

CITY OF SEWARD, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2021

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR’S REPORT	2
MANAGEMENT’S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet - Governmental Funds	16
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	19
Statement of Fund Net Position - Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22
Notes to Financial Statements	24
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules	
General Fund	66
Street Fund	67
Debt Service Fund	68
Note to Required Supplementary Information	69
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	70
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	71
Combining Statement of Net Position - Component Units	72
Combining Statement of Activities - Component Units	73
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>	74

INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Seward Airport Authority, which represent 82.5 percent, 81.1 percent, and 41.8 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Seward Airport Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the basic 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 units, each major fund, and the aggregate remaining fund information of the City of Seward, Nebraska, as of September 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-13 and 66-69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Seward, Nebraska's financial statements. The nonmajor fund combining statements and the component unit combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The nonmajor fund combining statements and the component unit combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information described in the first sentence of this paragraph 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 January 10, 2022, on our consideration of the City of Seward, 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 Seward'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 Seward, Nebraska's internal control over financial reporting and compliance.

AMGL, P.C.

Grand Island, Nebraska
January 10, 2022

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Seward, we offer readers of the City of Seward financial statements this narrative overview and analysis of the financial activities of the City of Seward for the fiscal year ended September 30, 2021. For information on the Seward Airport Authority component unit included in these financial statements, please see the separate audit report for the Airport.

Financial Highlights

- The assets of the City of Seward exceeded its liabilities at the close of the most recent fiscal year by \$60,387,788 (*net position*). Of this amount, \$17,674,103 (*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 Seward's governmental funds reported combined ending net position of \$28,660,238. Approximately 24.0 percent of this total amount, \$6,869,044, is *unrestricted net position*.
- At the end of the current fiscal year, the General Fund had unassigned fund balance of \$4,630,552, or 89.9 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 Seward's basic financial statements. The City of Seward'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 Seward's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Seward'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 Seward 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).

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

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

The government-wide financial statements include not only the City of Seward itself (known as the *primary government*), but also legally separate entities, the Seward Airport Authority and the Seward Library Foundation, for which the City of Seward is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

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

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Seward, 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 Seward 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 Seward maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Street Fund, and the Debt Service Fund, all of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

Proprietary funds. The City of Seward maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Seward uses enterprise funds to account for its Electric, Water, and Sewer 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, and Sewer Funds, all of which are considered to be major funds of the City of Seward.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-65 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 Seward's budgetary comparison schedules. Required supplementary information can be found on pages 66-69 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and the component units are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 70-73 of this report.

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

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 Seward, assets exceeded liabilities by \$60,387,788 at the close of the most recent fiscal year.

Summary Statements of Net Position

	September 30, 2021			September 30, 2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 10,607,793	\$ 14,782,533	\$ 25,390,326	\$ 10,795,628	\$ 13,151,571	\$ 23,947,199
Capital Assets	25,308,142	27,154,947	52,463,089	22,759,331	27,075,817	49,835,148
Total Assets	<u>35,915,935</u>	<u>41,937,480</u>	<u>77,853,415</u>	<u>33,554,959</u>	<u>40,227,388</u>	<u>73,782,347</u>
Long-term Liabilities	5,383,585	8,162,007	13,545,592	6,340,566	9,073,487	15,414,053
Other Liabilities	1,872,112	2,047,923	3,920,035	1,452,442	1,932,888	3,385,330
Total Liabilities	<u>7,255,697</u>	<u>10,209,930</u>	<u>17,465,627</u>	<u>7,793,008</u>	<u>11,006,375</u>	<u>18,799,383</u>
Net Position:						
Net Investment in						
Capital Assets	18,984,212	18,154,947	37,139,159	15,416,198	17,165,367	32,581,565
Restricted	2,806,982	2,767,544	5,574,526	1,234,271	1,990,824	3,225,095
Unrestricted	6,869,044	10,805,059	17,674,103	9,111,482	10,064,822	19,176,304
Total Net Position	<u>\$ 28,660,238</u>	<u>\$ 31,727,550</u>	<u>\$ 60,387,788</u>	<u>\$ 25,761,951</u>	<u>\$ 29,221,013</u>	<u>\$ 54,982,964</u>

By far the largest portion of the City of Seward’s net position (61.5 percent) reflects its investment in capital assets (land, infrastructure, buildings, machinery, vehicles, and equipment), net of any related debt used to acquire those assets that is still outstanding. The City of Seward uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Seward’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 Seward’s net position (9.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$17,674,103) 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 Seward is able to report positive balances in all three categories of net position, for the government as a whole as well as for its separate governmental and business-type activities.

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

Expenses and Program Revenues - Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2021</u>		<u>Year Ended September 30, 2020</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 167,330	\$ 399,475	\$ 248,739	\$ 474,796
Economic Development	17,827	528,202	13,030	647,513
Public Safety	53,142	1,300,575	264,702	1,282,940
Public Works	2,136,328	1,580,594	1,103,604	1,205,909
Environment and Leisure	842,918	2,297,138	967,086	2,086,010
Interest	-	126,053	-	181,922
Depreciation	-	1,183,663	-	1,146,852
Total	<u>\$ 3,217,545</u>	<u>\$ 7,415,700</u>	<u>\$ 2,597,161</u>	<u>\$ 7,025,942</u>

Revenues by Source - Governmental Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2021</u>		<u>Year Ended September 30, 2020</u>	
Charges for Services	\$ 1,011,115	9.80 %	\$ 1,107,141	12.03 %
Operating Grants and Contributions	863,285	8.37	661,594	7.19
Capital Grants and Contributions	1,343,145	13.02	828,426	9.00
Property Taxes	1,721,273	16.69	1,618,469	17.58
Motor Vehicle Taxes	183,067	1.77	165,993	1.80
Sales Tax	2,121,607	20.57	2,161,079	23.48
Franchise Tax	1,283,360	12.44	1,158,124	12.58
Occupation Tax	317,240	3.08	322,364	3.50
TIF Proceeds	328,894	3.19	254,189	2.76
State Allocation	927,028	8.99	821,988	8.93
Miscellaneous	16,509	0.16	1,745	0.02
Interest	32,871	0.32	63,145	0.69
Gain on Sale of Assets	164,593	1.60	40,403	0.44
Total	<u>\$ 10,313,987</u>	<u>100.00 %</u>	<u>\$ 9,204,660</u>	<u>100.00 %</u>

Net position increased \$2,898,287 in the governmental funds during the year ended September 30, 2021.

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

Business-type activities. Business-type activities increased the City of Seward's net position by \$2,506,537 for the year ended September 30, 2021. Key elements of this increase are as follows:

Expenses and Program Revenues - Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2021</u>		<u>Year Ended September 30, 2020</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 10,826,093	\$ 10,003,351	\$ 9,655,699	\$ 9,388,448
Water	2,816,580	1,532,024	2,038,074	1,481,692
Sewer	1,776,581	1,460,613	1,609,991	1,344,545
Total	<u>\$ 15,419,254</u>	<u>\$ 12,995,988</u>	<u>\$ 13,303,764</u>	<u>\$ 12,214,685</u>

Revenues by Source - Business-type Activities

<u>SOURCES OF REVENUE</u>	<u>Year Ended September 30, 2021</u>		<u>Year Ended September 30, 2020</u>	
Charges for Services	\$ 14,778,432	95.33 %	\$ 13,297,412	98.91 %
Operating Grants and Contributions	2,250	0.01	781	0.01
Capital Grants and Contributions	638,572	4.12	5,571	0.04
Interest	67,085	0.43	122,548	0.91
Gain on Sale of Assets	4,400	0.03	-	-
Miscellaneous	11,786	0.08	17,684	0.13
Total	<u>\$ 15,502,525</u>	<u>100.00 %</u>	<u>\$ 13,443,996</u>	<u>100.00 %</u>

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the City of Seward'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 Seward'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 Seward's governmental funds reported combined ending fund balances of \$9,113,446. Approximately 50.8 percent of this total amount (\$4,630,552) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balances is not available for new spending because it has already been 1) restricted to pay debt service (\$536,680), 2) restricted for street projects (\$1,706,547), 3) restricted for Federal programs (\$17,538), 4) restricted for economic development (\$306,785), 5) placed in a nonspendable endowment for cemetery perpetual care (\$239,432), 6) committed for public safety (\$443,090), 7) committed for sports complex lights

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

(\$31,007), 8) assigned for parks (\$50,379), 9) assigned for cemetery (\$150,810), 10) assigned for unemployment compensation (\$6,248), or 11) assigned for budgetary stabilization (\$994,378).

The General Fund is the chief operating fund of the City of Seward. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,630,552, while total fund balance reached \$6,306,464. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 89.9 percent of total General Fund expenditures, while total fund balance represents 122.5 percent of that same amount.

The fund balance of the City of Seward's General Fund increased by \$559,487 during the current fiscal year, and the Street Fund decreased \$1,027,075.

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

Unrestricted net position of the proprietary funds at the end of the year were as follows: Electric Fund - \$5,669,680, Water Fund - \$3,007,804, and Sewer Fund - \$2,127,575. The change in net position for the proprietary funds was as follows: Electric Fund – increase of \$884,452, Water Fund – increase of \$1,294,554, and Sewer Fund – increase of \$327,531. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of Seward's business-type activities.

Budgetary Highlights

There was no difference between the original budget and the final adopted budget for the City of Seward.

Capital Asset and Debt Administration

Capital Assets. The City of Seward's investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounts to \$52,463,089 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, building and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

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

- Construction in progress on Karol Kay Blvd - \$1,077,242
- Construction costs on East Seward Street project - \$483,295
- Construction in progress on Waverly Road project - \$1,303,761
- 2020 Case wheel loader - \$115,700
- Toro Reelmaster - \$47,459
- Seward Trail paid for by Nebraska Department of Transportation - \$306,430

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

- Three-stage model MPV pump for water department - \$96,245
- Construction in progress on 6th Street water main project - \$184,564
- Construction in progress on new water well project - \$291,894
- Construction in progress on Waverly road sewer extension - \$129,999
- Construction in progress on wastewater treatment plant update project - \$360,636
- Construction in progress on rail campus electrical improvements - \$306,240
- Bobcat T770 track loader - \$65,627

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

	<u>Year Ended September 30, 2021</u>			<u>Year Ended September 30, 2020</u>		
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>		<u>Activities</u>	<u>Activities</u>	
Land	\$ 564,351	\$ 1,931,102	\$ 2,495,453	\$ 596,405	\$ 1,931,102	\$ 2,527,507
Construction						
in progress	4,112,111	4,115,543	8,227,654	4,517,483	3,842,414	8,359,897
Infrastructure	10,562,314	-	10,562,314	7,226,384	-	7,226,384
Buildings	7,988,986	791,857	8,780,843	8,189,054	815,833	9,004,887
Equipment	2,080,380	1,171,363	3,251,743	2,230,005	1,193,628	3,423,633
Distribution						
Systems	-	19,145,082	19,145,082	-	19,292,840	19,292,840
Total	<u>\$ 25,308,142</u>	<u>\$ 27,154,947</u>	<u>\$ 52,463,089</u>	<u>\$ 22,759,331</u>	<u>\$ 27,075,817</u>	<u>\$ 49,835,148</u>

Additional information on the City of Seward's capital assets can be found in Note C4 on pages 47-50 of this report.

Long-term debt. At the end of the current fiscal year, the City of Seward had total long-term debt outstanding of \$15,323,930. Of this amount, \$5,874,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Seward's debt represents bonds and notes secured solely by specified revenue sources (i.e., revenue bonds and notes payable and capital lease obligations).

City of Seward's Outstanding Debt

	<u>Year Ended September 30, 2021</u>			<u>Year Ended September 30, 2020</u>		
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>		<u>Activities</u>	<u>Activities</u>	
General Obligation						
Bonds	\$ 4,995,000	\$ -	\$ 4,995,000	\$ 5,769,550	\$ 30,450	\$ 5,800,000
Highway Allocation						
Bonds	750,000	-	750,000	805,000	-	805,000
Public Safety						
Bonds	129,000	-	129,000	170,000	-	170,000
Revenue Bonds	-	9,000,000	9,000,000	-	9,880,000	9,880,000
Note Payable	79,986	-	79,986	131,478	-	131,478
Capital Leases	369,944	-	369,944	467,105	-	467,105
Total	<u>\$ 6,323,930</u>	<u>\$ 9,000,000</u>	<u>\$ 15,323,930</u>	<u>\$ 7,343,133</u>	<u>\$ 9,910,450</u>	<u>\$ 17,253,583</u>

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

The City of Seward's total debt decreased by \$1,929,653 (11.2 percent) during the current fiscal year, as the City made scheduled principal payments. The City also issued \$3,055,000 of Series 2021 Sewer Revenue Refunding Bonds to refinance the Series 2016 Sewer Revenue Refunding Bonds.

Additional information on the City of Seward's long-term debt can be found in Note C6 on pages 51-58 of this report.

Economic Factors and Next Year's Budgets and Rates

The City's Enterprise Funds maintained strong cash positions and the City has been able to keep up with the increasing costs of operations.

- Property tax asking for the year ending September 30, 2022 of \$1,834,024 is \$96,024 (5.5 percent) higher than the prior year. The property valuation also increased 5.5 percent over the prior year.
- The City had a contractual commitment of \$629,555 on the AMI water metering system project expected to be completed by September 2024.
- At September 30, 2021, the City had a contractual commitment of \$838,505 on the Aclara AMI electric metering system expected to be completed by September 2023.
- The City has a contractual commitment of \$393,695 on a sewer cleaning truck and body expected to be received by December 2021.
- The City also had a \$404,411 contractual commitment on the Progressive Road underground lines project expected to be completed by September 2022.
- At September 30, 2021, the City had contractual commitments totaling \$1,095,759 on the Waverly Road improvement project with expected completion by December 2021.
- The City also had a contractual commitment of \$273,465 for a fire truck tanker expected to be received by September 2022.

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

Request for Information

This financial report is designed to provide a general overview of the City of Seward's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Treasurer, City of Seward, 537 Main Street, P.O. Box 38, Seward, NE 68434.

CITY OF SEWARD, NEBRASKA
STATEMENT OF NET POSITION

September 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 5,658,783	\$ 5,599,872	\$ 11,258,655	\$ 257,803
Certificates of deposit	437,577	3,682,993	4,120,570	85,314
County treasurer cash	42,712	-	42,712	3,405
Investments	-	-	-	723,527
Receivables:				
Property tax	37,270	-	37,270	4,118
Accounts, net of allowance for doubtful accounts	-	1,532,538	1,532,538	620
Unbilled revenue	-	400,614	400,614	-
Grants	500,000	-	500,000	-
Interest	149	3,385	3,534	10
Current portion of notes	115,049	-	115,049	-
Due from other governments	444,494	-	444,494	-
Prepaid insurance	-	-	-	14,872
Inventory	80,369	677,154	757,523	-
Total current assets	<u>7,316,403</u>	<u>11,896,556</u>	<u>19,212,959</u>	<u>1,089,669</u>
Noncurrent assets:				
Restricted cash and cash equivalents	2,576,661	1,516,015	4,092,676	-
Restricted certificates of deposit	15,000	1,369,962	1,384,962	-
Permanently restricted investments	-	-	-	85,616
Noncurrent notes receivable	699,729	-	699,729	-
Capital assets:				
Land	564,351	1,931,102	2,495,453	105,156
Construction in progress	4,112,111	4,115,543	8,227,654	-
Other capital assets, net of depreciation	20,631,680	21,108,302	41,739,982	4,082,343
Net capital assets	<u>25,308,142</u>	<u>27,154,947</u>	<u>52,463,089</u>	<u>4,187,499</u>
Total noncurrent assets	<u>28,599,532</u>	<u>30,040,924</u>	<u>58,640,456</u>	<u>4,273,115</u>
Total assets	<u>35,915,935</u>	<u>41,937,480</u>	<u>77,853,415</u>	<u>5,362,784</u>
LIABILITIES				
Current liabilities:				
Accounts payable	536,157	746,460	1,282,617	-
Accrued interest	38,227	25,908	64,135	3,720
Other accrued expenses	190,209	197,122	387,331	-
Customer deposits	-	118,433	118,433	-
Unavailable property tax	30,099	-	30,099	-
Unearned revenue	37,914	-	37,914	21,014
Current portion of long-term obligations	1,039,506	960,000	1,999,506	221,625
Total current liabilities	<u>1,872,112</u>	<u>2,047,923</u>	<u>3,920,035</u>	<u>246,359</u>
Noncurrent liabilities:				
Compensated absences - noncurrent	99,161	122,007	221,168	-
Noncurrent portion of long-term obligations	5,284,424	8,040,000	13,324,424	136,270
Total noncurrent liabilities	<u>5,383,585</u>	<u>8,162,007</u>	<u>13,545,592</u>	<u>136,270</u>
Total liabilities	<u>7,255,697</u>	<u>10,209,930</u>	<u>17,465,627</u>	<u>382,629</u>
NET POSITION				
Net investment in capital assets	18,984,212	18,154,947	37,139,159	3,829,604
Restricted for:				
Debt service	536,680	2,128,972	2,665,652	-
Street projects	1,706,547	-	1,706,547	-
Federal programs	17,538	638,572	656,110	-
Economic development	306,785	-	306,785	-
Cemetery perpetual care	239,432	-	239,432	-
Permanently restricted-Guthal	-	-	-	85,616
Unrestricted	6,869,044	10,805,059	17,674,103	1,064,935
Total net position	<u>\$ 28,660,238</u>	<u>\$ 31,727,550</u>	<u>\$ 60,387,788</u>	<u>\$ 4,980,155</u>

See notes to financial statements.

CITY OF SEWARD, NEBRASKA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
General government	\$ 399,475	\$ 38,641	\$ 128,689
Economic development	528,202	17,827	-
Public safety	1,300,575	5,275	47,867
Public works	1,580,594	333,658	511,546
Environment and leisure	2,297,138	615,714	175,183
Interest and related expenses	126,053	-	-
Depreciation - unallocated	1,183,663	-	-
Total governmental activities	7,415,700	1,011,115	863,285
Business-type activities:			
Electric	10,003,351	10,823,843	2,250
Water	1,532,024	2,178,008	-
Sewer	1,460,613	1,776,581	-
Total business-type activities	12,995,988	14,778,432	2,250
Total primary government	\$ 20,411,688	\$ 15,789,547	\$ 865,535
Component units:			
Seward Airport Authority	\$ 402,104	\$ 107,008	\$ -
Seward Library Foundation	19,623	-	628,071
Total component units	\$ 421,727	\$ 107,008	\$ 628,071

See notes to financial statements.

Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position			Component Units
	Primary Government		Total	
	Governmental Activities	Business-type Activities		
\$ -	\$ (232,145)		\$ (232,145)	
-	(510,375)		(510,375)	
-	(1,247,433)		(1,247,433)	
1,291,124	555,734		555,734	
52,021	(1,454,220)		(1,454,220)	
-	(126,053)		(126,053)	
-	(1,183,663)		(1,183,663)	
<u>1,343,145</u>	<u>(4,198,155)</u>	\$ -	<u>(4,198,155)</u>	
-	-	822,742	822,742	
638,572	-	1,284,556	1,284,556	
-	-	315,968	315,968	
<u>638,572</u>	<u>-</u>	<u>2,423,266</u>	<u>2,423,266</u>	
<u>\$ 1,981,717</u>	<u>(4,198,155)</u>	<u>2,423,266</u>	<u>(1,774,889)</u>	
\$ 186,164				\$ (108,932)
-				608,448
<u>\$ 186,164</u>				<u>499,516</u>
General revenues:				
Taxes:				
Property	1,721,273	-	1,721,273	190,222
Motor vehicle	183,067	-	183,067	-
Sales tax	2,121,607	-	2,121,607	-
Franchise	1,283,360	-	1,283,360	-
Occupation	317,240	-	317,240	-
TIF proceeds	328,894	-	328,894	-
State allocation	927,028	-	927,028	-
Miscellaneous	16,509	11,786	28,295	7,399
Interest income	32,871	67,085	99,956	2,456
Gain on sale of assets	164,593	4,400	168,993	54,914
Total general revenues	<u>7,096,442</u>	<u>83,271</u>	<u>7,179,713</u>	<u>254,991</u>
Change in net position	<u>2,898,287</u>	<u>2,506,537</u>	<u>5,404,824</u>	<u>754,507</u>
Net position - September 30, 2020	<u>25,761,951</u>	<u>29,221,013</u>	<u>54,982,964</u>	<u>4,225,648</u>
Net position - September 30, 2021	<u>\$ 28,660,238</u>	<u>\$ 31,727,550</u>	<u>\$ 60,387,788</u>	<u>\$ 4,980,155</u>

CITY OF SEWARD, NEBRASKA

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

September 30, 2021

	<u>General</u>	<u>Street</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 5,658,783	\$ -	\$ -	\$ -	\$ 5,658,783
Certificates of deposit	437,577	-	-	-	437,577
County treasurer cash	42,712	-	-	-	42,712
Receivables:					
Grants	-	500,000	-	-	500,000
Interest	120	-	-	29	149
Property tax	37,270	-	-	-	37,270
Due from other governments	314,526	129,968	-	-	444,494
Inventory	-	80,369	-	-	80,369
Restricted assets:					
Cash	-	1,491,249	536,680	548,732	2,576,661
Certificates of deposit	-	-	-	15,000	15,000
Total assets	\$ 6,490,988	\$ 2,201,586	\$ 536,680	\$ 563,761	\$ 9,793,015
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 51,536	\$ 484,615	\$ -	\$ 6	\$ 536,157
Accrued expenses	64,975	10,424	-	-	75,399
Unearned golf revenue	37,914	-	-	-	37,914
Unavailable property tax	30,099	-	-	-	30,099
Total liabilities	184,524	495,039	-	6	679,569
Fund balances:					
Nonspendable					
Cemetery perpetual care	-	-	-	239,432	239,432
Restricted for:					
Debt service	-	-	536,680	-	536,680
Street projects	-	1,706,547	-	-	1,706,547
Federal programs	-	-	-	17,538	17,538
Economic development	-	-	-	306,785	306,785
Committed for:					
Public safety	443,090	-	-	-	443,090
Sports complex lights	31,007	-	-	-	31,007
Assigned for:					
Budgetary stabilization	994,378	-	-	-	994,378
Parks	50,379	-	-	-	50,379
Cemetery	150,810	-	-	-	150,810
Unemployment compensation	6,248	-	-	-	6,248
Unassigned	4,630,552	-	-	-	4,630,552
Total fund balances	6,306,464	1,706,547	536,680	563,755	9,113,446
Total liabilities and fund balances	\$ 6,490,988	\$ 2,201,586	\$ 536,680	\$ 563,761	\$ 9,793,015

See notes to financial statements.

CITY OF SEWARD, NEBRASKA

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

September 30, 2021

Total fund balances - governmental funds	\$	9,113,446
<p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because:</p>		
<p>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 \$40,526,984, and the accumulated depreciation is \$15,218,842.</p>		
		25,308,142
<p>Notes receivable are not financial resources and therefore are not reported as assets in governmental funds. The notes receivable are reported as assets in the statement of net position.</p>		
		814,778
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:</p>		
Compensated absences	\$	(213,971)
Accrued interest on long-term debt		(38,227)
Bonds payable		(5,874,000)
Note payable		(79,986)
Capital lease obligations		(369,944)
		<u>(6,576,128)</u>
Total net position - governmental activities	\$	<u>28,660,238</u>

See notes to financial statements.

CITY OF SEWARD, NEBRASKA

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

For the year ended September 30, 2021

	<u>General</u>	<u>Street</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes:					
Property	\$ 1,721,273	\$ -	\$ -	\$ -	\$ 1,721,273
Motor vehicle	183,067	-	-	-	183,067
Sales tax	985,130	291,321	695,156	150,000	2,121,607
Franchise	1,283,360	-	-	-	1,283,360
Occupation	317,240	-	-	-	317,240
TIF proceeds	-	-	-	328,894	328,894
Intergovernmental	68,538	912,322	-	-	980,860
Charges for services	964,233	29,055	-	17,827	1,011,115
Loan collections	-	-	-	119,377	119,377
Interest income	9,092	3	3,682	1,116	13,893
Grants	514,414	145,318	-	87,868	747,600
Contributions	249,592	-	-	9,600	259,192
Sale of property	200,514	-	-	-	200,514
Other income	16,509	-	-	-	16,509
Total revenues	<u>6,512,962</u>	<u>1,378,019</u>	<u>698,838</u>	<u>714,682</u>	<u>9,304,501</u>
EXPENDITURES					
General government	311,607	-	-	87,868	399,475
Economic development	-	-	-	560,269	560,269
Public safety	1,293,648	-	-	-	1,293,648
Public works	887,383	685,865	-	145	1,573,393
Environment and leisure	2,297,138	-	-	-	2,297,138
Capital outlay	279,835	2,179,595	-	-	2,459,430
Principal payments on debt	69,735	190,585	922,042	-	1,182,362
Interest on long-term debt	9,129	8,731	115,432	-	133,292
Bond fees	-	-	2,700	-	2,700
Total expenditures	<u>5,148,475</u>	<u>3,064,776</u>	<u>1,040,174</u>	<u>648,282</u>	<u>9,901,707</u>
Excess (deficiency) of revenues over expenditures	1,364,487	(1,686,757)	(341,336)	66,400	(597,206)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	805,000	145,318	-	950,318
Transfers out	<u>(805,000)</u>	<u>(145,318)</u>	<u>-</u>	<u>-</u>	<u>(950,318)</u>
Net transfers	<u>(805,000)</u>	<u>659,682</u>	<u>145,318</u>	<u>-</u>	<u>-</u>
Net change in fund balances	559,487	(1,027,075)	(196,018)	66,400	(597,206)
Fund balances - September 30, 2020	<u>5,746,977</u>	<u>2,733,622</u>	<u>732,698</u>	<u>497,355</u>	<u>9,710,652</u>
Fund balances - September 30, 2021	<u>\$ 6,306,464</u>	<u>\$ 1,706,547</u>	<u>\$ 536,680</u>	<u>\$ 563,755</u>	<u>\$ 9,113,446</u>

See notes to financial statements.

CITY OF SEWARD, NEBRASKA

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

For the year ended September 30, 2021

Total net change in fund balances - governmental funds	\$ (597,206)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay (\$3,768,395) exceeded depreciation expense (\$1,183,663) and new capital lease obligations (\$163,159) during the period. Additions of \$1,145,806 were paid for directly by Nebraska Department of Transportation.	2,421,573
Basis remaining of capital asset disposals does not impact the governmental funds, but the remaining basis reduces the gain on sale of capital assets in the statement of activities.	(35,921)
Collection of loan proceeds on economic development loans is reported as revenue in the governmental funds, but reduces assets in the statement of net position.	(100,399)
The issuance of economic development loans is reported as an expense in the governmental funds, but increases assets in the statement of net position.	45,000
Forgiveness of LB840 loans is not reported in the fund financial statements, but is reported as economic development expense in the statement of activities.	(12,933)
The change in compensated absences is reported as an expense in the statement of net position. Compensated absences are not reported in the governmental funds.	(14,128)
The change in accrued interest payable is reported as an expense in the statement of net position. Accrued interest payable is not reported in the governmental funds.	9,939
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	<u>1,182,362</u>
Change in net position of governmental activities	<u><u>\$ 2,898,287</u></u>

See notes to financial statements.

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

	Enterprise Funds			Total
	Electric Fund	Water Fund	Sewer Fund	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,284,466	\$ 2,576,850	\$ 1,738,556	\$ 5,599,872
Certificates of deposit	3,232,245	156,552	294,196	3,682,993
Receivables:				
Accounts, net of allowance for doubtful accounts	1,155,817	218,589	158,132	1,532,538
Unbilled revenue	281,363	66,205	53,046	400,614
Interest	2,513	557	315	3,385
Inventory	595,582	81,572	-	677,154
Total current assets	<u>6,551,986</u>	<u>3,100,325</u>	<u>2,244,245</u>	<u>11,896,556</u>
Noncurrent assets:				
Restricted cash and cash equivalents	201,907	1,112,276	201,832	1,516,015
Restricted certificates of deposit	468,292	521,334	380,336	1,369,962
Capital assets:				
Land	1,737,460	103,548	90,094	1,931,102
Construction in progress	3,019,052	950,412	146,079	4,115,543
Distribution systems	17,433,299	15,786,859	12,686,719	45,906,877
Buildings	842,719	138,776	378,769	1,360,264
Equipment	2,685,744	505,625	969,028	4,160,397
Less accumulated depreciation	(13,946,127)	(8,175,182)	(8,197,927)	(30,319,236)
Net capital assets	<u>11,772,147</u>	<u>9,310,038</u>	<u>6,072,762</u>	<u>27,154,947</u>
Total noncurrent assets	<u>12,442,346</u>	<u>10,943,648</u>	<u>6,654,930</u>	<u>30,040,924</u>
Total assets	<u>18,994,332</u>	<u>14,043,973</u>	<u>8,899,175</u>	<u>41,937,480</u>
LIABILITIES				
Current liabilities:				
Accounts payable	664,454	16,199	65,807	746,460
Customer deposits	118,213	220	-	118,433
Accrued interest payable	11,658	12,170	2,080	25,908
Other accrued expenses	65,095	32,891	30,511	128,497
Sales tax payable	68,625	-	-	68,625
Current portion of long-term obligations	405,000	290,000	265,000	960,000
Total current liabilities	<u>1,333,045</u>	<u>351,480</u>	<u>363,398</u>	<u>2,047,923</u>
Noncurrent liabilities:				
Compensated absences - noncurrent	72,474	31,261	18,272	122,007
Noncurrent portion of long-term obligations	3,380,000	2,125,000	2,535,000	8,040,000
Total noncurrent liabilities	<u>3,452,474</u>	<u>2,156,261</u>	<u>2,553,272</u>	<u>8,162,007</u>
Total liabilities	<u>4,785,519</u>	<u>2,507,741</u>	<u>2,916,670</u>	<u>10,209,930</u>
NET POSITION				
Net investment in capital assets	7,987,147	6,895,038	3,272,762	18,154,947
Restricted for:				
Debt service	551,986	994,818	582,168	2,128,972
Federal programs	-	638,572	-	638,572
Unrestricted	5,669,680	3,007,804	2,127,575	10,805,059
Total net position	<u>\$ 14,208,813</u>	<u>\$ 11,536,232</u>	<u>\$ 5,982,505</u>	<u>\$ 31,727,550</u>

See notes to financial statements.

CITY OF SEWARD, NEBRASKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS

For the year ended September 30, 2021

	Enterprise Funds			Total
	Electric Fund	Water Fund	Sewer Fund	
Operating revenues:				
User charges	\$ 10,765,728	\$ 2,036,936	\$ 1,753,804	\$ 14,556,468
Customer service charges	38,550	9,308	9,954	57,812
Other revenue	19,565	131,764	12,823	164,152
Total operating revenues	<u>10,823,843</u>	<u>2,178,008</u>	<u>1,776,581</u>	<u>14,778,432</u>
Operating expenses:				
Cost of power	6,322,696	-	-	6,322,696
Personnel	853,772	507,858	446,052	1,807,682
Contract services	56,282	16,480	29,496	102,258
Utilities	78,742	152,520	74,818	306,080
Repairs and maintenance	458,727	191,933	108,197	758,857
Supplies	72,816	25,684	19,230	117,730
Professional fees	73,940	51,576	52,060	177,576
Insurance	65,416	39,186	38,166	142,768
Fuel and transportation	15,804	7,137	7,786	30,727
Dues, memberships & training	18,518	9,752	10,903	39,173
Miscellaneous	11,206	5,574	6,045	22,825
Franchise fees	1,085,329	109,079	88,952	1,283,360
Depreciation	793,023	371,010	461,109	1,625,142
Total operating expenses	<u>9,906,271</u>	<u>1,487,789</u>	<u>1,342,814</u>	<u>12,736,874</u>
Operating income	917,572	690,219	433,767	2,041,558
Nonoperating revenues (expenses):				
Interest income	45,086	13,660	8,339	67,085
Miscellaneous income	8,562	-	3,224	11,786
Grant revenue	2,250	638,572	-	640,822
Gain on disposal of capital assets	4,400	-	-	4,400
Interest expense	(96,280)	(42,902)	(64,352)	(203,534)
Loan administration fees	(800)	(1,333)	(53,447)	(55,580)
Total nonoperating revenues (expenses)	<u>(36,782)</u>	<u>607,997</u>	<u>(106,236)</u>	<u>464,979</u>
Income before interfund transfers	880,790	1,298,216	327,531	2,506,537
Interfund transfers:				
Transfer from (to) other funds	3,662	(3,662)	-	-
Change in net position	884,452	1,294,554	327,531	2,506,537
Net position - September 30, 2020	<u>13,324,361</u>	<u>10,241,678</u>	<u>5,654,974</u>	<u>29,221,013</u>
Net position - September 30, 2021	<u>\$ 14,208,813</u>	<u>\$ 11,536,232</u>	<u>\$ 5,982,505</u>	<u>\$ 31,727,550</u>

See notes to financial statements.

CITY OF SEWARD, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the year ended September 30, 2021

	Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 10,668,114	\$ 2,174,768	\$ 1,761,687	\$ 14,604,569
Payments to suppliers	(8,304,758)	(601,396)	(375,371)	(9,281,525)
Payments to employees	(856,667)	(511,372)	(452,873)	(1,820,912)
Net cash provided by operating activities	1,506,689	1,062,000	933,443	3,502,132
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers to other funds	3,662	(3,662)	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of property and equipment	(577,509)	(593,450)	(538,112)	(1,709,071)
Proceeds from sale of capital assets	5,537	3,662	-	9,199
Grant proceeds	2,250	638,572	-	640,822
Proceeds from the issuance of long-term debt	-	-	3,055,000	3,055,000
Principal payments on capital debt	(400,000)	(330,200)	(3,235,250)	(3,965,450)
Interest paid on capital debt	(97,286)	(44,990)	(65,202)	(207,478)
Loan administration fees	(800)	(1,333)	(53,447)	(55,580)
Net cash used by capital and related financing activities	(1,067,808)	(327,739)	(837,011)	(2,232,558)
CASH FLOWS FROM INVESTING ACTIVITIES:				
(Increase) decrease in certificates of deposit	(31,994)	(704)	(1,298)	(33,996)
(Increase) decrease in restricted certificates of deposit	(442)	(2,739)	(372)	(3,553)
Interest received	48,736	13,978	8,395	71,109
Net cash provided by investing activities	16,300	10,535	6,725	33,560
Increase in cash and cash equivalents	458,843	741,134	103,157	1,303,134
Cash and cash equivalents - beginning of the year	1,027,530	2,947,992	1,837,231	5,812,753
Cash and cash equivalents - end of the year	\$ 1,486,373	\$ 3,689,126	\$ 1,940,388	\$ 7,115,887
Composition of cash and cash equivalents:				
Cash and cash equivalents	\$ 1,284,466	\$ 2,576,850	\$ 1,738,556	\$ 5,599,872
Restricted cash and cash equivalents	201,907	1,112,276	201,832	1,516,015
Total cash and cash equivalents	\$ 1,486,373	\$ 3,689,126	\$ 1,940,388	\$ 7,115,887

See notes to financial statements.

CITY OF SEWARD, NEBRASKA

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

For the year ended September 30, 2021

	Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 917,572	\$ 690,219	\$ 433,767	\$ 2,041,558
Adjustments to reconcile operating income to net cash provided by operating activities:				
Miscellaneous nonoperating revenue	8,562	-	3,224	11,786
Depreciation expense	793,023	371,010	461,109	1,625,142
Change in assets and liabilities:				
Accounts receivable	(172,132)	(3,160)	(18,118)	(193,410)
Inventories	(99,630)	(1,263)	-	(100,893)
Accounts payable	54,348	8,788	60,282	123,418
Customer deposits	1,456	(80)	-	1,376
Sales tax payable	6,385	-	-	6,385
Accrued expenses	(2,895)	(3,514)	(6,821)	(13,230)
Net cash provided by operating activities	\$ 1,506,689	\$ 1,062,000	\$ 933,443	\$ 3,502,132

See notes to financial statements.

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

INDEX

	Page
NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	
1. Financial Reporting Entity	25
2. Basis of Presentation	26
3. Measurement Focus and Basis of Accounting	29
4. Assets, Liabilities, and Equity	31
5. Revenues, Expenditures, and Expenses	37
NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	
1. Fund Accounting Requirements	39
2. Deposit Laws and Regulations	39
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 Investments	41
2. Restricted Assets	44
3. Accounts and Notes Receivable	44
4. Capital Assets	47
5. Accounts Payable	50
6. Long-term Debt	51
7. Interfund Transactions and Balances	58
NOTE D – OTHER NOTES	
1. Employee Pension and Other Benefit Plans	59
2. Risk Management	59
3. Commitments and Contingencies	61
4. Interlocal Agreements	63
5. Tax Abatements/Conduit Debt	64
6. Related Party Transactions	65
7. Subsequent Events	65

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Seward, 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 Seward, Nebraska, was incorporated in 1868. The City operates under a Mayor-Council form of government with an elected Mayor, and an elected legislative body, Council, composed of eight members. The Mayor is elected at large for a four-year term, and the eight members of the City Council are elected, two from each of four wards, on alternating four-year terms. The administration of the City government is performed under the direction of the Mayor by the City Administrator. Services provided to residents include public safety, highways and streets, planning and zoning, parks, recreation, development, electric, water, and sanitary sewer systems, transfer station, and general administrative services.

The City’s financial reporting entity comprises the following:

Primary Government:	City of Seward
Discretely Presented Component Units:	Seward Airport Authority Seward Library Foundation

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 SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Blended Component Units

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

Discretely Presented Component Units

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

	<u>Brief Description of Activities and Relationship to the City:</u>
Seward Airport Authority	Established to provide for the operation of the Seward Airport. The component unit information was obtained from financial statements which can be obtained by contacting the Seward Airport Authority.
Seward Library Foundation	Established to support the Seward library.

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 SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fund Financial Statements

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Debt Service Fund

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

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Governmental Funds, continued

Permanent Fund

The Permanent Fund accounts for assets held by the City pursuant to a trust agreement. The principal portion of this fund type must remain intact, but the earnings 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 non-major as follows:

<u>Fund</u>	<u>Brief Description</u>
<i>Major:</i>	
Governmental:	
General	See page 27 for description.
Street	The Street Fund is a special revenue fund that accounts for the City's share of highway allocation from the State of Nebraska.
Debt Service	See page 27 for description.

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. **Basis of Presentation, continued**

Major and Nonmajor Funds, continued

<u>Fund</u>	<u>Brief Description</u>
<i>Major, continued:</i>	
Proprietary:	
Enterprise:	
Electric, Water, and Sewer	See page 28 for description.
<i>Nonmajor:</i>	
Special Revenue:	
CDBG	Special revenue fund that accounts for community development grants and related expenses.
LB840	Special revenue fund that accounts for sales tax to be used for economic development under LB840.
TIF	Special revenue fund that accounts for tax increment financing projects used to promote economic development.
Perpetual Care	Permanent fund that accounts for the monies in a permanent care endowment fund for the cemetery.

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.

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Measurement Focus, continued

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

In the fund financial statements, governmental funds are presented on the modified 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.

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Basis of Accounting, continued

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

4. Assets, Liabilities, and Equity

Estimates

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

Certificates of deposit and 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 SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Receivables

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

Due from Other Governments

The total due from other governments consists of the following:

<u>Fund</u>	<u>Amount</u>	<u>Service</u>
General	\$ 314,526	Sales Tax
Street	41,661	Sales Tax
Street	16,333	Motor Vehicle Fees
Street	<u>71,974</u>	Highway Allocation
	<u>\$ 444,494</u>	

Inventory

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

Restricted Assets

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

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets

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

Government-wide Statements

In the government-wide financial statements, capital assets that are purchased or acquired with an original cost of \$5,000 or more are capitalized and reported on the Statement of Net Position. Capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. The City has elected the depreciation approach for reporting infrastructure.

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	25-40 years
Improvements	5-25 years
Machinery and Equipment	5-20 years
Utility System	20-50 years
Infrastructure	20-50 years

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

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets, continued

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.

Unavailable Revenues

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. A portion of the liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this obligation is estimated based on historical trends. In the fund financial statements, governmental funds report only the current compensated absence liability payable from expendable available financial resources, while the proprietary funds report the total liability.

Employees generally earn sick leave at the rate of one day per month with the total accumulation up to 900 hours. In the event of retirement, an employee is reimbursed 50 percent of the accumulated sick leave if the employee meets certain eligibility requirements.

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.

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Long-term Debt, continued

Government-wide Statements

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

Fund Financial Statements

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

Equity Classifications

Government-wide Statements

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

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

Fund Financial Statements

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

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

Fund Financial Statements, continued

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

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

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

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

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

Unassigned—All amounts not included in other spendable classifications.

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

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses

Sales and Use Tax

The City presently levies a 1.5 cent sales tax on taxable sales within the City. The sales tax is collected by the Nebraska Department of Revenue and remitted to the City in the month following receipt. The Nebraska Department of Revenue receives the sales tax approximately one month after collection by vendors. The sales tax allocated to the General and Debt Service Funds for property tax relief, with up to \$150,000 per year approved for the LB840 Fund to be used for economic development. Sales tax collected on the sale of motor vehicles is restricted for street improvements as required by LB904.

Sales taxes collected by the State in September (which represent sales for August) and received by the City in October have been accrued and are included under the caption “Due from other governments.”

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

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Property Taxes, continued

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

The City-owned electric, water, and sewer utilities make payments in lieu of taxes (10 percent of gross revenues for electric, 5 percent of gross revenues for water, and 5 percent of gross revenues for sewer).

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

Governmental Funds – by Character and Function

Proprietary Fund – by Operating and Nonoperating

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

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Interfund Transfers

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

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Fund Accounting Requirements

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

2. Deposit Laws and Regulations

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

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

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

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.

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.

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data, continued

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

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

1. Cash and Investments

Deposits

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

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

1. Cash and Investments, continued

Deposits, continued

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	\$ 22,126,746	\$ 1,488,299	\$ 20,638,447	\$ -	\$ <u>21,199,980</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –

Unrestricted cash and cash equivalents	\$ 11,258,655
Unrestricted certificates of deposit	4,120,570
Restricted cash and cash equivalents	4,092,676
Restricted certificates of deposit	1,384,962

Component Units –

Unrestricted cash and cash equivalents	257,803
Unrestricted certificates of deposit	<u>85,314</u>
	\$ <u>21,199,980</u>

Investments

The City’s policies and applicable laws regarding investments are discussed in Notes A4 and B2. The table presented below is designed to disclose whether the investments are insured or registered and who holds the security at September 30, 2021. The categories of investments are defined as follows:

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

1. Cash and Investments, continued

Investments, continued

Category 1 – Insured or registered with securities held by the entity or its agent in the entity’s name.

Category 2 – Uninsured and unregistered with securities held by the counterparty’s trust department or agent in the entity’s name.

Category 3 – Uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the City’s name.

<u>Type of Investment</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Publicly Traded Equities	\$ -	\$ 809,143	\$ -	\$ <u>809,143</u>	\$ <u>809,143</u>

Reconciliation to Government-wide Statement of Net Position:

Component Units –

Unrestricted investments	\$ 723,527
Permanently restricted investments	<u>85,616</u>
	\$ <u>809,143</u>

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

2. Restricted Assets

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

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>	<u>Component Unit</u>
Type of Restricted Assets:				
Cash and cash equivalents	\$ 2,576,661	\$ 1,516,015	\$ 4,092,676	\$ -
Certificates of deposit	15,000	1,369,962	1,384,962	-
Investments	-	-	-	85,616
	<u>\$ 2,591,661</u>	<u>\$ 2,885,977</u>	<u>\$ 5,477,638</u>	<u>\$ 85,616</u>

Restricted cash and investments for governmental activities consists of \$1,491,249 of Street Fund cash restricted for street projects, \$536,680 of Debt Service Fund cash restricted for debt service, \$17,538 of CDBG Fund cash restricted for Federal programs, \$105,445 of LB840 Fund cash restricted for economic development, \$201,346 of TIF Fund cash restricted for economic development, and \$239,403 of Perpetual Care Fund cash and certificates of deposit restricted for cemetery perpetual care.

Restricted business-type assets consist of debt service reserves of \$551,986 for the Electric Fund, \$994,818 for the Water Fund, and \$582,168 for the Sewer Fund. The Electric Fund has \$118,213 and the Water Fund has \$220 restricted for customer deposits. The Water Fund also has \$638,572 restricted for Federal programs.

The Seward Library Foundation has \$85,616 of permanently restricted investments endowed for the income only to be used to support the Seward library.

3. Accounts and Notes Receivable

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

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Accounts receivable	\$ -	\$ 1,534,858	\$ 1,534,858	\$ 620
Allowance for doubtful accounts	-	(2,320)	(2,320)	-
Net accounts receivable	<u>\$ -</u>	<u>\$ 1,532,538</u>	<u>\$ 1,532,538</u>	<u>\$ 620</u>

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

3. Accounts and Notes Receivable, continued

Notes receivable for the governmental activities consist of the following at September 30, 2021:

<u>Type of Loan</u>	<u>Due From</u>	<u>Note Balance at September 30, 2021</u>	<u>Terms</u>
LB840	Squire Wards, LLC	\$ 38,729	1.625%; monthly payments due over 42 months; final payment due 9/1/24
LB840	La Cocina	30,000	5.0%; 20 percent forgivable annually if borrower retains improvements; due 1/7/24
LB840	Seward Hotel Group	46,020	3.25%; monthly payments over 15 years; final payment due 9/1/27
LB840	ECES, Inc	30,331	2.625%; monthly payments due over 10 years; final payment due 1/1/29
LB840	Barely Legal Distilling, LLC	70,000	2.25%; monthly payments due over 5 years; final payment due 2/1/23
LB840	Green Future Properties	208,971	2.75%; monthly payments due over 15 years; 12% of the loan will be forgiven after 166 payments have been made; final payment due 9/1/34
LB840	Cornerstone Interiors & Design	42,833	2.13%; monthly payments due over 10 years; final payment due 1/1/28
LB840	Gilgorevic	1,458	5.0%; 20 percent forgivable annually if borrower retains improvements; due 10/16/24

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

3. Accounts and Notes Receivable, continued

<u>Note Held By</u>	<u>Due From</u>	Note Balance at September 30, <u>2021</u>	<u>Terms</u>
LB840	Turning Point Behavioral Health & Addiction Counseling	13,701	1.75%; monthly payments due over 10 years; final payment due 12/1/26
LB840	Bottle Rocket Brewing	3,791	5.0%; 20 percent forgivable annually if borrower retains improvements; due 9/30/24
LB840	Kirby Roth Insurance	5,218	5.0%; 20 percent forgivable annually if borrower retains improvements; due 7/23/25
LB840	Hexagon Properties	74,170	1.875%; monthly payments due over 15 years; final payment due 3/30/32
LB840	Red Path Gallery & Tasting Room	38,958	2.375%; monthly payments due over 10 years; final payment due 8/1/28
LB840	The Alps Dog Retreat	67,006	2.375%; monthly payments due over 72 months; \$13,081.50 is forgivable after 64 payments; final payment due 12/1/26
LB840	Fullfield Ag, LLC	143,592	1.875%; monthly payments due over 15 years; final payment due 2/15/32
	Total notes receivable	\$ <u>814,778</u>	
	Current portion	\$ 115,049	
	Noncurrent portion	<u>699,729</u>	
		\$ <u>814,778</u>	

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

4. Capital Assets

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

	<u>Balance at October 1, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance at September 30, 2021</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 596,405	\$ -	\$ (32,054)	\$ -	\$ 564,351
Construction in progress	4,517,483	2,393,237	-	(2,798,609)	4,112,111
Total capital assets not being depreciated	5,113,888	2,393,237	(32,054)	(2,798,609)	4,676,462
Other capital assets being depreciated:					
Infrastructure	13,439,693	937,490	-	2,798,609	17,175,792
Buildings	11,895,085	51,100	-	-	11,946,185
Machinery and equipment	6,450,510	386,568	(108,533)	-	6,728,545
Total other capital assets at historical cost	31,785,288	1,375,158	(108,533)	2,798,609	35,850,522
Less accumulated depreciation for:					
Infrastructure	(6,213,309)	(400,169)	-	-	(6,613,478)
Buildings	(3,706,031)	(251,168)	-	-	(3,957,199)
Machinery and equipment	(4,220,505)	(532,326)	104,666	-	(4,648,165)
Total accumulated depreciation	(14,139,845)	(1,183,663) *	104,666	-	(15,218,842)
Other capital assets, net	17,645,443	191,495	(3,867)	2,798,609	20,631,680
Governmental activities capital assets, net	<u>\$ 22,759,331</u>	<u>\$ 2,584,732</u>	<u>\$ (35,921)</u>	<u>\$ -</u>	<u>\$ 25,308,142</u>

* Depreciation expense was charged to governmental activities as follows:

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

4. Capital Assets, continued

Governmental Activities, continued:

General government	\$ 22,791
Public safety	
Fire	149,312
Police	<u>68,493</u>
Total public safety	217,805
Public works:	
Streets and storm sewers	458,760
Cemetery	<u>23,297</u>
Total public works	482,057
Environment and leisure:	
Civic Center	17,006
Golf	74,288
Library	107,579
Parks and recreation	195,146
Senior Center	19,393
Trails	<u>47,598</u>
Total environment and leisure	<u>461,010</u>
Total governmental depreciation expense	\$ <u>1,183,663</u>

Construction in progress at September 30, 2021, consists of \$2,693,975 for the Waverly Road street project, \$1,405,901 for the Karol Kay Blvd project, and \$12,235 for the cemetery mapping software. See Note D3 for additional details on these projects.

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

4. Capital Assets, continued

	<u>Balance at</u> <u>October 1, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance at</u> <u>September 30, 2021</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 1,931,102	\$ -	\$ -	\$ -	\$ 1,931,102
Construction in progress	<u>3,842,414</u>	<u>923,961</u>	<u>-</u>	<u>(650,832)</u>	<u>4,115,543</u>
Total capital assets not being depreciated	5,773,516	923,961	-	(650,832)	6,046,645
Other capital assets being depreciated:					
Buildings	1,348,559	11,705	-	-	1,360,264
Distribution systems	44,912,915	468,902	(125,772)	650,832	45,906,877
Equipment	<u>3,967,447</u>	<u>304,503</u>	<u>(111,553)</u>	<u>-</u>	<u>4,160,397</u>
Total other capital assets at historical cost	50,228,921	785,110	(237,325)	650,832	51,427,538
Less accumulated depreciation for:					
Buildings	(532,726)	(35,681)	-	-	(568,407)
Distribution systems	(25,620,075)	(1,267,492)	125,772	-	(26,761,795)
Equipment	<u>(2,773,819)</u>	<u>(321,969)</u>	<u>106,754</u>	<u>-</u>	<u>(2,989,034)</u>
Total accumulated depreciation	<u>(28,926,620)</u>	<u>(1,625,142)</u> *	<u>232,526</u>	<u>-</u>	<u>(30,319,236)</u>
Other capital assets, net	<u>21,302,301</u>	<u>(840,032)</u>	<u>(4,799)</u>	<u>650,832</u>	<u>21,108,302</u>
Business-type capital assets, net	<u>\$ 27,075,817</u>	<u>\$ 83,929</u>	<u>\$ (4,799)</u>	<u>\$ -</u>	<u>\$ 27,154,947</u>

* Depreciation expense was charged to functions as follows:

Electric	\$ 793,023
Water	371,010
Sewer	<u>461,109</u>
Total business-type activities depreciation expense	<u>\$ 1,625,142</u>

Construction in progress at September 30, 2021, consists of \$2,146,612 on the Electric Fund, for the rail campus project, \$78,274 of costs on the Dale's Hotel electric update project, \$713,633 of costs on the Seward Industrial Substation electrical project, \$70,631 of costs on the Waverly Road electrical project, \$9,902 for a downpayment on radio detection software, \$68,839 of costs on the SW3 well project, \$265,593 of costs on the water tower project, \$615,980 of costs on the 6th Street water main project, and \$146,079 of costs on the Waverly Road sewer extension. See Note D3 for additional detail of the construction in progress at September 30, 2021.

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

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

4. Capital Assets, continued

	Balance at <u>October 1, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at <u>September 30, 2021</u>
<u>Airport Authority:</u>					
Capital assets not being depreciated:					
Land	\$ 105,156	\$ -	\$ -	\$ -	\$ 105,156
Construction in progress	1,121,910	-	-	(1,121,910)	-
	<u>1,227,066</u>	<u>-</u>	<u>-</u>	<u>(1,121,910)</u>	<u>105,156</u>
Other capital assets being depreciated:					
Buildings	2,881,320	297,863	-	1,121,910	4,301,093
Improvements	2,543,114	-	-	-	2,543,114
Equipment	165,593	73,380	-	-	238,973
Total other capital assets at historical cost	<u>5,590,027</u>	<u>371,243</u>	<u>-</u>	<u>1,121,910</u>	<u>7,083,180</u>
Less accumulated depreciation for:					
Buildings	(1,272,476)	(115,389)	-	-	(1,387,865)
Improvements	(1,398,013)	(85,144)	-	-	(1,483,157)
Equipment	(117,955)	(11,860)	-	-	(129,815)
Total accumulated depreciation	<u>(2,788,444)</u>	<u>(212,393)</u>	<u>-</u>	<u>-</u>	<u>(3,000,837)</u>
Other capital assets, net	<u>2,801,583</u>	<u>158,850</u>	<u>-</u>	<u>1,121,910</u>	<u>4,082,343</u>
Airport Authority capital assets, net	<u>\$ 4,028,649</u>	<u>\$ 158,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,187,499</u>

5. Accounts Payable

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

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

6. Long-term Debt

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

Changes in Long-term Debt

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

<u>Type of Debt</u>	<u>Balance 9/30/2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 9/30/2021</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable	\$ 6,744,550	\$ -	\$ (870,550)	\$ 5,874,000	\$ 867,000
Note payable	131,478	-	(51,492)	79,986	53,016
Capital leases	467,105	163,159	(260,320)	369,944	119,490
Total governmental	<u>\$ 7,343,133</u>	<u>\$ 163,159</u>	<u>\$ (1,182,362)</u>	<u>\$ 6,323,930</u>	<u>\$ 1,039,506</u>
Business-type Activities					
Bonds payable	<u>\$ 9,910,450</u>	<u>\$ 3,055,000</u>	<u>\$ (3,965,450)</u>	<u>\$ 9,000,000</u>	<u>\$ 960,000</u>
Component Units:					
Airport Authority	<u>\$ 380,398</u>	<u>\$ 143,000</u>	<u>\$ (165,503)</u>	<u>\$ 357,895</u>	<u>\$ 221,625</u>

Governmental Activities

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

Bonds payable:

General obligation refunding bonds - series 2012, with original issue amount of \$1,373,850 (71 percent of the issue). Interest ranges from 0.30 to 2.15 percent with final maturity December 15, 2022. \$ 325,000

Highway allocation bonds - series 2012, with original issue amount of \$190,000. Interest is 2.35 percent with maturity December 15, 2023. 190,000

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

6. Long-term Debt, continued

Governmental Activities, continued

Bonds payable, continued:

General obligation refunding bonds - series 2020, with original issue amount of \$4,725,000. Interest ranges from 1.15 to 1.80 percent with final maturity April 15, 2030. 4,270,000

Public safety tax bonds - series 2014, with original issue amount of \$404,000. Interest ranges from 1.15 to 2.55 percent with final maturity April 1, 2024. 129,000

General obligation refunding bonds - series 2014, with original issue amount of \$500,000. Interest ranges from 0.20 to 2.25 percent with final maturity December 15, 2022. 80,000

Highway allocation bonds – series 2016, with original issue amount of \$825,000. Interest ranges from 2.0 to 4.0 percent with final maturity October 1, 2031. 560,000

General obligation refunding bonds - series 2016, with original issue amount of \$1,085,000. Interest ranges from 0.60 to 1.50 percent with final maturity December 15, 2022. 320,000

Total bonds payable 5,874,000

Note payable:

On February 19, 2016, the City borrowed \$350,000 from Jones National Bank to finance the golf course purchase. The note bears interest of 2.75 percent and is due in 14 semi-annual installments of \$27,430 through November 1, 2022. 79,986

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

6. Long-term Debt, continued

Governmental Activities, continued

Capital Leases:

Capital lease obligation due to Cattle National Bank dated December 29, 2017, with original issue amount of \$56,737 to finance a Toro Workman mower for golf. The lease bears interest of 2.85 percent with annual principal and interest payments due July 1, 2018 through July 1, 2022. 11,832

Capital lease obligation due to Cattle National Bank dated January 18, 2019, with original issue amount of \$65,625 to finance a Groundmaster mower. The lease bears interest of 3.75 percent and is due in five annual principal and interest payments of \$15,000 commencing June 30, 2019 through June 30, 2023. 25,114

Capital lease obligation due to Exchange Bank dated September 1, 2020, with original issue amount of \$148,882 to finance golf carts. The lease bears interest of 3.25 percent and is due in 30 monthly principal and interest payments of \$3,300, commencing April 1, 2021 through September 1, 2025 (no lease payments are due October through March each year), with a final installment of \$64,762 due September 1, 2025. 130,450

Capital lease obligation due to Jones National Bank dated November 20, 2019, with original issue amount of \$63,797 to finance a Kubota tractor and mower. The lease bears interest of 3.29 percent and is due in five annual principal and interest payments of \$13,760, commencing March 21, 2020 through March 31, 2024. 38,705

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

6. Long-term Debt, continued

Governmental Activities, continued

Capital Leases, continued:

Capital lease obligation due to Cattle National Bank dated October 1, 2020, with original issue amount of \$115,700 to finance a 2020 Case 621GXR wheel loader. The lease bears interest of 2.20 percent and is due in five annual principal and interest payments of \$24,245, commencing November 30, 2020 through November 30, 2024. 91,872

Capital lease obligation due to Jones National Bank dated June 7, 2017, with original issue amount of \$161,925 to finance a street sweeper. The lease bears interest of 2.22 percent and is due in ten semi-annual principal and interest payments of \$17,796, commencing November 1, 2017 through May 1, 2022. 34,085

Capital lease obligation due to Jones National Bank dated December 4, 2020, with original issue amount of \$47,459 to finance a Toro Reelmaster 3555-D. The lease bears interest of 2.13 percent and is due in five annual principal and interest payments of \$9,980, commencing April 30, 2021 through April 30, 2025. 37,886

Total capital lease obligations 369,944

Total governmental activities long-term obligations \$ 6,323,930

Current portion \$ 1,039,506

Noncurrent portion 5,284,424

Total \$ 6,323,930

The Debt Service Fund is making the bond payments, the General Fund is making the note payments, and the General Fund and Street Fund are making the capital lease payments.

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

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

6. Long-term Debt, continued

Business-type Activities

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

Bonds and notes payable:

Electric revenue refunding bonds - series 2012, with original issue amount of \$1,855,000. Interest ranges from 0.40 to 2.55 percent with final maturity February 15, 2025.	\$ 400,000
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Electric revenue refunding bonds - series 2016, with original issue amount of \$4,755,000. Interest ranges from 0.85 to 3.20 percent with final maturity February 15, 2036.	3,385,000
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Water general obligation bonds - series 2012, with original issue amount of \$464,400 (24 percent of the issue). Interest ranges from 0.30 to 2.15 percent with final maturity December 15, 2020.	-
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Water revenue refunding bonds - series 2020, with original issue amount of \$1,635,000. Interest ranges from 1.2 to 2.15 percent with final maturity February 15, 2036.	1,550,000
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Water revenue refunding bonds - series 2015, with original issue amount of \$1,305,000. Interest ranges from 2.0 to 2.35 percent with final maturity June 1, 2023. Bonds maturing June 1, 2022 and June 1, 2023 were called for early redemption on April 17, 2020.	-
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Water revenue refunding bonds - series 2016, with original issue amount of \$1,205,000. Interest ranges from 0.95 to 1.80 percent with final maturity June 1, 2026.	865,000
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CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

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

6. Long-term Debt, continued

Business-type Activities, continued

Bonds and notes payable, continued:

Sewer general obligation bonds – series 2012, with original issue amount of \$96,750 (5 percent of the issue). Interest ranges from 0.30 to 2.15 percent with final maturity December 15, 2020.	-
Sewer revenue bonds – series 2013, with original issue amount of \$90,000. Interest is 3.20 percent with maturity September 1, 2032. These bonds were called for refinancing during the year ended September 30, 2021.	-
Sewer revenue refunding bonds – series 2016, with original issue amount of \$3,860,000. Interest ranges from 2.0 to 2.75 percent with final maturity September 15, 2031. These bonds were called for refinancing during the year ended September 30, 2021.	-
Sewer revenue refunding bonds – series 2021, with original issue amount of \$3,055,000. Interest ranges from 0.25 to 1.50 percent with final maturity September 1, 2032.	<u>2,800,000</u>
Total business-type activity debt	<u>\$ 9,000,000</u>
Current portion	\$ 960,000
Noncurrent portion	<u>8,040,000</u>
Total	<u>\$ 9,000,000</u>

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

6. Long-term Debt, continued

Component Unit

Airport debt:

Series 2011 bonds payable with original principal amount of \$545,000, bearing interest ranging from 1.20 to 3.55 percent with final maturity January 15, 2024. \$ 120,000

Series 2009 bonds payable with original principal amount of \$20,000, bearing interest of 4.75 percent with maturity January 15, 2024. 20,000

Note payable with original principal amount of \$155,761, to fund project costs until Federal and state grant money is received, bearing interest of 4.35 percent, due December 31, 2021. 155,761

Nebraska Department of Aeronautics loan with original principal amount of \$220,253, due in 120 monthly installments of \$1,322, bearing no interest through August 31, 2025. 62,134

Total Airport notes and bonds payable \$ 357,895

Current portion \$ 221,625

Noncurrent portion 136,270

Total \$ 357,895

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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

6. Long-term Debt, continued

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

<u>Year Ending</u> <u>September 30,</u>	Governmental Activities			
	Direct Placement Debt		Other Debt Issues	
	Principal	Interest	Interest	Interest
2022	\$ 172,506	\$ 12,099	\$ 867,000	\$ 88,219
2023	99,151	7,449	933,000	86,031
2024	62,780	5,005	759,000	71,903
2025	115,493	3,295	530,000	60,874
2026	-	-	535,000	52,800
2027-2031	-	-	2,185,000	122,228
2032-2036	-	-	65,000	1,300
	\$ 449,930	\$ 27,848	\$ 5,874,000	\$ 483,355

<u>Year Ending</u> <u>September 30,</u>	Business-type Activities		Component Unit	
	Other Debt Issues		Other Debt Issues	
	Principal	Interest	Principal	Interest
2022	\$ 960,000	\$ 152,346	\$ 221,625	\$ 4,323
2023	980,000	139,243	60,864	2,636
2024	1,015,000	126,364	60,864	919
2025	1,035,000	111,082	14,542	-
2026	1,040,000	95,005	-	-
2027-2031	2,720,000	314,041	-	-
2032-2036	1,250,000	84,505	-	-
	\$ 9,000,000	\$ 1,022,586	\$ 357,895	\$ 7,878

7. Interfund Transactions and Balances

The General Fund transferred \$805,000 to the Street Fund during the year ended September 30, 2021. Also, the Street Fund transferred \$145,318 to the Debt Service Fund during the year ended September 30, 2021.

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE D – OTHER NOTES

1. Employee Pension and Other Benefit Plans

Under Nebraska statutes, the City is to maintain a retirement plan for City policemen. This plan is funded through employee and employer contributions. The total contributions under this plan are deposited under a money purchase retirement plan with Ameritas Retirement. This plan requires that covered employees and the City contribute an amount equal to seven percent of the employee's monthly salary until such employee becomes eligible for regular retirement, at which time contributions shall cease. The eligible and covered payroll amounted to \$653,100 for the year ended September 30, 2021. Both the City and the covered employees' required contribution of \$45,717 was made for the year ended September 30, 2021. The employer contributions vest at the following rate: 0 to 2 years - 0 percent, 2 to 3 years - 40 percent, 4 years - 60 percent, 5 to 6 years - 80 percent, 7 years - fully vested. The employees also have the ability to make voluntary contributions to a deferred compensation plan in accordance with Internal Revenue Code Section 457. No voluntary 457 contributions were made during the year ended September 30, 2021.

The City maintains a defined contribution plan for the City employees in accordance with Internal Revenue Code Sections 457 and 401(a). The plan is available to all full-time City employees after six months of service. This plan is funded through employee and employer contributions. The total contributions under this plan are deposited with Ameritas Retirement. This plan requires that both covered employees and the City contribute six percent of the employee's salary to the plan. The total payroll amounted to \$2,969,442 and the covered payroll amounted to \$2,230,870 for the year ended September 30, 2021. The City and the employees contributed \$133,852 and \$133,852, respectively, for the year ended September 30, 2021. The employees also contributed \$29,759 to a deferred compensation plan in accordance with Internal Revenue Code Section 457 during the year ended September 30, 2021.

2. Risk Management

Insurance

The City is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The City purchases commercial insurance to protect against risks listed above. Insurance is maintained for the various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; dishonest employees; injuries to employees; and natural disasters. During the year ended September 30, 2021, the City did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments

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

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

<u>Maturities by Month</u>	<u>Amount</u>
December 2021	\$ 1,189,257
March 2022	118,554
April 2022	455,317
May 2022	83,210
June 2022	892,304
July 2022	124,127
August 2022	156,552
October 2022	337,520
November 2022	701,438
January 2023	165,606
March 2023	300,545
May 2023	263,976
July 2023	220,072
December 2023	113,940
March 2025	71,939
September 2026	<u>311,175</u>
	\$ <u>5,505,532</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.

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

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

<u>Financial Institution</u>	<u>Amount</u>
Cattle National Bank	\$ 2,953,544
Jones National Bank	2,331,916
Union Bank	<u>220,072</u>
	<u>\$ 5,505,532</u>

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

3. Commitments and Contingencies

Construction/Contractual Commitments

The City has numerous construction projects and other contracts in progress. The City intends to fund the construction through operations or long-term financing.

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/21</u>	<u>Obligation Pending</u>	<u>Expected Completion Date</u>
Water tower/transmission mains	\$ 79,440	\$ 23,841	\$ 55,599	April 2023
AMI electric metering system	838,505	-	838,505	September 2023
AMI water metering system	629,555	-	629,555	September 2024
Sewer cleaning truck body	393,695	-	393,695	December 2021
Progressive Rd underground lines	404,411	-	404,411	September 2022
Waverly Road improvements	4,010,271	2,914,512	1,095,759	December 2021
Cemetery mapping software	24,469	12,234	12,235	September 2022
Fire truck tanker	273,465	-	273,465	September 2022

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Power Contract

In December 2015, the City entered into a contract with the Nebraska Public Power District (NPPD) for the purchase of electric power on a wholesale basis for a term of 20 years. The contract stipulates that if the City determines at any time that it wished to obtain power from another source, it must give written notice to NPPD five years prior to the time it proposes to change wholesale providers. Beginning on the date of the change, the City would be obligated to pay each month for an amount of power equal to an average of the maximum amounts of power purchased during the same month in each of the five years prior to the date of change. As of the date of this report, the City plans to continue its contract with NPPD and thus, no liability associated with this commitment has been accruing in the financial statements.

Lease Commitments

On February 1, 2016, the City entered into a seven year lease through December 31, 2022 for the golf course. The lease calls for annual rent of \$1,950. In addition, the City must pay the real estate tax on the property. The City also entered into a 60 month copier lease on February 1, 2020. The lease requires monthly payments of \$351 through January 2025.

The City paid rent of \$4,758 during the year ended September 30, 2021.

Lease commitments as of September 30, 2021, are as follows:

<u>Year ending September 30,</u>	<u>Commitment</u>
2022	\$ 6,162
2023	4,212
2024	4,212
2025	<u>1,404</u>
	\$ <u>15,990</u>

Contingencies

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

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE D – OTHER NOTES, continued

4. Interlocal Agreements

The City has the following interlocal agreements in effect as of September 30, 2021:

Parties to Agreement	Agreement Period	Descriptions
Civil Defense	1981 - ongoing	Joint City/County Organization
Police Department	1990 – ongoing	Interlocal cooperative “RAP”/Rural Apprehension Program
Nebraska Community Energy Alliance	6/17/14 thru 6/17/2074	Advancement of Natural Gas & Electric Vehicle Infrastructure and Use
Seward County	06/01/2021 thru 05/31/2022	Prosecution Services/Per Year
Seward County	2004 – ongoing	Emergency Management Organization (Joint County-City)
Seward County	1997 – ongoing	EL overhead line-Section 27 & 28, Township N Range 3E
Seward County	1995 – ongoing	Combined Communications Center (Enhanced 911)
Seward County	1999 – ongoing	Police firearms range
Seward County	2011 – ongoing	Wellhead protection/City pays admin & Legal fees
Seward County Public Power	1980 – ongoing	Joint use of poles/SPPD to pay \$1.50/pole
South Crest Subdivision	1982 – ongoing	Sanity Imp Dist #3-WA & SE/City to provide routine maintenance
Staplehurst, Village of	2000 – ongoing	Use of burnsite for brush & untreated wood/Staplehurst pays \$1,000/yr
Statewide Communications Alliance	2002 – 2032	Jointly own, operate, regulate, manage and maintain statewide system
Upper Big Blue Natural Resources District	05/02/2017 thru 06/30/2020	Construction costs for hiking/bicycle trail \$150,000 paid by Upper Big Blue Natural Resource
Seward County Rural Fire Protection District	07/01/2020 thru 06/30/2021	Fire Protection/Equipment

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE D – OTHER NOTES, continued

5. Tax Abatements/Conduit Debt

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

Under the TIF program, redevelopers can apply for TIF financing whereby the property tax they pay on the increased valuation of property under a TIF agreement is returned to the redeveloper (in the form of payments on conduit debt) 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, 2021 is as follows:

<u>TIF Project:</u>	<u>Years Remaining on TIF Agreements</u>	<u>2021 TIF Valuation</u>	<u>TIF Proceeds Received during the year 9-30-2021</u>
Progressive Sheet Metal	7	\$ 183,594	\$ 3,914
Sports Express	7	179,903	2,979
Cobblestone Inn	7	1,883,763	39,886
B & M Seed	7	449,098	7,451
Jones Bank	9	1,035,594	60,349
Jones Insurance	8	599,584	9,937
Grimes Construction	9	353,931	5,723
CNG, Inc.	10	4,964,753	76,767
Lindner	9	332,463	9,042
Two Creeks Holding	10	370,616	6,684
Bottle Rocket Brewing	10	290,847	13,754
Bradford	11	260,364	4,148
Peek Properties	9	95,061	2,651
Plex Homes	14	1,153,345	15,024
Project Superior	14	15,102,134	43,869
Green Futures	14	566,672	8,889
Kach 647	15	22,803	-
Kach 640/644	15	48,892	-
Else & Burger	15	314,315	-

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

NOTE D – OTHER NOTES, continued

5. Tax Abatements/Conduit Debt, continued

<u>TIF Project:</u>	<u>Years Remaining on TIF Agreements</u>	<u>2021 TIF Valuation</u>	<u>TIF Proceeds Received during the year 9-30-2021</u>
Seward Dairy Queen	15	589,125	-
GH Coffee	15	261,369	-
Levanders Body Shop	15	207,116	-
Two Creeks Storage	13	134,362	2,120
Fast Mart	12	744,665	<u>15,707</u>
			<u>\$ 328,894</u>

6. Related Party Transactions

A council member is the redeveloper on three TIF projects in Note D5 (Bradford, Kach 647, and Kach 640/644). Another entity owned by this council member (Kach 646) received CDBG grant proceeds totaling \$63,474 for downtown revitalization during the year ended September 30, 2021.

7. Subsequent Events

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

On October 5, 2021, the City purchased a Case 580SN backhoe for \$100,000 plus a trade in of a New Holland LB90 backhoe.

On October 19, 2021, Council approved the acquisition of real estate for \$167,000 to be used for the water tower project.

On November 16, 2021, the City was awarded a \$435,000 Community Development Block Grant for phase III of the downtown revitalization project.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SEWARD, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND

Year ended September 30, 2021

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 1,726,889	\$ 1,724,619	\$ (2,270)
Motor vehicle	148,000	183,067	35,067
Sales tax	744,844	1,018,240	273,396
Franchise	1,188,687	1,283,360	94,673
Occupation	327,000	317,240	(9,760)
Intergovernmental	66,335	68,538	2,203
Charges for services	907,626	984,748	77,122
Interest income	20,650	9,613	(11,037)
Grants	180,100	712,292	532,192
Contributions	386,860	249,592	(137,268)
Sale of property	-	200,514	200,514
Other	4,270	16,509	12,239
	5,701,261	6,768,332	1,067,071
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	362,747	304,957	(57,790)
Public safety	1,838,538	1,284,221	(554,317)
Public works	461,504	887,383	425,879
Environment and leisure	2,263,370	2,297,138	33,768
Capital outlay	730,685	279,835	(450,850)
Principal payments on debt	-	69,735	69,735
Interest expense	-	9,129	9,129
	5,656,844	5,132,398	(524,446)
Resources over charges to appropriations	44,417	1,635,934	1,591,517
OTHER FINANCING USES			
Transfers out	(805,000)	(805,000)	-
RESOURCES OVER CHARGES TO APPROPRIATIONS AND OTHER FINANCING USES	\$ (760,583)	\$ 830,934	\$ 1,591,517

CITY OF SEWARD, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
STREET FUND**

Year ended September 30, 2021

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Taxes:			
Sales tax	\$ 198,000	\$ 306,078	\$ 108,078
Intergovernmental	756,561	912,322	155,761
Charges for services	22,750	31,836	9,086
Interest income	-	3	3
Grants	145,318	145,318	-
Other income	4,000	-	(4,000)
	<hr/>	<hr/>	<hr/>
Total resources	1,126,629	1,395,557	268,928
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	723,072	688,801	(34,271)
Capital projects	1,761,072	1,727,511	(33,561)
Principal payments on debt	-	190,585	190,585
Interest on long-term debt	-	8,731	8,731
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	2,484,144	2,615,628	131,484
Resources under charges to appropriations	(1,357,515)	(1,220,071)	137,444
OTHER FINANCING SOURCES (USES)			
Transfers in	805,000	805,000	-
Transfers out	(145,318)	(145,318)	-
Net transfers	<hr/>	<hr/>	<hr/>
	659,682	659,682	-
RESOURCES AND OTHER FINANCING SOURCES (USES) UNDER CHARGES TO APPROPRIATIONS			
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ (697,833)	\$ (560,389)	\$ 137,444

CITY OF SEWARD, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
DEBT SERVICE FUND**

Year ended September 30, 2021

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Sales tax	\$ 695,156	\$ 695,156	\$ -
Interest income	5,000	3,682	(1,318)
	<hr/>	<hr/>	<hr/>
Total resources	700,156	698,838	(1,318)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Principal payments	922,138	922,042	(96)
Interest and fees	118,336	118,132	(204)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	1,040,474	1,040,174	(300)
Resources under charges to appropriations	(340,318)	(341,336)	(1,018)
OTHER FINANCING SOURCES			
Transfer in	145,318	145,318	-
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES UNDER CHARGES TO APPROPRIATIONS	<u>\$ (195,000)</u>	<u>\$ (196,018)</u>	<u>\$ (1,018)</u>

CITY OF SEWARD, NEBRASKA

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

Year ended September 30, 2021

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

	<u>General Fund</u>	<u>Street Fund</u>	<u>Debt Service Fund</u>
Sources/inflows of resources:			
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 6,768,332	\$ 1,395,557	\$ 698,838
Differences - budget to GAAP:			
Cash to accrual adjustments	<u>(255,370)</u>	<u>(17,538)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 6,512,962</u>	<u>\$ 1,378,019</u>	<u>\$ 698,838</u>
Uses/outflows of resources:			
Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedules	\$ 5,132,398	\$ 2,615,628	\$ 1,040,174
Differences - budget to GAAP:			
Cash to accrual adjustments	<u>16,077</u>	<u>449,148</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 5,148,475</u>	<u>\$ 3,064,776</u>	<u>\$ 1,040,174</u>

SUPPLEMENTARY INFORMATION

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

September 30, 2021

	Special Revenue Funds			Permanent Fund	Total Nonmajor Governmental Funds
	<u>CDBG</u>	<u>LB840</u>	<u>TIF</u>	Perpetual Care	
ASSETS					
Interest receivable	\$ -	\$ -	\$ -	\$ 29	\$ 29
Restricted assets:					
Cash and cash equivalents	17,538	105,445	201,346	224,403	548,732
Certificates of deposit	-	-	-	15,000	15,000
Total assets	\$ 17,538	\$ 105,445	\$ 201,346	\$ 239,432	\$ 563,761
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 6	\$ -	\$ -	\$ 6
Fund balances:					
Nonspendable:					
Cemetery perpetual care	-	-	-	239,432	239,432
Restricted for:					
Federal programs	17,538	-	-	-	17,538
Economic development	-	105,439	201,346	-	306,785
Total fund balances	17,538	105,439	201,346	239,432	563,755
Total liabilities and fund balances	\$ 17,538	\$ 105,445	\$ 201,346	\$ 239,432	\$ 563,761

CITY OF SEWARD, NEBRASKA

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

For the year ended September 30, 2021

	Special Revenue Funds			Permanent Fund	Total Nonmajor Governmental Funds
	<u>CDBG</u>	<u>LB840</u>	<u>TIF</u>	<u>Perpetual Care</u>	
REVENUES					
Sales tax	\$ -	\$ 150,000	\$ -	\$ -	\$ 150,000
TIF proceeds	-	-	328,894	-	328,894
Grant revenue	87,868	-	-	-	87,868
Charges for services	-	-	17,805	22	17,827
Contributions	-	-	-	9,600	9,600
Loan collections	-	119,377	-	-	119,377
Interest income	-	169	333	614	1,116
Total revenues	<u>87,868</u>	<u>269,546</u>	<u>347,032</u>	<u>10,236</u>	<u>714,682</u>
EXPENDITURES					
General government	87,868	-	-	-	87,868
Economic development	-	195,031	365,238	-	560,269
Public works	-	-	-	145	145
Total expenditures	<u>87,868</u>	<u>195,031</u>	<u>365,238</u>	<u>145</u>	<u>648,282</u>
Net change in fund balances	-	74,515	(18,206)	10,091	66,400
Fund balances - September 30, 2020	<u>17,538</u>	<u>30,924</u>	<u>219,552</u>	<u>229,341</u>	<u>497,355</u>
Fund balances - September 30, 2021	<u>\$ 17,538</u>	<u>\$ 105,439</u>	<u>\$ 201,346</u>	<u>\$ 239,432</u>	<u>\$ 563,755</u>

CITY OF SEWARD, NEBRASKA

**COMBINING STATEMENT OF NET POSITION -
COMPONENT UNITS**

September 30, 2021

	<u>Seward Airport Authority</u>	<u>Seward Library Foundation</u>	<u>Total Component Units</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 182,913	\$ 74,890	\$ 257,803
Certificates of deposit	30,000	55,314	85,314
County treasurer cash	3,405	-	3,405
Investments	-	723,527	723,527
Receivables:			
Property tax	4,118	-	4,118
Accounts receivable	620	-	620
Interest	10	-	10
Prepaid insurance	14,872	-	14,872
Total current assets	<u>235,938</u>	<u>853,731</u>	<u>1,089,669</u>
Noncurrent assets:			
Permanently restricted investments	-	85,616	85,616
Capital assets:			
Land	105,156	-	105,156
Other capital assets, net of depreciation	4,082,343	-	4,082,343
Net capital assets	<u>4,187,499</u>	<u>-</u>	<u>4,187,499</u>
Total noncurrent assets	<u>4,187,499</u>	<u>85,616</u>	<u>4,273,115</u>
Total assets	4,423,437	939,347	5,362,784
LIABILITIES			
Current liabilities:			
Accrued interest payable	3,720	-	3,720
Unearned revenue	21,014	-	21,014
Current portion of long-term debt	221,625	-	221,625
Total current liabilities	<u>246,359</u>	<u>-</u>	<u>246,359</u>
Noncurrent liabilities:			
Noncurrent portion of long-term debt	136,270	-	136,270
Total liabilities	<u>382,629</u>	<u>-</u>	<u>382,629</u>
NET POSITION			
Net investment in capital assets	3,829,604	-	3,829,604
Permanently restricted-Guthal	-	85,616	85,616
Unrestricted	211,204	853,731	1,064,935
Total net position	<u>\$ 4,040,808</u>	<u>\$ 939,347</u>	<u>\$ 4,980,155</u>

CITY OF SEWARD, NEBRASKA

**COMBINING STATEMENT OF ACTIVITIES -
COMPONENT UNITS**

For the year ended September 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Seward Airport Authority:			
Airport	\$ 402,104	\$ 107,008	\$ -
Seward Library Foundation:			
Library support	19,623	-	628,071
Total component units	\$ 421,727	\$ 107,008	\$ 628,071

<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Airport Authority</u>	<u>Community Development Agency</u>	<u>Total Component Units</u>
\$ 186,164	\$ (108,932)	\$ -	\$ (108,932)
-	-	608,448	608,448
<u>\$ 186,164</u>	<u>(108,932)</u>	<u>608,448</u>	<u>499,516</u>
General revenues:			
Taxes:			
Property	190,222	-	190,222
Interest income	555	1,540	2,095
Dividends	-	361	361
Gain on investments	-	54,914	54,914
Other income	7,399	-	7,399
Total general revenues	<u>198,176</u>	<u>56,815</u>	<u>254,991</u>
Change in net position	89,244	665,263	754,507
Net position - beginning of year	<u>3,951,564</u>	<u>274,084</u>	<u>4,225,648</u>
Net position - end of year	<u>\$ 4,040,808</u>	<u>\$ 939,347</u>	<u>\$ 4,980,155</u>

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

SHAREHOLDERS:
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To the Honorable Mayor and Members of the City Council
City of Seward, 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 units, each major fund, and the aggregate remaining fund information of the City of Seward, Nebraska, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City’s financial statements, and have issued our report thereon dated January 10, 2022.

Internal Control Over Financial Reporting

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

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

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

Segregation of Duties

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

Compliance and Other Matters

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

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

Purpose of this Report

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

AMGL, P.C.

Grand Island, Nebraska
January 10, 2022