

**CITY OF MCCOOK, NEBRASKA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**September 30, 2020**

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**SHAREHOLDERS:**

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities - modified cash basis, the business-type activities - accrual basis, the aggregate discretely presented component units - accrual basis, each major fund - modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information - modified cash basis for the governmental funds of the City of McCook, Nebraska, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash and accrual bases of accounting described in Note A; this includes determining that the modified cash and accrual bases of accounting are acceptable bases 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.

**Auditor's Responsibility**

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

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

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities – modified cash basis, the business-type activities – accrual basis, the aggregate discretely presented component units - accrual basis, each major fund – modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information - modified cash basis for the governmental funds of the City of McCook, Nebraska, as of September 30, 2020, 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 as described in Note A.

### **Basis of Accounting**

We draw attention to Note A of the financial statements, which describes the basis of accounting for the governmental activities, governmental funds, and fiduciary funds. The governmental and fiduciary fund 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 opinion is not modified with respect to that matter.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of McCook, Nebraska's financial statements. The management's discussion and analysis and supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The fiduciary funds combining statement, statement of general fund departmental revenue and expenditures, component unit combining statements, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 first sentence of this paragraph and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

The management's discussion and analysis and budgetary comparison schedules, which are the responsibility of management, have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2021, on our consideration of the City of McCook, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of McCook, Nebraska's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of McCook, Nebraska's internal control over financial reporting and compliance.

AMGL, P.C.

Grand Island, Nebraska  
January 7, 2021

**CITY OF MCCOOK, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, continued**  
**For The Year Ended September 30, 2020**

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This discussion and analysis of the City of McCook's financial performance provides an overall review of the City's financial activities for the fiscal year ended September 30, 2020. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the financial statements to enhance their understanding of the City's financial performance.

**Financial Highlights**

The City's General Fund levy remained \$.349044. In FY 2016/2017, the City increased the levy by .03, to \$.349044, which was the first increase since 2002. The City does not have a levy for bonded debt.

Pursuant to a 2015 sales tax ballot question, McCook's residents approved a 1.5% local option sales tax. 1/6 of the total sales tax receipts are utilized to fund economic development through a voter approved LB840 Program administered by the McCook Economic Development Corporation. The remaining 5/6 of the total sales tax receipts generated are utilized for the following purposes: property tax relief, capital improvement projects, capital outlay purchases, and debt reduction.

Total sales tax receipts were \$2,614,771. Of which, \$203,769 was from motor vehicle sales restricted to Street Department use.

For Capital Improvement Projects the Council committed \$375,000 for One & Longer Street Plan Improvements - which included the second payment of \$275,000 for Phase III of "B" Street improvements; \$150,000 for annual street maintenance, \$100,000 for drainage maintenance; designated an additional \$67,325 for the City's match to the Airport Improvement project, and \$50,000 for future pool improvements. The 2019 Street Improvement projects included sidewalk at the intersection of Wedgewood Drive and Highway 6/34, West "R" Street extension, and Westridge Drive drainage Phases I and II. The upgrade of the Library HVAC system was completed using \$110,000 of committed sales tax receipts along with donations from the McCook Library Foundation.

The 1/6th sales tax receipts generated \$435,621 for funding of the LB 840, which included \$40,734 from motor vehicle sales restricted to Street Department use. Loans were made to Straight Align, LLC - \$50,000, Early Morning Cackle - \$55,700, and J & A Mullen, LLC -\$56,500. The Ravenswood Road construction project was completed utilizing the \$137,500 grant from the Nebraska Department of Transportation - Economic Opportunity Program, which was approved in conjunction with the commencement of the second phase extension of the Next Generation, Inc. plant in the McCook Business Park. The MEDC's match of \$39,000 and the City's match of \$113,500 was made from LB840 Program Funds and LB840 Motor Vehicle Tax dollars.

In January 2016 the Council extended for another six-year term the agreement with McCook Keno, LLC for the operation of Keno within the City of McCook. The addition of a third kiosk was made in December 2016. The annual revenue for FY19/20 was \$90,500, a decrease of 21% from last year, due to the COVID-19 pandemic closing local bars and restaurants for several months. Keno revenues across the state of Nebraska are also continuing to decline. Revenues derived from the keno operation are to be used for "community betterment purposes." \$76,500 was utilized for funding a Firefighter/Paramedic in the General Fund.

The restoration of the auditorium stage curtains was completed using \$21,500 of ACE Revenue Sharing funds. The total project cost was \$51,500. A \$10,000 Flex Barrier Shield was purchased with COPS Secure our Schools grant funds and local donations. A \$26,500 donation was received from Lucy and

**CITY OF MCCOOK, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, continued**  
**For The Year Ended September 30, 2020**

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Dave Lines for the construction of a pergola in Bolles Canyon in memory of their son Coley. The \$1,557,000 Airport Improvement Project for runway rehabilitation and painting was completed thru a 90% grant from the U.S. Department of Transportation Federal Aviation Administration. The City's 10% match was from sales tax receipts.

In October 2018 the City renewed the Professional Retail Operations Agreement with Nebraska Public Power District (NPPD) for the lease of it's electric system. The term was extended from fifteen years to twenty-five years, commencing on January 1, 2019, with the City being paid 12.5% of the retail revenues. The agreement allows for the City to implement additional one-half percent incremental increases to an overall cap of 14%. Any one-half percent increase, if opted in the future, must be done annually.

In FY18/19 the new lease, which was increased from 12% to 12.5%, payments were received monthly instead of quarterly, netting the City approximately two additional monthly payments. These additional payments (\$290,909) were transferred to the General Fund reserve for the purchase of capital equipment in FY19/20 and were used to purchase a 2012 motor grader to replace the 1983 grader for the Street Department (\$107,000); down payment on a 2020 Caterpillar Loader (\$37,800); pickup and snow plow for the Street Department (\$35,000); carports (\$4,500) for the Street Shop; and the Civil Defense Sirens were updated (\$52,000) along with \$55,000 received as a Safety Dividend from the City's insurance company.

The current year's lease generated \$1,369,111. Of this amount, the City transferred \$375,000 to the Self Insured Health Insurance Fund, and \$994,111 was transferred to the General Fund.

The natural gas franchise agreement with Black Hills Energy is for a term of 10 years with the franchise fee paid to the City quarterly. The franchise fee is \$0.018 per therm delivered. The annual revenue received was \$62,494.

In April 2018, the Council approved Ordinance No. 2018-2962 which established a 4% Hotel Occupation tax which generated \$106,607 for the General Fund.

The City provides medical and dental insurance for eligible employees using a self-insurance fund. The fund is financed by operating transfers from the Governmental and Proprietary Fund of an average amount per employee, which is based on management's previous experience. Employee premiums per two-week period are \$20.00 for a single member, \$47.00 for an employee and spouse, \$40.00 for an employee and children, and \$80.00 for an employee and family. The fund covers up to \$35,000 in costs per employee. Any expenses over that amount are covered by an insurance carrier. The City uses a claims service to handle the insurance claims.

For the current fiscal year the City budgeted \$1,700 per employee, per month for insurance. The actual cost per employee averaged \$2,400 per month due to the increased cost of medications and services provided. In FY16/17 the City had one potential \$650,000 laser claim. Because of this laser, it was necessary to utilize a portion of the \$300,000 reserve held for a "worst case year." In order to replace the reserve, the City borrowed \$450,000 from Water Department Reserves, with a term of five years. The third annual payment of \$95,000 was made in FY19/20. The City continues to work with Hays Companies to monitor these costs and for assistance in developing options to help contain these costs.



**CITY OF MCCOOK, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, continued**  
**For The Year Ended September 30, 2020**

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In FY15/16 the General Fund financed the purchase of several capital equipment items with a loan of \$295,567 from Water Fund Reserves. The loan has a term of five years with an annual lease payment of \$60,000. Final payment will be made in January 2021.

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

During FY19/20 the Community Development Agency authorized two Redevelopment Plans and Redevelopment Contracts. (1) Blackwood Enterprises Redevelopment Project for the renovation, rehabilitation, and exterior enhancements of the commercial building on the Project Site and associated improvements on the site to create retail/commercial space, total estimated TIF eligible costs \$493,900. The Community Development Agency's TIF indebtedness for this project is \$200,000. (2) N-Start Convenience Redevelopment Project for the construction and development of a fuel station that will consist of 8-fuel pumps, or 4-island double-sided fuel canopy on the Project Site and associated improvements on the site to create a commercial fuel site, total estimated TIF uses \$236,895. The Community Development Agency's TIF indebtedness for this project is \$196,500.

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

In June 2015 the Water Department received a Nebraska Department of Environmental Quality Safe Water State Revolving Loan for \$1,320,072 for 16" transmission main replacement, East "H" Street water main replacement, and East "C" Street water main improvements. Total disbursements were \$1,650,090, with loan forgiveness of \$330,018. This loan is to be repaid over twenty years and was not included in the refinance because of loan terms that allow for no prepayment within five years of the Loan Date for those receiving loan forgiveness. In FY 19/20 a prepayment of \$500,000 was made.

Ordinance No. 2019-2994 provided for a 3% per month rate increase for the base and 100 cubic feet charge, for both residential and commercial Sewer Use Charges. The last rate increase for the Sewer Enterprise was in 2018. Ordinance No. 2019-2973 provided for a 6% per month rate increase for the base and 100 cubic feet charge, for both residential and commercial Water Use Charges. The last rate increase for the Water Enterprise was in 2018. These rates are monitored and adjusted annually if necessary, to insure funds are available for payment of the State Revolving Loans for the sewer and water improvements, Combined Utilities Bond, and to offset any increases in operating costs. This annual monitoring will continue now that these loans have been refinanced with refunding bonds.

Ordinance No. 2019-2988 provided for a \$.50 per month increase in the Residential Trash Collection Fee and a \$1.00 per ton increase in the fee for Household/Commercial Waste collected at the Transfer Station. The last rate increases for Solid Waste Collection occurred 2018.

**CITY OF MCCOOK, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, continued**  
**For The Year Ended September 30, 2020**

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**Overview of the Financial Statements**

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

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

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

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

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

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

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

**CITY OF MCCOOK, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, continued**  
**For The Year Ended September 30, 2020**

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

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

**Government-wide Financial Analysis**

**Summary Statements of Net Position**

	<u>Year Ended September 30, 2020</u>			<u>Year Ended September 30, 2019</u>		
	<u>Governmental Activities (Modified Cash Basis)</u>	<u>Business-type Activities (Accrual Basis)</u>	<u>Total</u>	<u>Governmental Activities (Modified Cash Basis)</u>	<u>Business-type Activities (Accrual Basis)</u>	<u>Total</u>
Current and Other Assets	\$ 6,840,835	\$ 9,935,506	\$ 16,776,341	\$ 6,718,174	\$ 9,750,458	\$ 16,468,632
Capital Assets	23,031,212	16,369,075	39,400,287	20,156,312	17,260,125	37,416,437
Total Assets	<u>29,872,047</u>	<u>26,304,581</u>	<u>56,176,628</u>	<u>26,874,486</u>	<u>27,010,583</u>	<u>53,885,069</u>
Long-term Liabilities	394,872	7,810,361	8,205,233	378,219	8,845,872	9,224,091
Other Liabilities	156,219	961,063	1,117,282	137,496	1,063,153	1,200,649
Total Liabilities	<u>551,091</u>	<u>8,771,424</u>	<u>9,322,515</u>	<u>515,715</u>	<u>9,909,025</u>	<u>10,424,740</u>
Net Position:						
Net Investment in						
Capital Assets	22,539,121	8,755,886	31,295,007	19,709,097	8,568,301	28,277,398
Restricted	3,124,199	1,028,115	4,152,314	2,525,416	1,055,270	3,580,686
Unrestricted	<u>3,657,636</u>	<u>7,749,156</u>	<u>11,406,792</u>	<u>4,124,258</u>	<u>7,477,987</u>	<u>11,602,245</u>
Total Net Position	<u>\$ 29,320,956</u>	<u>\$ 17,533,157</u>	<u>\$ 46,854,113</u>	<u>\$ 26,358,771</u>	<u>\$ 17,101,558</u>	<u>\$ 43,460,329</u>

Net position may serve over time as a useful indicator of a government's financial position. At the close of the current fiscal year, the City of McCook's assets exceeded its liabilities by \$46,854,113.

Capital assets (land, infrastructure, buildings, streets, improvements, and equipment), net of any debt issued to acquire these assets, comprise 66.87 percent of the City's net position. Although these capital assets assist the City in providing services to its citizens, they are generally not available to fund the operations of future periods.

An additional 8.9 percent of the City's net position is subject to external restrictions as to how it may be used. The remaining component of net position (\$11,406,792) is the unrestricted net position.

**CITY OF MCCOOK, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, continued**  
**For The Year Ended September 30, 2020**

**Changes in Net Position**

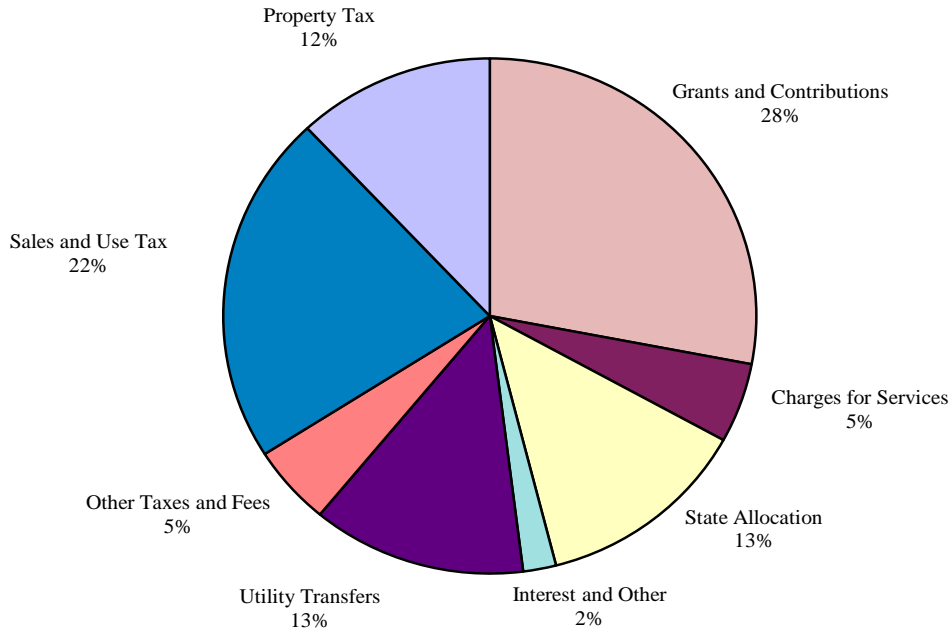
The following table presents a summary of revenues and expenses of the governmental and business-type activities:

	<u>September 30, 2020</u>			<u>September 30, 2019</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>
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 559,654	\$ 7,439,397	\$ 7,999,051	\$ 670,395	\$ 7,303,679	\$ 7,974,074
Operating Grants and Contributions	398,967	-	398,967	279,897	-	279,897
Capital Grants and Contributions	2,903,265	-	2,903,265	155,185	53,497	208,682
General Revenues:						
Property Taxes	1,474,416	-	1,474,416	1,421,005	-	1,421,005
Sales and Use Taxes	2,614,771	-	2,614,771	2,551,009	-	2,551,009
Other Taxes and Fees	535,945	-	535,945	547,879	-	547,879
State Allocation	1,606,357	-	1,606,357	1,560,271	-	1,560,271
Interest Income	75,160	92,544	167,704	136,508	193,287	329,795
Other	198,230	-	198,230	198,862	-	198,862
Total Revenues	<u>10,366,765</u>	<u>7,531,941</u>	<u>17,898,706</u>	<u>7,521,011</u>	<u>7,550,463</u>	<u>15,071,474</u>
<b>Expenses</b>						
General Government	1,390,609	-	1,390,609	1,346,854	-	1,346,854
Economic Development	170,607	-	170,607	325,774	-	325,774
Public Safety	3,495,591	-	3,495,591	3,241,095	-	3,241,095
Public Works	2,087,511	-	2,087,511	1,876,660	-	1,876,660
Environmental and Leisure	1,771,095	-	1,771,095	1,802,283	-	1,802,283
Interest Expense	22,526	-	22,526	9,561	-	9,561
Electric Utility	-	3,539	3,539	-	3,539	3,539
Water	-	2,310,291	2,310,291	-	2,247,805	2,247,805
Sewer	-	1,182,536	1,182,536	-	1,212,226	1,212,226
Solid Waste	-	2,070,617	2,070,617	-	2,199,244	2,199,244
Total Expenses	<u>8,937,939</u>	<u>5,566,983</u>	<u>14,504,922</u>	<u>8,602,227</u>	<u>5,662,814</u>	<u>14,265,041</u>
Increase (Decrease) in Net Position Before Transfers	1,428,826	1,964,958	3,393,784	(1,081,216)	1,887,649	806,433
Net Transfers	<u>1,533,359</u>	<u>(1,533,359)</u>	<u>-</u>	<u>1,475,012</u>	<u>(1,475,012)</u>	<u>-</u>
Increase in Net Position	<u>\$ 2,962,185</u>	<u>\$ 431,599</u>	<u>\$ 3,393,784</u>	<u>\$ 393,796</u>	<u>\$ 412,637</u>	<u>\$ 806,433</u>

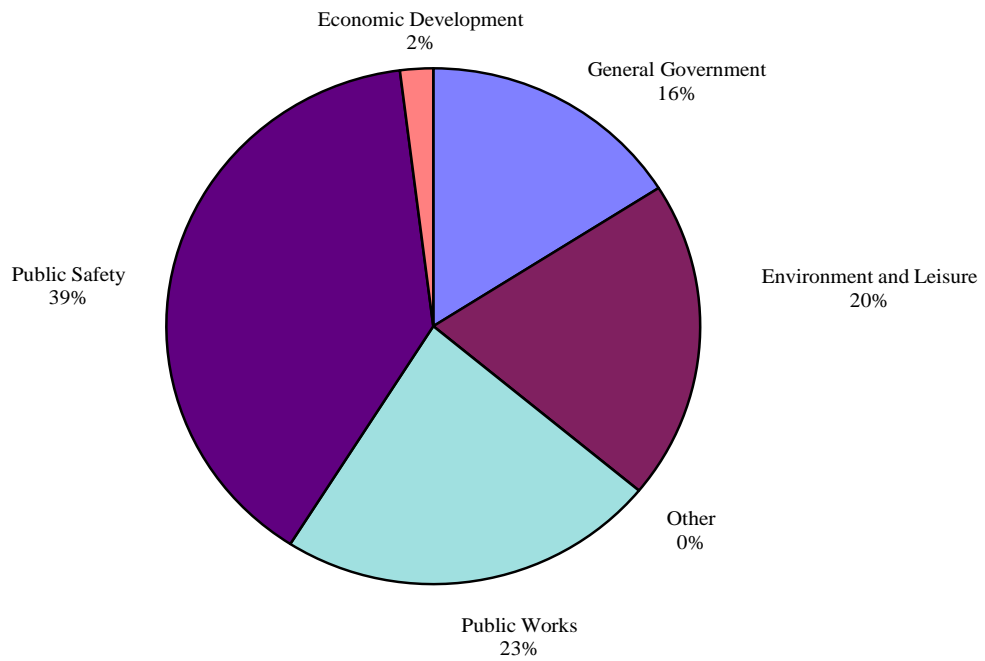
**CITY OF MCCOOK, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, continued**  
**For The Year Ended September 30, 2020**

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**2020 Revenues by Source - Governmental Activities**



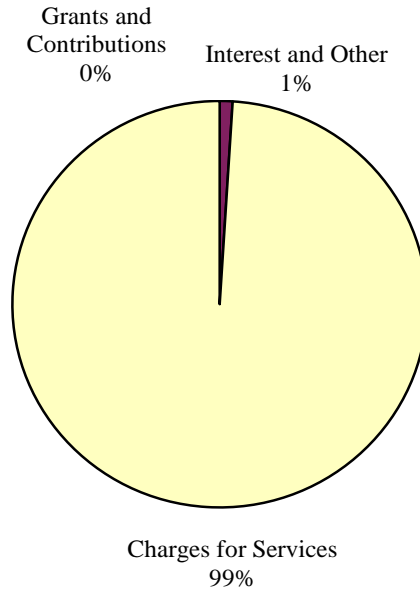
**2020 Expenses - Governmental Activities**



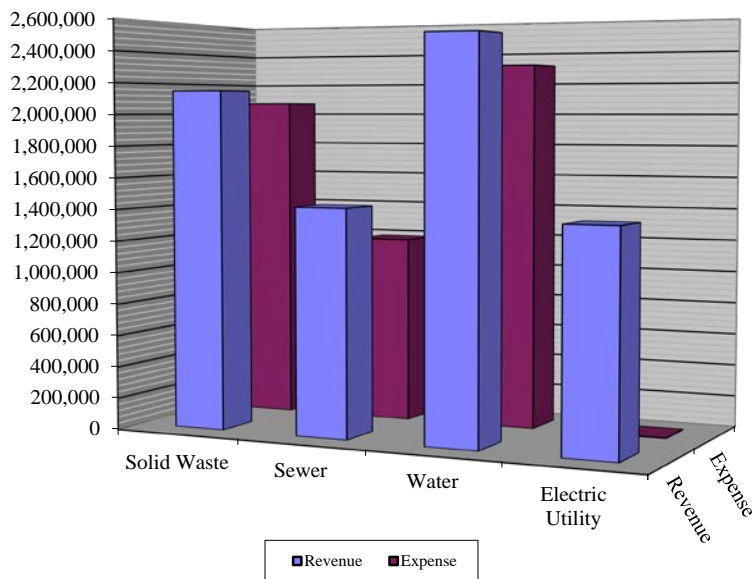
**CITY OF MCCOOK, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, continued**  
**For The Year Ended September 30, 2020**

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**2020 Revenues by Source - Business-type Activities**



**2020 Expenses and Program Revenues - Business-type Activities**



**CITY OF MCCOOK, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, continued**  
**For The Year Ended September 30, 2020**

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

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

**Governmental Funds.** The focus of the City of McCook's *governmental* funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of McCook's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of McCook's governmental funds reported combined ending fund balances of \$5,707,536. Approximately 9.6 percent of this total amount (\$549,887) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balances is not available for new spending because it has already been 1) restricted to pay debt service (\$359,100), 2) restricted to fund capital projects (\$798,349), 3) endowed as nonspendable to fund perpetual care (\$146,773), 4) restricted for community betterment (\$13,599), 5) restricted to fund economic development projects (\$738,341), 6) restricted for federal projects (\$372,622), 7) restricted for street projects (\$695,415), 8) committed for capital projects (\$363,693), 9) assigned for storm/hail repairs (\$431,533), or 10) assigned for budgetary stabilization (\$1,238,224).

The General Fund is the chief operating fund of the City of McCook. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$549,887, while total fund balance reached \$2,298,577. As a measure of the General Fund's liquidity, it may be useful to compare unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 8.8 percent of General Fund total expenditures, while total fund balance represents 36.7 percent of General Fund total expenditures.

The fund balance of the City of McCook's General Fund increased by \$30,602 during the current fiscal year.

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

Unrestricted net position of the proprietary funds at the end of the year were as follows: Electric and Emergency Fund - \$0, Water Fund - \$5,941,450, Sewer Fund - \$1,697,818, and Solid Waste Fund - \$109,888. The growth (decrease) in net position for the proprietary funds was as follows: Electric and Emergency Fund - decrease of \$(3,540), Water Fund - \$199,064, Sewer Fund - \$198,827, and Solid Waste Fund - \$37,248. Other factors concerning the finances of these four funds have already been addressed in the discussion of the City of McCook's business-type activities.

**CITY OF MCCOOK, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, continued**  
**For The Year Ended September 30, 2020**

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**Budgetary Highlights**

No amendments to the 2019-2020 budget were made.

**Capital Asset and Debt Administration**

**Capital Assets.** The City of McCook's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to \$39,400,287 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, distribution systems, buildings and improvements, machinery and equipment, office furniture and equipment, and vehicles.

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

- Stage curtain replacement - \$54,457
- Civil defense siren computer system - \$82,040
- Library HVAC replacement - \$132,270
- Park Avenue paving project - \$32,817
- Airport runway project - \$1,512,503
- Ravenswood Road paving project - \$178,328
- 2019 street improvements - \$202,691
- 2020 street improvements - \$1,250,895
- 2012 Caterpillar 12M2 motor grader – \$107,432
- 2020 Caterpillar 926M wheel loader – \$151,854
- 2020 Dodge Durango for police – \$28,449
- 2020 Dodge Ram 2500 pickup for street department – \$28,236
- 2020 Dodge Ram 2500 pickup for parks department – \$28,626
- 2019 John Deere backhoe for water - \$84,420
- 2020 water meter replacement - \$38,996
- 2020 Western Star 4700SF semi tractor for transfer station - \$127,395
- Water linestop equipment - \$66,700
- 2020 Dodge Ram 2500 pickup for sewer department - \$26,602



**CITY OF MCCOOK, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, continued**  
**For The Year Ended September 30, 2020**

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

	<u>Year Ended September 30, 2020</u>			<u>Year Ended September 30, 2019</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	\$ 776,893	\$ 485,735	\$ 1,262,628	\$ 776,893	\$ 485,735	\$ 1,262,628
Construction in Progress	132,270	-	132,270	646,638	-	646,638
Infrastructure	11,893,487	-	11,893,487	8,359,488	-	8,359,488
Buildings and Improvements	8,772,911	2,957,744	11,730,655	9,034,508	3,094,527	12,129,035
Machinery and Equipment	356,895	770,916	1,127,811	152,611	701,717	854,328
Distribution Systems	-	12,154,680	12,154,680	-	12,978,146	12,978,146
Office Furniture and Equipment	338,496	-	338,496	352,075	-	352,075
Vehicles	760,260	-	760,260	834,099	-	834,099
<b>Total</b>	<b><u>\$ 23,031,212</u></b>	<b><u>\$ 16,369,075</u></b>	<b><u>\$ 39,400,287</u></b>	<b><u>\$ 20,156,312</u></b>	<b><u>\$ 17,260,125</u></b>	<b><u>\$ 37,416,437</u></b>

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

**Long-term Debt**

**Outstanding Long-term Debt**

	<u>Year Ended September 30, 2020</u>			<u>Year Ended September 30, 2019</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>
Notes Payable	\$ 492,091	\$ -	\$ 492,091	\$ 447,215	\$ -	\$ 447,215
Revenue Bonds	-	7,100,000	7,100,000	-	7,605,000	7,605,000
Capital Leases	-	27,926	27,926	-	55,117	55,117
Water SRF Loan	-	485,263	485,263	-	1,031,707	1,031,707
<b>Total Long-term Outstanding Debt</b>	<b><u>\$ 492,091</u></b>	<b><u>\$ 7,613,189</u></b>	<b><u>\$ 8,105,280</u></b>	<b><u>\$ 447,215</u></b>	<b><u>\$ 8,691,824</u></b>	<b><u>\$ 9,139,039</u></b>

The City's long-term debt decreased \$1,033,759 (11.3 percent) during the year ended September 30, 2020, due primarily to scheduled principal payments and the issuance of a \$114,040 note payable for the 2020 Caterpillar 926M wheel loader. The City also paid down an extra \$500,000 of principal on the DEQ water SRF note.

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

**CITY OF MCCOOK, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, continued**  
**For The Year Ended September 30, 2020**

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

- The unemployment rate for the City of McCook compares favorably to the State's average unemployment and the national average rate.
- Inflationary trends in the region compare favorably to national indices.
- Property tax asking for the year ending September 30, 2021, is \$1,517,151, a \$53,803 (3.7 percent) increase over the prior year.
- The City had a contractual commitment of \$124,012 on the library HVAC project. As of September 30, 2020, \$110,289 had been paid on this contract, leaving a remaining commitment of \$13,723 expected to be completed by November 2020.
- The City had contractual commitments totaling \$488,949 for the West 5<sup>th</sup> transmission water main project. As of September 30, 2020, \$37,650 had been paid on this project, leaving a remaining commitment of \$451,299 expected to be completed by June 2021.
- The City had a \$137,370 contractual commitment for the East 14<sup>th</sup> & D Street water system improvement project. Nothing had been paid on this project as of September 30, 2020. The project is expected to be completed by June 2021.
- The City had a \$27,456 contractual commitment for the Gemini Court water system improvement project. Nothing had been paid on this project as of September 30, 2020. The project is expected to be completed by June 2021.
- The City also had contractual commitments totaling \$233,450 for the West golf course lift station renovation project. As of September 30, 2020, \$14,800 had been paid on this project, leaving a remaining commitment of \$218,650 expected to be completed by December 2020.

All of these factors were considered in preparing the City of McCook's budget for the 2021 fiscal year.

**Financial Contact**

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

**CITY OF MCCOOK, NEBRASKA**  
**STATEMENT OF NET POSITION**  
**September 30, 2020**

	Primary Government			Component Units (Accrual Basis)
	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 3,068,282	\$ 7,556,734	\$ 10,625,016	\$ 66,494
County treasurer cash	147,996	-	147,996	-
Current portion of notes receivable	85,555	-	85,555	392,759
Accounts receivable	-	81,892	81,892	-
Unbilled revenue	-	713,477	713,477	-
Reinsurance receivable	90,400	-	90,400	-
Due from (to) other funds	(241,248)	241,248	-	-
Inventory	-	175,192	175,192	-
Total current assets	3,150,985	8,768,543	11,919,528	459,253
Noncurrent assets:				
Restricted cash and cash equivalents	3,124,199	1,166,963	4,291,162	-
Noncurrent portion of notes receivable	565,651	-	565,651	3,075,086
Capital assets:				
Land	776,893	485,735	1,262,628	-
Construction in progress	132,270	-	132,270	-
Other capital assets, net of depreciation	22,122,049	15,883,340	38,005,389	-
Net capital assets	23,031,212	16,369,075	39,400,287	-
Total noncurrent assets	26,721,062	17,536,038	44,257,100	3,075,086
<b>Total assets</b>	29,872,047	26,304,581	56,176,628	3,534,339
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	-	89,932	89,932	-
Accrued expenses	-	165,121	165,121	-
Customer deposits	-	92,103	92,103	-
Accrued interest	-	49,334	49,334	-
Claims incurred not paid	59,000	-	59,000	-
Current portion of long-term obligations	97,219	564,573	661,792	392,759
Total current liabilities	156,219	961,063	1,117,282	392,759
Noncurrent liabilities:				
Accrued landfill closure costs	-	715,000	715,000	-
Accrued deep well abandonment costs	-	46,745	46,745	-
Noncurrent portion of long-term obligations	394,872	7,048,616	7,443,488	3,075,086
Total noncurrent liabilities	394,872	7,810,361	8,205,233	3,075,086
<b>Total liabilities</b>	551,091	8,771,424	9,322,515	3,467,845
<b>NET POSITION</b>				
Net investment in capital assets	22,539,121	8,755,886	31,295,007	-
Restricted for:				
Street improvements	695,415	-	695,415	-
Landfill postclosure	-	85,290	85,290	-
Deep injection well closure	-	35,562	35,562	-
Debt service	359,100	907,263	1,266,363	-
Economic development	738,341	-	738,341	-
Perpetual care	146,773	-	146,773	-
Capital projects	798,349	-	798,349	-
Federal projects	372,622	-	372,622	-
Community betterment	13,599	-	13,599	-
Unrestricted	3,657,636	7,749,156	11,406,792	66,494
<b>Total net position</b>	\$ 29,320,956	\$ 17,533,157	\$ 46,854,113	\$ 66,494

See notes to financial statements.

**CITY OF MCCOOK, NEBRASKA**  
**STATEMENT OF ACTIVITIES**  
**For the year ended September 30, 2020**

<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	\$ 1,378,531	\$ 15,399	\$ 9,887
Economic development	170,607	-	-
Public safety	3,194,271	369,543	37,199
Public works	1,633,624	74,383	-
Environment and leisure	1,453,531	100,329	351,881
Depreciation - unallocated	1,084,849	-	-
Interest and fees on long-term debt	22,526	-	-
Total governmental activities	8,937,939	559,654	398,967
<b>Business-type activities</b>			
<b>(accrual basis):</b>			
Electric and emergency	3,539	1,369,110	-
Water	2,310,291	2,491,879	-
Sewer	1,182,536	1,428,924	-
Solid waste	2,070,617	2,149,484	-
Total business-type activities	5,566,983	7,439,397	-
<b>Total primary government</b>	\$ 14,504,922	\$ 7,999,051	\$ 398,967
<b>Component units:</b>			
Community Development Agency	\$ 1,342,922	\$ -	\$ 1,024,000
McCook Leasing Corporation	-	-	-
<b>Total component units</b>	\$ 1,342,922	\$ -	\$ 1,024,000

See notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position				
Primary Government				
Capital Grants and Contributions	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)	Total	Component Units (Accrual Basis)
\$ -	\$ (1,353,245)		\$ (1,353,245)	
-	(170,607)		(170,607)	
-	(2,787,529)		(2,787,529)	
1,546,862	(12,379)		(12,379)	
1,356,403	355,082		355,082	
-	(1,084,849)		(1,084,849)	
-	(22,526)		(22,526)	
<u>2,903,265</u>	<u>(5,076,053)</u>	\$ -	<u>(5,076,053)</u>	
-	-	1,365,571	1,365,571	
-	-	181,588	181,588	
-	-	246,388	246,388	
-	-	78,867	78,867	
-	-	1,872,414	1,872,414	
<u>\$ 2,903,265</u>	<u>(5,076,053)</u>	<u>1,872,414</u>	<u>(3,203,639)</u>	
\$ -				\$ (318,922)
-				-
<u>\$ -</u>				<u>(318,922)</u>
General revenues:				
Taxes:				
Property	1,474,416	-	1,474,416	-
Motor vehicle	179,141	-	179,141	-
Payments in lieu of taxes	103,825	-	103,825	-
Occupation	131,423	-	131,423	-
Sales tax	2,614,771	-	2,614,771	-
Franchise	115,096	-	115,096	-
Special assessments	6,460	-	6,460	-
State allocation	1,606,357	-	1,606,357	-
TIF proceeds	-	-	-	318,922
Keno proceeds	90,526	-	90,526	-
Miscellaneous	107,704	-	107,704	-
Interest income	75,160	92,544	167,704	676
Net transfers	1,533,359	(1,533,359)	-	-
Total general revenues	<u>8,038,238</u>	<u>(1,440,815)</u>	<u>6,597,423</u>	<u>319,598</u>
Change in net position	2,962,185	431,599	3,393,784	676
Net position - September 30, 2019	<u>26,358,771</u>	<u>17,101,558</u>	<u>43,460,329</u>	<u>65,818</u>
Net position - September 30, 2020	<u>\$ 29,320,956</u>	<u>\$ 17,533,157</u>	<u>\$ 46,854,113</u>	<u>\$ 66,494</u>

**CITY OF MCCOOK, NEBRASKA**  
**BALANCE SHEET - MODIFIED CASH BASIS -**  
**GOVERNMENTAL FUNDS**

**September 30, 2020**

	General <u>Fund</u>	Street <u>Fund</u>	Economic Development <u>Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,206,919	\$ 695,415	\$ 738,341
County treasurer cash	147,996	-	-
	<u>2,354,915</u>	<u>695,415</u>	<u>738,341</u>
<b>Total assets</b>	<b><u>\$ 2,354,915</u></b>	<b><u>\$ 695,415</u></b>	<b><u>\$ 738,341</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Due to other funds	\$ 56,338	\$ -	\$ -
Fund balances:			
Nonspendable:			
Perpetual care	146,773	-	-
Restricted for:			
Capital projects	-	-	-
Street improvements	-	695,415	-
Economic development	-	-	738,341
Debt service	-	-	-
Federal projects	-	-	-
Community betterment	-	-	-
Committed for:			
Capital projects	363,693	-	-
Assigned for:			
Budgetary stabilization	1,238,224	-	-
Storm/hail repairs	-	-	-
Unassigned	549,887	-	-
	<u>2,298,577</u>	<u>695,415</u>	<u>738,341</u>
<b>Total fund balances</b>	<b><u>2,298,577</u></b>	<b><u>695,415</u></b>	<b><u>738,341</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 2,354,915</u></b>	<b><u>\$ 695,415</u></b>	<b><u>\$ 738,341</u></b>

See notes to financial statements.

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Grant Fund</u>	<u>Other Governmental Fund (Keno)</u>	<u>Total Governmental Funds</u>
\$ 359,100	\$ 798,349	\$ 804,155	\$ 13,599	\$ 5,615,878
-	-	-	-	147,996
<u>\$ 359,100</u>	<u>\$ 798,349</u>	<u>\$ 804,155</u>	<u>\$ 13,599</u>	<u>\$ 5,763,874</u>
\$ -	\$ -	\$ -	\$ -	\$ 56,338
-	-	-	-	146,773
-	798,349	-	-	798,349
-	-	-	-	695,415
-	-	-	-	738,341
359,100	-	-	-	359,100
-	-	372,622	-	372,622
-	-	-	13,599	13,599
-	-	-	-	363,693
-	-	-	-	1,238,224
-	-	431,533	-	431,533
-	-	-	-	549,887
<u>359,100</u>	<u>798,349</u>	<u>804,155</u>	<u>13,599</u>	<u>5,707,536</u>
<u>\$ 359,100</u>	<u>\$ 798,349</u>	<u>\$ 804,155</u>	<u>\$ 13,599</u>	<u>\$ 5,763,874</u>

CITY OF MCCOOK, NEBRASKA

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

September 30, 2020

**Total fund balances - governmental funds** \$ 5,707,536

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

The Internal Service Fund is included as a governmental activity in the statement of changes in net position. 423,093

LB840 notes receivables are not due in the current period and therefore are not reported as assets in the governmental funds. 651,206

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 \$43,077,660 and the accumulated depreciation is \$20,046,448. 23,031,212

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

Note payable (492,091)

**Total net position - governmental activities** \$ 29,320,956

See notes to financial statements.



**CITY OF MCCOOK, NEBRASKA**

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

**For the year ended September 30, 2020**

	<u>General Fund</u>	<u>Street Fund</u>	<u>Economic Development Fund</u>
<b>REVENUES</b>			
Taxes:			
Property	\$ 1,474,416	\$ -	\$ -
Motor vehicle	179,141	-	-
Payments in lieu of taxes	103,825	-	-
Occupation	131,423	-	-
Sales tax	1,233,056	203,769	435,621
Franchise	115,096	-	-
Special assessments	-	-	-
Intergovernmental	584,407	1,021,950	-
Grants	279,256	153,467	-
Keno proceeds	-	-	-
Charges for services	696,631	31,790	-
Contributions	114,824	-	-
Interest income	24,598	988	1,798
Loan collections	-	-	100,496
Insurance proceeds	-	-	-
Other revenue	87,874	-	30
Total revenues	<u>5,024,547</u>	<u>1,411,964</u>	<u>537,945</u>
<b>EXPENDITURES</b>			
General government	1,271,165	-	-
Economic development	-	-	332,807
Public safety	2,970,432	-	-
Public works	284,746	1,556,900	-
Environment and leisure	1,385,900	-	-
Capital outlay	294,266	413,532	93,380
Principal payments on debt	40,897	28,267	-
Interest on long-term debt	11,398	6,098	-
Total expenditures	<u>6,258,804</u>	<u>2,004,797</u>	<u>426,187</u>
<b>Excess (deficiency) of     revenues over expenditures</b>	(1,234,257)	(592,833)	111,758
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,271,111	682,973	-
Transfers out	(6,252)	-	-
Net transfers	<u>1,264,859</u>	<u>682,973</u>	<u>-</u>
<b>Net change in fund balances</b>	30,602	90,140	111,758
Fund balances - September 30, 2019	<u>2,267,975</u>	<u>605,275</u>	<u>626,583</u>
Fund balances - September 30, 2020	<u>\$ 2,298,577</u>	<u>\$ 695,415</u>	<u>\$ 738,341</u>

See notes to financial statements.

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Grant Fund</u>	<u>Other Governmental Funds (Keno)</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,474,416
-	-	-	-	179,141
-	-	-	-	103,825
-	-	-	-	131,423
-	742,325	-	-	2,614,771
-	-	-	-	115,096
6,460	-	-	-	6,460
-	-	51,415	-	1,657,772
-	-	1,451,903	-	1,884,626
-	-	-	90,526	90,526
-	-	26,994	-	755,415
-	-	-	-	114,824
4,822	8,523	8,731	226	49,686
-	-	-	-	100,496
-	-	9,887	-	9,887
-	-	19,800	-	107,704
<u>11,282</u>	<u>750,848</u>	<u>1,568,730</u>	<u>90,752</u>	<u>9,396,068</u>
-	-	6,042	26,575	1,303,782
-	-	-	-	332,807
-	-	49,424	-	3,019,856
-	-	-	-	1,841,646
-	-	-	-	1,385,900
-	109,610	1,642,028	-	2,552,816
-	-	-	-	69,164
-	-	-	-	17,496
<u>-</u>	<u>109,610</u>	<u>1,697,494</u>	<u>26,575</u>	<u>10,523,467</u>
11,282	641,238	(128,764)	64,177	(1,127,399)
-	-	67,325	-	2,021,409
-	(750,298)	(30,000)	(76,500)	(863,050)
<u>-</u>	<u>(750,298)</u>	<u>37,325</u>	<u>(76,500)</u>	<u>1,158,359</u>
11,282	(109,060)	(91,439)	(12,323)	30,960
<u>347,818</u>	<u>907,409</u>	<u>895,594</u>	<u>25,922</u>	<u>5,676,576</u>
<u>\$ 359,100</u>	<u>\$ 798,349</u>	<u>\$ 804,155</u>	<u>\$ 13,599</u>	<u>\$ 5,707,536</u>

**CITY OF MCCOOK, NEBRASKA**

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

**For the year ended September 30, 2020**

<b>Total net change in fund balances - governmental funds</b>	\$ 30,960
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay (\$3,959,749) exceeded depreciation expense (\$1,084,849) and additions funded by notes payable (\$114,040). Asset additions of \$1,292,893 were funded directly by grants and donations.	2,760,860
Principal payments received on LB840 loans are reported as revenue in the governmental fund statements, but these payments decrease the note receivable balance in the statement of activities.	(81,329)
Principal advances on LB840 loans are reported as expenses in the governmental fund statements, but these advances increase the note receivable balance in the statement of activities.	162,200
The increase in net position of the Internal Service Fund is included as a governmental activity in the government wide statements.	20,330
Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	<u>69,164</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ 2,962,185</u></u>

See notes to financial statements.

**CITY OF MCCOOK, NEBRASKA**  
**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS**  
**September 30, 2020**

	Electric and Emergency Fund	Water Fund
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ -	\$ 5,233,603
Accounts receivable	-	6,662
Unbilled revenue	-	427,046
Reinsurance receivable	-	-
Due (to) from other funds	-	241,248
Inventory	-	175,192
Total current assets	-	6,083,751
Noncurrent assets:		
Restricted cash and cash equivalents	-	848,863
Capital assets:		
Land	-	295,625
Distribution systems	170,000	21,811,731
Buildings and improvements	-	625,839
Tools and equipment	-	795,499
Accumulated depreciation	(144,337)	(14,512,930)
Net capital assets	25,663	9,015,764
Total noncurrent assets	25,663	9,864,627
<b>Total assets</b>	25,663	15,948,378
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	-	34,099
Due to other funds	-	-
Sales tax payable	-	13,271
Claims incurred not paid	-	-
Accrued payroll	-	11,497
Accrued vacation	-	23,878
Accrued sick leave	-	17,271
Customer deposits	-	92,103
Accrued interest	-	42,285
Current portion of long-term obligations	-	331,647
Total current liabilities	-	566,051
Noncurrent liabilities:		
Accrued landfill postclosure costs	-	-
Accrued deep well abandonment costs	-	46,745
Noncurrent portion of long-term obligations	-	5,853,616
Total noncurrent liabilities	-	5,900,361
<b>Total liabilities</b>	-	6,466,412
<b>NET POSITION</b>		
Net investment in capital assets	25,663	2,830,501
Restricted for:		
Landfill postclosure	-	-
Deep injection well closure	-	35,562
Debt service	-	674,453
Unrestricted	-	5,941,450
<b>Total net position</b>	\$ 25,663	\$ 9,481,966

See notes to financial statements.

Business-type Activities - Enterprise Funds

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
Sewer Fund	Solid Waste Fund	Total	
\$ 1,545,750	\$ 777,381	\$ 7,556,734	\$ 576,603
15,542	59,688	81,892	-
177,404	109,027	713,477	-
-	-	-	90,400
-	-	241,248	-
-	-	175,192	-
<u>1,738,696</u>	<u>946,096</u>	<u>8,768,543</u>	<u>667,003</u>
232,810	85,290	1,166,963	-
-	190,110	485,735	-
9,709,631	-	31,691,362	-
3,922,162	920,680	5,468,681	-
1,020,727	1,878,566	3,694,792	-
<u>(8,185,021)</u>	<u>(2,129,207)</u>	<u>(24,971,495)</u>	<u>-</u>
<u>6,467,499</u>	<u>860,149</u>	<u>16,369,075</u>	<u>-</u>
<u>6,700,309</u>	<u>945,439</u>	<u>17,536,038</u>	<u>-</u>
8,439,005	1,891,535	26,304,581	667,003
13,726	42,107	89,932	-
-	-	-	184,910
7,288	-	20,559	-
-	-	-	59,000
2,792	14,288	28,577	-
5,562	39,730	69,170	-
4,748	24,796	46,815	-
-	-	92,103	-
6,762	287	49,334	-
205,000	27,926	564,573	-
<u>245,878</u>	<u>149,134</u>	<u>961,063</u>	<u>243,910</u>
-	715,000	715,000	-
-	-	46,745	-
<u>1,195,000</u>	<u>-</u>	<u>7,048,616</u>	<u>-</u>
<u>1,195,000</u>	<u>715,000</u>	<u>7,810,361</u>	<u>-</u>
<u>1,440,878</u>	<u>864,134</u>	<u>8,771,424</u>	<u>243,910</u>
5,067,499	832,223	8,755,886	-
-	85,290	85,290	-
-	-	35,562	-
232,810	-	907,263	-
1,697,818	109,888	7,749,156	423,093
<u>\$ 6,998,127</u>	<u>\$ 1,027,401</u>	<u>\$ 17,533,157</u>	<u>\$ 423,093</u>

**CITY OF MCCOOK, NEBRASKA**

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

**For the year ended September 30, 2020**

	<u>Electric and Emergency Fund</u>	<u>Water Fund</u>
<b>Operating revenues:</b>		
Charges for services	\$ 1,369,110	\$ 2,345,611
Miscellaneous revenues	-	146,268
Total operating revenues	<u>1,369,110</u>	<u>2,491,879</u>
<b>Operating expenses:</b>		
Salaries and benefits	-	473,722
Insurance and bonds	-	78,690
Utilities and telephone	-	164,389
Repairs and maintenance	-	130,075
Equipment rent	-	9,018
Contracted services	-	26,063
Supplies	-	12,704
Plant chemicals	-	227,919
Transportation	-	9,662
Professional fees	-	7,395
Sales tax	-	113,263
Miscellaneous	-	68,703
Depreciation	3,539	830,264
Insurance claims and health premiums	-	-
Total operating expenses	<u>3,539</u>	<u>2,151,867</u>
Operating income (loss)	1,365,571	340,012
<b>Nonoperating revenues (expenses):</b>		
Interest income	-	66,975
Interest expense	-	(149,961)
Loan fees	-	(8,463)
Total nonoperating revenues (expenses)	<u>-</u>	<u>(91,449)</u>
Income (loss) before transfers	1,365,571	248,563
<b>Interfund transfers:</b>		
Transfers in	-	10,501
Transfers out	<u>(1,369,111)</u>	<u>(60,000)</u>
Net transfers	<u>(1,369,111)</u>	<u>(49,499)</u>
<b>Change in net position</b>	<b>(3,540)</b>	<b>199,064</b>
Net position - September 30, 2019	<u>29,203</u>	<u>9,282,902</u>
Net position - September 30, 2020	<u><u>\$ 25,663</u></u>	<u><u>\$ 9,481,966</u></u>

See notes to financial statements.

Business-type Activities - Enterprise Funds

<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 1,423,679	\$ 2,147,250	\$ 7,285,650	\$ 1,918,949
5,245	2,234	153,747	-
<u>1,428,924</u>	<u>2,149,484</u>	<u>7,439,397</u>	<u>1,918,949</u>
397,578	760,680	1,631,980	-
55,628	57,080	191,398	-
107,734	8,309	280,432	-
62,089	135,081	327,245	-
5,018	1,553	15,589	-
8,488	848,842	883,393	-
15,347	9,114	37,165	-
-	-	227,919	-
3,721	106,377	119,760	-
10,105	4,609	22,109	-
83,305	-	196,568	-
11,732	4,891	85,326	-
396,292	132,480	1,362,575	-
-	-	-	2,274,898
<u>1,157,037</u>	<u>2,069,016</u>	<u>5,381,459</u>	<u>2,274,898</u>
271,887	80,468	2,057,938	(355,949)
17,081	8,488	92,544	6,309
(24,925)	(1,601)	(176,487)	(5,030)
(574)	-	(9,037)	-
<u>(8,418)</u>	<u>6,887</u>	<u>(92,980)</u>	<u>1,279</u>
263,469	87,355	1,964,958	(354,670)
-	393	10,894	375,000
<u>(64,642)</u>	<u>(50,500)</u>	<u>(1,544,253)</u>	<u>-</u>
<u>(64,642)</u>	<u>(50,107)</u>	<u>(1,533,359)</u>	<u>375,000</u>
198,827	37,248	431,599	20,330
<u>6,799,300</u>	<u>990,153</u>	<u>17,101,558</u>	<u>402,763</u>
<u>\$ 6,998,127</u>	<u>\$ 1,027,401</u>	<u>\$ 17,533,157</u>	<u>\$ 423,093</u>

**CITY OF MCCOOK, NEBRASKA**

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS**

**For the year ended September 30, 2020**

	<u>Electric and Emergency Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from customers	\$ 1,369,110
Receipts from other funds	-
Payments to suppliers	-
Payments to employees	-
Net cash provided (used) by operating activities	<u>1,369,110</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Transfers from other funds	-
Transfers to other funds	(1,369,111)
Change in due from/to other funds	-
Net cash provided (used) by noncapital financing activities	<u>(1,369,111)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchase of property and equipment	-
Increase in accrued deep well abandonment costs	-
Principal payments on capital debt	-
Interest paid on capital debt	-
Loan fees paid	-
Net cash used by capital and related financing activities	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest received	<u>1</u>
Increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents - beginning of the year	<u>-</u>
Cash and cash equivalents - end of the year	<u><u>\$ -</u></u>
<b>Composition of cash and cash equivalents:</b>	
Cash and cash equivalents	\$ -
Restricted cash and cash equivalents	-
Total cash and cash equivalents	<u><u>\$ -</u></u>

See notes to financial statements.



Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	
\$ 2,373,918	\$ 1,426,920	\$ 2,143,605	\$ 7,313,553	\$ -
-	-	-	-	2,007,049
(861,545)	(358,856)	(1,191,661)	(2,412,062)	(2,284,398)
(486,153)	(426,371)	(783,955)	(1,696,479)	-
<u>1,026,220</u>	<u>641,693</u>	<u>167,989</u>	<u>3,205,012</u>	<u>(277,349)</u>
10,501	-	393	10,894	375,000
(60,000)	(64,642)	(50,500)	(1,544,253)	-
145,203	19,613	(19,613)	145,203	(89,970)
<u>95,704</u>	<u>(45,029)</u>	<u>(69,720)</u>	<u>(1,388,156)</u>	<u>285,030</u>
(231,346)	(112,785)	(127,395)	(471,526)	-
13,488	-	-	13,488	-
(846,444)	(205,000)	(27,191)	(1,078,635)	-
(154,199)	(25,642)	(1,881)	(181,722)	(5,030)
(8,463)	(574)	-	(9,037)	-
<u>(1,226,964)</u>	<u>(344,001)</u>	<u>(156,467)</u>	<u>(1,727,432)</u>	<u>(5,030)</u>
66,975	17,081	8,488	92,545	6,309
(38,065)	269,744	(49,710)	181,969	8,960
<u>6,120,531</u>	<u>1,508,816</u>	<u>912,381</u>	<u>8,541,728</u>	<u>567,643</u>
<u>\$ 6,082,466</u>	<u>\$ 1,778,560</u>	<u>\$ 862,671</u>	<u>\$ 8,723,697</u>	<u>\$ 576,603</u>
\$ 5,233,603	\$ 1,545,750	\$ 777,381	\$ 7,556,734	\$ 576,603
848,863	232,810	85,290	1,166,963	-
<u>\$ 6,082,466</u>	<u>\$ 1,778,560</u>	<u>\$ 862,671</u>	<u>\$ 8,723,697</u>	<u>\$ 576,603</u>

**CITY OF MCCOOK, NEBRASKA**

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

**For the year ended September 30, 2020**

	<u>Electric and Emergency Fund</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ 1,365,571
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	3,539
Change in assets and liabilities:	
Accounts receivable	-
Reinsurance receivable	-
Inventories	-
Customer deposits	-
Accounts payable	-
Claims incurred not paid	-
Sales tax payable	-
Accrued expenses	-
Net cash provided (used) by operating activities	<u>\$ 1,369,110</u>

See notes to financial statements.

<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Fund</u>
<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	
\$ 340,012	\$ 271,887	\$ 80,468	\$ 2,057,938	\$ (355,949)
830,264	396,292	132,480	1,362,575	-
(120,822)	(2,437)	(5,879)	(129,138)	-
-	-	-	-	88,100
(19,144)	-	-	(19,144)	-
3,285	-	-	3,285	-
5,480	4,311	(15,805)	(6,014)	-
-	-	-	-	(9,500)
(424)	433	-	9	-
(12,431)	(28,793)	(23,275)	(64,499)	-
<u>\$ 1,026,220</u>	<u>\$ 641,693</u>	<u>\$ 167,989</u>	<u>\$ 3,205,012</u>	<u>\$ (277,349)</u>

**CITY OF MCCOOK, NEBRASKA**

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

**September 30, 2020**

	Custodial <u>Funds</u>
<b>ASSETS</b>	
Cash	<u>\$ 134,298</u>
<b>LIABILITIES HELD FOR OTHERS</b>	
Held for other purposes	<u>\$ 134,298</u>

See notes to financial statements.

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

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

**September 30, 2020**

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

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

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

**1. Financial Reporting Entity**

The City of McCook, Nebraska, was incorporated as a City of the first class in 1933. The City operates under a City Manager form of government. The Mayor is elected by the Council. All members of the City Council are elected on four-year terms. The administration of the City government is performed under the direction of the Council by the City Manager. Services provided to residents include public safety, highways and streets, parks, recreation, water and sanitary sewer systems, garbage collection, and general administrative services.

The City’s financial reporting entity comprises the following:

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

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

**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

**1. Financial Reporting Entity, continued**

**Blended Component Units**

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

**Discretely Presented Component Units**

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

**Brief Description of Activities  
and Relationship to the City**

McCook Community

Development Agency

On February 20, 2006, the City Council passed an ordinance repealing the CRA and creating a CDA for the City of McCook. The Mayor and the members of the City Council shall constitute the Agency and the City Manager shall serve as the director of the CDA.

McCook Leasing Corporation

Created in 2011 to provide for the construction and issuance of bonds for the construction of the combined Administration and Public Safety building. This entity had no activity during the year ended September 30, 2020.

**2. Basis of Presentation**

**Government-wide Financial Statements**

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

**CITY OF MCCOOK, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

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

**2. Basis of Presentation, continued**

**Fund Financial Statements**

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

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

The funds of the financial reporting entity are described below:

**Governmental Funds**

*General Fund*

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

*Special Revenue Funds*

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

*Capital Project Funds*

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



**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

**2. Basis of Presentation, continued**

**Governmental Funds, continued**

*Debt Service Fund*

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

**Proprietary Funds**

*Enterprise Funds*

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

*Internal Service Fund*

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

**Fiduciary Funds (Not included in government-wide statements)**

*Custodial Funds*

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

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds

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

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

3. Measurement Focus and Basis of Accounting

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

**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

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

**Measurement Focus**

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

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

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

**Basis of Accounting**

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

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

**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

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

**Basis of Accounting, continued**

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

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

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

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

**Estimates**

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

**Cash and Investments**

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

**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

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

**Cash and Investments, continued**

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

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

**Receivables**

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

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

**Inventory**

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

**Restricted Assets**

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

**Capital Assets**

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

**CITY OF MCCOOK, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

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

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

**Capital Assets, continued**

*Government-wide Statements*

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

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

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

Beginning October 1, 2003, governmental funds' infrastructure assets were capitalized under the retroactive capitalization method. These assets have been valued at cost. The cost of normal maintenance, preservation, and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized.

*Fund Financial Statements*

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

**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

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

**Compensated Absences**

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

**Long-term Debt**

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

*Government-wide Statements*

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

*Fund Financial Statements*

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

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications

*Government-wide Statements*

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

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

*Fund Financial Statements*

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

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

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

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



**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

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

**Equity Classifications, continued**

*Fund Financial Statements, continued*

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

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

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

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 20). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the City Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

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

**Sales and Use Tax**

The City presently levies a 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 LB840 Fund received 16.67 percent of the non-motor vehicle sales tax collections for economic development. The balance of the sales tax may be used for budgeted General Fund appropriations and capital projects; purchase of capital equipment; improving, repairing or replacing the City's infrastructure, including but not limited to water quality improvements, City streets, parks, and other public facilities; and repaying or redeeming water, sewer and other City debt.

**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

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

**Property Taxes**

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

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

Property taxes levied for 2019-2020 are recorded as revenue when received by the County.

**Electrical Distribution System Lease and Wholesale Power Contract**

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

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

**Operating Revenues and Expenses**

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

**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

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

**Expenditures/Expenses**

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

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

Governmental Funds – by Character and Function

Proprietary Funds – by Operating and Nonoperating

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

**Interfund Transfers**

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

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

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

**1. Fund Accounting Requirements**

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

**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

**2. Deposit Laws and Regulations**

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

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

**3. Revenue Restrictions**

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

**4. Debt Restrictions and Covenants**

*Bonds Payable*

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

**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

**4. Debt Restrictions and Covenants, continued**

*Sewer Loans*

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

1. Dedicated Source of Revenue for Repayment of the Loans – The City pledges the sewer user charge as the dedicated source of revenue for repayment of the loans.
2. Loan Principal and Interest Redemption Account - Out of the McCook Sewer Fund there shall be credited monthly, on or before the 15th day of each month to the Loan Principal and Interest Redemption Account, the following amounts:
  - a) An amount equal to 1/6th of the next maturing semi-annual interest payments. The loan interest reserve was \$6,761 at September 30, 2020.
  - b) An amount equal to 1/12th of the next maturing annual principal payments. The loan principal reserve was \$59,792 at September 30, 2020.
3. Debt Service Reserve – The debt service reserve was \$166,257 at September 30, 2020.

*Water Loans*

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

1. Dedicated Source of Revenue for Repayment of the Loans – The City pledges the water user charge as the dedicated source of revenue for repayment of the loans.
2. Loan Principal and Interest Redemption Account - Out of the McCook Water Fund there shall be credited monthly, on or before the 15th day of each month to the Loan Principal and Interest Redemption Account, the following amounts:
  - a) An amount equal to 1/6th of the next maturing semi-annual interest payments. The loan interest reserve was \$43,700 at September 30, 2020.
  - b) An amount equal to 1/6th of the next maturing semi-annual principal payments. The loan principal reserve was \$96,685 at September 30, 2020.
3. Debt Service Reserve – The debt service reserve was \$534,068 at September 30, 2020.

**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

**5. Budgetary Data**

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

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

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

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

**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

**5. Budgetary Data, continued**

- g. The property tax requirements resulting from the budget process are utilized by the County Assessor to establish the tax levy. Taxes are levied annually on or before October 15. Real property taxes and personal property taxes are due December 31 with the first half delinquent May 1 and the second half delinquent September 1.
- h. The City of McCook adopts a budget by ordinance for all funds.

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

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

**1. Cash**

**Deposits**

The City's policies regarding deposits of cash are discussed in Note A4. The table presented below is designed to disclose how its deposits were insured or secured with collateral at September 30, 2020. The categories of collateral are defined as follows:

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

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

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

**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

**1. Cash, continued**

**Deposits, continued**

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits	\$ 15,595,458	\$ 250,000	\$ 15,192,994	\$ 152,464	\$ <u>15,116,970</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –	
Unrestricted cash and cash equivalents	\$ 10,625,016
Restricted cash and cash equivalents	4,291,162
Fiduciary Funds –	
Custodial Funds cash	134,298
Component Unit –	
Unrestricted cash and cash equivalents	<u>66,494</u>
	<u>\$ 15,116,970</u>

**2. Restricted Assets**

The restricted assets as of September 30, 2020, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Type of Restricted Assets:			
Cash and cash equivalents	\$ <u>3,124,199</u>	\$ <u>1,166,963</u>	\$ <u>4,291,162</u>

The General Fund has \$146,773 of cash restricted for cemetery perpetual care. The Street Fund has \$695,415 of cash restricted for street improvements. The Economic Development Fund has \$738,341 of cash restricted for economic development. The Debt Service Fund has \$359,100 of cash restricted for debt service. The Capital Projects Fund has \$798,349 of cash restricted for Capital Projects. The Grant Fund has \$372,622 of cash restricted for Federal programs. The Keno Fund has \$13,599 of cash restricted for community betterment.



**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

**2. Restricted Assets, continued**

The Water Fund has \$82,307 restricted for future closure costs on the deep injection well, \$92,103 restricted for customer deposits, and \$674,453 restricted for debt service. Funds of \$232,810 are restricted in the Sewer Fund for debt service. The Solid Waste Fund has funds of \$85,290 that are restricted for the future landfill postclosure costs. See Note B4 for additional disclosures.

**3. Accounts and Notes Receivable**

Accounts receivable of the business-type activities consist of utilities receivables. Receivables detail at September 30, 2020, is as follows:

	<u>Business-type Activities</u>
Accounts receivable	\$ 81,892
Unbilled revenue	<u>713,477</u>
Total accounts receivable	<u>\$ 795,369</u>

As of September 30, 2020, the City had the following LB840 notes receivable:

	<u>Balance</u>	<u>Terms</u>
Clary Village	\$ 116,315	4%; due as TIF proceeds are collected; final maturity 3/31/31
McCook Economic Development Corporation	142,178	0%; due as TIF proceeds are collected over 15 years
McCook Economic Development Corporation	125,565	0%; due as TIF proceeds are collected over 15 years
Head 2 Toe Spas	5,480	3%; 60 monthly payments of \$179.69 due 6/1/18 - 5/1/23
Tyler & Anna Powell Loan A	15,372	3%; 120 monthly payments of \$169.46 due 5/1/19 - 4/1/29

**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

**3. Accounts and Notes Receivable, continued**

Tyler & Anna Powell Loan B	14,887	3%; 84 monthly payments of \$241.61 due 5/1/19 – 4/1/26
C5, LLC	26,928	3%; 120 monthly payments of \$482.80 due 3/1/19 – 2/1/29
Early Morning Cackle	53,754	3%; 120 monthly payments of \$538.42 due 5/1/20 – 4/1/30
Straight Align LLC	46,015	3%; 120 monthly payments of \$482.80 due 11/1/19 – 10/1/29
Young Bison Daycare	54,881	3%; 120 monthly payments of \$545.61 due 6/1/20 – 5/1/30
American Agricultural Laboratory	<u>49,831</u>	2%; 120 monthly payments of \$690.10 due 2/5/17 – 1/5/27
	<u>\$ 651,206</u>	

The Community Development Agency had the following TIF receivables and payables as of September 30, 2020:

	<u>TIF Receivable</u>	<u>TIF Payable</u>
North Pointe	\$ 142,178	\$ 142,178
Clary Village	125,565	125,565
Cobblestone	477,078	477,078
Quillan Courts	94,851	94,851
Holiday Inn	1,155,927	1,155,927
Next Generation	<u>1,472,246</u>	<u>1,472,246</u>
	<u>\$ 3,467,845</u>	<u>\$ 3,467,845</u>
Current portion	\$ 392,759	\$ 392,759
Long-term portion	<u>3,075,086</u>	<u>3,075,086</u>
	<u>\$ 3,467,845</u>	<u>\$ 3,467,845</u>

**CITY OF MCCOOK, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

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

**4. Capital Assets**

Capital asset activity for the year ended September 30, 2020, was as follows:

	Balance at October 1, <u>2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2020</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 776,893	\$ -	\$ -	\$ -	\$ 776,893
Construction in progress	646,638	132,270	-	(646,638)	132,270
Total capital assets not being depreciated	1,423,531	132,270	-	(646,638)	909,163
Other capital assets being depreciated:					
Infrastructure	12,651,528	3,177,234	-	646,638	16,475,400
Buildings and improvements	18,858,253	210,117	-	-	19,068,370
Machinery and equipment	790,544	278,211	(26,105)	-	1,042,650
Furniture and equipment	2,293,604	65,633	(6,650)	-	2,352,587
Vehicles	3,155,106	96,284	(21,900)	-	3,229,490
Total other capital assets at historical cost	37,749,035	3,827,479	(54,655)	646,638	42,168,497
Less accumulated depreciation for:					
Infrastructure	(4,292,040)	(289,873)	-	-	(4,581,913)
Buildings and improvements	(9,823,745)	(471,714)	-	-	(10,295,459)
Machinery and equipment	(637,933)	(73,927)	26,105	-	(685,755)
Furniture and equipment	(1,941,529)	(79,212)	6,650	-	(2,014,091)
Vehicles	(2,321,007)	(170,123)	21,900	-	(2,469,230)
Total accumulated depreciation	(19,016,254)	(1,084,849) *	54,655	-	(20,046,448)
Other capital assets, net	18,732,781	2,742,630	-	646,638	22,122,049
Governmental activities capital assets, net	<u>\$ 20,156,312</u>	<u>\$ 2,874,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,031,212</u>

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

**CITY OF MCCOOK, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

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

**4. Capital Assets, continued**

General Fund:

General government:

Administration	\$ 12,079
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Public safety:

Fire	91,583
Civil defense	5,234
Ambulance	13,997
Municipal Center	122,995
Public Safety	580
Police	<u>66,931</u>
Total public safety	301,320

Public works:

Cemetery	18,019
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Environment and leisure:

Airport	97,263
Library	48,652
Parks	80,195
Ball Park	20,539
Pool	12,185
Auditorium	14,467
Public Transportation	10,509
Senior Center	<u>33,753</u>
Total environment and leisure	<u>317,563</u>

Total General Fund	648,981
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Special Revenue Funds:

Street	<u>435,868</u>
Total Governmental Activities depreciation expense	\$ <u>1,084,849</u>

Construction in progress at September 30, 2020 consists of \$132,270 of costs incurred on the library HVAC replacement project. See note D3 for additional details regarding commitments remaining on this project.

**CITY OF MCCOOK, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

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

**4. Capital Assets, continued**

	Balance at October 1, <u>2019</u>	<u>Additions</u>	<u>Disposals</u>	Balance at September 30, <u>2020</u>
<u>Business-type Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 485,735	\$ -	\$ -	\$ 485,735
Other capital assets being depreciated:				
Distribution systems	31,453,887	237,475	-	31,691,362
Buildings and improvements	5,468,681	-	-	5,468,681
Machinery and equipment	3,460,742	234,050	-	3,694,792
Total other capital assets at historical cost	<u>40,383,310</u>	<u>471,525</u>	-	<u>40,854,835</u>
Less accumulated depreciation for:				
Distribution systems	(18,475,741)	(1,060,941)	-	(19,536,682)
Buildings and improvements	(2,374,154)	(136,783)	-	(2,510,937)
Machinery and equipment	(2,759,025)	(164,851)	-	(2,923,876)
Total accumulated depreciation	<u>(23,608,920)</u>	<u>(1,362,575) *</u>	-	<u>(24,971,495)</u>
Other capital assets, net	<u>16,774,390</u>	<u>(891,050)</u>	-	<u>15,883,340</u>
Business-type capital assets, net	<u>\$ 17,260,125</u>	<u>\$ (891,050)</u>	<u>\$ -</u>	<u>\$ 16,369,075</u>

\* Depreciation expense was charged to functions as follows:

Electric and Emergency	\$ 3,539
Water	830,264
Sewer	396,292
Solid Waste	<u>132,480</u>
Total Business-type Activities depreciation expense	<u>\$ 1,362,575</u>

**5. Long-term Debt**

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

**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

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

**Changes in Long-term Debt**

The following is a summary of changes in long-term debt for the year ended September 30, 2020:

<u>Type of Debt</u>	Balance October 1, 2019	<u>Additions</u>	<u>Deductions</u>	Balance September 30, 2020	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Notes payable	\$ 447,215	\$ 114,040	\$ (69,164)	\$ 492,091	\$ 97,219
Business-type Activities:					
Bonds payable	\$ 7,605,000	\$ -	\$ (505,000)	\$ 7,100,000	\$ 505,000
Notes payable	1,031,707	-	(546,444)	485,263	31,647
Capital lease obligations	55,117	-	(27,191)	27,926	27,926
Deep well abandonment costs	33,257	13,488	-	46,745	-
Landfill closure costs	715,000	-	-	715,000	-
Total Business-type Activities	<u>\$ 9,440,081</u>	<u>\$ 13,488</u>	<u>\$ (1,078,635)</u>	<u>\$ 8,374,934</u>	<u>\$ 564,573</u>
Component Units:					
CDA notes payable	<u>\$ 2,747,794</u>	<u>\$ 1,024,000</u>	<u>\$ (298,949)</u>	<u>\$ 3,472,845</u>	<u>\$ 392,759</u>

**Governmental Activities**

The General and Street Funds are making the principal and interest payments on the governmental notes payable. As of September 30, 2020, the governmental long-term liabilities consisted of the following:

Notes payable:

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

\$ 91,723

**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

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

**Governmental Activities, continued**

Note payable, continued:

Note payable of \$159,955 due to McCook National Bank, bearing interest of 4.50 percent. Annual principal and interest payments of \$31,068 are due commencing April 1, 2020, through April 1, 2025. The note is secured by a 2019 Ford F-550 ambulance. 135,905

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

Note payable of \$178,691 due to McCook National Bank, bearing interest of 4.50 percent. Annual principal and interest payments of \$34,365 are due commencing November 1, 2019, through November 1, 2024. The note is secured by a 2019 Mac Queen street sweeper. 150,423  
\$ 492,091

Current portion \$ 97,219  
Noncurrent portion 394,872  
Total \$ 492,091

CITY OF MCCOOK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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

5. Long-term Debt, continued

**Business-type Activities**

As of September 30, 2020, the long-term debt payable from proprietary fund resources consisted of the following:

Note payable:

\$1,669,448 of Water DEQ Notes Payable with \$44,202 advanced during the year ended September 30, 2016, due in semi-annual principal and interest payments of \$50,844 commencing June 15, 2015, through December 15, 2033. The note bears interest of 2.0 percent. \$ 485,263

Bond payable:

On November 15, 2016, the City issued \$8,825,000 of Series 2016 Combined Utility Revenue Refunding Bonds to refinance three Water and Sewer DEQ notes payable. The bonds are due in annual principal payments commencing June 15, 2017 through June 15, 2036. Interest ranging from 0.85 percent to 3.0 percent is due in semi-annual payments on December 15 and June 15. At September 30, 2020, the Water Fund owed \$5,700,000 and the Sewer Fund owed \$1,400,000 of the outstanding bonds. 7,100,000

Capital lease:

Capital lease of \$132,475 for a caterpillar loader for solid waste through Caterpillar Financial Services Corporation, bearing interest of 2.70 percent. Annual principal and interest payments of \$28,679 are due commencing May 14, 2017 through May 14, 2021. 27,926

Total business-type activity notes payable \$ 7,613,189

Current portion \$ 564,573

Noncurrent portion 7,048,616

Total \$ 7,613,189



**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

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

**Component Units:**

Community Development Agency:

During the year ended September 30, 2015, the CDA issued a \$208,000 note payable to McCook Economic Development Corporation (MEDC) to finance North Pointe redevelopment expenses. This note is non-interest bearing and will be paid off as North Pointe TIF proceeds are collected over 15 years. \$ 142,178

During the year ended September 30, 2015, the CDA issued a \$180,000 note payable to MEDC to finance Clary Village redevelopment expenses. This note is non-interest bearing and will be paid off as Clary Village TIF proceeds are collected over 15 years. 125,565

During the year ended September 30, 2016, the CDA entered into a TIF agreement with McCook Hotel Group, LLC for the Cobblestone Hotel Project. This note is non-interest bearing and will be paid to the redeveloper as TIF proceeds are collected over 15 years. 477,078

During the year ended September 30, 2016, the CDA issued a \$110,000 note payable to MEDC to finance the Quillan Courts Project. This note is non-interest bearing and will be paid to the redeveloper as Quillan Courts TIF proceeds are collected over 15 years. 94,851

**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

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

**Component Units, continued:**

Community Development Agency, continued:

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

1,155,927

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

1,472,246

Total component unit debt

\$ 3,467,845

Current portion

\$ 392,759

Noncurrent portion

3,075,086

Total

\$ 3,467,845

**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

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

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2020, are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities				
	Direct Placement - Notes		Direct Placement - Note & Capital Lease			Other Debt Issues - Bonds	
	Principal	Interest	Principal	Interest	Fees	Principal	Interest
2021	\$ 97,219	\$ 20,611	\$ 59,573	\$ 10,302	\$ 4,774	\$ 505,000	\$ 158,455
2022	101,079	16,752	32,283	8,912	4,456	510,000	151,890
2023	105,325	12,505	32,932	8,263	4,131	510,000	144,750
2024	109,763	8,080	33,593	7,601	3,800	510,000	137,100
2025	78,705	3,467	34,269	6,925	3,463	515,000	128,685
2026-2030	-	-	181,957	24,015	12,008	1,960,000	500,103
2031-2035	-	-	138,582	5,598	2,799	1,700,000	286,350
2036-2040	-	-	-	-	-	890,000	26,700
	<u>\$ 492,091</u>	<u>\$ 61,415</u>	<u>\$ 513,189</u>	<u>\$ 71,616</u>	<u>\$ 35,431</u>	<u>\$ 7,100,000</u>	<u>\$ 1,534,033</u>

Year Ending September 30,	Component Units	
	Direct Placement Debt	
	Principal	Interest
2021	\$ 392,759	\$ -
2022	392,950	-
2023	393,147	-
2024	393,349	-
2025	391,735	-
2026-2030	1,251,463	-
2031-2035	252,442	-
	<u>\$ 3,467,845</u>	<u>\$ -</u>

**Municipal Solid Waste Landfill Postclosure**

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

**CITY OF MCCOOK, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

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

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

**Municipal Solid Waste Landfill Postclosure, continued**

Under an agreement with the Nebraska Department of Environmental Quality, the City of McCook discontinued acceptance of solid waste after the completion of the current cell on September 1, 1996. According to the engineering study performed for the municipal solid waste landfill, the revised closure costs for the landfill were estimated at \$36,000. The postclosure care costs were estimated at \$42,645 annually for 30 years after closure as required by EPA rule “Solid Waste Disposal Facility Criteria.” The amount accrued has been adjusted for inflation. The total closure and postclosure cost estimate is \$1,315,350. The cumulative liability, which is based on the capacity of the landfill used to date, was \$715,000 at September 30, 2020. The City of McCook considers this amount available through the normal annual budgeting process. The City has a restricted cash reserve of \$85,290 as of September 30, 2020, consisting of a landfill postclosure reserve of \$85,290. The City was released from its landfill remedial action reserve in December 2016, so it no longer restricts cash for the remedial action reserve.

**Deep Well Abandonment Costs**

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

Under an agreement with the Nebraska Department of Environmental Quality, the City of McCook established an escrow account with a balance at September 30, 2020, of \$82,307 to be used for future deep well abandonment costs. The estimated cost of abandonment is being recognized over the 30-year estimated life of the well. The accrued deep well abandonment cost was \$46,745 at September 30, 2020.

**6. Interfund Transactions and Balances**

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Keno	\$ 76,500	\$ -
Grant Fund	30,000	-
Electric and Emergency	994,111	-
Water	60,000	( 6,252)
Sewer	60,000	-
Solid Waste	<u>50,500</u>	<u>-</u>
Total General Fund	1,271,111	( 6,252)

**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

**6. Interfund Transactions and Balances, continued**

Operating transfers, continued:

	<u>Transfers In</u>	<u>Transfers Out</u>
Street Fund:		
Capital Projects	682,973	-
Keno Fund:		
General	-	( 76,500)
Internal Service Fund:		
Electric	375,000	-
Grant Fund:		
Capital Projects	67,325	-
General	-	( 30,000)
	67,325	( 30,000)
Capital Projects Fund:		
Street	-	( 682,973)
Grant	-	( 67,325)
	-	( 750,298)
Water Fund:		
General	6,252	( 60,000)
Sewer	4,249	-
Total Water Fund	10,501	( 60,000)
Electric Fund:		
Internal Service Fund	-	( 375,000)
General	-	( 994,111)
Total Electric Fund	-	(1,369,111)
Sewer Fund:		
General	-	( 60,000)
Water	-	( 4,249)
Economic Development	-	( 393)
Total Sewer Fund	-	( 64,642)
Solid Waste Fund:		
General	-	( 50,500)
Sewer	393	-
Total Solid Waste Fund	393	( 50,500)
Total Operating Transfers	\$ 2,407,303	\$ (2,407,303)

**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE D – OTHER NOTES**

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

The City participates in three employee benefit plans as follows:

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

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

**City General Plan**

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

Public employees are eligible to participate on the first day of the month following the date on which the employee meets the eligibility requirements. The City contributes up to six percent of the participant's base salary and the employee contributes from six percent to 15 percent of his or her base salary. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested after seven years of continuous service. The City's total payroll and eligible compensation (excluding uniformed personnel) in the year ended September 30, 2020, was \$2,968,968 and \$2,441,807, respectively. All contributions, including \$186,208 in employee contributions and \$142,118 in City contributions, have been transferred to the plan's trustee during the year ended September 30, 2020.

**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE D – OTHER NOTES, continued**

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

**City General Plan, continued**

The Public Employee Plan, which is administered by CPI Qualified Plan Consultants, Inc., had plan assets with a market value of \$6,552,844 at September 30, 2020.

**City Manager Plan**

The City Manager currently participates in the City General pension plan. No contributions were made to the City Manager Plan during the year ended September 30, 2020. The balance of \$264,692 in the plan at September 30, 2020 represents balances for former City Managers.

**Police and Firefighters Plan**

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

The City's total payroll and eligible compensation for policemen and firemen in the year ended September 30, 2020, was \$996,796 and \$739,003, respectively. All contributions, including \$69,776 and \$48,035, respectively, in employee contributions and \$69,776 and \$96,070, respectively, in City contributions, have been transferred to the plan's trustee during the year ended September 30, 2020. The City did not use any of the unallocated account in the policemen's and firemen's pension funds for the City's contribution during the year ended September 30, 2020.

The policemen and firemen plans had plan assets with a market value of \$3,216,204 and \$2,971,740, respectively, at September 30, 2020.

**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE D – OTHER NOTES, continued**

**2. Risk Management**

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

**Deposits and Investments**

***Custodial Credit Risk.*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City's investments at September 30, 2020, are held by the counterparties not in the name of the City. The underlying securities consist of cash, direct obligations of or guaranteed by the full faith and credit of the U.S. Government, and other similar obligations of the U.S. Government or its agencies.

***Interest Rate Risk.*** As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy requires that market conditions and investment securities be analyzed to determine the maximum yield to be obtained and to minimize the impact of rising interest rates. The City had no certificates of deposit as of September 30, 2020.

***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, 2020, the City's bank balances, totaling \$15,116,970, were all held at McCook National Bank.

***Foreign Currency Risk.*** This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The City's investments had no exposure to foreign currency risk and the City held no investments denominated in foreign currency at September 30, 2020.



**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE D – OTHER NOTES, continued**

**3. Commitments and Contingencies**

**Claims and Lawsuits**

During September 2020, two wastewater treatment plant employees died while working at the facility. Based on discussions with the City’s workers compensation insurance carrier, the City is of the opinion that there is sufficient workers compensation insurance to provide for potential claims that may arise due to the accident.

Various other claims and lawsuits are pending against the City. In the opinion of City management, the potential loss on all claims and lawsuits as of September 30, 2020, will not be significant to the City’s financial statements.

**Construction and Commitments**

As of September 30, 2020, the City had the following construction obligations:

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/20</u>	<u>Remaining Commitment</u>	<u>Expected Date of Completion</u>
Library HVAC replacement:				
Contractor	\$ 124,012	\$ 110,289	\$ 13,723	November 2020
West golf course lift station:				
Engineering	24,200	14,800	9,400	December 2020
Contractor	209,250	-	209,250	December 2020
East 14 <sup>th</sup> & D Street water system:				
Contractor	137,370	-	137,370	June 2021
Gemini Court water system:				
Contractor	27,456	-	27,456	June 2021
West 5 <sup>th</sup> water transmission main:				
Engineering	71,450	37,650	33,800	June 2021
Construction	417,499	-	417,499	June 2021

**Contingencies**

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

**CITY OF MCCOOK, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**NOTE D – OTHER NOTES, continued**

**3. Commitments and Contingencies, continued**

**Self-Insurance Fund**

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

**Disability Pension Annuity**

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

**Operating Leases**

The City is party to seven operating leases for four copiers, a digital mailing system, land for the ballparks, and tower space from McCook Public Power District. As of September 30, 2020, future lease obligations are as follows:

<u>Year Ended September 30,</u>	<u>Lease Commitments</u>
2021	\$ 20,571
2022	18,839
2023	6,335
2024	1,800
2025	600
Thereafter	<u>1,350</u>
	<u>\$ 49,495</u>

Total rent expense was \$22,937 for the year ended September 30, 2020.

**CITY OF MCCOOK, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**NOTE D – OTHER NOTES, continued**

**4. Interlocal Agreements**

The City has the following interlocal agreements in effect as of September 30, 2020:

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

**5. Union Agreements**

The City is subject to the following union contracts:

- McCook Professional Firefighter’s Association Local 2100
- McCook Fraternal Order of Police Lodge 57

**CITY OF MCCOOK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE D – OTHER NOTES, continued**

**6. Tax Abatements**

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

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

Information relevant to the abatements granted by the CDA for the year ended September 30, 2020 is as follows:

<u>TIF Project:</u>	<u>Date of TIF Agreement</u>	<u>2020 TIF Valuation</u>	<u>TIF Proceeds Received during the year ended 9/30/2020</u>
Keystone	May 2009	\$ 1,496,500	\$ 28,321
North Pointe	July 2014	1,556,786	25,366
Clary Village	March 2015	452,345	8,560
Cobblestone Hotel	May 2015	2,738,437	51,823
Quillan Courts	June 2016	343,989	6,510
Holiday Inn	March 2016	4,975,021	90,610
Next Generation, Inc.	February 2017	10,859,266	<u>107,732</u>
			\$ <u>318,922</u>

**7. Subsequent Events**

Management has evaluated subsequent events through January 7, 2021, the date on which the financial statements were available for issue.

## **SUPPLEMENTARY AND OTHER INFORMATION**

**CITY OF MCCOOK, NEBRASKA**

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

**Year ended September 30, 2020**

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
<b>RESOURCES (INFLOWS)</b>			
Taxes:			
Property	\$ 1,467,348	\$ 1,474,416	\$ 7,068
Motor vehicle	165,000	179,141	14,141
Payments in lieu of taxes	120,500	103,825	(16,675)
Occupation	141,500	131,423	(10,077)
Franchise	95,500	115,096	19,596
Sales	1,287,837	1,233,056	(54,781)
Intergovernmental	527,900	584,407	56,507
Grants	304,577	279,256	(25,321)
Charges for services	577,693	696,631	118,938
Interest income	35,000	24,598	(10,402)
Contributions	89,500	114,824	25,324
Other	160,000	87,874	(72,126)
Total resources	<u>4,972,355</u>	<u>5,024,547</u>	<u>52,192</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
General government:			
Administrative	652,920	588,163	(64,757)
Publicity	7,750	6,522	(1,228)
City Council	648,537	116,903	(531,634)
Health operating	586,150	586,056	(94)
Total general government	<u>1,895,357</u>	<u>1,297,644</u>	<u>(597,713)</u>
Public safety:			
Fire	1,346,686	1,124,448	(222,238)
Ambulance	152,883	130,816	(22,067)
Police	1,844,134	1,813,734	(30,400)
Civil defense	25,055	100,835	75,780
Total public safety	<u>3,368,758</u>	<u>3,169,833</u>	<u>(198,925)</u>
Public works:			
Building and zoning	84,939	79,044	(5,895)
Cemetery	202,726	205,701	2,975
Total public works	<u>287,665</u>	<u>284,745</u>	<u>(2,920)</u>
Environment and leisure:			
Public transportation	169,085	152,466	(16,619)
Senior Center	418,123	383,470	(34,653)
Library	351,658	340,094	(11,564)
Parks	282,608	236,645	(45,963)
Ballparks	167,061	124,761	(42,300)
Auditorium	46,785	71,985	25,200
Pool	114,527	34,612	(79,915)
Airport	169,504	162,549	(6,955)
Total environment and leisure	<u>1,719,351</u>	<u>1,506,582</u>	<u>(212,769)</u>
Total charges to appropriations	<u>7,271,131</u>	<u>6,258,804</u>	<u>(1,012,327)</u>

**CITY OF MCCOOK, NEBRASKA**

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

**Year ended September 30, 2020**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
Resources under charges to appropriations	(2,298,776)	(1,234,257)	1,064,519
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,642,889	1,271,111	(371,778)
Transfers out	-	<u>(6,252)</u>	<u>(6,252)</u>
Net transfers	<u>1,642,889</u>	<u>1,264,859</u>	<u>(378,030)</u>
 <b>RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	 <u>\$ (655,887)</u>	 <u>\$ 30,602</u>	 <u>\$ 686,489</u>

**CITY OF MCCOOK, NEBRASKA**

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

**Year ended September 30, 2020**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Sales tax	\$ 185,000	\$ 203,769	\$ 18,769
Intergovernmental	1,210,000	1,021,950	(188,050)
Grants	-	153,467	153,467
Charges for services	16,790	31,790	15,000
Interest income	<u>-</u>	<u>988</u>	<u>988</u>
Total resources	1,411,790	1,411,964	174
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Public works	1,361,077	1,556,900	195,823
Capital outlay	468,244	413,532	(54,712)
Principal payments on debt	-	28,267	28,267
Interest expense	<u>-</u>	<u>6,098</u>	<u>6,098</u>
Total charges to appropriations	<u>1,829,321</u>	<u>2,004,797</u>	<u>175,476</u>
Resources under charges to appropriations	(417,531)	(592,833)	(175,302)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>-</u>	<u>682,973</u>	<u>682,973</u>
<b>RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u>\$ (417,531)</u>	<u>\$ 90,140</u>	<u>\$ 507,671</u>



**CITY OF MCCOOK, NEBRASKA**

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

**Year ended September 30, 2020**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Sales tax	\$ 393,412	\$ 435,621	\$ 42,209
Interest income	-	1,798	1,798
Loan collections	55,000	100,496	45,496
Other revenue	<u>-</u>	<u>30</u>	<u>30</u>
Total resources	448,412	537,945	89,533
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Economic development	1,015,417	332,807	(682,610)
Capital outlay	<u>-</u>	<u>93,380</u>	<u>93,380</u>
Total charges to appropriations	<u>1,015,417</u>	<u>426,187</u>	<u>(589,230)</u>
<b>RESOURCES OVER (UNDER)</b>			
<b>CHARGES TO APPROPRIATIONS</b>	<u><u>\$ (567,005)</u></u>	<u><u>\$ 111,758</u></u>	<u><u>\$ 678,763</u></u>

**CITY OF MCCOOK, NEBRASKA**

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

**Year ended September 30, 2020**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Sales tax	\$ 742,325	\$ 742,325	\$ -
Interest income	-	8,523	8,523
Total resources	<u>742,325</u>	<u>750,848</u>	<u>8,523</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Environment and leisure	177,325	-	(177,325)
Capital projects	<u>1,649,056</u>	<u>109,610</u>	<u>(1,539,446)</u>
Total charges to appropriations	<u>1,826,381</u>	<u>109,610</u>	<u>(1,716,771)</u>
Resources over (under) charges to appropriations	(1,084,056)	641,238	1,725,294
<b>OTHER FINANCING USES</b>			
Transfers out	<u>-</u>	<u>(750,298)</u>	<u>(750,298)</u>
<b>RESOURCES AND OTHER FINANCING USES UNDER CHARGES TO APPROPRIATIONS</b>	<u>\$ (1,084,056)</u>	<u>\$ (109,060)</u>	<u>\$ 974,996</u>

**CITY OF MCCOOK, NEBRASKA**

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

**Year ended September 30, 2020**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Intergovernmental	\$ -	\$ 51,415	\$ 51,415
Grant revenue	1,463,900	1,451,903	(11,997)
Charges for services	-	26,994	26,994
Interest income	-	8,731	8,731
Insurance proceeds	-	9,887	9,887
Other revenues	-	19,800	19,800
Total resources	<u>1,463,900</u>	<u>1,568,730</u>	<u>104,830</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
General government	475,664	6,042	(469,622)
Public safety	432,874	49,424	(383,450)
Environment and leisure	57,888	-	(57,888)
Capital outlay	1,581,834	1,642,028	60,194
Total charges to appropriations	<u>2,548,260</u>	<u>1,697,494</u>	<u>(850,766)</u>
Resources under charges to appropriations	(1,084,360)	(128,764)	955,596
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>67,325</u>	<u>37,325</u>	<u>(30,000)</u>
<b>RESOURCES AND OTHER FINANCING SOURCES UNDER CHARGES TO APPROPRIATIONS</b>	<u>\$ (1,017,035)</u>	<u>\$ (91,439)</u>	<u>\$ 925,596</u>

**CITY OF MCCOOK, NEBRASKA**

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

**Year ended September 30, 2020**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Special assessments	\$ 4,400	\$ 6,460	\$ 2,060
Interest	1,300	4,822	3,522
Total resources	<u>5,700</u>	<u>11,282</u>	<u>5,582</u>
 <b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Other improvements	<u>352,422</u>	<u>-</u>	<u>(352,422)</u>
 <b>RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	 <u>\$ (346,722)</u>	 <u>\$ 11,282</u>	 <u>\$ 358,004</u>

**CITY OF MCCOOK, NEBRASKA**

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

**September 30, 2020**

	<u>Special Fire</u>	<u>Senior Center Contributions</u>	<u>School</u>	<u>Library Memorial</u>
<b>ASSETS</b>				
Cash	<u>\$ 1,158</u>	<u>\$ 71,444</u>	<u>\$ 1,214</u>	<u>\$ 40,937</u>
<b>LIABILITIES HELD FOR OTHERS</b>				
Held in trust for other purposes	<u>\$ 1,158</u>	<u>\$ 71,444</u>	<u>\$ 1,214</u>	<u>\$ 40,937</u>

**CITY OF MCCOOK, NEBRASKA**

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

**Year ended September 30, 2020**

	<u>Administrative</u>	<u>Publicity</u>	<u>Auditorium</u>	<u>City Council</u>
<b>REVENUES</b>				
Taxes:				
General property tax	\$ 1,474,416	\$ -	\$ -	\$ -
Motor vehicle tax	179,141	-	-	-
Payments in lieu of taxes	103,825	-	-	-
Occupation tax	131,423	-	-	-
Franchise	115,096	-	-	-
Sales	1,233,056	-	-	-
Intergovernmental revenue:				
State assistance	407,813	-	-	-
County assistance	-	-	-	-
Rural fire	-	-	-	-
School resource officer	-	-	-	-
Licenses and permits	4,200	-	-	-
Rental and fees	275,616	-	-	-
Admission fees and concessions	-	-	-	-
Grants	-	-	-	-
Contributions	5,000	-	-	-
Interest income	23,119	-	-	-
Other receipts	87,874	-	-	-
Total revenues	<u>4,040,579</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Personnel services:				
Salaries and benefits	393,852	-	11,279	9,688
Operating expenses:				
Insurance	6,285	-	8,259	3,110
Interlocal agreement	-	-	-	43,145
Contract services	4,318	1,610	276	-
Professional fees	79,483	-	-	30,315
Meetings, seminars, and dues	21,169	505	-	5,388
Repairs and maintenance	34,491	-	5,578	-
Printing, postage, and publications	9,147	-	-	-
Transportation	986	-	-	1,611
Utilities and telephone	3,834	-	14,393	-
Total operating expenses	<u>159,713</u>	<u>2,115</u>	<u>28,506</u>	<u>83,569</u>
Supplies	8,242	1,946	-	52
Other expenses	13,225	2,461	-	(2,886)
Capital outlay	-	-	32,200	26,480
Principal payments	-	-	-	-
Interest on long-term debt	-	-	-	-
Total expenditures	<u>575,032</u>	<u>6,522</u>	<u>71,985</u>	<u>116,903</u>
Excess (deficiency) of revenues over expenditures before transfers	3,465,547	(6,522)	(71,985)	(116,903)
<b>TRANSFERS FROM (TO) OTHER FUNDS</b>	<u>1,241,111</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AFTER TRANSFERS</b>	<u>\$ 4,706,658</u>	<u>\$ (6,522)</u>	<u>\$ (71,985)</u>	<u>\$ (116,903)</u>

<u>Police</u>	<u>Fire</u>	<u>Ambulance</u>	<u>Civil Defense</u>	<u>Building and Zoning</u>	<u>Library</u>	<u>Cemetery</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	4,715	-
65,833	-	-	-	-	-	-
-	54,245	-	-	-	-	-
34,000	-	-	-	-	-	-
-	-	-	-	14,317	-	-
6,803	5,720	278,312	-	-	5,432	480
-	-	-	-	-	-	18,660
22,813	-	14,385	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>129,449</u>	<u>59,965</u>	<u>292,697</u>	<u>-</u>	<u>14,317</u>	<u>10,147</u>	<u>19,140</u>
1,449,337	908,102	-	-	70,269	221,201	124,172
47,191	101,611	4,956	512	2,947	9,070	9,456
-	-	-	-	-	-	-
3,946	6,002	42,951	-	-	-	5,150
7,809	352	-	-	1,730	-	10
12,159	11,278	4,368	-	196	60	-
99,992	41,711	9,387	10,333	2,100	23,710	13,420
-	-	83	-	-	798	-
34,969	4,067	7,382	-	243	280	1,713
75,144	4,360	3,282	7,950	892	16,361	42,764
<u>281,210</u>	<u>169,381</u>	<u>72,409</u>	<u>18,795</u>	<u>8,108</u>	<u>50,279</u>	<u>72,513</u>
4,318	4,259	7,460	-	572	7,004	6,799
27,480	13,334	14,346	-	95	61,610	142
51,389	8,145	5,533	82,040	-	-	-
-	16,847	24,050	-	-	-	-
-	4,380	7,018	-	-	-	-
<u>1,813,734</u>	<u>1,124,448</u>	<u>130,816</u>	<u>100,835</u>	<u>79,044</u>	<u>340,094</u>	<u>203,626</u>
(1,684,285)	(1,064,483)	161,881	(100,835)	(64,727)	(329,947)	(184,486)
<u>30,000</u>	<u>(6,252)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (1,654,285)</u>	<u>\$ (1,070,735)</u>	<u>\$ 161,881</u>	<u>\$ (100,835)</u>	<u>\$ (64,727)</u>	<u>\$ (329,947)</u>	<u>\$ (184,486)</u>

**CITY OF MCCOOK, NEBRASKA**

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

**Year ended September 30, 2020**

	<u>Parks</u>	<u>Ballparks</u>	<u>Pool</u>	<u>Airport</u>
<b>REVENUES</b>				
Taxes:				
General property tax	\$ -	\$ -	\$ -	\$ -
Motor vehicle tax	-	-	-	-
Payments in lieu of taxes	-	-	-	-
Occupation tax	-	-	-	-
Franchise	-	-	-	-
Sales	-	-	-	-
Intergovernmental revenue:				
State assistance	-	-	-	-
County assistance	-	-	-	-
Rural fire	-	-	-	-
School resource officer	-	-	-	-
Licenses and permits	-	-	-	-
Rental and fees	-	-	-	79,591
Admission fees and concessions	-	-	-	-
Grants	-	-	-	-
Contributions	-	-	-	-
Interest income	-	-	-	-
Other receipts	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,591</u>
<b>EXPENDITURES</b>				
Personnel services:				
Salaries and benefits	118,113	54,327	-	84,605
Operating expenses:				
Insurance	11,401	6,646	3,147	18,629
Interlocal agreement	-	-	-	-
Contract services	-	-	-	33
Professional fees	125	600	375	360
Meetings, seminars, and dues	-	-	-	360
Repairs and maintenance	24,683	13,625	454	32,221
Printing, postage, and publications	-	-	-	-
Transportation	1,576	859	-	2,948
Utilities and telephone	30,544	26,574	1,582	16,458
Total operating expenses	<u>68,329</u>	<u>48,304</u>	<u>5,558</u>	<u>71,009</u>
Supplies	9,540	3,204	84	353
Other expenses	-	-	80	6,582
Capital outlay	40,663	18,926	28,890	-
Principal payments	-	-	-	-
Interest on long-term debt	-	-	-	-
Total expenditures	<u>236,645</u>	<u>124,761</u>	<u>34,612</u>	<u>162,549</u>
Excess (deficiency) of revenues over expenditures before transfers	(236,645)	(124,761)	(34,612)	(82,958)
<b>TRANSFERS FROM (TO) OTHER FUNDS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AFTER TRANSFERS</b>	<u>\$ (236,645)</u>	<u>\$ (124,761)</u>	<u>\$ (34,612)</u>	<u>\$ (82,958)</u>



<u>Unemployment</u>	<u>Uncollectible Tax</u>	<u>Senior Center</u>	<u>HandiBus</u>	<u>Health Operating</u>	<u>Perpetual Care</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,474,416
-	-	-	-	-	-	179,141
-	-	-	-	-	-	103,825
-	-	-	-	-	-	131,423
-	-	-	-	-	-	115,096
-	-	-	-	-	-	1,233,056
-	-	344	17,457	-	-	430,329
-	-	-	-	-	-	65,833
-	-	-	-	-	-	54,245
-	-	-	-	-	-	34,000
-	-	-	-	-	-	18,517
-	-	-	3,600	-	3,900	659,454
-	-	-	-	-	-	18,660
-	-	139,674	102,384	-	-	279,256
-	-	98,317	11,507	-	-	114,824
-	-	-	-	-	1,479	24,598
-	-	-	-	-	-	87,874
-	-	<u>238,335</u>	<u>134,948</u>	-	<u>5,379</u>	<u>5,024,547</u>
-	-	179,401	133,886	586,056	-	4,344,288
-	-	12,531	3,515	-	-	249,266
-	-	4,498	-	-	-	47,643
-	-	330	-	-	-	64,616
-	-	2,463	1,000	-	-	124,622
-	-	394	125	-	-	56,002
-	-	11,877	1,857	-	2,075	327,514
-	-	591	11	-	-	10,630
-	-	270	5,103	-	-	62,007
-	-	<u>14,988</u>	<u>1,990</u>	-	-	<u>261,116</u>
-	-	47,942	13,601	-	2,075	1,203,416
-	-	22,346	985	-	-	77,164
-	13,131	133,781	3,994	-	-	287,375
-	-	-	-	-	-	294,266
-	-	-	-	-	-	40,897
-	-	-	-	-	-	11,398
-	<u>13,131</u>	<u>383,470</u>	<u>152,466</u>	<u>586,056</u>	<u>2,075</u>	<u>6,258,804</u>
-	(13,131)	(145,135)	(17,518)	(586,056)	3,304	(1,234,257)
-	-	-	-	-	-	1,264,859
<u>\$ -</u>	<u>\$ (13,131)</u>	<u>\$ (145,135)</u>	<u>\$ (17,518)</u>	<u>\$ (586,056)</u>	<u>\$ 3,304</u>	<u>\$ 30,602</u>

**CITY OF MCCOOK, NEBRASKA**

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

**September 30, 2020**

	Community Development Agency	McCook Leasing Corporation	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 66,494	\$ -	\$ 66,494
Current portion of note receivable	392,759	-	392,759
Total current assets	459,253	-	459,253
Noncurrent assets:			
Noncurrent portion of note receivable	3,075,086	-	3,075,086
<b>Total assets</b>	3,534,339	-	3,534,339
<b>LIABILITIES</b>			
Current liabilities:			
Current portion of long-term obligations	392,759	-	392,759
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	3,075,086	-	3,075,086
<b>Total liabilities</b>	3,467,845	-	3,467,845
<b>NET POSITION</b>			
Unrestricted	\$ 66,494	\$ -	\$ 66,494

See notes to financial statements.

**CITY OF MCCOOK, NEBRASKA**

**COMBINING STATEMENT OF ACTIVITIES -  
COMPONENT UNITS**

**For the year ended September 30, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
<b>Component units:</b>			
Community Development Agency	\$ 1,342,922	\$ -	\$ 1,024,000
McCook Leasing Corporation	-	-	-
<b>Total component units</b>	<b>\$ 1,342,922</b>	<b>\$ -</b>	<b>\$ 1,024,000</b>

See notes to financial statements.

	Net (Expenses) Revenues and Changes in Net Position		
	Primary Government		
<u>Capital Grants and Contributions</u>	<u>Community Development Agency</u>	<u>McCook Leasing Corporation</u>	<u>Total</u>
\$ -	\$ (318,922)	\$ -	\$ (318,922)
-	-	-	-
<u>\$ -</u>	<u>(318,922)</u>	<u>-</u>	<u>(318,922)</u>
General revenues:			
TIF proceeds	318,922	-	318,922
Interest income	676	-	676
Change in net position	676	-	676
Net position - September 30, 2019	65,818	-	65,818
Net position - September 30, 2020	<u>\$ 66,494</u>	<u>\$ -</u>	<u>\$ 66,494</u>

**SINGLE AUDIT REPORTS**

**CITY OF MCCOOK, NEBRASKA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended September 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Expenditures</u>
<b><u>Department of Transportation</u></b>			
Passed Through Nebraska Department of Transportation:			
Public Transportation for Nonurbanized Areas	20.509	71120L	\$ 30,675
CARES Act - Public Transportation for Nonurbanized Areas	20.509	71120L	81,414
Total for CFDA #20.509			<u>112,089</u>
Airport Improvement Program	20.106	3-31-0052-15	1,314,403 *
Total Department of Transportation			<u>1,426,492</u>
<b><u>Department of Health and Human Services</u></b>			
Passed Through West Central Nebraska Area Agency on Aging:			
Aging Cluster:			
Title III, Part B - Supportive Services and Senior Centers	93.044	47-6006273	19,373
Title III, Part C - Nutrition Services	93.045	47-6006273	80,998
Nutrition Services Incentive Program	93.053	47-6006273	21,632
Total Aging Cluster/Total Passed Through West Central Nebraska Area Agency on Aging			<u>122,003</u>
CARES Act - Provider Relief Fund	93.498	n/a	14,724
Total Department of Health and Human Services			<u>136,727</u>
<b><u>Department of Homeland Security:</u></b>			
Passed Through Transportation Security Administration:			
Law Enforcement Officer Reimbursement	97.090	47-6006273	7,749
<b><u>Department of Justice:</u></b>			
Public Safety Partnership and Community Policing Grant	16.710	n/a	14,724
<b><u>Department of the Treasury</u></b>			
Passed Through the Nebraska Emergency Management Association:			
CARES Act - Coronavirus Relief Fund	21.019	574342	684,587
<b>Total Federal Awards</b>			<u><u>\$ 2,270,279</u></u>

\*Major Program

NOTE A - BASIS OF PRESENTATION

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

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities - modified cash basis, the business-type activities - accrual basis, the aggregate discretely presented component units - accrual basis, each major fund - modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information - modified cash basis for the governmental funds of the City of McCook, Nebraska, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City’s financial statements, and have issued our report thereon dated January 7, 2021. Our report on the financial statements disclosed that, as described in Note A to the financial statements, the City of McCook, Nebraska, prepares its financial statements for the governmental funds on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

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

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

**SHAREHOLDERS:**

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

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

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. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2020-001, that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of McCook's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters, described in the accompanying schedule of findings and questioned costs as 2020-002, that is required to be reported under *Government Auditing Standards*.

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

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

### **Purpose of this Report**

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

AMGL, PC -

Grand Island, Nebraska  
January 7, 2021





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

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

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

We have audited the City of McCook, Nebraska's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2020. The City of McCook, Nebraska's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of McCook, Nebraska's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of McCook, Nebraska's compliance.

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## **Opinion on Each Major Federal Program**

In our opinion, the City of McCook, Nebraska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

## **Report on Internal Control over Compliance**

Management of the City of McCook, Nebraska is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

AMGL, PC

Grand Island, Nebraska  
January 7, 2021

**CITY OF MCCOOK, NEBRASKA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year ended September 30, 2020**

1. A summary of auditor's results:

- (i) Unmodified opinions were issued on all opinion units of the City of McCook, Nebraska, as of September 30, 2020.
- (ii) One significant deficiency disclosed during the audit of the financial statements is reported in the "Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*." The deficiency is not reported as a material weakness.
- (iii) The audit disclosed one instance of noncompliance which is material to the financial statements of the City of McCook, Nebraska.
- (iv) The audit did not disclose any significant deficiencies in the internal control over major programs for the City of McCook, Nebraska.
- (v) An unmodified opinion was issued on compliance for major programs.
- (vi) The audit did not disclose any audit findings which are required to be reported under 2 CFR section 200.516(a).
- (vii) Major Program: CFDA #20.106 – Airport Improvement Program.
- (viii) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (ix) The City of McCook, Nebraska, did not qualify as a low-risk auditee.

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

2020-001

Condition: There is not adequate segregation of duties.

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

Cause: There are a limited number of accounting personnel.

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

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

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

**CITY OF MCCOOK, NEBRASKA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued**

**Year ended September 30, 2020**

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

2020-002

Condition: At September 30, 2020, bank balances at McCook National Bank exceeded FDIC coverage and pledged securities by \$152,464.

Criteria: Nebraska state statutes require all bank balances for governmental entities to be adequately collateralized by either FDIC coverage or pledged securities assigned by the financial institution.

Cause: Cash receipts exceeded cash disbursements during September 2020, causing the bank balances to increase above the level of the pledged securities assigned by the bank.

Effect: Bank balances of \$152,464 were not adequately collateralized at September 30, 2020.

Recommendation: Management should monitor bank balances and communicate with the financial institution to ensure the bank assigns the appropriate level of pledge securities so bank balances are adequately collateralized at all times in order to comply with Nebraska state statutes.

Views of Responsible Officials and Planned Corrective Actions: Staff will monitor bank balances compared to pledged securities regularly and will request the assignment of additional collateral, if necessary, in the future.

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

None

**CITY OF MCCOOK, NEBRASKA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Year ended September 30, 2020**

There were no findings for the year ended September 30, 2019.