

**CITY OF ALBION, NEBRASKA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**September 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinions

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

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

#### Basis for Opinions

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

#### Emphasis of Matter—Basis of Accounting

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

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A PROFESSIONAL  
CORPORATION

## **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Albion, Nebraska's financial statements. The nonmajor governmental funds combining statements and statement of general fund departmental revenue and expenditures are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information described in the second sentence of this paragraph is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Information**

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of the City of Albion, 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 Albion'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 Albion, Nebraska's internal control over financial reporting and compliance.

AMGL, PC -

Grand Island, Nebraska  
November 30, 2023

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

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**MANAGEMENT’S DISCUSSION AND ANALYSIS**

As management of the City of Albion, we offer readers of the City of Albion financial statements this narrative overview and analysis of the financial activities of the City of Albion for the fiscal year ended September 30, 2023.

**Financial Highlights**

- The assets of the City of Albion exceeded its liabilities at the close of the most recent fiscal year by \$10,590,201 (*net position*). Of this amount, \$1,368,488 (*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 Albion’s governmental funds reported combined ending net position of \$7,275,620. Approximately 4.4 percent of this total amount, \$321,100, is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$127,926, or 8.3 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 Albion’s financial statements. The City of Albion’s financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary and other information in addition to the financial statements themselves.

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

The *statement of net position* presents information on all of the City of Albion’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 Albion is improving or deteriorating.

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

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

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Both of the government-wide financial statements distinguish functions of the City of Albion 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 Albion include general government, public safety, highways and streets, airport, and culture and recreation. The business-type activities of the City of Albion include the Water, Sewer, and Solid Waste Funds.

The government-wide financial statements include not only the City of Albion itself (known as the *primary government*), but also a Community Development Agency and a legally separate Airport Authority for which the City of Albion 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 Albion, 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 Albion 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 Albion 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, Street Fund, Sales Tax Fund, Debt Service Fund, and Economic Development Fund, all of which are considered to

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

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be major funds. The Housing Rehab Fund and Keno Fund are nonmajor funds, presented as Other Governmental Funds.

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

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

**Proprietary funds.** The City of Albion 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 Albion uses enterprise funds to account for its Water, Sewer, and Solid Waste 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 Water, Sewer, and Solid Waste Funds, all of which are considered to be major funds of the City of Albion.

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-51 of this report.

**Other information.** In addition to the financial statements and accompanying notes, this report also presents certain *supplementary and other information* concerning the City of Albion's budgetary comparison schedules, nonmajor governmental fund combining statements, and schedule of revenue and expenditures by General Fund department. Supplementary and other information can be found on pages 52-59 of this report.

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Albion, assets exceeded liabilities by \$10,590,201 at the close of the most recent fiscal year.



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

**Summary Statements of Net Position**

	Year Ended September 30, 2023			Year Ended September 30, 2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 2,413,392	\$ 1,379,477	\$ 3,792,869	\$ 2,637,785	\$ 1,451,300	\$ 4,089,085
Capital Assets	7,740,160	4,205,487	11,945,647	8,166,614	4,466,317	12,632,931
Total Assets	<u>10,153,552</u>	<u>5,584,964</u>	<u>15,738,516</u>	<u>10,804,399</u>	<u>5,917,617</u>	<u>16,722,016</u>
Long-term Liabilities	2,615,000	1,949,433	4,564,433	2,870,000	2,161,663	5,031,663
Other Liabilities	262,932	320,950	583,882	256,480	379,183	635,663
Total Liabilities	<u>2,877,932</u>	<u>2,270,383</u>	<u>5,148,315</u>	<u>3,126,480</u>	<u>2,540,846</u>	<u>5,667,326</u>
Net Position:						
Net Investment in						
Capital Assets	4,870,160	2,043,824	6,913,984	5,041,614	2,097,959	7,139,573
Restricted	2,084,360	223,369	2,307,729	1,676,748	217,587	1,894,335
Unrestricted	321,100	1,047,388	1,368,488	959,557	1,061,225	2,020,782
Total Net Position	<u>\$ 7,275,620</u>	<u>\$ 3,314,581</u>	<u>\$ 10,590,201</u>	<u>\$ 7,677,919</u>	<u>\$ 3,376,771</u>	<u>\$ 11,054,690</u>

A large portion of the City of Albion’s net position (65.3 percent) reflects its investment in capital assets (land, infrastructure, distribution systems, buildings and improvements, and equipment), net of any related debt used to acquire those assets that is still outstanding. The City of Albion uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Albion’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 Albion’s net position (21.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$1,368,488) 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 Albion 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 ALBION, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2023**

**Expenses and Program Revenues - Governmental Activities**

	<u>Year Ended September 30, 2023</u>		<u>Year Ended September 30, 2022</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 36,973	\$ 432,464	\$ 169,132	\$ 396,611
Economic Development	377,500	799,157	105,000	86,591
Public Safety	64,475	405,919	53,972	448,978
Public Works	4,435	365,110	1,500	272,866
Environment and Leisure	96,962	369,488	233,968	293,308
Interest	-	83,198	-	87,774
Depreciation	-	641,917	-	590,379
Total	<u>\$ 580,345</u>	<u>\$ 3,097,253</u>	<u>\$ 563,572</u>	<u>\$ 2,176,507</u>

**Revenues by Source - Governmental Activities**

**SOURCE OF REVENUE**

	<u>Year Ended September 30, 2023</u>		<u>Year Ended September 30, 2022</u>	
	\$	%	\$	%
Charges for Services	\$ 111,016	4.1 %	\$ 80,842	3.0 %
Operating Grants and Contributions	439,196	16.3	171,727	6.5
Capital Grants and Contributions	30,133	1.1	311,003	11.7
Property Taxes	705,630	26.2	700,884	26.4
Motor Vehicle Taxes	50,942	1.9	48,534	1.8
Franchise Taxes	221,766	8.2	197,708	7.5
Sales Tax	746,854	27.7	687,086	25.9
State Allocation	278,630	10.3	255,126	9.6
Miscellaneous	4,973	0.2	7,287	0.3
Lottery Proceeds	13,988	0.5	10,814	0.4
Insurance Proceeds	4,264	0.2	60,007	2.3
Gain on Sale of Assets	1,070	0.1	95,348	3.6
Interest	48,092	1.8	22,937	0.9
Transfer from CDA to City	-	0.0	2,640	0.1
Interfund Transfers	38,400	1.4	-	-
Total	<u>\$ 2,694,954</u>	<u>100.0 %</u>	<u>\$ 2,651,943</u>	<u>100.0 %</u>

Net position of the governmental funds decreased \$402,299 during the year ended September 30, 2023.

**Business-type activities.** Business-type activities decreased the City of Albion's net position by \$62,190. Key elements of this decrease are as follows:

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

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

<u>Function</u>	<u>Year Ended September 30, 2023</u>		<u>Year Ended September 30, 2022</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Water	\$ 296,107	\$ 377,400	\$ 296,199	\$ 433,968
Sewer	451,027	429,252	428,072	423,353
Solid Waste	260,292	231,951	222,593	238,435
Total	\$ 1,007,426	\$ 1,038,603	\$ 946,864	\$ 1,095,756
Interfund Transfers	-	38,400	-	-
	<u>\$ 1,007,426</u>	<u>\$ 1,077,003</u>	<u>\$ 946,864</u>	<u>\$ 1,095,756</u>

**SOURCES OF REVENUE**

	<u>Year Ended September 30, 2023</u>		<u>Year Ended September 30, 2022</u>	
Charges for Services	\$ 994,269	98.0 %	\$ 945,910	99.2 %
Operating Grants and Contributions	13,157	1.3	-	-
Capital Grants and Contributions	-	-	954	0.1
Gain on Sale of Assets	-	-	788	0.1
Interest Income	7,387	0.7	5,908	0.6
Total	<u>\$ 1,014,813</u>	<u>100.0 %</u>	<u>\$ 953,560</u>	<u>100.0 %</u>

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

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

**Governmental Funds.** The focus of the City of Albion’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 Albion’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 Albion’s governmental funds reported combined ending fund balances of \$2,405,460. Approximately 5.2 percent of this total amount (\$125,566) constitutes *unassigned fund balance*, which is available for spending at the government’s discretion. The remainder of fund balances is not available for new spending because it has already been 1) restricted for street improvements (\$806,728), 2) restricted for debt service (\$209,607), 3) restricted for capital improvements (\$502,989), 4) restricted for pool projects (\$72,217), 5) restricted for economic development (\$209,417), 6) restricted for community betterment (\$2,876), 7) restricted for Federal programs (\$280,526), 8) committed for fire equipment (\$10,137), 9) assigned for budgetary stabilization (\$179,831), or 10) assigned for the airport (\$5,566).

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

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The General Fund is the chief operating fund of the City of Albion. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$127,926, while total fund balance reached \$1,120,846. 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 8.3 percent of total General Fund expenditures, while total fund balance represents 72.6 percent of that same amount.

The fund balance of the City of Albion’s General Fund decreased by \$352,621 during the current fiscal year.

**Proprietary funds.** The City of Albion’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: Water Fund - \$683,190, Sewer Fund - \$297,720, and Solid Waste Fund - \$66,478. The change in net position for the proprietary funds was as follows: Water Fund – decrease of \$80,260, Sewer Fund – increase of \$27,997, and Solid Waste Fund – decrease of \$9,927. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of Albion’s business-type activities.

**General Fund Budgetary Highlights**

There was no difference between the original and final budget for the City of Albion’s General Fund for the year ended September 30, 2023.

**Capital Asset and Debt Administration**

**Capital Assets.** The City of Albion’s investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounts to \$11,945,647 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, building and distribution system improvements, and equipment.

Major capital asset events (individually greater than \$15,000) during the current fiscal year included the following:

- Construction on the city hall roof - \$24,065
- Construction on campground expansion project - \$28,828
- City-wide surveillance system - \$17,000
- Paving Casey’s alley - \$27,600
- Paving Wells Drug alley - \$17,200

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

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

	<u>Year Ended September 30, 2023</u>			<u>Year Ended September 30, 2022</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Land	\$ 133,029	\$ 403,459	\$ 536,488	\$ 133,029	\$ 403,459	\$ 536,488
Construction in Progress	-	-	-	48,500	-	48,500
Infrastructure	3,153,031	-	3,153,031	3,217,254	-	3,217,254
Distribution Systems	-	1,324,179	1,324,179	-	1,408,081	1,408,081
Buildings and Improvements	3,794,490	2,336,952	6,131,442	3,956,210	2,492,749	6,448,959
Equipment	659,610	140,897	800,507	811,621	162,028	973,649
Total	<u>\$ 7,740,160</u>	<u>\$ 4,205,487</u>	<u>\$ 11,945,647</u>	<u>\$ 8,166,614</u>	<u>\$ 4,466,317</u>	<u>\$ 12,632,931</u>

Additional information on the City of Albion's capital assets can be found in Note C3 on pages 39-41 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Albion had the following long-term debt outstanding:

**City of Albion's Outstanding Debt**

	<u>Year Ended September 30, 2023</u>			<u>Year Ended September 30, 2022</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Bonds Payable	\$ 2,870,000	\$ 1,605,000	\$ 4,475,000	\$ 3,125,000	\$ 1,780,000	\$ 4,905,000
Notes Payable	-	556,663	556,663	-	588,358	588,358
	<u>\$ 2,870,000</u>	<u>\$ 2,161,663</u>	<u>\$ 5,031,663</u>	<u>\$ 3,125,000</u>	<u>\$ 2,368,358</u>	<u>\$ 5,493,358</u>

The City of Albion's total debt decreased by \$461,695 (8.4 percent) due to scheduled principal payments.

The City of Albion does not have a bond rating.

Additional information on the City of Albion's long-term debt can be found in Note C4 on pages 41-45 of this report.

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

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

- Property tax asking for the year ending September 30, 2024, is \$615,814, a \$12,275 increase (2.0 percent) from the prior year. Property valuation increased \$34,505,416 (20.7 percent) to \$201,363,740.
- All utility rates were increased five percent effective October 1, 2023.
- Employee wages were increased by a seven percent cost of living adjustment effective October 1, 2023.

**Request for Information**

This financial report is designed to provide a general overview of the City of Albion'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 Clerk, City of Albion, 420 W. Market, Albion, NE 69620.

**CITY OF ALBION, NEBRASKA**  
**STATEMENT OF NET POSITION**

**September 30, 2023**

	Primary Government		Total	Component
	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)		Unit
				(Modified Cash Basis)
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 328,255	\$ 422,773	\$ 751,028	\$ 191,501
Certificates of deposit	-	419,146	419,146	-
County treasurer cash	13,431	-	13,431	18,502
Accounts receivable	-	143,615	143,615	-
Unbilled revenue	-	35,106	35,106	-
Accrued interest receivable	-	5,091	5,091	-
Prepaid insurance	-	6,272	6,272	-
Inventory	-	81,437	81,437	-
Total current assets	341,686	1,113,440	1,455,126	210,003
Noncurrent assets:				
Restricted cash and cash equivalents	1,071,458	42,668	1,114,126	-
Restricted certificates of deposit	1,000,248	223,369	1,223,617	-
Capital assets:				
Land	133,029	403,459	536,488	-
Construction in progress	-	-	-	87,900
Other capital assets, net of depreciation	7,607,131	3,802,028	11,409,159	844,342
Net capital assets	7,740,160	4,205,487	11,945,647	932,242
Total noncurrent assets	9,811,866	4,471,524	14,283,390	932,242
<b>Total assets</b>	10,153,552	5,584,964	15,738,516	1,142,245
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	-	34,728	34,728	-
Accrued expenses	-	30,976	30,976	-
Payroll withholding	6,843	348	7,191	-
Other liabilities	1,089	-	1,089	-
Customer deposits	-	42,668	42,668	-
Current portion of long-term obligations	255,000	212,230	467,230	-
Total current liabilities	262,932	320,950	583,882	-
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	2,615,000	1,949,433	4,564,433	-
<b>Total liabilities</b>	2,877,932	2,270,383	5,148,315	-
<b>NET POSITION</b>				
Net investment in capital assets	4,870,160	2,043,824	6,913,984	932,242
Restricted for:				
Street improvements	806,728	-	806,728	-
Pool projects	72,217	-	72,217	-
Capital improvements	502,989	-	502,989	-
Economic development	209,417	-	209,417	-
Debt service	209,607	223,369	432,976	-
Federal programs	280,526	-	280,526	-
Community betterment	2,876	-	2,876	-
Unrestricted	321,100	1,047,388	1,368,488	210,003
<b>Total net position</b>	\$ 7,275,620	\$ 3,314,581	\$ 10,590,201	\$ 1,142,245

See notes to financial statements.

**CITY OF ALBION, NEBRASKA**  
**STATEMENT OF ACTIVITIES**  
**For the year ended September 30, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
<b>Primary government:</b>			
<b>Governmental activities</b>			
<b>(modified cash basis):</b>			
General government	\$ 432,464	\$ 29,854	\$ 7,119
Economic development	799,157	-	377,500
Public safety	405,919	3,229	52,746
Public works	365,110	4,435	-
Environment and leisure	369,488	73,498	1,831
Interest and fees on long-term debt	83,198	-	-
Depreciation - unallocated	641,917	-	-
Total governmental activities	3,097,253	111,016	439,196
<b>Business-type activities</b>			
<b>(accrual basis):</b>			
Water	377,400	296,107	-
Sewer	429,252	451,027	-
Solid Waste	231,951	247,135	13,157
Total business-type activities	1,038,603	994,269	13,157
<b>Total primary government</b>	<b>\$ 4,135,856</b>	<b>\$ 1,105,285</b>	<b>\$ 452,353</b>
<b>Component units (modified cash basis):</b>			
Airport Authority	245,001	74,696	27,924

See notes to financial statements.



	Net (Expenses) Revenues and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)	Total	(Modified Cash Basis)
Capital Grants and Contributions				
\$ -	\$ (395,491)		\$ (395,491)	
-	(421,657)		(421,657)	
8,500	(341,444)		(341,444)	
-	(360,675)		(360,675)	
21,633	(272,526)		(272,526)	
-	(83,198)		(83,198)	
-	(641,917)		(641,917)	
<u>30,133</u>	<u>(2,516,908)</u>	<u>\$ -</u>	<u>(2,516,908)</u>	
-	-	(81,293)	(81,293)	
-	-	21,775	21,775	
-	-	28,341	28,341	
<u>-</u>	<u>-</u>	<u>(31,177)</u>	<u>(31,177)</u>	
<u>\$ 30,133</u>	<u>(2,516,908)</u>	<u>(31,177)</u>	<u>(2,548,085)</u>	
<u>108,111</u>				\$ (34,270)
General revenues:				
Taxes:				
Property	705,630	-	705,630	29,022
Motor vehicle	50,942	-	50,942	-
Franchise	221,766	-	221,766	-
Sales tax	746,854	-	746,854	-
State allocation	278,630	-	278,630	-
Miscellaneous	4,973	-	4,973	1,075
Lottery proceeds	13,988	-	13,988	-
Interest income	48,092	7,387	55,479	3,614
Insurance proceeds	4,264	-	4,264	86,065
Gain on sale of equipment	1,070	-	1,070	-
Interfund transfers	38,400	(38,400)	-	-
Total general revenues	<u>2,114,609</u>	<u>(31,013)</u>	<u>2,083,596</u>	<u>119,776</u>
Change in net position	(402,299)	(62,190)	(464,489)	85,506
Net position - September 30, 2022	<u>7,677,919</u>	<u>3,376,771</u>	<u>11,054,690</u>	<u>1,056,739</u>
Net position - September 30, 2023	<u>\$ 7,275,620</u>	<u>\$ 3,314,581</u>	<u>\$ 10,590,201</u>	<u>\$ 1,142,245</u>

**CITY OF ALBION, NEBRASKA**

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

**September 30, 2023**

	General <u>Fund</u>	Street <u>Fund</u>	Sales Tax <u>Fund</u>	Debt Service <u>Fund</u>	Economic Development <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 330,615	\$ -	\$ -	\$ -	\$ -	\$ (2,360)	\$ 328,255
County treasurer cash	-	12,061	-	1,370	-	-	13,431
Restricted cash	339,548	418,034	74,458	109,543	126,222	3,653	1,071,458
Restricted certificates of deposit	457,838	376,633	67,083	98,694	-	-	1,000,248
<b>Total assets</b>	<b>\$ 1,128,001</b>	<b>\$ 806,728</b>	<b>\$ 141,541</b>	<b>\$ 209,607</b>	<b>\$ 126,222</b>	<b>\$ 1,293</b>	<b>\$ 2,413,392</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Payroll withholding	\$ 6,843	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,843
Keno tax liability	-	-	-	-	-	777	777
Dog license liability	312	-	-	-	-	-	312
<b>Total liabilities</b>	<b>7,155</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>777</b>	<b>7,932</b>
Fund balances:							
Restricted for:							
Street improvements	-	806,728	-	-	-	-	806,728
Pool projects	72,217	-	-	-	-	-	72,217
Capital improvements	444,643	-	58,346	-	-	-	502,989
Economic development	-	-	83,195	-	126,222	-	209,417
Debt service	-	-	-	209,607	-	-	209,607
Federal programs	280,526	-	-	-	-	-	280,526
Community betterment	-	-	-	-	-	2,876	2,876
Committed for:							
Fire equipment	10,137	-	-	-	-	-	10,137
Assigned for:							
Budgetary stabilization	179,831	-	-	-	-	-	179,831
Airport	5,566	-	-	-	-	-	5,566
Unassigned	127,926	-	-	-	-	(2,360)	125,566
<b>Total fund balances</b>	<b>1,120,846</b>	<b>806,728</b>	<b>141,541</b>	<b>209,607</b>	<b>126,222</b>	<b>516</b>	<b>2,405,460</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,128,001</b>	<b>\$ 806,728</b>	<b>\$ 141,541</b>	<b>\$ 209,607</b>	<b>\$ 126,222</b>	<b>\$ 1,293</b>	<b>\$ 2,413,392</b>

See notes to financial statements.

**CITY OF ALBION, NEBRASKA**

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

**September 30, 2023**

**Total fund balances - governmental funds** \$ 2,405,460

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$14,430,368 and the accumulated depreciation is \$6,690,208. 7,740,160

Long-term liabilities, including street improvement bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (2,870,000)

**Total net position - governmental activities** \$ 7,275,620

See notes to financial statements.

**CITY OF ALBION, NEBRASKA**

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

**For the year ended September 30, 2023**

	General <u>Fund</u>	Street <u>Fund</u>	Sales Tax <u>Fund</u>	Debt Service <u>Fund</u>	Economic Development <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>REVENUES</b>							
Taxes:							
Property	\$ 567,081	\$ 48,948	\$ -	\$ 89,601	\$ -	\$ -	\$ 705,630
Motor vehicle	-	50,942	-	-	-	-	50,942
Franchise	221,766	-	-	-	-	-	221,766
Sales tax	-	66,995	679,859	-	-	-	746,854
Intergovernmental	54,577	278,630	-	-	-	-	333,207
Grant revenue	12,396	-	-	-	-	-	12,396
Licenses and permits	19,054	-	-	-	-	-	19,054
Charges for services	87,528	4,435	-	-	-	-	91,963
Contributions	24,855	-	-	-	377,500	-	402,355
Lottery proceeds	-	-	-	-	-	13,988	13,988
Interest income	35,290	-	8,779	-	4,023	-	48,092
Insurance proceeds	-	4,264	-	-	-	-	4,264
Sale of equipment	1,070	-	-	-	-	-	1,070
Other revenue	3,383	910	-	-	680	-	4,973
Total revenues	<u>1,027,000</u>	<u>455,124</u>	<u>688,638</u>	<u>89,601</u>	<u>382,203</u>	<u>13,988</u>	<u>2,656,554</u>
<b>EXPENDITURES</b>							
General government	432,464	-	-	-	-	-	432,464
Economic development	200,000	-	208,631	-	390,526	-	799,157
Public safety	405,919	-	-	-	-	-	405,919
Public works	-	365,110	-	-	-	-	365,110
Environment and leisure	369,488	-	-	-	-	-	369,488
Capital outlay	135,775	79,688	-	-	-	-	215,463
Debt service:							
Principal payments on debt	-	-	-	255,000	-	-	255,000
Interest on long-term debt	-	-	-	83,198	-	-	83,198
Total expenditures	<u>1,543,646</u>	<u>444,798</u>	<u>208,631</u>	<u>338,198</u>	<u>390,526</u>	<u>-</u>	<u>2,925,799</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(516,646)</b>	<b>10,326</b>	<b>480,007</b>	<b>(248,597)</b>	<b>(8,323)</b>	<b>13,988</b>	<b>(269,245)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	196,635	339,945	-	258,028	32,610	-	827,218
Transfers out	(32,610)	(116,528)	(625,815)	-	-	(13,865)	(788,818)
Net transfers	<u>164,025</u>	<u>223,417</u>	<u>(625,815)</u>	<u>258,028</u>	<u>32,610</u>	<u>(13,865)</u>	<u>38,400</u>
<b>Net change in fund balances</b>	<b>(352,621)</b>	<b>233,743</b>	<b>(145,808)</b>	<b>9,431</b>	<b>24,287</b>	<b>123</b>	<b>(230,845)</b>
Fund balance - September 30, 2022	<u>1,473,467</u>	<u>572,985</u>	<u>287,349</u>	<u>200,176</u>	<u>101,935</u>	<u>393</u>	<u>2,636,305</u>
Fund balance - September 30, 2023	<u>\$ 1,120,846</u>	<u>\$ 806,728</u>	<u>\$ 141,541</u>	<u>\$ 209,607</u>	<u>\$ 126,222</u>	<u>\$ 516</u>	<u>\$ 2,405,460</u>

See notes to financial statements.

**CITY OF ALBION, NEBRASKA**

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

**For the year ended September 30, 2023**

<b>Total net change in fund balances - governmental funds</b>	\$ (230,845)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Capital outlay is reported in governmental funds as disbursements. 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 (\$215,463) was exceeded by depreciation expense (\$641,917) in the period.	(426,454)
Repayment of bond principal is a disbursement in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	<u>255,000</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ (402,299)</u></u>

See notes to financial statements.

**CITY OF ALBION, NEBRASKA**

**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS**

**September 30, 2023**

	Enterprise Funds			
	Water Fund	Sewer Fund	Solid Waste Fund	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 264,926	\$ 113,989	\$ 43,858	\$ 422,773
Certificates of deposit	276,934	102,698	39,514	419,146
Accounts receivable	66,430	76,958	227	143,615
Unbilled revenue	15,898	19,208	-	35,106
Accrued interest receivable	1,408	3,482	201	5,091
Prepaid insurance	2,189	3,431	652	6,272
Inventory	81,437	-	-	81,437
Total current assets	709,222	319,766	84,452	1,113,440
Noncurrent assets:				
Restricted cash and cash equivalents	42,668	-	-	42,668
Restricted certificates of deposit	-	223,369	-	223,369
Capital assets:				
Land	34,020	369,439	-	403,459
Distribution systems	2,025,726	258,253	-	2,283,979
Buildings and improvements	24,967	4,150,170	1,011	4,176,148
Equipment	430,366	126,071	3,951	560,388
Less accumulated depreciation	(1,142,131)	(2,073,699)	(2,657)	(3,218,487)
Net capital assets	1,372,948	2,830,234	2,305	4,205,487
Total noncurrent assets	1,415,616	3,053,603	2,305	4,471,524
<b>Total assets</b>	2,124,838	3,373,369	86,757	5,584,964
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	15,651	3,374	15,703	34,728
Accrued salaries	1,455	1,314	307	3,076
Accrued vacation	5,821	5,243	1,938	13,002
Payroll withholding	168	154	26	348
Sales tax payable	261	364	-	625
Accrued interest expense	2,676	11,597	-	14,273
Customer deposits	42,668	-	-	42,668
Current portion of long-term obligations	32,230	180,000	-	212,230
Total current liabilities	100,930	202,046	17,974	320,950
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	524,433	1,425,000	-	1,949,433
<b>Total liabilities</b>	625,363	1,627,046	17,974	2,270,383
<b>NET POSITION</b>				
Net investment in capital assets	816,285	1,225,234	2,305	2,043,824
Restricted for debt service	-	223,369	-	223,369
Unrestricted	683,190	297,720	66,478	1,047,388
<b>Total net position</b>	\$ 1,499,475	\$ 1,746,323	\$ 68,783	\$ 3,314,581

See notes to financial statements.

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

**For the year ended September 30, 2023**

	Enterprise Funds			<u>Total</u>
	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Solid</u> <u>Waste</u> <u>Fund</u>	
<b>Operating revenues:</b>				
Sales	\$ 285,142	\$ 426,633	\$ 245,245	\$ 957,020
Service charges	2,962	5,424	1,890	10,276
Other revenue	8,003	18,970	-	26,973
Total operating revenues	<u>296,107</u>	<u>451,027</u>	<u>247,135</u>	<u>994,269</u>
<b>Operating expenses:</b>				
Personnel costs	120,995	113,481	29,143	263,619
Contract services	5,439	4,884	194,715	205,038
Utilities	24,710	23,890	376	48,976
Printing and publishing	597	3	306	906
Dues, memberships, and training	4,467	1,599	647	6,713
Insurance	8,651	13,554	2,593	24,798
Repairs	91,193	50,918	2,161	144,272
Supplies	2,767	3,075	1,132	6,974
Fuel and transportation	1,204	1,899	-	3,103
Property tax	-	1,657	-	1,657
Other expenses	3,177	6,021	88	9,286
Depreciation	101,011	167,818	790	269,619
Total operating expenses	<u>364,211</u>	<u>388,799</u>	<u>231,951</u>	<u>984,961</u>
Operating income (loss)	(68,104)	62,228	15,184	9,308
<b>Nonoperating revenues (expenses):</b>				
Interest income	1,033	6,222	132	7,387
Grant income	-	-	13,157	13,157
Interest expense	(9,419)	(40,453)	-	(49,872)
Loan administration fee	(3,770)	-	-	(3,770)
Total nonoperating revenues (expenses)	<u>(12,156)</u>	<u>(34,231)</u>	<u>13,289</u>	<u>(33,098)</u>
Excess (deficit) of revenues over expenses before transfers	(80,260)	27,997	28,473	(23,790)
<b>Interfund transfers:</b>				
Transfers to other funds	-	-	(38,400)	(38,400)
<b>Change in net position</b>	(80,260)	27,997	(9,927)	(62,190)
Net position - September 30, 2022	<u>1,579,735</u>	<u>1,718,326</u>	<u>78,710</u>	<u>3,376,771</u>
Net position - September 30, 2023	<u>\$ 1,499,475</u>	<u>\$ 1,746,323</u>	<u>\$ 68,783</u>	<u>\$ 3,314,581</u>

See notes to financial statements.

**CITY OF ALBION, NEBRASKA**

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS**

**For the year ended September 30, 2023**

	Water Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from customers	\$ 303,393
Payments to suppliers	(177,036)
Payments to employees	(119,422)
Net cash provided by operating activities	6,935
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Transfers to other funds	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchase of property and equipment	(8,789)
Grant proceeds received	-
Principal payments on capital debt	(31,695)
Interest paid on capital debt	(9,574)
Loan administration fees paid	(3,770)
Net cash provided (used) by capital and related financing activities	(53,828)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
(Increase) decrease in certificates of deposit	(9,947)
Increase in restricted cash and cash equivalents	(2,951)
Increase in restricted certificates of deposit	-
Interest income received	38
Net cash provided (used) by investing activities	(12,860)
Decrease in cash and cash equivalents	(59,753)
Cash and cash equivalents - beginning of the year	324,679
Cash and cash equivalents - end of the year	\$ 264,926
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating income (loss)	\$ (68,104)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation expense	101,011
Change in assets and liabilities:	
Accounts receivable	4,335
Prepaid insurance	(2,189)
Inventories	(15,673)
Accounts payable	(16,969)
Accrued expenses	1,573
Customer deposits	2,951
Net cash provided by operating activities	\$ 6,935

See notes to financial statements.



Enterprise Funds		
Sewer Fund	Solid Waste Fund	Total
\$ 446,386	\$ 248,291	\$ 998,070
(150,031)	(216,547)	(543,614)
(111,166)	(28,680)	(259,268)
<u>185,189</u>	<u>3,064</u>	<u>195,188</u>
-	(38,400)	(38,400)
-	-	(8,789)
-	13,157	13,157
(175,000)	-	(206,695)
(41,422)	-	(50,996)
-	-	(3,770)
<u>(216,422)</u>	<u>13,157</u>	<u>(257,093)</u>
2,260	5,129	(2,558)
-	-	(2,951)
(5,782)	-	(5,782)
5,783	-	5,821
<u>2,261</u>	<u>5,129</u>	<u>(5,470)</u>
(28,972)	(17,050)	(105,775)
<u>142,961</u>	<u>60,908</u>	<u>528,548</u>
<u>\$ 113,989</u>	<u>\$ 43,858</u>	<u>\$ 422,773</u>
\$ 62,228	\$ 15,184	\$ 9,308
167,818	790	269,619
(4,641)	1,156	850
(3,431)	(652)	(6,272)
-	-	(15,673)
(39,100)	(13,877)	(69,946)
2,315	463	4,351
-	-	2,951
<u>\$ 185,189</u>	<u>\$ 3,064</u>	<u>\$ 195,188</u>

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

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**CITY OF ALBION, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2023**

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

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

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

**1. Financial Reporting Entity**

The City of Albion, Nebraska, was incorporated in 1882. The City operates under a Mayor-Council form of government with an elected chief executive, Mayor, and an elected legislative body, Council, composed of four members. The Mayor and Council members are elected for four-year terms. The day-to-day administration of the City government is performed by the City Administrator. Services provided to residents include public safety, highways and streets, storm sewers, street lighting, parks, recreation, airport, water, sewer, solid waste, and general administrative services.

The City’s financial reporting entity comprises the following:

Primary Government: City of Albion

Discretely Presented Component Unit: Airport Authority

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

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

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

**1. Financial Reporting Entity, continued**

**Blended Component Units**

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

**Discretely Presented Component Units**

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

	<u>Brief Description of Activities and Relationship to the City</u>
Albion Airport Authority	Established to provide for the operation of the Albion Airport. The City Council appoints members of its board. Information included in this financial statement is from the entity's fiscal year ended July 31, 2023.

**2. Basis of Presentation**

**Government-wide Financial Statements**

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

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

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

**2. Basis of Presentation, continued**

**Fund Financial Statements**

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

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; 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 is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

*Special Revenue Funds*

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

*Debt Service Fund*

The Debt Service Fund accounts for the accumulation of financial resources for the payment of principal and interest 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 ALBION, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

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

**2. Basis of Presentation, continued**

**Proprietary Funds**

*Enterprise Funds*

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

**Major and Nonmajor Funds**

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

<u>Fund</u>	<u>Brief Description</u>
<i>Major:</i>	
Governmental:	
General Fund	See page 26 for description.
Street Fund	The Street Fund is a Special Revenue Fund that accounts for the City’s share of highway allocation from the State of Nebraska.
Sales Tax Fund	The Sales Tax Fund is a Special Revenue Fund that accounts for local sales tax collected.
Economic Development Fund	The Economic Development Fund is a Special Revenue Fund that accounts for economic development donations.
Debt Service Fund	See page 26 for description.
Proprietary:	
Enterprise:	
Water, Sewer, and Solid Waste	See above for description.
<i>Nonmajor:</i>	
Governmental:	
Housing Rehab Fund	The Housing Rehab Fund is a Special Revenue Fund that accounts for housing reuse loans.
Keno Fund	The Keno Fund is a Special Revenue Fund that accounts for keno proceeds.

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

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

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

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

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

**Measurement Focus**

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

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

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

**Basis of Accounting**

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

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Under the modified cash basis of accounting, proceeds from the issuance of long-term debt increase liabilities and payment of long-term debt reduces liabilities. Capital assets are capitalized and depreciation is recognized over the estimated lives of the related assets. Right of use assets and related lease liabilities, as defined by GASB 87 and 96, are not reflected in the accompanying modified cash basis financial statements.

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

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

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

**Basis of Accounting, continued**

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

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

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

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

**Estimates**

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

**Cash and Certificates of Deposit**

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



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

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

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

**Cash and Certificates of Deposit, continued**

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

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

**Receivables**

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

In the fund financial statements, proprietary fund receivables consist of all revenues earned at year end and not yet received. Utility accounts receivable compose the majority of proprietary fund receivables. All receivables are deemed to be collectible, so the City has not recorded an allowance for uncollectible accounts receivable.

**Inventory**

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

**Capital Assets**

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

*Government-wide Statements*

In the government-wide financial statements, capital assets are capitalized and reported in the Statement of Net Position. The City has a \$1,000 capitalization threshold. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. The City has elected the depreciation approach for reporting infrastructure.

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

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

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

**Capital Assets, continued**

*Government-wide Statements, continued*

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

Infrastructure	15-25 years
Buildings and Improvements	15-50 years
Equipment	5-15 years
Utility Distribution System	10-20 years

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

*Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**Compensated Absences**

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

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

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

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

**Long-term Debt**

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

*Government-wide Statements*

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

*Fund Financial Statements*

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

**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.”

CITY OF ALBION, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

*Fund Financial Statements*

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

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

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

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

**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 ALBION, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

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

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

**Sales and Use Tax**

The City 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. As of October 1, 2006, sales tax collected on the sale of motor vehicles is recorded in the Street Fund as required by LB904. The non-motor-vehicle sales tax is recorded in the Sales Tax Fund and is allocated as follows:

Fire department	10.0%
Police department	3.3
City Hall	1.6
Library	1.7
Pool bond	16.7
Capital improvements	50.0
Economic development	<u>16.7</u>
	<u>100.0%</u>

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

Property taxes levied for 2022-2023 are recorded as revenue when received by the County.

**Operating Revenues and Expenses**

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

**CITY OF ALBION, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

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

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

**Expenditures/Expenses**

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

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

Governmental Funds – by Character and Function

Proprietary 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.

**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 and Debt Service Funds.

**CITY OF ALBION, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

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

**2. Deposit Laws and Regulations**

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

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

**3. Revenue Restrictions**

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

**4. Debt Restrictions and Covenants**

*Bonds Payable*

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

**5. Budgetary Data**

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

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

**CITY OF ALBION, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

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

**5. Budgetary Data, continued**

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

- a. On or before August 1, the City prepares a budget for the fiscal year commencing October 1. The budget includes proposed expenditures and resources available.
- b. The budget is published with subsequent public hearings to obtain taxpayer comments.
- c. Prior to September 30, the City Council adopts the budget, which is then filed with the appropriate state and county officials.
- d. Total expenditures may not legally exceed total appropriations. Appropriations lapse at year end and any revisions require board approval.
- e. The County Clerk certifies a preliminary property tax levy for each fund of the City which levied property taxes in the county the previous year based on the combined valuation and amount required for the City the prior year. The preliminary levy becomes the final levy unless the governing board passes, by a majority vote, a resolution setting the levy at a different amount.
- f. The property tax requirements resulting from the budget process are utilized by the County Assessor to establish the tax levy. Taxes are levied annually on or before October 20. Real property taxes and personal property taxes are due December 31 with the first half delinquent May 1 and the second half delinquent September 1.
- g. Appropriations lapse at the end of the fiscal year, except for capital improvement appropriations and certain encumbrances against operating budgets.
- h. The City of Albion adopts a budget by resolution for all funds.

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

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



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

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

**1. Cash and Certificates of Deposit**

**Deposits**

The City’s policies regarding deposits of cash are discussed in Note A4. The table presented below is designed to disclose how its deposits were insured or secured with collateral at September 30, 2023. The categories of collateral are defined as follows:

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

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

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

<b><u>Types of Deposits</u></b>	<b><u>Total Bank Balance</u></b>	<b><u>Category 1</u></b>	<b><u>Category 2</u></b>	<b><u>Category 3</u></b>	<b><u>Total Carrying Value</u></b>
Demand deposits and certificates of deposit	\$ 3,719,581	\$ 1,191,501	\$ 2,528,080	\$ -	<u>\$ 3,699,418</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –					
Cash and cash equivalents					\$ 751,028
Certificates of deposit					419,146
Restricted cash and cash equivalents					1,114,126
Restricted certificates of deposit					<u>1,223,617</u>
Total primary government					3,507,917
Component Units –					
Cash and cash equivalents					<u>191,501</u>
					<u>\$ 3,699,418</u>

**2. Restricted Assets**

The governmental activities have restricted cash and certificates of deposit totaling \$2,071,706, comprised of the following: General Fund - \$72,217 for pool construction, \$444,643 for capital improvements, and \$280,526 for Federal programs; Street Fund - \$794,667 for street improvements; Sales Tax Fund - \$58,346 for capital improvements and \$83,195 for economic development; Debt Service Fund - \$208,237 for debt service; Economic Development Fund - \$126,222 for economic development; Keno Fund - \$3,653 for community betterment.

The business-type activities have \$42,668 of cash restricted for customer deposits in the Water Fund and a \$223,369 certificate of deposit restricted for debt service in the Sewer Fund.

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

**September 30, 2023**

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

**3. Capital Assets**

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

	<u>Balance at</u> <u>October 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance at</u> <u>September 30, 2023</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 133,029	\$ -	\$ -	\$ -	\$ 133,029
Construction in progress	48,500	-	-	(48,500)	-
Total capital assets not being depreciated	181,529	-	-	(48,500)	133,029
Other capital assets being depreciated:					
Infrastructure	5,226,399	86,728	-	21,035	5,334,162
Buildings and improvements	5,890,217	43,791	-	27,465	5,961,473
Equipment	2,916,760	84,944	-	-	3,001,704
Total other capital assets at historical cost	14,033,376	215,463	-	48,500	14,297,339
Less accumulated depreciation for:					
Infrastructure	(2,009,145)	(171,986)	-	-	(2,181,131)
Buildings and improvements	(1,934,007)	(232,976)	-	-	(2,166,983)
Equipment	(2,105,139)	(236,955)	-	-	(2,342,094)
Total accumulated depreciation	(6,048,291)	(641,917) *	-	-	(6,690,208)
Other capital assets, net	7,985,085	(426,454)	-	48,500	7,607,131
Governmental activities capital assets, net	\$ 8,166,614	\$ (426,454)	\$ -	\$ -	\$ 7,740,160

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

General Fund:

General government:

Administration \$ 17,117

Public safety:

Fire 182,569

Police 15,659

Total public safety 198,228

Environment and leisure:

Library 17,200

Park 61,589

Pool 157,512

Total environment and leisure 236,301

Total General Fund 451,646

Special Revenue Funds:

Street 190,271

Total Governmental Activities depreciation expense \$ 641,917

**CITY OF ALBION, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

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

**3. Capital Assets, continued**

	<u>Balance at</u> <u>October 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at</u> <u>September 30, 2023</u>
<u>Business-type Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 403,459	\$ -	\$ -	\$ 403,459
Other capital assets being depreciated:				
Distribution systems	2,283,979	-	-	2,283,979
Buildings and improvements	4,176,148	-	-	4,176,148
Equipment	551,599	8,789	-	560,388
Total other capital assets at historical cost	7,011,726	8,789	-	7,020,515
Less accumulated depreciation for:				
Distribution systems	(875,898)	(83,902)	-	(959,800)
Buildings and improvements	(1,683,399)	(155,797)	-	(1,839,196)
Equipment	(389,571)	(29,920)	-	(419,491)
Total accumulated depreciation	(2,948,868)	(269,619) *	-	(3,218,487)
Other capital assets, net	4,062,858	(260,830)	-	3,802,028
Business-type activities capital assets, net	\$ 4,466,317	\$ (260,830)	\$ -	\$ 4,205,487

\* Depreciation expense was charged to functions as follows:

Water	\$ 101,011
Sewer	167,818
Solid Waste	<u>790</u>
Total Business-type Activities depreciation expense	<u>\$ 269,619</u>

**CITY OF ALBION, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

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

**3. Capital Assets, continued**

	<u>Balance at</u> <u>August 1, 2022</u>	<u>Additions</u>	<u>Reclass</u>	<u>Balance at</u> <u>July 31, 2023</u>
<u>Component Unit:</u>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 87,900	\$ -	\$ 87,900
Other capital assets being depreciated:				
Buildings and improvements	2,093,381	8,694	-	2,102,075
Equipment	186,410	1,800	-	188,210
Total historical cost	<u>2,279,791</u>	<u>10,494</u>	<u>-</u>	<u>2,290,285</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,149,199)	(114,351)	-	(1,263,550)
Equipment	(177,854)	(4,539)	-	(182,393)
Total accumulated depreciation	<u>(1,327,053)</u>	<u>(118,890)</u>	<u>-</u>	<u>(1,445,943)</u>
Other capital assets, net	<u>952,738</u>	<u>(108,396)</u>	<u>-</u>	<u>844,342</u>
Component Unit capital assets, net	<u>\$ 952,738</u>	<u>\$ (20,496)</u>	<u>\$ -</u>	<u>\$ 932,242</u>

Construction in progress for the Airport Authority consists of \$71,906 of costs incurred on the access road project and \$15,994 of costs incurred on the roof replacement project. See Note D3 for additional details on contractual commitments remaining on these projects as of July 31, 2023.

**4. Long-term Debt**

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

**CITY OF ALBION, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

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

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

**Changes in Long-term Debt**

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

<u>Type of Debt</u>	<u>Balance at October 1, 2022</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance at September 30, 2023</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds payable	\$ 3,125,000	\$ -	\$ (255,000)	\$ 2,870,000	\$ 255,000
Business-type Activities:					
Bonds payable	\$ 1,780,000	\$ -	\$ (175,000)	\$ 1,605,000	\$ 180,000
Notes payable	588,358	-	(31,695)	556,663	32,230
Total	<u>\$ 2,368,358</u>	<u>\$ -</u>	<u>\$ (206,695)</u>	<u>\$ 2,161,663</u>	<u>\$ 212,230</u>

**Governmental Activities**

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

Bonds payable:

Swimming Pool Refunding Bonds dated October 26, 2017, with issue amount of \$2,645,000, to refinance the Series 2012 and 2013 swimming pool bonds. Interest ranges from 1.05 to 3.10 percent with maturities from October 15, 2018 to October 15, 2032.

\$ 1,805,000

**CITY OF ALBION, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

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

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

**Governmental Activities, continued**

Bonds payable, continued:

Various Purpose Bonds dated November 21, 2018, with issue amount of \$1,385,000 to refinance the bond anticipation notes issued on the Fairview Street storm sewer project. Interest ranges from 2.10 to 3.85 percent with maturities from October 15, 2019 to October 15, 2033.

1,065,000

Total bonds payable

\$ 2,870,000

Current portion

\$ 255,000

Noncurrent portion

2,870,000

Total

\$ 2,615,000

The Various Purpose Bonds and Swimming Pool Bonds are being repaid by the Debt Service Fund.

**CITY OF ALBION, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

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

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

**Business-type Activities**

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

Note payable to State of Nebraska Department of Environment and Energy dated October 11, 2019, for \$426,718. The note is due in 40 semi-annual payments with interest at 0.50 percent and an administration fee of 0.50 percent beginning December 15, 2020, and ending June 15, 2040. Proceeds were used for a new water well and transmission lines. \$ 391,691

Note payable to State of Nebraska Department of Environment and Energy dated October 14, 2010, for \$282,000. The note is due in 40 semi-annual payments with interest at 2 percent and an administration fee of 1 percent beginning December 15, 2012, and ending December 31, 2031. Proceeds were used for a new water well. 164,972

Combined Utilities Revenue Refunding Bonds dated April 18, 2019, with an original issue amount of \$2,310,000 to refund a Nebraska Department of Environment and Energy sewer note. Interest ranges from 1.75 to 2.90 percent with maturities from December 15, 2019 to December 15, 2030. 1,605,000

Total business-type long-term debt \$ 2,161,663

Current portion \$ 212,230

Noncurrent portion 1,949,433

Total \$ 2,161,663

**CITY OF ALBION, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

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

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

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

<u>Year Ending September 30,</u>	Governmental Activities	
	<u>Other Debt Issues</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 255,000	\$ 78,123
2025	265,000	72,477
2026	270,000	66,202
2027	275,000	59,371
2028	285,000	51,930
2029-2033	1,405,000	129,754
2034	115,000	2,214
	<u>\$ 2,870,000</u>	<u>\$ 460,071</u>

<u>Year Ending September 30,</u>	Business-type Activities				
	<u>Other Debt Issues</u>		<u>Direct Placement Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Fees</u>
2024	\$ 180,000	\$ 37,960	\$ 32,230	\$ 9,040	\$ 3,554
2025	185,000	34,171	32,774	8,496	3,333
2026	190,000	29,998	33,327	7,942	3,109
2027	190,000	25,533	33,890	7,379	2,880
2028	195,000	20,815	34,463	6,807	2,648
2029-2033	665,000	29,906	218,489	23,557	8,841
2034-2038	-	-	123,073	8,765	2,921
2039-2040	-	-	48,417	873	291
	<u>\$ 1,605,000</u>	<u>\$ 178,383</u>	<u>\$ 556,663</u>	<u>\$ 72,859</u>	<u>\$ 27,577</u>



**CITY OF ALBION, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

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

**5. Interfund Transactions**

Interfund transfers consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
From Sales Tax	\$ 144,370	\$ -
From Keno	13,865	-
To Economic Development	-	32,610
From Solid Waste	38,400	-
	196,635	32,610
Street Fund:		
From Sales Tax	339,945	-
To Debt Service	-	116,528
	339,945	116,528
Sales Tax Fund:		
To General	-	144,370
To Street	-	339,945
To Debt Service	-	141,500
	-	625,815
Debt Service Fund:		
From Street	116,528	-
From Sales Tax	141,500	-
	258,028	-
Economic Development		
From General	32,610	-
Keno Fund		
To General	-	13,865
Solid Waste Fund		
To General	-	38,400
Total interfund transfers	\$ 827,218	\$ 827,218

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

**NOTE D – OTHER NOTES**

**1. Pension Plan**

The City employees’ defined contribution pension plan was created August 1, 1988. Three to seventeen percent of all earned income of the employee is contributed by each employee and the City contributes five percent. Vesting occurs over a scheduled seven-year period of plan participation. All employees of the City are eligible after one year of service and 21 years of age for this pension plan, but it is not mandatory. At retirement, the employee will receive a lump-sum distribution. The cost of the plan to the City for the year ended September 30, 2023, was \$27,191. Covered employees’ wages were \$543,810 of the total payroll of \$791,444. This plan is a fully funded money purchase pension plan administered by Ameritas.

**2. Risk Management**

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

**Deposits and Investments**

***Custodial Credit Risk.*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City’s investments at September 30, 2023, are held by banks in the name of the City. The City’s investments consist of only certificates of deposit.

***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>
February 2024	\$ 111,298
April 2024	223,369
August 2024	109,895
January 2025	323,474
April 2025	116,435
July 2025	217,204
July 2026	<u>541,088</u>
	<u>\$ 1,642,763</u>

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

**NOTE D – OTHER NOTES, continued**

**2. Risk Management, continued**

**Deposits and Investments, continued**

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

**Concentration of Credit Risk.** The City’s investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2023, the City’s certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Boone County Bank	\$ 1,421,570
Cornerstone Bank	<u>221,193</u>
	<u>\$ 1,642,763</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, 2023.

**3. Commitments**

At July 31, 2023, the Airport Authority had the following obligations under contract:

<u>Description</u>	<u>Contract Amount</u>	<u>Incurred as of July 31, 2023</u>	<u>Remaining Obligation</u>	<u>Expected Date of Completion</u>
Airport Access Road Engineering	<u>\$ 131,866</u>	<u>\$ 79,568</u>	<u>\$ 52,298</u>	October 2023
Airport Roof Replacement Contractor	<u>\$ 79,970</u>	<u>\$ 15,994</u>	<u>\$ 63,976</u>	December 2023

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

**NOTE D – OTHER NOTES, continued**

**4. Interlocal Agreements**

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

<u>Party to Agreement</u>	<u>Agreement Period</u>	<u>Description</u>
Albion Municipal Airport and Albion Airport Authority	Indefinite	Municipal airport operation
Boone Central School	August 1, 2023 - July 31, 2024	Use of municipal softball fields
Loup River Public Power District	October 13, 2020 - December 31, 2040	Professional retail operations agreement and franchise
Albion Rural Fire Department and Albion Rural Fire District No. 1	March 9, 2021 - indefinite	Providing rescue and fire service outside Albion city limits
Public Alliance for Community Energy	February 25, 1998 - indefinite	Coordinate activities to promote the interests of municipal utilities
Village of Cedar Rapids, Cedar Rapids Rural Fire, City of Petersburg and Petersburg Rural Fire, Village of Primrose and Primrose Rural Fire, City of St. Edward and St. Edward Rural Fire	May 12, 2005 - indefinite	Boone County Mutual Finance Organization
Boone County Sheriff	April 1, 2023 - March 31, 2024	Joint jurisdiction for law enforcement within one mile outside city limits
City of Petersburg	August 8, 1997 - indefinite	Serve as water operator if needed
Boone County and Boone County Ag Society	January 1, 2022 - December 31, 2022	Agreement for municipal water supply wells on county property
Boone County	April 10, 2018 - April 9, 2023	Agreement for construction and maintenance of recreational trail system

**CITY OF ALBION, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

**NOTE D – OTHER NOTES, continued**

**5. Tax Abatements**

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

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

There are currently no active TIF projects being collected by the CDA.

**6. Loan to Albion Economic Development Corporation**

During the year ended September 30, 2008, the City's Sales Tax Fund loaned \$50,000 of money earmarked for economic development to Albion Economic Development Corporation (AEDC). AEDC put the \$50,000 into a certificate of deposit to secure a bank loan for an economic development assistance applicant. The CD earns five percent interest with two percent going to the bank for loan administration costs. Once the loan is repaid, the \$50,000 CD, plus three percent interest, will be returned to AEDC. After 10 years, the \$50,000, plus three percent interest, will be repaid to the City. The loan is not included in the City's Statement of Net Position.

**7. Fire Station Lease Agreement**

On May 1, 2008, the City entered into a lease with Albion Rural Fire District No. 1 (Rural Fire) for 50 percent of the square footage of the fire station. The lease term is 20 years. Rural Fire is to pay the City \$1 per year and will be responsible for 50 percent of the maintenance and utility costs.

**CITY OF ALBION, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

**NOTE D – OTHER NOTES, continued**

**8. Related Party Transactions**

During the year ended September 30, 2023, the City purchased \$20,732 of landscaping services from a business owned by the Mayor and purchased \$7,118 of plumbing and concrete work from a business owned by a Council member.

**9. Subsequent Events**

Management has evaluated subsequent events through November 30, 2023, the date on which the financial statements were available for issue.

**SUPPLEMENTARY AND OTHER INFORMATION**

**CITY OF ALBION, NEBRASKA**

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

**Year Ended September 30, 2023**

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Taxes:			
Property	\$ 558,878	\$ 567,081	\$ 8,203
Franchise	195,550	221,766	26,216
Intergovernmental	61,790	54,577	(7,213)
Charges for services	82,500	106,582	24,082
Grants	-	12,396	12,396
Interest income	-	35,290	35,290
Contributions	-	24,855	24,855
Sale of assets	-	1,070	1,070
Other	52,755	3,383	(49,372)
	<hr/>	<hr/>	<hr/>
Total resources	951,473	1,027,000	75,527
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
General government	528,830	432,464	(96,366)
Economic development	-	200,000	200,000
Public safety	391,785	405,919	14,134
Environment and leisure	369,230	369,488	258
Capital outlay	471,095	135,775	(335,320)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	1,760,940	1,543,646	(217,294)
Resources under charges to appropriations	(809,467)	(516,646)	292,821
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	362,215	196,635	(165,580)
Transfers out	(10,000)	(32,610)	(22,610)
	<hr/>	<hr/>	<hr/>
Net transfers	352,215	164,025	(188,190)
<b>RESOURCES AND OTHER FINANCING SOURCES (USES) UNDER CHARGES TO APPROPRIATIONS</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ (457,252)	\$ (352,621)	\$ 104,631



**CITY OF ALBION, NEBRASKA**

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

**Year Ended September 30, 2023**

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
<b>RESOURCES (INFLOWS)</b>			
Property tax	\$ 51,810	\$ 48,948	\$ (2,862)
Motor vehicle taxes	50,000	50,942	942
Sales tax	46,000	66,995	20,995
Intergovernmental	266,113	278,630	12,517
Charges for services	-	4,435	4,435
Insurance proceeds	-	4,264	4,264
Other	13,500	910	(12,590)
	<hr/>	<hr/>	<hr/>
Total resources	427,423	455,124	27,701
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Public works	542,511	365,110	(177,401)
Capital outlay	195,553	79,688	(115,865)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	738,064	444,798	(293,266)
Resources over (under) charges to appropriations	(310,641)	10,326	320,967
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	306,780	339,945	33,165
Transfers out	(116,528)	(116,528)	-
Net transfers	190,252	223,417	33,165
	<hr/>	<hr/>	<hr/>
<b>RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<hr/>	<hr/>	<hr/>
	\$ (120,389)	\$ 233,743	\$ 354,132

**CITY OF ALBION, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -  
SALES TAX FUND**

**Year Ended September 30, 2023**

	<u>Budget (Original and Final)</u>	<u>Actual</u>	<u>Variances - Actual Over (Under) Final Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Sales tax	\$ 613,570	\$ 679,859	\$ 66,289
Interest income	2,100	8,779	6,679
	<hr/>	<hr/>	<hr/>
Total resources	615,670	688,638	72,968
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Economic development	102,260	208,631	106,371
	<hr/>	<hr/>	<hr/>
Resources over charges to appropriations	513,410	480,007	(33,403)
<b>OTHER FINANCING USES</b>			
Transfers out	(570,270)	(625,815)	(55,545)
	<hr/>	<hr/>	<hr/>
<b>RESOURCES UNDER CHARGES TO APPROPRIATIONS AND OTHER FINANCING USES</b>	<u>\$ (56,860)</u>	<u>\$ (145,808)</u>	<u>\$ (88,948)</u>

**CITY OF ALBION, NEBRASKA**

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

**Year Ended September 30, 2023**

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Property tax	\$ 90,135	\$ 89,601	\$ (534)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Principal payments on debt	255,000	255,000	-
Interest on long-term debt	83,198	83,198	-
	<hr/>	<hr/>	<hr/>
Total expenditures	338,198	338,198	-
	<hr/>	<hr/>	<hr/>
Resources under charges to appropriations	(248,063)	(248,597)	(534)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	246,973	258,028	11,055
	<hr/>	<hr/>	<hr/>
<b>RESOURCES AND OTHER FINANCING SOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u>\$ (1,090)</u>	<u>\$ 9,431</u>	<u>\$ 10,521</u>

**CITY OF ALBION, NEBRASKA**

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

**Year Ended September 30, 2023**

	<u>Budget (Original and Final)</u>	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Contributions	\$ -	\$ 377,500	\$ 377,500
Interest income	-	4,023	4,023
Other revenue	-	680	680
	<hr/>	<hr/>	<hr/>
Total resources	-	382,203	382,203
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Economic development	-	390,526	390,526
	<hr/>	<hr/>	<hr/>
Resources under charges to appropriations	-	(8,323)	(8,323)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	-	32,610	32,610
	<hr/>	<hr/>	<hr/>
<b>RESOURCES AND OTHER FINANCING SOURCES OVER CHARGES TO APPROPRIATIONS</b>	<u>\$ -</u>	<u>\$ 24,287</u>	<u>\$ 24,287</u>

**CITY OF ALBION, NEBRASKA**

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

**September 30, 2023**

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Housing Rehab Fund	Keno Fund	
<b>ASSETS</b>			
Cash and cash equivalents	\$ (2,360)	\$ -	\$ (2,360)
Restricted cash	-	3,653	3,653
	-	3,653	3,653
<b>Total assets</b>	<b>\$ (2,360)</b>	<b>\$ 3,653</b>	<b>\$ 1,293</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Keno tax liability	\$ -	\$ 777	\$ 777
Fund balances:			
Restricted for:			
Community betterment	-	2,876	2,876
Economic development	-	-	-
Unassigned	(2,360)	-	(2,360)
	(2,360)	2,876	516
<b>Total fund balances</b>	<b>(2,360)</b>	<b>2,876</b>	<b>516</b>
<b>Total liabilities and fund balances</b>	<b>\$ (2,360)</b>	<b>\$ 3,653</b>	<b>\$ 1,293</b>

See notes to financial statements.

**CITY OF ALBION, NEBRASKA**

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

**For the year ended September 30, 2023**

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Housing Rehab Fund	Keno Fund	
<b>REVENUES</b>			
Lottery proceeds	\$ -	\$ 13,988	\$ 13,988
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of revenues over expenditures</b>	-	13,988	13,988
<b>OTHER FINANCING USES</b>			
Transfers out	<u>-</u>	<u>(13,865)</u>	<u>(13,865)</u>
<b>Net change in fund balances</b>	-	123	123
Fund balance - September 30, 2022	<u>(2,360)</u>	<u>2,753</u>	<u>393</u>
Fund balance - September 30, 2023	<u><u>\$ (2,360)</u></u>	<u><u>\$ 2,876</u></u>	<u><u>\$ 516</u></u>

See notes to financial statements.

**CITY OF ALBION, NEBRASKA**

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

**Year Ended September 30, 2023**

	<u>General</u>	<u>Park</u>	<u>Police</u>
<b>REVENUES</b>			
Taxes:			
General property tax	\$ 86,235	\$ 63,345	\$ 312,630
Franchise	221,761	-	-
Intergovernmental revenue:			
State assistance	-	-	-
Rural fire reimbursements	-	-	-
Grant revenue	4,896	-	-
Licenses and permits	16,480	-	2,574
Rental and fees	13,375	32,333	55
Admission fees and concessions	-	-	-
Contributions	2,222	19,083	-
Interest income	28,437	-	-
Sale of equipment	1,070	-	-
Other revenues	980	89	-
Total revenues	<u>375,456</u>	<u>114,850</u>	<u>315,259</u>
<b>EXPENDITURES</b>			
Personnel services:			
Salaries and benefits	269,406	46,359	238,513
Operating expenses:			
Contract services	-	7,800	5,690
Insurance	14,391	10,841	19,886
Interlocal agreement	18,034	-	-
Professional fees	43,700	-	-
Meetings, seminars, and dues	15,356	-	1,423
Repairs and maintenance	17,360	19,370	18,726
Printing, postage, and publications	3,767	37	286
Transportation	6,000	3,470	5,623
Utilities and telephone	9,321	13,464	3,191
Total operating expenses	<u>127,929</u>	<u>54,982</u>	<u>54,825</u>
Supplies	12,704	11,183	459
Other expenses	22,426	1,055	1,024
Economic development	-	200,000	-
Capital outlay	36,656	50,770	5,219
Total expenditures	<u>469,121</u>	<u>364,349</u>	<u>300,040</u>
<b>Excess (deficiency) of revenues     over expenditures</b>	(93,665)	(249,499)	15,219
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	62,506	-	22,732
Transfers out	<u>(32,610)</u>	<u>-</u>	<u>-</u>
Net transfers	<u>29,896</u>	<u>-</u>	<u>22,732</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ (63,769)</u></u>	<u><u>\$ (249,499)</u></u>	<u><u>\$ 37,951</u></u>

<u>Fire</u>	<u>Library</u>	<u>Pool</u>	<u>Total</u>
\$ 12,124	\$ 72,292	\$ 20,455	\$ 567,081
5	-	-	221,766
-	1,831	-	1,831
52,746	-	-	52,746
7,500	-	-	12,396
-	-	-	19,054
600	-	-	46,363
-	-	41,165	41,165
1,000	2,550	-	24,855
-	5,433	1,420	35,290
-	-	-	1,070
749	1,565	-	3,383
<u>74,724</u>	<u>83,671</u>	<u>63,040</u>	<u>1,027,000</u>
2,377	69,974	48,839	675,468
-	-	-	13,490
26,711	7,595	15,536	94,960
-	-	-	18,034
-	-	-	43,700
20,010	-	331	37,120
26,938	8,487	36,190	127,071
699	3,031	752	8,572
4,954	-	-	20,047
<u>11,575</u>	<u>8,355</u>	<u>9,908</u>	<u>55,814</u>
90,887	27,468	62,717	418,808
2,867	5,273	23,594	56,080
14,966	16,371	1,673	57,515
-	-	-	200,000
<u>17,473</u>	<u>23,232</u>	<u>2,425</u>	<u>135,775</u>
<u>128,570</u>	<u>142,318</u>	<u>139,248</u>	<u>1,543,646</u>
(53,846)	(58,647)	(76,208)	(516,646)
68,201	29,331	13,865	196,635
-	-	-	(32,610)
<u>68,201</u>	<u>29,331</u>	<u>13,865</u>	<u>164,025</u>
<u>\$ 14,355</u>	<u>\$ (29,316)</u>	<u>\$ (62,343)</u>	<u>\$ (352,621)</u>



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

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

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

**Report on Internal Control over Financial Reporting**

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

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

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

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

#### 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.

### **Report on Compliance and Other Matters**

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Albion's response to the findings identified in our audit and described above. The City of Albion'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  
November 30, 2023