

CITY OF VALENTINE, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2023

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR’S REPORT	2
MANAGEMENT’S DISCUSSION AND ANALYSIS	6
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Balance Sheet - Governmental Funds	17
Reconciliation of the Balance Sheet -	
Governmental Funds to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances -	
Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
in Fund Balances - Governmental Funds to the Statement of Activities	20
Statement of Fund Net Position - Proprietary Funds	21
Statement of Revenues, Expenses, and Changes in Net Position -	
Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	23
Notes to Financial Statements	25
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules	
General Fund	61
Street Fund	62
Airport Fund	63
Infrastructure Fund	64
Economic Development Fund	65
Golf Fund	66
Note to Required Supplementary Information	67
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	68
Combining Statement of Revenues, Expenditures, and Changes	
in Fund Balances - Nonmajor Governmental Funds	69
Combining Statement of Revenues and Expenditures -	
General Fund Departments	70

TABLE OF CONTENTS, Continued

	Page
SINGLE AUDIT REPORTS	
Schedule of Expenditures of Federal Awards	71
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 <i>Government Auditing Standards</i>	72
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	74
Schedule of Findings and Questioned Costs	77
Summary Schedule of Prior Audit Findings	79
Corrective Action Plan	80

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Valentine, Nebraska, as of September 30, 2023, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

SHAREHOLDERS:

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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 6-14 and 61-67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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.

Supplementary 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 combining nonmajor governmental funds financial statements, the statement of revenue and expenditures by General Fund department, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 by us and other auditors. In our opinion, the supplementary information described in the second sentence of this paragraph and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the 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 February 9, 2024, 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
February 9, 2024

**CITY OF VALENTINE
MANAGEMENT’S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2023**

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, 2023.

Financial Highlights

- The assets of the City of Valentine exceeded its liabilities at the close of the most recent fiscal year by \$34,833,397 (*net position*). Of this amount, \$6,723,186 (*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 activities reported combined ending net position of \$23,794,095. Approximately 7.5 percent of this total amount, \$1,791,354, is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$875,279, or 45.6 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, 2023

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 15 and 16 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, Street Fund, Airport Fund, Infrastructure Fund, Economic Development Fund and 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 17-20 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, 2023

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 21-24 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 25-60 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 61-67 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 68-70.

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 \$34,833,397 at the close of the most recent fiscal year.

Summary Statements of Net Position

	September 30, 2023			September 30, 2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 7,175,251	\$ 6,844,173	\$ 14,019,424	\$ 6,176,823	\$ 5,882,902	\$ 12,059,725
Capital Assets	20,958,491	9,285,269	30,243,760	16,988,175	9,297,457	26,285,632
Total Assets	<u>28,133,742</u>	<u>16,129,442</u>	<u>44,263,184</u>	<u>23,164,998</u>	<u>15,180,359</u>	<u>38,345,357</u>
Long-term Liabilities	3,798,912	4,268,969	8,067,881	2,799,621	3,953,963	6,753,584
Other Liabilities	540,735	821,171	1,361,906	1,729,975	744,992	2,474,967
Total Liabilities	<u>4,339,647</u>	<u>5,090,140</u>	<u>9,429,787</u>	<u>4,529,596</u>	<u>4,698,955</u>	<u>9,228,551</u>
Net Position:						
Net Investment in						
Capital Assets	16,999,084	6,107,470	23,106,554	14,025,154	6,337,494	20,362,648
Restricted	5,003,657	-	5,003,657	3,768,943	-	3,768,943
Unrestricted	1,791,354	4,931,832	6,723,186	841,305	4,143,910	4,985,215
Total Net Position	<u>\$ 23,794,095</u>	<u>\$ 11,039,302</u>	<u>\$ 34,833,397</u>	<u>\$ 18,635,402</u>	<u>\$ 10,481,404</u>	<u>\$ 29,116,806</u>

**CITY OF VALENTINE
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2023**

By far the largest portion of the City of Valentine’s net position (66.3 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 (14.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$6,723,186) 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

<u>Function</u>	<u>Year Ended September 30, 2023</u>		<u>Year Ended September 30, 2022</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 37,254	\$ 385,612	\$ 12,422	\$ 470,772
Public Safety	67,117	672,065	30,276	659,793
Public Works	1,795,200	495,462	70,664	473,173
Recreation	722,180	1,053,995	640,443	920,678
Cemetery	14,150	47,653	16,350	45,110
Airport	3,524,849	558,003	2,732,206	503,403
Economic Development	-	97,770	-	1,000
Interest	-	26,465	-	50,193
Depreciation	-	864,301	-	770,734
Total	<u>6,160,750</u>	<u>4,201,326</u>	<u>3,502,361</u>	<u>3,894,856</u>
Transfers out	-	61,771	-	197,656
	<u>\$ 6,160,750</u>	<u>\$ 4,263,097</u>	<u>\$ 3,502,361</u>	<u>\$ 4,092,512</u>

**CITY OF VALENTINE
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2023**

Revenues by Source – Governmental Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2023</u>		<u>Year Ended September 30, 2022</u>	
Charges for Services	\$ 1,237,754	13.14 %	\$ 1,183,562	18.27 %
Operating Grants and Contributions	105,041	1.11	46,693	0.72
Capital Grants and Contributions	4,817,955	51.14	2,272,106	35.08
Property Taxes	386,642	4.10	400,082	6.18
Motor Vehicle Taxes	62,856	0.67	62,303	0.96
Sales Tax	1,351,360	14.34	1,362,939	21.04
Franchise Taxes	470,980	5.00	429,803	6.64
Occupation Taxes	183,989	1.95	-	-
TIF Proceeds	15,653	0.17	-	-
State Allocation	582,232	6.18	545,847	8.43
Special Assessments	16,410	0.17	25,482	0.39
Miscellaneous	127,112	1.35	136,667	2.11
Loss on Disposal of Equipment	-	-	(1,700)	(0.03)
Interest	63,806	0.68	13,848	0.21
Total	<u>\$ 9,421,790</u>	<u>100.00 %</u>	<u>\$ 6,477,632</u>	<u>100.00 %</u>

Net position increased \$5,158,693 in the governmental activities during the year ended September 30, 2023.

Business-type activities. Business-type activities increased the City of Valentine’s net position by \$557,898. Key elements of this increase are as follows:

Expenses and Program Revenues – Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2023</u>		<u>Year Ended September 30, 2022</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 4,657,936	\$ 4,069,296	\$ 4,478,957	\$ 3,773,744
Water	544,600	524,269	571,560	445,203
Sewer	344,743	463,552	565,449	408,750
Landfill	686,195	754,036	683,238	626,113
Total	<u>\$ 6,233,474</u>	<u>\$ 5,811,153</u>	<u>\$ 6,299,204</u>	<u>\$ 5,253,810</u>

**CITY OF VALENTINE
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2023**

SOURCES OF REVENUE

	<u>Year Ended September 30, 2023</u>		<u>Year Ended September 30, 2022</u>	
Charges for Services	\$ 6,147,553	96.52 %	\$ 5,974,621	91.75 %
Grants and Contributions	85,921	1.35	324,583	4.98
Loss on Disposal of Equipment	-	-	(1,800)	(0.03)
Interest	73,806	1.16	16,630	0.26
Interfund Transfer	61,771	0.97	197,656	3.04
Total	<u>\$ 6,369,051</u>	<u>100.00 %</u>	<u>\$ 6,511,690</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 \$6,370,671. Approximately 13.7 percent of this total amount (\$875,279) 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 (\$874,764), 2) restricted to pay for infrastructure (\$1,867,361), 3) restricted for economic development (\$1,196,480), 4) restricted for community betterment (\$40,411), 5) nonspendable for cemetery perpetual care (\$149,054), 6) nonspendable for inventory and prepaids (\$35,046), 7) assigned for golf course operations (\$197,369), 8) assigned for budgetary stabilization (\$139,615), 9) assigned for airport operations (\$317,074), 10) restricted for Federal programs (\$33,401), or 11) restricted for street improvements (\$644,817).

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 \$875,279, while total fund balance was \$1,923,920. 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 45.6 percent of total General Fund expenditures, while total fund balance represents 100.3 percent of the same amount.

The fund balance of the City of Valentine’s General Fund increased by \$242,948, the Street Fund increased \$1,348,157 and the Infrastructure Fund increased by \$284,592 during the current fiscal year.

CITY OF VALENTINE
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2023

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 – \$4,869,587, Water Fund – \$138,714, Sewer Fund – \$32,426, and Landfill Fund – deficit of \$(108,895). The Electric Fund net position increased \$640,678, the Water Fund net position increased \$20,963, the Sewer Fund net position decreased \$(57,038), and the Landfill Fund net position decreased \$(46,705). 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, 2023.

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, 2023, amounts to \$30,243,760 (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 \$25,000) during the current fiscal year included the following:

- Airport runway rehabilitation construction in progress - \$259,554
- Airport taxiway construction in progress - \$2,604,205
- Storm sewer phase 2 construction in progress - \$1,679,380
- NH-83-4 street lighting - \$160,825
- New Holland Workmaster 60 tractor and loader for the golf course - \$38,500
- 2022 Ford F550 bucket truck - \$174,762
- Main Street sewer replacement construction in progress - \$52,310
- Main Street water replacement construction in progress - \$52,310
- Northeast water main extension construction in progress - \$43,463

**CITY OF VALENTINE
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2023**

- Sewer interceptor construction in progress - \$43,463

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

	Year Ended September 30, 2023			Year Ended September 30, 2022		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
Land	\$ 190,160	\$ -	\$ 190,160	\$ 190,160	\$ -	\$ 190,160
Construction in Progress	2,847,065	132,048	2,979,113	5,017,518	1,863,944	6,881,462
Buildings and Improvements	17,267,873	1,632,460	18,900,333	11,082,260	1,678,724	12,760,984
Machinery and Equipment	332,740	1,683,083	2,015,823	368,458	1,807,445	2,175,903
Distribution Systems, Buildings, and Equipment	-	5,628,172	5,628,172	-	3,896,135	3,896,135
Vehicles	320,653	209,506	530,159	329,779	51,209	380,988
Total	<u>\$ 20,958,491</u>	<u>\$ 9,285,269</u>	<u>\$ 30,243,760</u>	<u>\$ 16,988,175</u>	<u>\$ 9,297,457</u>	<u>\$ 26,285,632</u>

Additional information on the City of Valentine's capital assets can be found in Note C5 on pages 46-48 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 \$7,137,206.

City of Valentine's Outstanding Debt

	Year Ended September 30, 2023			Year Ended September 30, 2022		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
Refunding Bonds	\$ 1,120,000	\$ 2,055,000	\$ 3,175,000	\$ 1,240,000	\$ 2,225,000	\$ 3,465,000
Notes Payable	2,179,407	1,122,799	3,302,206	993,021	734,963	1,727,984
Financing Agreement	660,000	-	660,000	730,000	-	730,000
Total	<u>\$ 3,959,407</u>	<u>\$ 3,177,799</u>	<u>\$ 7,137,206</u>	<u>\$ 2,963,021</u>	<u>\$ 2,959,963</u>	<u>\$ 5,922,984</u>

The City of Valentine's total debt increased by \$1,214,222 (20.5 percent) during the current fiscal year, due to loan advances for the street, water and sewer projects.

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 49-53 of this report.

**CITY OF VALENTINE
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2023**

Economic Factors and Next Year's Budgets and Rates

- Property tax asking for the year ending September 30, 2023, is \$430,000, the same as the prior year.
- The City's property tax levy is \$0.191771 for 2023-2024, a \$0.013695 decrease (6.7 percent) from the prior year.
- The City has commitments of \$11,562 for the Northeast water main extension and sewer interceptor projects, \$15,925 for the City Hall sign, \$52,154 for the City Hall wall and windows, and \$506,554 for the parallel taxiway project, \$207,357 for the airport layout plan.

All of these factors were considered in preparing the City of Valentine's budget for the 2024 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, 2023

	Primary Government			Component <u>Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,569,384	\$ 3,104,274	\$ 4,673,658	\$ -
Certificates of deposit	101,394	1,777,533	1,878,927	-
County treasurer cash	27,420	-	27,420	-
Receivables:				
Special assessments	9,632	-	9,632	-
Accounts, net of allowance for doubtful accounts	-	124,318	124,318	-
Unbilled revenue	-	392,146	392,146	-
Current portion of notes receivable	30,201	-	30,201	70,000
Property tax	8,001	-	8,001	-
Sales tax	245,871	-	245,871	-
Grant	122,121	-	122,121	-
Inventory	81,340	304,560	385,900	-
Prepaid expenses	6,049	-	6,049	-
Total current assets	2,201,413	5,702,831	7,904,244	70,000
Noncurrent assets:				
Restricted cash and cash equivalents	4,284,292	-	4,284,292	-
Restricted certificates of deposit	248,344	1,141,342	1,389,686	-
Noncurrent portion of notes receivable	415,048	-	415,048	590,000
Noncurrent portion of special assessments	26,154	-	26,154	-
Capital assets:				
Land	190,160	-	190,160	-
Construction in progress	2,847,065	132,048	2,979,113	-
Depreciable capital assets, net of depreciation	17,921,266	9,153,221	27,074,487	-
Net capital assets	20,958,491	9,285,269	30,243,760	-
Total noncurrent assets	25,932,329	10,426,611	36,358,940	590,000
Total assets	28,133,742	16,129,442	44,263,184	660,000
LIABILITIES				
Current liabilities:				
Accounts payable	193,026	334,683	527,709	-
Accrued expenses	87,808	131,459	219,267	-
Unavailable revenue	26,154	-	26,154	-
Customer deposits	-	162,199	162,199	-
Current portion of long-term obligations	233,747	192,830	426,577	70,000
Total current liabilities	540,735	821,171	1,361,906	70,000
Noncurrent liabilities:				
Accrued closure and postclosure costs	-	1,284,000	1,284,000	-
Compensated absences	73,252	-	73,252	-
Noncurrent portion of long-term obligations	3,725,660	2,984,969	6,710,629	590,000
Total noncurrent liabilities	3,798,912	4,268,969	8,067,881	590,000
Total liabilities	4,339,647	5,090,140	9,429,787	660,000
NET POSITION				
Net investment in capital assets	16,999,084	6,107,470	23,106,554	-
Restricted for:				
Debt service	874,764	-	874,764	-
Street improvements	644,817	-	644,817	-
Golf course improvements	197,369	-	197,369	-
Infrastructure	1,867,361	-	1,867,361	-
Economic development	1,196,480	-	1,196,480	-
Community betterment	40,411	-	40,411	-
Federal programs	33,401	-	33,401	-
Cemetery perpetual care	149,054	-	149,054	-
Unrestricted	1,791,354	4,931,832	6,723,186	-
Total net position	\$ 23,794,095	\$ 11,039,302	\$ 34,833,397	\$ -

See notes to financial statements.

CITY OF VALENTINE, NEBRASKA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
General government	\$ 385,612	\$ -	\$ 37,254
Public safety	672,065	-	67,117
Public works	495,462	3,800	-
Environment and leisure	1,053,995	721,510	670
Cemetery	47,653	14,150	-
Airport	558,003	498,294	-
Economic development	97,770	-	-
Interest and fees on long-term debt	26,465	-	-
Depreciation	864,301	-	-
Total governmental activities	4,201,326	1,237,754	105,041
Business-type activities:			
Electric	4,069,296	4,657,936	-
Water	524,269	458,679	-
Sewer	463,552	344,743	-
Landfill	754,036	686,195	-
Total business-type activities	5,811,153	6,147,553	-
Total primary government	\$ 10,012,479	\$ 7,385,307	\$ 105,041
Component unit:			
Valentine Community Education Agency	\$ 8,773	\$ 8,773	\$ -

See notes to financial statements.

<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
\$ -	\$ (348,358)		\$ (348,358)	
-	(604,948)		(604,948)	
1,791,400	1,299,738		1,299,738	
-	(331,815)		(331,815)	
-	(33,503)		(33,503)	
3,026,555	2,966,846		2,966,846	
-	(97,770)		(97,770)	
-	(26,465)		(26,465)	
-	(864,301)		(864,301)	
<u>4,817,955</u>	<u>1,959,424</u>	<u>\$ -</u>	<u>1,959,424</u>	
-	-	588,640	588,640	
85,921	-	20,331	20,331	
-	-	(118,809)	(118,809)	
-	-	(67,841)	(67,841)	
<u>85,921</u>	<u>-</u>	<u>422,321</u>	<u>422,321</u>	
<u>\$ 4,903,876</u>	<u>1,959,424</u>	<u>422,321</u>	<u>2,381,745</u>	
<u>\$ -</u>				<u>\$ -</u>
General revenues:				
Taxes:				
Property	386,642	-	386,642	-
Motor vehicle	62,856	-	62,856	-
Sales tax	1,351,360	-	1,351,360	-
Franchise	470,980	-	470,980	-
Occupation	183,989	-	183,989	-
TIF	15,653	-	15,653	-
State allocation	582,232	-	582,232	-
Special assessments	16,410	-	16,410	-
Miscellaneous	127,112	-	127,112	-
Interest income	63,806	73,806	137,612	-
Interfund transfers	(61,771)	61,771	-	-
Total general revenues	<u>3,199,269</u>	<u>135,577</u>	<u>3,334,846</u>	<u>-</u>
Change in net position	<u>5,158,693</u>	<u>557,898</u>	<u>5,716,591</u>	<u>-</u>
Net position - September 30, 2022	<u>18,635,402</u>	<u>10,481,404</u>	<u>29,116,806</u>	<u>-</u>
Net position - September 30, 2023	<u>\$ 23,794,095</u>	<u>\$ 11,039,302</u>	<u>\$ 34,833,397</u>	<u>\$ -</u>

CITY OF VALENTINE, NEBRASKA

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

September 30, 2023

	<u>General</u>	<u>Street</u>	<u>Airport</u>
ASSETS			
Cash and cash equivalents	\$ 1,877,203	\$ 413,493	\$ 374,882
Certificates of deposit	101,394	114,518	-
County treasurer cash	23,298	4,122	-
Receivables:			
Special assessments	-	-	-
Property tax	6,792	1,209	-
Sales tax	75,153	20,389	-
Grant	-	122,121	-
Inventory	-	-	28,997
Prepaid expenses	861	-	4,638
	<hr/>	<hr/>	<hr/>
Total assets	\$ 2,084,701	\$ 675,852	\$ 408,517
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 106,355	\$ 17,963	\$ 57,569
Accrued expenses	54,426	13,072	239
Unavailable revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	160,781	31,035	57,808
Fund balances:			
Nonspendable:			
Inventory and prepaids	861	-	33,635
Cemetery perpetual care	-	-	-
Restricted for:			
Debt service	874,764	-	-
Street improvements	-	644,817	-
Infrastructure	-	-	-
Economic development	-	-	-
Community betterment	-	-	-
Federal programs	33,401	-	-
Assigned for:			
Airport	-	-	317,074
Golf course	-	-	-
Budgetary stabilization	139,615	-	-
Unassigned	875,279	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	1,923,920	644,817	350,709
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total liabilities and fund balances	\$ 2,084,701	\$ 675,852	\$ 408,517

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>
\$ 1,744,988	\$ 1,162,007	\$ 225,464	\$ 55,639	\$ 5,853,676
-	-	-	133,826	349,738
-	-	-	-	27,420
35,786	-	-	-	35,786
-	-	-	-	8,001
112,741	37,588	-	-	245,871
-	-	-	-	122,121
-	-	-	-	28,997
-	-	550	-	6,049
<u>\$ 1,893,515</u>	<u>\$ 1,199,595</u>	<u>\$ 226,014</u>	<u>\$ 189,465</u>	<u>\$ 6,677,659</u>
\$ -	\$ -	\$ 11,139	\$ -	\$ 193,026
-	3,115	16,956	-	87,808
26,154	-	-	-	26,154
<u>26,154</u>	<u>3,115</u>	<u>28,095</u>	<u>-</u>	<u>306,988</u>
-	-	550	-	35,046
-	-	-	149,054	149,054
-	-	-	-	874,764
-	-	-	-	644,817
1,867,361	-	-	-	1,867,361
-	1,196,480	-	-	1,196,480
-	-	-	40,411	40,411
-	-	-	-	33,401
-	-	-	-	317,074
-	-	197,369	-	197,369
-	-	-	-	139,615
-	-	-	-	875,279
<u>1,867,361</u>	<u>1,196,480</u>	<u>197,919</u>	<u>189,465</u>	<u>6,370,671</u>
<u>\$ 1,893,515</u>	<u>\$ 1,199,595</u>	<u>\$ 226,014</u>	<u>\$ 189,465</u>	<u>\$ 6,677,659</u>

CITY OF VALENTINE, NEBRASKA

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

September 30, 2023

Total fund balances - governmental funds		\$ 6,370,671
<p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because:</p>		
Notes receivable are not recorded as an asset in the fund financial statements.		445,249
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 \$29,790,240 and the accumulated depreciation is \$8,831,749.		20,958,491
Housing inventory held for resale are not financial resources and therefore are not reported as assets in governmental funds. The cost of the housing inventory is included in the statement of net position as an asset.		52,343
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	\$ (73,252)	
Bonds, note and financing agreement payable	<u>(3,959,407)</u>	<u>(4,032,659)</u>
Total net position - governmental activities		<u><u>\$ 23,794,095</u></u>

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, 2023

	<u>General</u>	<u>Street</u>	<u>Airport</u>
REVENUES			
Taxes:			
Property	\$ 386,642	\$ -	\$ -
Motor vehicle	-	62,856	-
Sales tax	418,874	94,738	-
Franchise	470,980	-	-
Occupation	183,989	-	-
TIF	-	-	-
Intergovernmental	46,442	535,790	-
Special assessments	-	-	-
Licenses and permits	12,455	-	-
Charges for services	190,990	3,800	498,294
Grants and donations	96,041	1,791,400	3,026,555
Loan collections	-	-	-
Interest income	39,465	3,950	-
Loan proceeds	-	1,228,783	-
Other income	49,614	6,669	10,858
Total revenues	<u>1,895,492</u>	<u>3,727,986</u>	<u>3,535,707</u>
EXPENDITURES			
General government	376,392	-	-
Public safety	672,065	-	-
Public works	-	495,407	-
Environment and leisure	608,229	-	-
Cemetery	47,654	-	-
Airport	-	-	558,003
Economic development	51,838	-	-
Capital outlay	84,104	1,840,205	2,871,808
Principal payments on debt	70,000	42,397	-
Interest on long-term debt	8,773	1,820	-
Total expenditures	<u>1,919,055</u>	<u>2,379,829</u>	<u>3,429,811</u>
Excess (deficiency) of revenues over expenditures	(23,563)	1,348,157	105,896
OTHER FINANCING SOURCES (USES)			
Net transfers in (out)	<u>266,511</u>	<u>-</u>	<u>-</u>
Net change in fund balances	242,948	1,348,157	105,896
Fund balances - September 30, 2022	<u>1,680,972</u>	<u>(703,340)</u>	<u>244,813</u>
Fund balances - September 30, 2023	<u>\$ 1,923,920</u>	<u>\$ 644,817</u>	<u>\$ 350,709</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>
\$ -	\$ -	\$ -	\$ -	\$ 386,642
-	-	-	-	62,856
628,311	209,437	-	-	1,351,360
-	-	-	-	470,980
-	-	-	-	183,989
-	15,653	-	-	15,653
-	-	-	-	582,232
16,410	-	-	-	16,410
-	-	-	5,560	18,015
-	-	544,670	-	1,237,754
-	-	-	9,000	4,922,996
-	76,959	-	-	76,959
10,655	9,736	-	-	63,806
-	-	-	-	1,228,783
-	9,000	7,486	1,425	85,052
<u>655,376</u>	<u>320,785</u>	<u>552,156</u>	<u>15,985</u>	<u>10,703,487</u>
-	-	-	4,960	381,352
-	-	-	-	672,065
-	-	-	-	495,407
-	-	445,802	-	1,054,031
-	-	-	23	47,677
-	-	-	-	558,003
-	98,275	-	-	150,113
-	-	38,500	-	4,834,617
-	-	120,000	-	232,397
-	-	15,872	-	26,465
<u>-</u>	<u>98,275</u>	<u>620,174</u>	<u>4,983</u>	<u>8,452,127</u>
655,376	222,510	(68,018)	11,002	2,251,360
(370,784)	(88,702)	136,204	(5,000)	(61,771)
284,592	133,808	68,186	6,002	2,189,589
<u>1,582,769</u>	<u>1,062,672</u>	<u>129,733</u>	<u>183,463</u>	<u>4,181,082</u>
<u>\$ 1,867,361</u>	<u>\$ 1,196,480</u>	<u>\$ 197,919</u>	<u>\$ 189,465</u>	<u>\$ 6,370,671</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, 2023

Total net change in fund balances - governmental funds	\$ 2,189,589
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.	(52,914)
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 (\$4,834,617) exceeds depreciation expense (\$864,301) in the period.	3,970,316
Costs incurred on housing developed/held for resale are expensed in the fund financial statements. However, the costs are shown as inventory on the statement of net position until the properties are sold.	52,343
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.	(4,255)
Loan proceeds are reported as revenue in the governmental funds, but the proceeds increase long-term liabilities in the statement of net position.	(1,228,783)
Repayment of bond, note and financing agreement principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	232,397
Change in net position of governmental activities	<u><u>\$ 5,158,693</u></u>

See notes to financial statements.

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

	Enterprise Funds				Total
	Electric Fund	Water Fund	Sewer Fund	Landfill Fund	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,887,432	\$ 79,375	\$ 63,346	\$ 74,121	\$ 3,104,274
Certificates of deposit	1,755,261	22,272	-	-	1,777,533
Receivables:					
Accounts, net of allowance for doubtful accounts	80,098	24,238	9,748	10,234	124,318
Unbilled revenue	304,032	56,485	31,476	153	392,146
Inventory	258,012	43,966	2,582	-	304,560
Total current assets	<u>5,284,835</u>	<u>226,336</u>	<u>107,152</u>	<u>84,508</u>	<u>5,702,831</u>
Noncurrent assets:					
Restricted certificates of deposit	-	-	-	1,141,342	1,141,342
Capital assets:					
Construction in progress	-	66,024	66,024	-	132,048
Other capital assets	8,199,630	2,714,409	4,334,240	2,842,590	18,090,869
Less accumulated depreciation	(4,489,905)	(1,215,561)	(2,150,127)	(1,082,055)	(8,937,648)
Net capital assets	<u>3,709,725</u>	<u>1,564,872</u>	<u>2,250,137</u>	<u>1,760,535</u>	<u>9,285,269</u>
Total noncurrent assets	<u>3,709,725</u>	<u>1,564,872</u>	<u>2,250,137</u>	<u>2,901,877</u>	<u>10,426,611</u>
Total assets	<u>8,994,560</u>	<u>1,791,208</u>	<u>2,357,289</u>	<u>2,986,385</u>	<u>16,129,442</u>
LIABILITIES					
Current liabilities:					
Accounts payable	225,266	21,810	48,198	39,409	334,683
Accrued payroll and vacation	35,949	22,903	26,528	11,336	96,716
Sales tax payable	26,117	-	-	-	26,117
Accrued interest payable	8,626	-	-	-	8,626
Customer deposits	119,290	42,909	-	-	162,199
Current portion of					
long-term obligations	170,000	22,830	-	-	192,830
Total current liabilities	<u>585,248</u>	<u>110,452</u>	<u>74,726</u>	<u>50,745</u>	<u>821,171</u>
Noncurrent liabilities:					
Accrued closure and postclosure costs	-	-	-	1,284,000	1,284,000
Noncurrent portion of					
long-term obligations	1,885,000	650,656	449,313	-	2,984,969
Total noncurrent liabilities	<u>1,885,000</u>	<u>650,656</u>	<u>449,313</u>	<u>1,284,000</u>	<u>4,268,969</u>
Total liabilities	<u>2,470,248</u>	<u>761,108</u>	<u>524,039</u>	<u>1,334,745</u>	<u>5,090,140</u>
NET POSITION					
Net investment in capital assets	1,654,725	891,386	1,800,824	1,760,535	6,107,470
Unrestricted	4,869,587	138,714	32,426	(108,895)	4,931,832
Total net position	<u>\$ 6,524,312</u>	<u>\$ 1,030,100</u>	<u>\$ 1,833,250</u>	<u>\$ 1,651,640</u>	<u>\$ 11,039,302</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, 2023

	Enterprise Funds				Total
	Electric Fund	Water Fund	Sewer Fund	Landfill Fund	
Operating revenues:					
Charges for services	\$ 4,567,690	\$ 445,784	\$ 341,908	\$ 686,195	\$ 6,041,577
Other revenue	90,246	12,895	2,835	-	105,976
Total operating revenues	<u>4,657,936</u>	<u>458,679</u>	<u>344,743</u>	<u>686,195</u>	<u>6,147,553</u>
Operating expenses:					
Cost of power	2,760,103	-	-	-	2,760,103
Personnel services	341,552	269,429	214,170	105,084	930,235
Insurance and bonds	11,474	4,880	12,103	2,043	30,500
Utilities and telephone	24,487	24,069	58,334	2,845	109,735
Repairs and maintenance	174,815	155,734	69,343	30,770	430,662
Contractual obligations	3,052	5,534	1,150	393,214	402,950
Supplies	74,218	4,449	7,366	179	86,212
Licenses and fees	457,230	-	-	12,476	469,706
Professional fees	4,396	3,191	1,576	3,629	12,792
Miscellaneous	15,927	10,296	6,105	3,654	35,982
Landfill post-closure costs	-	-	-	120,000	120,000
Depreciation	178,922	46,687	93,405	80,142	399,156
Total operating expenses	<u>4,046,176</u>	<u>524,269</u>	<u>463,552</u>	<u>754,036</u>	<u>5,788,033</u>
Operating income (loss)	611,760	(65,590)	(118,809)	(67,841)	359,520
Nonoperating revenues (expenses):					
Interest income	52,038	632	-	21,136	73,806
Grant income	-	85,921	-	-	85,921
Interest expense	(23,120)	-	-	-	(23,120)
Total nonoperating revenues (expenses)	<u>28,918</u>	<u>86,553</u>	<u>-</u>	<u>21,136</u>	<u>136,607</u>
Excess (deficiency) of revenues over expenses before transfers	640,678	20,963	(118,809)	(46,705)	496,127
Other financing sources:					
Transfer from other funds	-	-	61,771	-	61,771
Change in net position	640,678	20,963	(57,038)	(46,705)	557,898
Net position - September 30, 2022	<u>5,883,634</u>	<u>1,009,137</u>	<u>1,890,288</u>	<u>1,698,345</u>	<u>10,481,404</u>
Net position - September 30, 2023	<u>\$ 6,524,312</u>	<u>\$ 1,030,100</u>	<u>\$ 1,833,250</u>	<u>\$ 1,651,640</u>	<u>\$ 11,039,302</u>

See notes to financial statements.

CITY OF VALENTINE, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the Year Ended September 30, 2023

	Enterprise Funds	
	Electric Fund	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 4,661,373	\$ 466,308
Payments to suppliers	(3,546,579)	(216,209)
Payments to employees	(335,407)	(265,096)
Net cash provided (used) by operating activities	779,387	(14,997)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers from other funds	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(174,762)	(106,103)
Grant proceeds	-	85,921
Proceeds from issuance of capital debt	-	343,683
Principal payments on capital debt	(170,000)	(10,672)
Interest paid on capital debt	(23,343)	-
Net cash provided (used) by capital and related financing activities	(368,105)	312,829
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in certificates of deposit	(48,310)	(631)
Increase in restricted certificates of deposit	-	-
Interest received	52,038	632
Net cash provided (used) by investing activities	3,728	1
Increase in cash and cash equivalents	415,010	297,833
Cash and cash equivalents - beginning of the year	2,472,422	(218,458)
Cash and cash equivalents - end of the year	\$ 2,887,432	\$ 79,375

See notes to financial statements.

Enterprise Funds		
<u>Sewer Fund</u>	<u>Landfill Fund</u>	<u>Total</u>
\$ 339,724	\$ 687,029	\$ 6,154,434
(127,960)	(446,602)	(4,337,350)
(210,636)	(102,947)	(914,086)
<u>1,128</u>	<u>137,480</u>	<u>902,998</u>
61,771	-	61,771
(106,103)	-	(386,968)
-	-	85,921
54,825	-	398,508
-	-	(180,672)
<u>-</u>	<u>-</u>	<u>(23,343)</u>
(51,278)	-	(106,554)
-	-	(48,941)
-	(85,989)	(85,989)
-	21,136	73,806
<u>-</u>	<u>(64,853)</u>	<u>(61,124)</u>
11,621	72,627	797,091
<u>51,725</u>	<u>1,494</u>	<u>2,307,183</u>
<u>\$ 63,346</u>	<u>\$ 74,121</u>	<u>\$ 3,104,274</u>

CITY OF VALENTINE, NEBRASKA

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

For the Year Ended September 30, 2023

	Enterprise Funds	
	Electric Fund	Water Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 611,760	\$ (65,590)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	178,922	46,687
Landfill closure and postclosure costs	-	-
Change in assets and liabilities:		
Accounts receivable and unbilled revenue	(1,792)	5,087
Inventories	(23,384)	(4,424)
Accounts payable	4,563	(3,632)
Accrued payroll and vacation	6,145	4,333
Sales tax payable	(2,056)	-
Customer deposits	5,229	2,542
Net cash provided (used) by operating activities	\$ 779,387	\$ (14,997)

See notes to financial statements.

<u>Enterprise Funds</u>		
<u>Sewer Fund</u>	<u>Landfill Fund</u>	<u>Total</u>
\$ (118,809)	\$ (67,841)	\$ 359,520
93,405	80,142	399,156
-	120,000	120,000
(5,019)	834	(890)
(552)	-	(28,360)
28,569	2,208	31,708
3,534	2,137	16,149
-	-	(2,056)
-	-	7,771
<u>\$ 1,128</u>	<u>\$ 137,480</u>	<u>\$ 902,998</u>

CITY OF VALENTINE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

INDEX

	Page
NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	
1. Financial Reporting Entity	26
2. Basis of Presentation	27
3. Measurement Focus and Basis of Accounting	31
4. Assets, Liabilities, and Equity	32
5. Revenues, Expenditures, and Expenses	37
NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	
1. Fund Accounting Requirements	39
2. Deposit Laws and Regulations	40
3. Revenue Restrictions	40
4. Debt Restrictions and Covenants	40
5. Budgetary Data	40
NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS	
1. Cash and Certificates of Deposit	42
2. Restricted Assets	43
3. Accounts Receivable	43
4. Notes Receivable	44
5. Capital Assets	46
6. Accounts Payable	49
7. Long-term Debt	49
8. Special Assessments	53
9. Interfund Transactions	54
NOTE D – OTHER NOTES	
1. Employee Pension and Other Benefit Plans	54
2. Risk Management	55
3. Commitments	57
4. Tax Abatements	59
5. Interlocal Agreements	60
6. Subsequent Events	60

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

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, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Blended Component Units

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

Discretely Presented Component Units

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

Brief Description of Activities and Relationship
to the City:

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, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fund Financial Statements

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

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 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, 2023

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:

<u>Fund</u>	<u>Brief Description</u>
<i>Major:</i>	
Governmental:	
General	See page 28 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, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

<u>Fund</u>	<u>Brief Description</u>
<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 29 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, 2023

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, 2023

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, 2023

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, 2023

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 \$5,000 capitalization threshold. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. The City has elected the depreciation approach for reporting infrastructure.

Depreciation 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, 2023

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, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications

Government-wide Statements

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted 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, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

Fund Financial Statements, continued

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

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

Unassigned—All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 17). 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, 2023

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 20. Real estate taxes are due on December 31 and attach as an enforceable lien and become delinquent in two equal installments on May 1 and September 1. Personal property taxes are due in the same manner as real estate taxes. Delinquent taxes bear 14 percent interest.

Property taxes levied for **2022-2023** are recorded as revenue when expected to be collected within 60 days after September 30, 2023. 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, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Expenditures/Expenses

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

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

Governmental Funds – by Character and Function

Proprietary Funds – by Operating and Nonoperating

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

Interfund Transfers

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

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the City and its component 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, 2023

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

2. Deposit Laws and Regulations

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

State law requires collateralization of all deposits with federal depository insurance or with U.S. Treasury and U.S. agency securities having an aggregate value at least equal to the amount of the deposits. The City's demand deposits are insured up to \$250,000 and certificates of deposit/savings accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Any 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, 2023

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 30, the City Council adopts the budget, which is then filed with the appropriate state and county officials.
- d. Total expenditures may not legally exceed total appropriations. Appropriations lapse at year end and any revisions require board approval.
- e. 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 20. Real property taxes and personal property taxes are due December 31 with the first half delinquent May 1 and the second half delinquent September 1.
- 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, 2023

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

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

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

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

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits and certificates of deposit	\$ 12,248,491	\$ 11,959,031	\$ 289,460	\$ -	\$ <u>12,226,563</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –

Unrestricted cash and cash equivalents	\$ 4,673,658
Restricted cash and cash equivalents	4,284,292
Unrestricted certificates of deposit	1,878,927
Restricted certificates of deposit	<u>1,389,686</u>
	\$ <u>12,226,563</u>

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

2. Restricted Assets

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Type of Restricted Assets:			
Cash and cash equivalents	\$ 4,284,292	\$ -	\$ 4,284,292
Certificates of deposit	248,344	1,141,342	1,389,686
	<u>\$ 4,532,636</u>	<u>\$ 1,141,342</u>	<u>\$ 5,673,978</u>

The governmental activities’ restricted assets as of September 30, 2023, consisted of \$874,764 in the General Fund restricted for debt service, \$33,401 in the General Fund restricted for federal programs, \$528,011 in the Street Fund restricted for street improvements, \$1,744,988 in the Infrastructure Fund restricted for infrastructure, \$3,226 in the Fines and Fees Fund restricted for community betterment, \$1,162,007 in the Economic Development Fund restricted for economic development, \$149,054 in the Perpetual Care Fund restricted for cemetery perpetual care and \$37,185 in the Queen Jackson Memorial Fund restricted for community betterment.

The business-type activities’ restricted assets as of September 30, 2023, consisted of \$1,141,342 in the Landfill Fund restricted for landfill closure and post-closure costs.

3. Accounts Receivable

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

	<u>Business-type Activities</u>
Accounts receivable	\$ 224,318
Allowance for doubtful accounts	<u>(100,000)</u>
Net accounts receivable	<u>\$ 124,318</u>

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

4. Notes Receivable

Governmental Activities

The Economic Development Fund has made eleven economic development loans. Notes receivable at September 30, 2023, 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.	\$ 54,761
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.	1,232
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.	21,879
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.	16,246
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.	18,458
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.	62,444
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. This note was paid in full during the year ended September 30, 2023.	-

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

4. Notes Receivable, continued

Governmental Activities, continued

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.	72,163
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.	134,674
Note for \$30,000 dated December 13, 2021; due in 180 monthly payments of \$263.58 through December 1, 2036; bearing interest at 4.0 percent.	27,166
Note for \$40,000 dated December 23, 2021; due in 180 monthly payments of \$521.22 through January 1, 2037; bearing interest at 4.0 percent.	<u>36,226</u>
Total governmental activities notes receivable	\$ <u>445,249</u>
Current portion	\$ 30,201
Noncurrent portion	<u>415,048</u>
Total	\$ <u>445,249</u>

Component Unit

The Valentine Community Education Center has a financing agreement with the City for a building. The note receivable had a balance of \$660,000 at September 30, 2023, and is described in greater detail in Note C7.

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

5. Capital Assets

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

	<u>Balance at</u> <u>October 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance at</u> <u>September 30, 2023</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 190,160	\$ -	\$ -	\$ -	\$ 190,160
Construction in progress	<u>5,017,518</u>	<u>4,733,329</u>	<u>-</u>	<u>(6,903,782)</u>	<u>2,847,065</u>
Total capital assets not being depreciated	5,207,678	4,733,329	-	(6,903,782)	3,037,225
Other capital assets being depreciated:					
Buildings and improvements	17,599,603	-	-	6,903,782	24,503,385
Machinery and equipment	1,305,889	46,549	(4,727)	-	1,347,711
Vehicles	<u>849,980</u>	<u>54,739</u>	<u>(2,800)</u>	<u>-</u>	<u>901,919</u>
Total other capital assets at historical cost	19,755,472	101,288	(7,527)	6,903,782	26,753,015
Less accumulated depreciation for:					
Buildings and improvements	(6,517,343)	(718,169)	-	-	(7,235,512)
Machinery and equipment	(937,431)	(82,267)	4,727	-	(1,014,971)
Vehicles	<u>(520,201)</u>	<u>(63,865)</u>	<u>2,800</u>	<u>-</u>	<u>(581,266)</u>
Total accumulated depreciation	<u>(7,974,975)</u>	<u>(864,301) *</u>	<u>7,527</u>	<u>-</u>	<u>(8,831,749)</u>
Other capital assets, net	<u>11,780,497</u>	<u>(763,013)</u>	<u>-</u>	<u>6,903,782</u>	<u>17,921,266</u>
Governmental activities capital assets, net	<u>\$ 16,988,175</u>	<u>\$ 3,970,316</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$20,958,491</u>

* Depreciation expense was incurred by the following governmental activities:

General Fund:

General government \$ 78,282

Public safety:

Police 34,542

Fire 41,355

Total public safety 75,897

Public works:

Cemetery 7,410

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

5. Capital Assets, continued

General Fund, continued:

Environment and leisure:

Swimming pool	67,938
Library	13,006
Parks and recreation	<u>27,705</u>
Total environment and leisure	<u>108,649</u>

Total General Fund 270,238

Street Fund 187,175

Airport Fund 312,632

Golf Fund 94,256

Total governmental activities depreciation expense \$ 864,301

Construction in progress at September 30, 2023 consists of \$7,340 of City Hall schematic design costs, \$10,200 of City Hall exterior improvements design costs, \$15,925 for a down payment on the City Hall sign, \$13,440 of costs for the City Hall wall, and \$2,800,160 of costs for the taxiway project. See Note D3 for more information on construction commitments.

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

5. Capital Assets, continued

Business-type Activities:

	Balance at <u>October 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at <u>September 30, 2023</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Construction in progress	\$ 1,863,944	\$ 212,206	\$ -	\$ (1,944,102)	\$ 132,048
Other capital assets being depreciated:					
Distribution systems	6,811,014	-	-	1,944,102	8,755,116
Buildings and improvements	2,527,632	-	-	-	2,527,632
Machinery and equipment	6,233,054	-	(1,771)	-	6,231,283
Vehicles	402,076	174,762	-	-	576,838
Total other capital assets at historical cost	15,973,776	174,762	(1,771)	1,944,102	18,090,869
Less accumulated depreciation for:					
Distribution systems	(2,914,879)	(212,065)	-	-	(3,126,944)
Buildings and improvements	(848,908)	(46,264)	-	-	(895,172)
Machinery and equipment	(4,425,609)	(124,362)	1,771	-	(4,548,200)
Vehicles	(350,867)	(16,465)	-	-	(367,332)
Total accumulated depreciation	(8,540,263)	(399,156) *	1,771	-	(8,937,648)
Other capital assets, net	7,433,513	(224,394)	-	1,944,102	9,153,221
Business-type activities capital assets, net	\$ 9,297,457	\$ (12,188)	\$ -	\$ -	\$ 9,285,269

* Depreciation expense was charged to functions as follows:

Electric	\$ 178,922
Water	46,687
Sewer	93,405
Landfill	<u>80,142</u>
Total business-type activities depreciation expense	<u>\$ 399,156</u>

Construction in progress at September 30, 2023 consists \$55,694 of engineering costs on the sewer interceptor project, \$55,694 of engineering costs on the Northeast water main extension project, \$10,330 of engineering costs on the 4th Street sewer project and \$10,330 of engineering costs on the 4th Street water project. See Note D3 for more information on construction commitments.

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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, 2023:

<u>Type of Debt</u>	<u>Balance at October 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at September 30, 2023</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds, notes and financing agreement payable	<u>\$ 2,963,021</u>	<u>\$ 1,228,783</u>	<u>\$ (232,397)</u>	<u>\$ 3,959,407</u>	<u>\$ 233,747</u>
Business-type Activities:					
Bonds and note payable	<u>\$ 2,959,963</u>	<u>\$ 398,508</u>	<u>\$ (180,672)</u>	<u>\$ 3,177,799</u>	<u>\$ 192,830</u>
Component Unit:					
Valentine Community Education Agency Bonds Payable	<u>\$ 730,000</u>	<u>\$ -</u>	<u>\$ (70,000)</u>	<u>\$ 660,000</u>	<u>\$ 70,000</u>

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

7. Long-term Debt, continued

Governmental Activities

As of September 30, 2023, the governmental long-term liabilities consisted of the following:

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. \$ 1,120,000

Financing agreement of \$999,000 due to Valentine Community Education Agency, with interest ranging from 0.75 to 1.60 percent. Interest is due in semi-annual installments and principal is due in annual installments through December 15, 2031. Paid from the General Fund. 660,000

The City entered into a loan agreement with the Nebraska Department of Environment and Energy on March 25, 2022, in the amount of \$3,350,000 for storm sewer and sewer projects. As of September 30, 2023, \$2,135,660 had been advanced for the storm sewer project. The loan is non-interest bearing and has no fees. The loan is due in semi-annual installments through June 15, 2054. Paid by the Street Fund. 2,135,660

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. 43,747

\$ 3,959,407

Current portion	\$ 233,747
Noncurrent portion	<u>3,725,660</u>
Total	\$ <u>3,959,407</u>

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

7. Long-term Debt, continued

Business-type Activities

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

Combined utilities system revenue refunding bonds, series 2021, with an original issue amount of \$2,225,000. Interest rates range from 0.35 percent to 1.85 percent. Interest is due in semi-annual installments and principal is due in annual installments through November 15, 2035. Paid from the Electric Fund. \$ 2,055,000

The City entered into a loan agreement with the Nebraska Department of Environment and Energy on March 25, 2022, in the amount of \$3,350,000 for storm sewer and sewer projects. As of September 30, 2023, \$449,313 had been advanced for the sewer project. The loan is non-interest bearing and has no fees. The loan is due in semi-annual installments through June 15, 2054. Paid by the Sewer Fund. 449,313

The City entered into a loan agreement with the Nebraska Department of Environment and Energy on March 25, 2022, in the amount of \$800,000 for a water project. As of September 30, 2023, \$673,486 had been advanced for the project. The loan is non-interest bearing and has no fees. The loan is due in semi-annual installments through December 15, 2052. Paid by the Water Fund. 673,486

\$ 3,177,799

Current portion	\$ 192,830
Noncurrent portion	<u>2,984,969</u>
Total	<u>\$ 3,177,799</u>

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

7. Long-term Debt, continued

Component Unit

On February 22, 2022, the Valentine Community Education Agency issued \$730,000 of sales tax revenue refunding bonds, series 2022, to refund bonds issued to finance the construction of the public education facility. Interest rates range from 0.75 percent to 1.60 percent. Interest is due in semi-annual installments and principal is due in annual installments through December 15, 2031. The City has a financing agreement 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).

	<u>\$ 660,000</u>
Current portion	\$ 70,000
Noncurrent portion	<u>590,000</u>
Total	<u>\$ 660,000</u>

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

Year Ending September 30,	Governmental Activities				Business-type Activities			
	Direct Placement Debt		Other Debt Issue		Direct Placement Debt		Other Debt Issue	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 43,747	\$ 1,378	\$ 190,000	\$ -	\$ 22,830	\$ -	\$ 170,000	\$ 22,705
2025	71,189	-	190,000	-	37,807	-	165,000	21,953
2026	71,189	-	190,000	-	37,807	-	165,000	21,045
2027	71,189	-	195,000	-	37,807	-	170,000	19,912
2028	71,189	-	200,000	-	37,807	-	170,000	18,510
2029-2033	355,943	-	815,000	-	189,036	-	780,000	64,919
2034-2038	355,943	-	-	-	189,036	-	435,000	10,839
2039-2043	355,943	-	-	-	189,036	-	-	-
2044-2048	355,943	-	-	-	189,036	-	-	-
2049-2053	355,943	-	-	-	177,621	-	-	-
2054	71,189	-	-	-	14,976	-	-	-
	<u>\$ 2,179,407</u>	<u>\$ 1,378</u>	<u>\$ 1,780,000</u>	<u>\$ -</u>	<u>\$ 1,122,799</u>	<u>\$ -</u>	<u>\$ 2,055,000</u>	<u>\$ 179,883</u>

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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, 2023, are as follows:

	Component Unit	
	Other Debt Issue	
	Principal	Interest
2024	\$ 70,000	\$ 23,283
2025	70,000	21,527
2026	70,000	19,525
2027	70,000	17,183
2028	75,000	14,625
2029-2032	305,000	27,440
	\$ 660,000	\$ 123,583

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, 2023:

Current portion	\$ 9,632
Non-current portion	<u>26,154</u>
Total street improvement assessments	<u>\$ 35,786</u>

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

9. Interfund Transactions

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 481,489	\$ 214,978
Infrastructure Fund	-	370,784
Economic Development Fund	-	88,702
Golf Fund	136,204	-
Nonmajor Governmental Funds	-	5,000
Sewer Fund	<u>61,771</u>	<u>-</u>
Total operating transfers	<u>\$ 679,464</u>	<u>\$ 679,464</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, 2023, the City's total payroll and covered payroll under the plan was \$1,786,255 and \$1,399,350, respectively. Both the City's required contribution of \$83,961 and the covered employees' required contribution of \$83,961 were made for the year ended September 30, 2023.

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE D – OTHER NOTES

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 \$35,822 under the plan for the year ended September 30, 2023.

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, 2023, 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, 2023

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 2023	\$ 919,758
December 2023	1,092,440
August 2024	11,214
September 2024	1,033,782
August 2025	18,761
September 2025	192,658
	<u>\$ 3,268,613</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, 2023, the City’s investments and certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Security First Bank	\$ 3,048,615
Bank of the West	11,214
Union Bank & Trust	208,784
	<u>\$ 3,268,613</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, 2023.

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE D – OTHER NOTES, continued

3. Commitments

Construction Commitments

The City’s governmental activities had the following construction commitments as of September 30, 2023:

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/2023</u>	<u>Obligation Pending</u>	<u>Expected Completion Date</u>
City Hall sign	\$ 31,850	\$ 15,925	\$ 15,925	Spring 2024
City Hall wall	58,471	13,440	45,031	Spring 2024
City Hall windows	7,123	-	7,123	Spring 2024
Taxiway construction	2,815,572	2,327,318	488,254	November 2023
Taxiway engineering	18,300	-	18,300	November 2023
Total	<u>\$ 2,931,316</u>	<u>\$ 2,356,683</u>	<u>\$ 574,633</u>	

The City’s business-type activities had the following construction commitments as of September 30, 2023:

<u>Project</u>	<u>Contract Amount</u>	<u>Incurred Through 9/30/2023</u>	<u>Obligation Pending</u>	<u>Expected Completion Date</u>
Sewer interceptor engineering	\$ 61,475	\$ 55,694	\$ 5,781	Spring 2024
Northeast water main extension engineering	61,475	55,694	5,781	Spring 2024
Total	<u>\$ 122,950</u>	<u>\$ 111,388</u>	<u>\$ 11,562</u>	

Other Commitment

The City has a contract for \$307,170 for the airport layout plan. As of September 30, 2023, the City had paid \$99,813 on the contract leaving a commitment of \$207,357. This project is expected to completed in Spring 2024.

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE D – OTHER NOTES, continued

3. Commitments, continued

Lease

On February 28, 2022, the City entered into a sixty-three month lease for a postage machine from Quadient Leasing. Rent of \$135.30 is due monthly through May 2027.

Rent expense was \$1,624 for the year ended September 30, 2023. The following payments are due under the lease:

Year Ending <u>September 30,</u>	
2024	\$ 1,624
2025	1,624
2026	1,624
2027	1,082
	<u>\$ 5,954</u>

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 \$1,284,000 reported as landfill closure and postclosure care liability at September 30, 2023, represents the cumulative amount reported to date based on the use of approximately 50.8 percent of the estimated capacity of the landfill. The Valentine Landfill will recognize the remaining estimated cost of closure and postclosure care of \$1,245,185 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2023. 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, 2023

NOTE D – OTHER NOTES, continued

3. Commitments, 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, 2023, investments totaled \$1,141,342 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.

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.

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

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE D – OTHER NOTES, continued

4. Tax Abatements, continued

<u>TIF Project:</u>	<u>Years Remaining on TIF Agreements</u>	<u>2023 TIF Valuation</u>	<u>TIF Proceeds Received during the year 9-30-2023</u>
Ranchland Foods	2	\$ 1,120,000	\$ 13,077
Highway 20 & 83	14	1,340,680	<u>15,653</u>
			<u>\$ 28,730</u>

5. Interlocal Agreements

The City had the following Interlocal agreements in effect as of September 30, 2023:

<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, 2022 - October 1, 2023	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

6. Subsequent Events

Management has evaluated subsequent events through February 9, 2024, the date on which the financial statements were available for issue.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF VALENTINE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND

Year Ended September 30, 2023

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 425,934	\$ 384,313	\$ (41,621)
Sales	355,000	420,092	65,092
Franchise	453,000	470,980	17,980
Occupation	-	183,989	183,989
Intergovernmental	44,426	46,442	2,016
Licenses and permits	12,000	12,455	455
Charges for services	190,825	190,990	165
Grants and donations	1,868,126	96,041	(1,772,085)
Interest income	11,204	39,465	28,261
Other	15,260	49,614	34,354
	3,375,775	1,894,381	(1,481,394)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	910,496	444,320	(466,176)
Public safety	883,510	680,482	(203,028)
Leisure and environment	728,604	563,540	(165,064)
Cemetery	174,600	47,849	(126,751)
Economic development	60,000	51,838	(8,162)
Capital outlay	3,184,791	153,184	(3,031,607)
Principal payments on debt	70,000	70,000	-
Interest payments on debt	8,773	8,773	-
	6,020,774	2,019,986	(4,000,788)
Resources under charges to appropriations	(2,644,999)	(125,605)	2,519,394
OTHER FINANCING SOURCES			
Net transfers	2,042,984	266,511	(1,776,473)
	2,042,984	266,511	(1,776,473)
RESOURCES AND OTHER FINANCING SOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	\$ (602,015)	\$ 140,906	\$ 742,921

CITY OF VALENTINE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
STREET FUND

Year Ended September 30, 2023

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Motor vehicle tax	\$ 60,000	\$ 62,483	\$ 2,483
Sales tax	90,000	84,128	(5,872)
Intergovernmental	514,155	535,790	21,635
Charges for services	6,000	3,800	(2,200)
Grants and contributions	1,650,615	1,669,279	18,664
Interest income	1,050	3,950	2,900
Loan proceeds	2,083,809	1,228,783	(855,026)
Other income	26,834	6,669	(20,165)
	4,432,463	3,594,882	(837,581)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	699,630	545,187	(154,443)
Capital outlay	3,912,847	2,705,554	(1,207,293)
Principal payments on debt	42,397	42,397	-
Interest payments on debt	2,714	2,714	-
	4,657,588	3,295,852	(1,361,736)
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS			
	\$ (225,125)	\$ 299,030	\$ 524,155

CITY OF VALENTINE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
AIRPORT FUND

Year Ended September 30, 2023

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Charges for services	\$ 328,680	\$ 498,294	\$ 169,614
Grants and donations	3,353,403	3,026,555	(326,848)
Other income	9,229	10,858	1,629
	3,691,312	3,535,707	(155,605)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Operating expenditures	625,601	610,067	(15,534)
Capital outlay	3,123,272	2,945,433	(177,839)
	3,748,873	3,555,500	(193,373)
Total charges to appropriations	3,748,873	3,555,500	(193,373)
RESOURCES UNDER CHARGES TO APPROPRIATIONS	\$ (57,561)	\$ (19,793)	\$ 37,768

CITY OF VALENTINE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
INFRASTRUCTURE FUND**

Year Ended September 30, 2023

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Sales tax	\$ 530,000	\$ 630,138	\$ 100,138
Special assessments	15,000	18,076	3,076
Interest income	<u>3,000</u>	<u>10,655</u>	<u>7,655</u>
Total resources	548,000	658,869	110,869
OTHER FINANCING USES			
Net transfers	<u>(1,214,135)</u>	<u>(370,784)</u>	<u>843,351</u>
RESOURCES OVER (UNDER) OTHER FINANCING USES	<u>\$ (666,135)</u>	<u>\$ 288,085</u>	<u>\$ 954,220</u>

CITY OF VALENTINE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
ECONOMIC DEVELOPMENT FUND**

Year Ended September 30, 2023

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Taxes:			
Sales tax	\$ 180,000	\$ 210,046	\$ 30,046
TIF	-	15,653	15,653
Loan collections	61,574	76,959	15,385
Interest income	1,000	9,736	8,736
Other	-	9,000	9,000
	<hr/>	<hr/>	<hr/>
Total resources	242,574	321,394	78,820
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Economic development	<hr/> 700,000	<hr/> 95,160	<hr/> (604,840)
Resources over (under) charges to appropriations	(457,426)	226,234	683,660
OTHER FINANCING USES			
Net transfers	<hr/> (259,242)	<hr/> (88,702)	<hr/> 170,540
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS AND OTHER FINANCING USES	<hr/> \$ (716,668) <hr/>	<hr/> \$ 137,532 <hr/>	<hr/> \$ 854,200 <hr/>

CITY OF VALENTINE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
GOLF FUND

Year Ended September 30, 2023

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Charges for services	\$ 447,500	\$ 544,670	\$ 97,170
Other income	7,000	7,486	486
	<hr/>	<hr/>	<hr/>
Total resources	454,500	552,156	97,656
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Environment and leisure	406,110	442,603	36,493
Capital outlay	47,500	38,500	(9,000)
Principal payments on debt	120,000	120,000	-
Interest payments on debt	16,205	16,205	-
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	589,815	617,308	27,493
Resources under charges to appropriations	(135,315)	(65,152)	70,163
OTHER FINANCING SOURCES			
Net transfers	136,205	136,204	(1)
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES OVER CHARGES TO APPROPRIATIONS	<u>\$ 890</u>	<u>\$ 71,052</u>	<u>\$ 70,162</u>

CITY OF VALENTINE, NEBRASKA

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

Year Ended September 30, 2023

**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>
Sources/inflows of resources:						
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$1,894,381	\$3,594,882	\$3,535,707	\$ 658,869	\$ 321,394	\$ 552,156
Differences - budget to GAAP:						
Cash to accrual adjustments	<u>1,111</u>	<u>133,104</u>	<u>-</u>	<u>(3,493)</u>	<u>(609)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$1,895,492</u></u>	<u><u>\$3,727,986</u></u>	<u><u>\$3,535,707</u></u>	<u><u>\$ 655,376</u></u>	<u><u>\$ 320,785</u></u>	<u><u>\$ 552,156</u></u>
Uses/outflows of resources:						
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedules	\$2,019,986	\$3,295,852	\$3,555,500	\$ -	\$ 95,160	\$ 617,308
Differences - budget to GAAP:						
Cash to accrual adjustments	<u>(100,931)</u>	<u>(916,023)</u>	<u>(125,689)</u>	<u>-</u>	<u>3,115</u>	<u>2,866</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$1,919,055</u></u>	<u><u>\$2,379,829</u></u>	<u><u>\$3,429,811</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 98,275</u></u>	<u><u>\$ 620,174</u></u>

SUPPLEMENTARY INFORMATION

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

September 30, 2023

	Special Revenue			
	Fund	Permanent Funds		
	Fines and Fees	Perpetual Care	Queen Jackson Memorial	
ASSETS				
Cash and cash equivalents	\$ 3,226	\$ 15,228	\$ 37,185	\$ 55,639
Certificates of deposit	-	133,826	-	133,826
Total assets	\$ 3,226	\$ 149,054	\$ 37,185	\$ 189,465
LIABILITIES AND FUND BALANCES				
Liabilities	\$ -	\$ -	\$ -	\$ -
Fund balances:				
Nonspendable for:				
Cemetery perpetual care	-	149,054	-	149,054
Restricted for:				
Community betterment	3,226	-	37,185	40,411
Total fund balances	3,226	149,054	37,185	189,465
Total liabilities and fund balances	\$ 3,226	\$ 149,054	\$ 37,185	\$ 189,465

CITY OF VALENTINE, NEBRASKA

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

For the Year Ended September 30, 2023

	Special Revenue			Total Nonmajor Governmental Funds
	Fund	Permanent Funds		
	Fine and Fees	Perpetual Care	Queen Jackson Memorial	
REVENUES				
Licenses and permits	\$ 5,560	\$ -	\$ -	\$ 5,560
Grants and contributions	-	-	9,000	9,000
Other	-	1,425	-	1,425
Total revenues	5,560	1,425	9,000	15,985
EXPENDITURES				
General government	4,960	-	-	4,960
Cemetery	-	23	-	23
Total expenditures	4,960	23	-	4,983
Excess of revenues over expenditures	600	1,402	9,000	11,002
OTHER FINANCING USES				
Transfer to other funds	-	-	(5,000)	(5,000)
Net change in fund balances	600	1,402	4,000	6,002
Fund balances - September 30, 2022	2,626	147,652	33,185	183,463
Fund balances - September 30, 2023	\$ 3,226	\$ 149,054	\$ 37,185	\$ 189,465

CITY OF VALENTINE, NEBRASKA

COMBINING STATEMENT OF REVENUES AND EXPENDITURES -

GENERAL FUND DEPARTMENTS

Year Ended September 30, 2023

	<u>Administrative</u>	<u>Police</u>	<u>Fire</u>
REVENUES			
Taxes:			
General property tax	\$ 204,112	\$ -	\$ -
Sales tax	-	-	-
Franchise	470,980	-	-
Occupation	183,989	-	-
Intergovernmental revenue:			
State assistance	43,871	-	-
Licenses and permits	12,455	-	-
Charges for services	-	-	-
Grants and donations	91,738	3,633	-
Interest income	24,673	-	-
Other receipts	42,269	-	-
Total revenues	<u>1,074,087</u>	<u>3,633</u>	<u>-</u>
EXPENDITURES			
Personnel services:			
Salaries and benefits	210,989	413,959	3,584
Operating expenses:			
Insurance	6,568	11,601	13,805
Professional fees	2,680	932	227
Contracted services	58,707	112,501	20,496
Meetings, seminars, and dues	12,379	295	175
Repairs and maintenance	41,843	34,547	16,568
Printing, postage, and publications	347	421	-
Utilities and telephone	8,192	-	17,482
Total operating expenses	<u>130,716</u>	<u>160,297</u>	<u>68,753</u>
Supplies	7,692	4,208	102
Other expenses	26,995	16,036	5,126
Economic development	51,838	-	-
Capital outlay	29,365	54,739	-
Principal payments on debt	70,000	-	-
Interest payments	8,773	-	-
Total expenditures	<u>536,368</u>	<u>649,239</u>	<u>77,565</u>
Excess (deficiency) of revenues over expenditures before transfers	537,719	(645,606)	(77,565)
TRANSFERS FROM (TO) OTHER FUNDS	<u>367,482</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 905,201</u>	<u>\$ (645,606)</u>	<u>\$ (77,565)</u>

<u>Pool</u>	<u>Library</u>	<u>Cemetery</u>	<u>Park</u>	<u>Bookmobile</u>	<u>Time Capsule</u>	<u>Total</u>
\$ -	\$ 77,672	\$ 23,302	\$ 81,556	\$ -	\$ -	\$ 386,642
418,874	-	-	-	-	-	418,874
-	-	-	-	-	-	470,980
-	-	-	-	-	-	183,989
-	2,571	-	-	-	-	46,442
-	-	-	-	-	-	12,455
25,849	5,685	14,150	32,181	113,125	-	190,990
-	670	-	-	-	-	96,041
5,100	207	9,058	19	406	2	39,465
900	-	1,290	5,155	-	-	49,614
<u>450,723</u>	<u>86,805</u>	<u>47,800</u>	<u>118,911</u>	<u>113,531</u>	<u>2</u>	<u>1,895,492</u>
83,329	145,676	-	34,100	78,025	-	969,662
3,579	5,625	279	12,289	677	-	54,423
541	24,878	300	315	222	-	30,095
-	-	-	-	-	-	191,704
-	-	-	-	-	-	12,849
48,980	7,225	43,385	24,399	5,969	-	222,916
-	342	-	300	342	-	1,752
10,577	8,712	3,498	54,276	670	-	103,407
<u>63,677</u>	<u>46,782</u>	<u>47,462</u>	<u>91,579</u>	<u>7,880</u>	<u>-</u>	<u>617,146</u>
19,765	12,284	192	2,545	12,062	-	58,850
1,054	1,166	-	7,680	625	-	58,682
-	-	-	-	-	-	51,838
-	-	-	-	-	-	84,104
-	-	-	-	-	-	70,000
-	-	-	-	-	-	8,773
<u>167,825</u>	<u>205,908</u>	<u>47,654</u>	<u>135,904</u>	<u>98,592</u>	<u>-</u>	<u>1,919,055</u>
282,898	(119,103)	146	(16,993)	14,939	2	(23,563)
<u>(214,978)</u>	<u>96,155</u>	<u>-</u>	<u>17,852</u>	<u>-</u>	<u>-</u>	<u>266,511</u>
<u>\$ 67,920</u>	<u>\$ (22,948)</u>	<u>\$ 146</u>	<u>\$ 859</u>	<u>\$ 14,939</u>	<u>\$ 2</u>	<u>\$ 242,948</u>

SINGLE AUDIT REPORTS

CITY OF VALENTINE, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal AL Number</u>	<u>Pass-Through Identifying Number</u>	<u>Expenditures</u>
<u>Department of Transportation:</u>			
Passed Through Nebraska Department of Transportation: Airport Improvement Program	20.106	3-31-0084	\$ 2,795,876 *
<u>Department of Commerce:</u>			
Direct award: Economic Adjustment Assistance	11.307	n/a	<u>1,098,669</u> *
Total Expenditures of Federal Awards			<u><u>\$ 3,894,545</u></u>

* Major programs

NOTE A - BASIS OF PRESENTATION

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

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

**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 aggregate 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, 2023, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated February 9, 2024.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

1203 W 2nd Street
P.O. Box 1407
Grand Island, NE 68802
P 308-381-1810
F 308-381-4824
EMAIL 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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of 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 are required to be reported under *Government Auditing Standards*.

City of Valentine’s Response to Findings

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

Purpose of this Report

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

AMGL, PC.

Grand Island, Nebraska
February 9, 2024



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

SHAREHOLDERS:

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

AMGL, P.C.

Grand Island, Nebraska
February 9, 2024

CITY OF VALENTINE, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2023

1. A summary of auditor's results:
 - (i) Unmodified opinions were issued on all opinion units of the City of Valentine, Nebraska, as of September 30, 2023.
 - (ii) One significant deficiency disclosed during the audit of the financial statements is reported in the "Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*." The deficiency is not reported as a material weakness.
 - (iii) The audit disclosed no instances of noncompliance which are material to the financial statements of the City of Valentine, Nebraska.
 - (iv) The audit did not disclose any significant deficiencies in the internal control over major programs for the City of Valentine, Nebraska.
 - (v) An unmodified opinion was issued on compliance for major programs.
 - (vi) The audit did not disclose any audit findings which are required to be reported under 2 CFR section 200.516(a).
 - (vii) Major Programs: 20.106 – Airport Improvement Program and 11.307 – Economic Adjustment Assistance.
 - (viii) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
 - (ix) The City of Valentine, Nebraska, did not qualify as a low-risk auditee.

CITY OF VALENTINE, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued

Year ended September 30, 2023

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

2023-001

Condition: There is not adequate segregation of duties.

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

Cause: There are a limited number of accounting personnel.

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

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

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

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

None

CITY OF VALENTINE, NEBRASKA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended September 30, 2023

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

2022-001 – Significant Deficiency

Condition: There is not adequate segregation of duties.

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



CITY OF VALENTINE

323 North Main
P.O. Box 177
Valentine, NE 69201
Phone (402) 376-2323
Fax (402)-376-3301

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