u>(1,391,686)</u>	<u>(297,807)</u>	<u>1,093,879</u>
<b>RESOURCES OVER (UNDER) OTHER FINANCING USES</b>	<u><u>\$ (913,686)</u></u>	<u><u>\$ 348,753</u></u>	<u><u>\$ 1,262,439</u></u>

**CITY OF VALENTINE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
ECONOMIC DEVELOPMENT FUND**

**Year Ended September 30, 2021**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Sales tax	\$ 155,000	\$ 202,960	\$ 47,960
Loan collections	37,355	49,516	12,161
Interest income	2,500	1,910	(590)
Other	<u>-</u>	<u>4,000</u>	<u>4,000</u>
Total resources	194,855	258,386	63,531
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Economic development	<u>1,000,000</u>	<u>249,300</u>	<u>(750,700)</u>
Resources over (under) charges to appropriations	(805,145)	9,086	814,231
<b>OTHER FINANCING USES</b>			
Net transfers	<u>(60,000)</u>	<u>(82,360)</u>	<u>(22,360)</u>
<b>RESOURCES UNDER CHARGES TO APPROPRIATIONS AND OTHER FINANCING USES</b>	<u><u>\$ (865,145)</u></u>	<u><u>\$ (73,274)</u></u>	<u><u>\$ 791,871</u></u>

**CITY OF VALENTINE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
GOLF FUND**

**Year Ended September 30, 2021**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Charges for services	\$ 367,650	\$ 335,089	\$ (32,561)
Grants and donations	-	10,000	10,000
Other income	<u>2,000</u>	<u>1,893</u>	<u>(107)</u>
Total resources	369,650	346,982	(22,668)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Environment and leisure	349,933	335,966	(13,967)
Capital outlay	17,000	9,265	(7,735)
Principal payments on debt	120,000	120,000	-
Interest payments on debt	<u>16,751</u>	<u>16,750</u>	<u>(1)</u>
Total charges to appropriations	<u>503,684</u>	<u>481,981</u>	<u>(21,703)</u>
Resources under charges to appropriations	(134,034)	(134,999)	(965)
<b>OTHER FINANCING SOURCES</b>			
Net transfers	<u>136,751</u>	<u>136,751</u>	<u>-</u>
<b>RESOURCES AND OTHER FINANCING SOURCES OVER CHARGES TO APPROPRIATIONS</b>	<u><u>\$ 2,717</u></u>	<u><u>\$ 1,752</u></u>	<u><u>\$ (965)</u></u>

**CITY OF VALENTINE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**Year Ended September 30, 2021**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and  
GAAP Revenue and Expenditures**

	<u>General Fund</u>	<u>Street Fund</u>	<u>Airport Fund</u>	<u>Infrastructure Fund</u>	<u>Economic Development Fund</u>	<u>Golf Fund</u>
<b>Sources/inflows of resources:</b>						
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$1,646,320	\$ 700,514	\$ 519,944	\$ 646,560	\$ 258,386	\$ 346,982
Differences - budget to GAAP:						
Cash to accrual adjustments	<u>10,837</u>	<u>(7,591)</u>	<u>-</u>	<u>14,786</u>	<u>4,930</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$1,657,157</u></u>	<u><u>\$ 692,923</u></u>	<u><u>\$ 519,944</u></u>	<u><u>\$ 661,346</u></u>	<u><u>\$ 263,316</u></u>	<u><u>\$ 346,982</u></u>
<b>Uses/outflows of resources:</b>						
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedules	\$1,711,118	\$ 654,428	\$ 608,065	\$ -	\$ 249,300	\$ 481,981
Differences - budget to GAAP:						
Cash to accrual adjustments	<u>13,260</u>	<u>49,642</u>	<u>(178,181)</u>	<u>-</u>	<u>-</u>	<u>(896)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$1,724,378</u></u>	<u><u>\$ 704,070</u></u>	<u><u>\$ 429,884</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 249,300</u></u>	<u><u>\$ 481,085</u></u>



## **SUPPLEMENTARY INFORMATION**

**CITY OF VALENTINE, NEBRASKA**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**

**September 30, 2021**

	Special Revenue			
	Fund	Permanent Funds		
	Fines and <u>Fees</u>	Perpetual <u>Care</u>	Queen Jackson <u>Memorial</u>	Total Nonmajor Governmental <u>Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,516	\$ 12,526	\$ 28,839	\$ 48,881
Certificates of deposit	-	133,826	-	133,826
<b>Total assets</b>	<u>\$ 7,516</u>	<u>\$ 146,352</u>	<u>\$ 28,839</u>	<u>\$ 182,707</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities	\$ 5,200	\$ -	\$ -	\$ 5,200
Fund balances:				
Nonspendable for:				
Cemetery perpetual care	-	146,352	-	146,352
Restricted for:				
Community betterment	2,316	-	28,839	31,155
Total fund balances	<u>2,316</u>	<u>146,352</u>	<u>28,839</u>	<u>177,507</u>
<b>Total liabilities and fund balances</b>	<u>\$ 7,516</u>	<u>\$ 146,352</u>	<u>\$ 28,839</u>	<u>\$ 182,707</u>

**CITY OF VALENTINE, NEBRASKA**

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

**For the Year Ended September 30, 2021**

	Special Revenue			
	Fund	Permanent Funds		
	Fine and	Perpetual	Queen	Total Nonmajor
	<u>Fees</u>	<u>Care</u>	<u>Jackson</u>	<u>Governmental</u>
			<u>Memorial</u>	<u>Funds</u>
<b>REVENUES</b>				
Licenses and permits	\$ 5,200	\$ -	\$ -	\$ 5,200
Grants and contributions	-	-	7,267	7,267
Other	-	1,975	-	1,975
Total revenues	<u>5,200</u>	<u>1,975</u>	<u>7,267</u>	<u>14,442</u>
<b>EXPENDITURES</b>				
General government	<u>5,200</u>	<u>-</u>	<u>-</u>	<u>5,200</u>
<b>Excess of revenues over expenditures</b>	-	1,975	7,267	9,242
<b>OTHER FINANCING USES</b>				
Transfers to other funds	<u>-</u>	<u>-</u>	<u>(47,389)</u>	<u>(47,389)</u>
<b>Net change in fund balances</b>	-	1,975	(40,122)	(38,147)
Fund balances - September 30, 2020	<u>2,316</u>	<u>144,377</u>	<u>68,961</u>	<u>215,654</u>
Fund balances - September 30, 2021	<u><u>\$ 2,316</u></u>	<u><u>\$ 146,352</u></u>	<u><u>\$ 28,839</u></u>	<u><u>\$ 177,507</u></u>

# CITY OF VALENTINE, NEBRASKA

## COMBINING STATEMENT OF REVENUES AND EXPENDITURES -

### GENERAL FUND DEPARTMENTS

**Year Ended September 30, 2021**

	<u>Administrative</u>	<u>Police</u>	<u>Fire</u>
<b>REVENUES</b>			
Taxes:			
General property tax	\$ 208,750	\$ -	\$ -
Sales tax	-	-	-
Franchise	403,096	-	-
Intergovernmental revenue:			
State assistance	42,724	-	-
Licenses and permits	11,832	-	-
Charges for services	-	-	-
Grants and donations	121,919	8,326	-
Interest income	3,625	-	-
Other receipts	15,677	-	-
Total revenues	<u>807,623</u>	<u>8,326</u>	<u>-</u>
<b>EXPENDITURES</b>			
Personnel services:			
Salaries and benefits	182,520	396,830	3,584
Operating expenses:			
Insurance	9,774	10,572	9,801
Professional fees	822	1,046	354
Contracted services	-	103,098	18,843
Meetings, seminars, and dues	10,144	300	325
Repairs and maintenance	8,992	24,778	16,245
Printing, postage, and publications	259	200	58
Utilities and telephone	9,259	-	11,409
Total operating expenses	<u>39,250</u>	<u>139,994</u>	<u>57,035</u>
Supplies	5,603	3,838	457
Other expenses	124,767	10,942	3,619
Capital outlay	-	-	191,761
Principal payments on debt	60,000	-	-
Interest payments	23,097	-	-
Total expenditures	<u>435,237</u>	<u>551,604</u>	<u>256,456</u>
Excess (deficiency) of revenues over expenditures before transfers	372,386	(543,278)	(256,456)
<b>TRANSFERS FROM (TO) OTHER FUNDS</b>	<u>420,993</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u><u>\$ 793,379</u></u>	<u><u>\$ (543,278)</u></u>	<u><u>\$ (256,456)</u></u>

<u>Pool</u>	<u>Library</u>	<u>Cemetery</u>	<u>Park</u>	<u>Bookmobile</u>	<u>Time Capsule</u>	<u>Total</u>
\$ -	\$ 80,053	\$ 24,016	\$ 84,056	\$ -	\$ -	\$ 396,875
415,776	-	-	-	-	-	415,776
-	-	-	-	-	-	403,096
-	2,278	-	-	-	-	45,002
-	-	-	-	-	-	11,832
33,444	4,275	28,688	41,573	98,649	-	206,629
-	6,750	-	5,010	-	-	142,005
1,120	137	4,970	4	449	11	10,316
2	-	1,598	8,349	-	-	25,626
<u>450,342</u>	<u>93,493</u>	<u>59,272</u>	<u>138,992</u>	<u>99,098</u>	<u>11</u>	<u>1,657,157</u>
44,443	86,507	-	34,253	73,283	-	821,420
3,166	4,510	245	6,126	491	-	44,685
347	406	227	286	417	-	3,905
-	-	-	-	-	-	121,941
-	-	-	-	-	-	10,769
8,945	2,505	29,362	38,074	4,555	-	133,456
-	163	-	200	182	-	1,062
<u>8,916</u>	<u>7,949</u>	<u>3,369</u>	<u>42,428</u>	<u>549</u>	<u>-</u>	<u>83,879</u>
21,374	15,533	33,203	87,114	6,194	-	399,697
21,297	11,747	654	1,464	11,661	-	56,721
2,693	2,645	-	15,669	188	-	160,523
6,205	4,954	-	-	-	-	202,920
-	-	-	-	-	-	60,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,097</u>
<u>96,012</u>	<u>121,386</u>	<u>33,857</u>	<u>138,500</u>	<u>91,326</u>	<u>-</u>	<u>1,724,378</u>
354,330	(27,893)	25,415	492	7,772	11	(67,221)
<u>(219,847)</u>	<u>27,659</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>228,805</u>
<u>\$ 134,483</u>	<u>\$ (234)</u>	<u>\$ 25,415</u>	<u>\$ 492</u>	<u>\$ 7,772</u>	<u>\$ 11</u>	<u>\$ 161,584</u>

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

To the Members of the City Council  
City of Valentine, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Valentine, Nebraska, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated March 9, 2022.

**Internal Control Over Financial Reporting**

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

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

**SHAREHOLDERS:**

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

1203 W 2nd Street  
P.O. Box 1407  
Grand Island, NE 68802  
P 308-381-1810  
F 308-381-4824  
EMAIL [cpa@gicpas.com](mailto:cpa@gicpas.com)

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

#### Segregation of Duties

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

#### **Compliance and Other Matters**

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

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

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

#### **Purpose of this Report**

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

AMGL, P.C.

Grand Island, Nebraska  
March 9, 2022