

CITY OF KIMBALL, NEBRASKA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

September 30, 2025

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INDEPENDENT AUDITOR’S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities – modified cash basis, the business-type activities – accrual basis, the aggregate discretely presented component unit – 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 Kimball, Nebraska as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City’s financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities – modified cash basis, the business-type activities – accrual basis, the aggregate discretely presented component unit – 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 Kimball, Nebraska, as of September 30, 2025, 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 for Opinions

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

Emphasis of Matter – Basis of Accounting

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

SHAREHOLDERS:

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We are required to communicate with those charged with governance regarding, among other matters, the

planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2026, on our consideration of the City of Kimball, 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 Kimball'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 Kimball, Nebraska's internal control over financial reporting and compliance.

AMGL, P.C.

Grand Island, Nebraska
April 24, 2026

**CITY OF KIMBALL, NEBRASKA
MANAGEMENT’S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2025**

MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of the City of Kimball, we offer readers of the City of Kimball financial statements this narrative overview and analysis of the financial activities of the City of Kimball for the fiscal year ended September 30, 2025.

Financial Highlights

- The assets of the City of Kimball exceeded its liabilities at the close of the most recent fiscal year by \$15,603,296 (*net position*). Of this amount, \$5,816,618 (*unrestricted net position*) may be used to meet the government’s ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Kimball governmental activities reported combined ending net position of \$3,429,798.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was a deficit of \$(16,485).

Overview of the Financial Statements

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

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

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

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

CITY OF KIMBALL, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2025

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

The government-wide financial statements include not only the City of Kimball itself (known as the *primary government*), but also the Airport Authority, for which the City of Kimball is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

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

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

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

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

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

CITY OF KIMBALL, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2025

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

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

Proprietary funds. The City of Kimball maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Kimball uses enterprise funds to account for its Electric, Water, Sewer, Trash and Landfill Funds. *Internal service funds* are an accounting device used to accumulate costs internally among the City of Kimball's various functions. The City of Kimball uses an internal service fund to account for its employee benefits. Because this fund predominantly benefits from governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-54 of this report.

Other information. In addition to the financial statements and accompanying notes, this report also presents certain *supplementary and other information* concerning the City of Kimball's budgetary comparison schedules, nonmajor combining statements, and revenues and expenditures by General Fund department, which can be found on pages 55-61 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Kimball, assets exceeded liabilities by \$15,603,296 at the close of the most recent fiscal year.

CITY OF KIMBALL, NEBRASKA
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2025

Summary Statements of Net Position

	September 30, 2025			September 30, 2024		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 1,619,161	\$ 13,042,694	\$ 14,661,855	\$ 2,245,506	\$ 11,061,245	\$ 13,306,751
Capital Assets	2,170,285	12,140,737	14,311,022	2,367,427	6,869,973	9,237,400
Total Assets	<u>3,789,446</u>	<u>25,183,431</u>	<u>28,972,877</u>	<u>4,612,933</u>	<u>17,931,218</u>	<u>22,544,151</u>
Long-term Liabilities	306,824	11,581,000	11,887,824	361,433	6,246,000	6,607,433
Other Liabilities	52,824	1,428,933	1,481,757	46,124	832,112	878,236
Total Liabilities	<u>359,648</u>	<u>13,009,933</u>	<u>13,369,581</u>	<u>407,557</u>	<u>7,078,112</u>	<u>7,485,669</u>
Net Position:						
Net Investment in						
Capital Assets	1,810,637	5,649,954	7,460,591	1,959,870	4,856,673	6,816,543
Restricted	1,659,209	666,878	2,326,087	1,880,825	518,464	2,399,289
Unrestricted	(40,048)	5,856,666	5,816,618	364,681	5,477,969	5,842,650
Total Net Position	<u>\$ 3,429,798</u>	<u>\$ 12,173,498</u>	<u>\$ 15,603,296</u>	<u>\$ 4,205,376</u>	<u>\$ 10,853,106</u>	<u>\$ 15,058,482</u>

The largest portion of the City of Kimball’s net position (47.8 percent) reflects its investment in capital assets (land, infrastructure, buildings, machinery, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Kimball uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Kimball’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Kimball’s net position (14.9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$5,816,618) may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Kimball is able to report positive balances in all three categories of net position, for the government as a whole as well as for its separate business-type activities. The governmental activities had a deficit unrestricted net position.

CITY OF KIMBALL, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2025

Expenses and Program Revenues - Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2025</u>		<u>Year Ended September 30, 2024</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 21,353	\$ 238,979	\$ 9,975	\$ 205,284
Public Safety	2,177	933,051	5,700	852,287
Public Works	23,075	736,839	24,468	753,963
Environment and Leisure	630,222	1,206,294	510,875	1,195,802
Economic Development	-	86,630	-	308,528
Community Betterment	-	13,852	-	45,024
Interest	-	5,788	-	3,539
Depreciation	-	277,325	-	235,181
Total	<u>\$ 676,827</u>	<u>\$ 3,498,758</u>	<u>\$ 551,018</u>	<u>\$ 3,599,608</u>
Transfers Out	-	366,384	-	-
	<u>\$ 676,827</u>	<u>\$ 3,865,142</u>	<u>\$ 551,018</u>	<u>\$ 3,599,608</u>

Revenues by Source - Governmental Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2025</u>			<u>Year Ended September 30, 2024</u>		
Charges for Services	\$ 480,081	15.54	%	\$ 414,316	13.40	%
Operating Grants and Contributions	196,746	6.37		136,702	4.42	
Property Taxes	723,397	23.41		530,446	17.16	
Motor Vehicle Taxes	47,524	1.54		46,000	1.49	
Sales Tax	554,329	17.94		707,025	22.87	
Occupation Taxes	174,547	5.65		162,288	5.25	
Franchise Taxes	27,758	0.90		29,338	0.95	
State Allocation	695,837	22.52		656,459	21.23	
Keno Proceeds	14,845	0.48		29,231	0.94	
Other	102,847	3.33		176,561	5.71	
Insurance Proceeds	38,232	1.24		103,237	3.34	
Interest	48,817	1.58		74,213	2.40	
Gain (Loss) on Disposal of Equipment	(15,396)	(0.50)		26,006	0.84	
Total	<u>\$ 3,089,564</u>	<u>100.00</u>	<u>%</u>	<u>\$ 3,091,822</u>	<u>100.00</u>	<u>%</u>

Net position decreased \$(775,578) in the governmental activities during the year ended September 30, 2025.

CITY OF KIMBALL, NEBRASKA
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2025

Business-type activities. Business-type activities increased the City of Kimball’s net position by \$1,320,392. Key elements of this increase are as follows:

Expenses and Program Revenues - Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2025</u>		<u>Year Ended September 30, 2024</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 3,649,113	\$ 3,251,734	\$ 3,602,577	\$ 3,258,997
Water	991,085	907,457	916,040	779,707
Sewer	622,285	626,892	604,040	450,796
Trash	248,409	155,572	243,871	204,854
Landfill	702,965	776,651	694,428	755,804
Total	<u>\$ 6,213,857</u>	<u>\$ 5,718,306</u>	<u>\$ 6,060,956</u>	<u>\$ 5,450,158</u>

Revenues by Source - Business-type Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2025</u>		<u>Year Ended September 30, 2024</u>	
Charges for Services	\$ 6,203,857	88.14 %	\$ 6,060,956	94.91 %
Capital Grants and Contributions	10,000	0.14	-	-
Interest	458,793	6.52	324,040	5.07
Gain (Loss) on Disposal of Equipment	(336)	(0.01)	1,184	0.02
Transfers	366,384	5.21	-	-
Total	<u>\$ 7,038,698</u>	<u>100.00 %</u>	<u>\$ 6,386,180</u>	<u>100.00 %</u>

Financial Analysis of the Government’s Funds

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

Governmental Funds. The focus of the City of Kimball’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 Kimball’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 Kimball’s governmental funds reported combined ending fund balances of \$1,429,032. The *unassigned fund balance*, which is available for spending at the government’s discretion, was a deficit of \$(231,120). The remainder of fund balances is not available for new spending because it has already been 1) restricted for street projects (\$451,464), 2) restricted for fire equipment (\$129,538), 3) restricted for community betterment (\$106,146), 4) restricted for economic development (\$311,901), 5) restricted for debt

CITY OF KIMBALL, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2025

service (\$650,377), 6) assigned for handyman program (\$943), or 7) restricted for community development (\$9,783).

The General Fund is the chief operating fund of the City of Kimball. At the end of the current fiscal year, both the unassigned fund balance and total fund balance of the General Fund were a deficit of \$(16,485).

The fund balance of the City of Kimball's General Fund decreased by \$(222,965), the Street Fund decreased \$(14,241), the Golf Fund decreased \$(69,493), and the Economic Development Fund increased \$853 during the current fiscal year.

Proprietary funds. The City of Kimball'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 was as follows: Electric Fund – \$6,284,747, Water Fund – \$273,825, Sewer Fund – deficit of \$(129,581), Trash Fund – \$505,136, and Landfill Fund – deficit of \$(1,077,461). The change in net position for the proprietary funds was as follows: Electric Fund – increase of \$841,057, Water Fund – increase of \$83,628, Sewer Fund – increase of \$267,814, Trash Fund – increase of \$92,837, and Landfill Fund – increase of \$35,056. Other factors concerning the finances of these five funds have already been addressed in the discussion of the City of Kimball's business-type activities.

Budgetary Highlights

There was no difference between the original budget and the final adopted budget.

Capital Asset and Debt Administration

Capital Assets. The City of Kimball's investment in capital assets for its governmental and business-type activities as of September 30, 2025, amounts to \$14,311,022 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, building and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Major capital asset events (greater than \$25,000) during the current fiscal year included the following:

- 2024 Ford F550 bucket truck - \$237,536
- Lighthouse subdivision electrical construction in progress - \$107,466
- Electric generation construction in progress - \$3,579,135
- 2nd St-Mientus electric infrastructure - \$60,638
- 2025 water system improvements - \$95,201
- Wastewater treatment plant construction in progress - \$1,555,362
- Sewer collection construction in progress - \$35,770
- Landfill scale - \$87,949

CITY OF KIMBALL, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2025

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

	Year Ended September 30, 2025			Year Ended September 30, 2024		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>		<u>Activities</u>	<u>Activities</u>	
Land	\$ 4,000	\$ 104,260	\$ 108,260	\$ 4,000	\$ 104,260	\$ 108,260
Construction in progress	13,976	7,091,586	7,105,562	-	1,813,853	1,813,853
Infrastructure	1,220,832	-	1,220,832	1,281,398	-	1,281,398
Buildings and improvements	-	1,285,869	1,285,869	-	1,259,496	1,259,496
Equipment and vehicles	931,477	823,387	1,754,864	1,082,029	698,457	1,780,486
Distribution systems	-	2,835,635	2,835,635	-	2,993,907	2,993,907
Total	<u>\$ 2,170,285</u>	<u>\$ 12,140,737</u>	<u>\$ 14,311,022</u>	<u>\$ 2,367,427</u>	<u>\$ 6,869,973</u>	<u>\$ 9,237,400</u>

Additional information on the City of Kimball's capital assets can be found in Note C3 on pages 42-45 of this report.

Long-term debt. At the end of the current fiscal year, the City of Kimball had a total long-term debt outstanding of \$11,214,648.

City of Kimball's Outstanding Debt

	Year Ended September 30, 2025			Year Ended September 30, 2024		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>		<u>Activities</u>	<u>Activities</u>	
Notes payable	\$ 359,648	\$ -	\$ 359,648	\$ 407,557	\$ -	\$ 407,557
Bonds payable	-	10,855,000	10,855,000	-	5,515,000	5,515,000
Total	<u>\$ 359,648</u>	<u>\$ 10,855,000</u>	<u>\$ 11,214,648</u>	<u>\$ 407,557</u>	<u>\$ 5,515,000</u>	<u>\$ 5,922,557</u>

The City of Kimball's total debt increased by \$5,292,091 (89.4 percent) during the current fiscal year, due to issuing bond anticipation notes for the wastewater treatment plant project.

Additional information on the City of Kimball's long-term debt can be found in Note C4 on pages 45-49 of this report.

Economic Factors and Next Year's Budgets and Rates

- Property tax asking for the year ending September 30, 2026, is \$823,523, an increase of \$80,409 (10.8 percent) from the prior year.
- The City is considering increasing sewer and landfill rates.

CITY OF KIMBALL, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2025

- At September 30, 2025, the City had commitments of \$2,658,191 on the wastewater treatment plant, \$20,430 on the sewer collection project and \$993,767 on the generation implementation project.

All of these factors were considered in preparing the City of Kimball's budget for the year ending September 30, 2026.

Request for Information

This financial report is designed to provide a general overview of the City of Kimball's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Treasurer, City of Kimball, 223 S. Chestnut St., Kimball, NE 69145.

CITY OF KIMBALL, NEBRASKA
STATEMENT OF NET POSITION
September 30, 2025

	Primary Government		Total	Component Unit (Accrual Basis)
	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)		
ASSETS				
Current assets:				
Cash and cash equivalents	\$ (184,787)	\$ 1,446,095	\$ 1,261,308	\$ 177,487
Certificates of deposit	106,158	3,645,065	3,751,223	-
County treasurer cash	38,581	-	38,581	2,978
Accounts receivable	-	556,855	556,855	18,148
Unbilled revenue	-	310,333	310,333	-
Inventory	-	619,866	619,866	55,772
Prepaid expenses	-	-	-	1,514
Total current assets	<u>(40,048)</u>	<u>6,578,214</u>	<u>6,538,166</u>	<u>255,899</u>
Noncurrent assets:				
Restricted cash and cash equivalents	1,659,209	-	1,659,209	-
Restricted certificates of deposit	-	6,464,480	6,464,480	-
Capital assets:				
Land	4,000	104,260	108,260	-
Construction in progress	13,976	7,091,586	7,105,562	-
Other capital assets, net of depreciation	2,152,309	4,944,891	7,097,200	5,488,774
Net capital assets	<u>2,170,285</u>	<u>12,140,737</u>	<u>14,311,022</u>	<u>5,488,774</u>
Total noncurrent assets	<u>3,829,494</u>	<u>18,605,217</u>	<u>22,434,711</u>	<u>5,488,774</u>
Total assets	<u>3,789,446</u>	<u>25,183,431</u>	<u>28,972,877</u>	<u>5,744,673</u>
LIABILITIES				
Current liabilities:				
Accounts payable	-	583,405	583,405	3,121
Accrued wages and compensated absences	-	247,616	247,616	-
Sales tax payable	-	30,340	30,340	-
Accrued interest	-	141,125	141,125	3,136
Customer deposits	-	71,447	71,447	-
Current portion of long-term obligations	52,824	355,000	407,824	30,000
Total current liabilities	<u>52,824</u>	<u>1,428,933</u>	<u>1,481,757</u>	<u>36,257</u>
Noncurrent liabilities:				
Landfill closure liability	-	1,081,000	1,081,000	-
Noncurrent portion of long-term obligations	306,824	10,500,000	10,806,824	535,000
Total noncurrent liabilities	<u>306,824</u>	<u>11,581,000</u>	<u>11,887,824</u>	<u>535,000</u>
Total liabilities	<u>359,648</u>	<u>13,009,933</u>	<u>13,369,581</u>	<u>571,257</u>
NET POSITION				
Net investment in capital assets	1,810,637	5,649,954	7,460,591	4,923,774
Restricted for:				
Debt service	650,377	-	650,377	-
Street projects	451,464	-	451,464	-
Capital projects	129,538	-	129,538	-
Community betterment	106,146	-	106,146	-
Economic development	311,901	-	311,901	-
Community development	9,783	-	9,783	-
Landfill closure and post-closure	-	666,878	666,878	-
Unrestricted	<u>(40,048)</u>	<u>5,856,666</u>	<u>5,816,618</u>	<u>249,642</u>
Total net position	<u>\$ 3,429,798</u>	<u>\$ 12,173,498</u>	<u>\$ 15,603,296</u>	<u>\$ 5,173,416</u>

See notes to financial statements.

CITY OF KIMBALL, NEBRASKA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2025

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
General government	\$ 238,979	\$ 21,353	\$ -
Public safety	933,051	1,237	940
Public works	736,839	23,075	-
Environment and leisure	1,206,294	434,416	195,806
Economic development	86,630	-	-
Community betterment	13,852	-	-
Interest and related expenses	5,788	-	-
Depreciation - unallocated	277,325	-	-
Total governmental activities	3,498,758	480,081	196,746
Business-type activities:			
Electric	3,251,734	3,649,113	-
Water	907,457	981,085	-
Sewer	626,892	622,285	-
Trash	155,572	248,409	-
Landfill	776,651	702,965	-
Total business-type activities	5,718,306	6,203,857	-
Total primary government	\$ 9,217,064	\$ 6,683,938	\$ 196,746
Component unit:			
Airport Authority	\$ 561,771	\$ 59,879	\$ -

See notes to financial statements.

	Net (Expenses) Revenues and Changes in Net Position			
	Primary Government			Component Unit (Accrual Basis)
	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)	Total	
Capital Grants and Contributions				
\$ -	\$ (217,626)		\$ (217,626)	
-	(930,874)		(930,874)	
-	(713,764)		(713,764)	
-	(576,072)		(576,072)	
-	(86,630)		(86,630)	
-	(13,852)		(13,852)	
-	(5,788)		(5,788)	
-	(277,325)		(277,325)	
-	<u>(2,821,931)</u>	\$ -	<u>(2,821,931)</u>	
-	-	397,379	397,379	
10,000	-	83,628	83,628	
-	-	(4,607)	(4,607)	
-	-	92,837	92,837	
-	-	(73,686)	(73,686)	
<u>10,000</u>	<u>-</u>	<u>495,551</u>	<u>495,551</u>	
<u>\$ 10,000</u>	<u>(2,821,931)</u>	<u>495,551</u>	<u>(2,326,380)</u>	
<u>\$ -</u>				\$ (501,892)
General revenues:				
Taxes:				
Property	723,397	-	723,397	64,714
Motor vehicle	47,524	-	47,524	-
Sales tax	554,329	-	554,329	-
Occupation	174,547	-	174,547	-
Franchise fees	27,758	-	27,758	-
State allocation	695,837	-	695,837	-
Keno proceeds	14,845	-	14,845	-
Miscellaneous	102,847	-	102,847	5,331
Insurance proceeds	38,232	-	38,232	-
Interest income	48,817	458,793	507,610	1,516
Loss on disposal of equipment	(15,396)	(336)	(15,732)	-
Interfund transfers	(366,384)	366,384	-	-
Total general revenues	<u>2,046,353</u>	<u>824,841</u>	<u>2,871,194</u>	<u>71,561</u>
Change in net position	<u>(775,578)</u>	<u>1,320,392</u>	<u>544,814</u>	<u>(430,331)</u>
Net position - September 30, 2024	<u>4,205,376</u>	<u>10,853,106</u>	<u>15,058,482</u>	<u>5,603,747</u>
Net position - September 30, 2025	<u>\$ 3,429,798</u>	<u>\$ 12,173,498</u>	<u>\$ 15,603,296</u>	<u>\$ 5,173,416</u>

CITY OF KIMBALL, NEBRASKA

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

September 30, 2025

	<u>General Fund</u>	<u>Street Fund</u>	<u>Golf Fund</u>
ASSETS			
Cash and cash equivalents	\$ (161,224)	\$ 451,464	\$ (214,635)
Certificates of deposit	106,158	-	-
County treasurer cash	38,581	-	-
Total assets	<u>\$ (16,485)</u>	<u>\$ 451,464</u>	<u>\$ (214,635)</u>
LIABILITIES AND FUND BALANCES			
Liabilities:	\$ -	\$ -	\$ -
Fund balances:			
Restricted for:			
Street projects	-	451,464	-
Fire equipment	-	-	-
Community betterment	-	-	-
Economic development	-	-	-
Debt service	-	-	-
Community development	-	-	-
Assigned for:			
Handyman program	-	-	-
Unassigned	(16,485)	-	(214,635)
Total fund balances	<u>(16,485)</u>	<u>451,464</u>	<u>(214,635)</u>
Total liabilities and fund balances	<u>\$ (16,485)</u>	<u>\$ 451,464</u>	<u>\$ (214,635)</u>

See notes to financial statements.

<u>Economic Development Fund</u>	<u>Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 311,901	\$ 650,377	\$ 246,410	\$ 1,284,293
-	-	-	106,158
-	-	-	38,581
<u>\$ 311,901</u>	<u>\$ 650,377</u>	<u>\$ 246,410</u>	<u>\$ 1,429,032</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	451,464
-	-	129,538	129,538
-	-	106,146	106,146
311,901	-	-	311,901
-	650,377	-	650,377
-	-	9,783	9,783
-	-	943	943
-	-	-	(231,120)
<u>311,901</u>	<u>650,377</u>	<u>246,410</u>	<u>1,429,032</u>
<u>\$ 311,901</u>	<u>\$ 650,377</u>	<u>\$ 246,410</u>	<u>\$ 1,429,032</u>

CITY OF KIMBALL, NEBRASKA

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

September 30, 2025

Total fund balances - governmental funds \$ 1,429,032

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$3,949,444 and the accumulated depreciation is \$1,779,159. 2,170,285

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position. 190,129

Long-term liabilities, including bonds payable and 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:

Notes payable (359,648)

Total net position - governmental activities \$ 3,429,798

See notes to financial statements.

CITY OF KIMBALL, NEBRASKA

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

For the year ended September 30, 2025

	<u>General Fund</u>	<u>Street Fund</u>	<u>Golf Fund</u>
REVENUES			
Taxes:			
Property	\$ 709,747	\$ -	\$ -
Motor vehicle	47,524	-	-
Sales	498,369	55,960	-
Occupation	174,547	-	-
Franchise fees	27,758	-	-
Intergovernmental	240,003	455,834	-
Keno proceeds	-	-	-
Charges for services	41,810	-	415,681
Grants and contributions	34,507	-	162,239
Licenses and permits	20,185	-	-
Interest income	17,648	-	-
Loan collections	-	-	-
Insurance proceeds	-	17,584	20,648
Other income	25,064	5,266	-
Total revenues	1,837,162	534,644	598,568
EXPENDITURES			
General government	236,264	-	-
Public safety	933,051	-	-
Public works	187,954	548,885	-
Environment and leisure	484,582	-	721,712
Economic development	-	-	-
Community betterment	-	-	-
Capital outlay	71,603	-	10,000
Principal payments on debt	18,475	-	29,434
Interest on long-term debt	1,673	-	4,115
Total expenditures	1,933,602	548,885	765,261
Excess (deficiency) of revenues over expenditures	(96,440)	(14,241)	(166,693)
OTHER FINANCING SOURCES (USES)			
Transfers in	180,671	-	97,200
Transfers out	(307,196)	-	-
Net transfers	(126,525)	-	97,200
Net change in fund balances	(222,965)	(14,241)	(69,493)
Fund balances - September 30, 2024	206,480	465,705	(145,142)
Fund balances - September 30, 2025	\$ (16,485)	\$ 451,464	\$ (214,635)

See notes to financial statements.

Economic Development <u>Fund</u>	Bond <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
\$ -	\$ -	\$ 13,650	\$ 723,397
-	-	-	47,524
-	-	-	554,329
-	-	-	174,547
-	-	-	27,758
-	-	-	695,837
-	-	14,845	14,845
-	-	-	457,491
-	-	-	196,746
-	-	2,405	22,590
24,470	-	1,411	43,529
63,013	-	-	63,013
-	-	-	38,232
-	-	-	30,330
<u>87,483</u>	<u>-</u>	<u>32,311</u>	<u>3,090,168</u>
-	-	2,715	238,979
-	-	-	933,051
-	-	-	736,839
-	-	-	1,206,294
86,630	-	-	86,630
-	-	13,852	13,852
-	-	13,976	95,579
-	-	-	47,909
-	-	-	5,788
<u>86,630</u>	<u>-</u>	<u>30,543</u>	<u>3,364,921</u>
853	-	1,768	(274,753)
-	-	-	277,871
-	-	-	(307,196)
-	-	-	(29,325)
853	-	1,768	(304,078)
<u>311,048</u>	<u>650,377</u>	<u>244,642</u>	<u>1,733,110</u>
<u>\$ 311,901</u>	<u>\$ 650,377</u>	<u>\$ 246,410</u>	<u>\$ 1,429,032</u>

CITY OF KIMBALL, 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, 2025

Total net change in fund balances - governmental funds \$ (304,078)

Amounts reported for *governmental activities* 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 (\$95,579) is exceeded by depreciation expense (\$277,325) during the period. (181,746)

Remaining basis on capital asset disposals does not impact the governmental funds. However, in the statement of activities, the remaining basis decreases sales proceeds. (15,396)

Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 47,909

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenues of internal service funds are reported with governmental activities. (322,267)

Change in net position of governmental activities \$ (775,578)

See notes to financial statements.

CITY OF KIMBALL, NEBRASKA
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
September 30, 2025

	Enterprise Funds		
	Electric Fund	Water Fund	Sewer Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,822,943	\$ 66,154	\$ (840,531)
Certificates of deposit	2,907,443	-	737,622
Accounts receivable	307,513	106,985	57,014
Unbilled revenue	168,149	56,930	37,026
Inventory	531,521	88,345	-
Total current assets	<u>6,737,569</u>	<u>318,414</u>	<u>(8,869)</u>
Noncurrent assets:			
Restricted certificates of deposit	-	-	4,716,602
Capital assets:			
Land	23,762	23,812	8,810
Construction in progress	5,164,668	31,101	1,895,817
Distribution systems	5,705,325	4,119,913	2,399,739
Buildings and improvements	102,468	-	-
Equipment	720,546	484,287	386,712
Less accumulated depreciation	<u>(4,360,148)</u>	<u>(3,574,082)</u>	<u>(2,415,331)</u>
Net capital assets	<u>7,356,621</u>	<u>1,085,031</u>	<u>2,275,747</u>
Total noncurrent assets	<u>7,356,621</u>	<u>1,085,031</u>	<u>6,992,349</u>
Total assets	<u>14,094,190</u>	<u>1,403,445</u>	<u>6,983,480</u>
LIABILITIES			
Current liabilities:			
Accounts payable	261,503	14,373	250,944
Accrued wages and vacation	26,889	12,222	14,352
Accrued compensated absences	115,385	17,646	24,270
Sales tax payable	30,340	-	-
Accrued interest	54,724	348	76,065
Customer deposits	71,447	-	-
Current portion of long-term obligations	240,000	45,000	-
Total current liabilities	<u>800,288</u>	<u>89,589</u>	<u>365,631</u>
Noncurrent liabilities:			
Landfill closure liability	-	-	-
Noncurrent portion of long-term obligations	<u>4,080,000</u>	<u>-</u>	<u>5,690,000</u>
Total noncurrent liabilities	<u>4,080,000</u>	<u>-</u>	<u>5,690,000</u>
Total liabilities	<u>4,880,288</u>	<u>89,589</u>	<u>6,055,631</u>
NET POSITION			
Net investment in capital assets	2,929,155	1,040,031	1,057,430
Restricted	-	-	-
Unrestricted	<u>6,284,747</u>	<u>273,825</u>	<u>(129,581)</u>
Total net position	<u>\$ 9,213,902</u>	<u>\$ 1,313,856</u>	<u>\$ 927,849</u>

See notes to financial statements.

Enterprise Funds			Governmental
Trash	Landfill		Activities -
<u>Fund</u>	<u>Fund</u>	<u>Total</u>	Internal Service
			<u>Fund</u>
\$ 377,619	\$ (980,090)	\$ 1,446,095	\$ 190,129
-	-	3,645,065	-
85,343	-	556,855	-
48,228	-	310,333	-
-	-	619,866	-
<u>511,190</u>	<u>(980,090)</u>	<u>6,578,214</u>	<u>190,129</u>
-	1,747,878	6,464,480	-
-	47,876	104,260	-
-	-	7,091,586	-
-	-	12,224,977	-
25,255	2,331,454	2,459,177	-
767,814	555,977	2,915,336	-
<u>(741,490)</u>	<u>(1,563,548)</u>	<u>(12,654,599)</u>	<u>-</u>
<u>51,579</u>	<u>1,371,759</u>	<u>12,140,737</u>	<u>-</u>
<u>51,579</u>	<u>3,119,637</u>	<u>18,605,217</u>	<u>-</u>
<u>562,769</u>	<u>2,139,547</u>	<u>25,183,431</u>	<u>190,129</u>
2,751	53,834	583,405	-
3,303	12,555	69,321	-
-	20,994	178,295	-
-	-	30,340	-
-	9,988	141,125	-
-	-	71,447	-
-	70,000	355,000	-
<u>6,054</u>	<u>167,371</u>	<u>1,428,933</u>	<u>-</u>
-	1,081,000	1,081,000	-
<u>-</u>	<u>730,000</u>	<u>10,500,000</u>	<u>-</u>
<u>-</u>	<u>1,811,000</u>	<u>11,581,000</u>	<u>-</u>
<u>6,054</u>	<u>1,978,371</u>	<u>13,009,933</u>	<u>-</u>
51,579	571,759	5,649,954	-
-	666,878	666,878	-
<u>505,136</u>	<u>(1,077,461)</u>	<u>5,856,666</u>	<u>190,129</u>
<u>\$ 556,715</u>	<u>\$ 161,176</u>	<u>\$ 12,173,498</u>	<u>\$ 190,129</u>

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

For the year ended September 30, 2025

	Enterprise Funds		
	Electric Fund	Water Fund	Sewer Fund
Operating revenues:			
Sales	\$ 3,406,383	\$ 904,524	\$ 619,558
Interdepartmental charges	-	-	-
Occupation taxes	137,388	37,352	-
Other revenue	105,342	39,209	2,727
Total operating revenues	3,649,113	981,085	622,285
Operating expenses:			
Cost of power	1,657,031	-	-
Personnel costs	713,266	462,696	258,734
Utilities and telephone	8,821	88,805	19,459
Repairs and maintenance	60,244	80,666	30,538
Contract services	16,704	12,900	16,488
Supplies	45,957	18,881	3,553
Professional fees	50,267	36,885	38,260
Insurance	95,054	37,944	47,594
Fuel and transportation	9,082	9,654	4,418
Dues, memberships, and training	4,668	6,658	1,345
Other expenses	6,877	2,712	7,969
Occupation taxes	126,286	34,913	-
Depreciation	266,546	113,311	61,509
Benefits paid	-	-	-
Total operating expenses	3,060,803	906,025	489,867
Operating income (loss)	588,310	75,060	132,418
Nonoperating revenues (expenses):			
Interest income	287,290	-	80,103
Grant income	-	10,000	-
Loss on disposal of equipment	-	-	(336)
Interest expense	(190,931)	(1,432)	(76,150)
Bond fees	-	-	(60,875)
Total nonoperating revenues (expenses)	96,359	8,568	(57,258)
Excess of revenues over expenses before transfers	684,669	83,628	75,160
Transfers from (to) other funds	156,388	-	192,654
Change in net position	841,057	83,628	267,814
Net position - September 30, 2024	8,372,845	1,230,228	660,035
Net position - September 30, 2025	\$ 9,213,902	\$ 1,313,856	\$ 927,849

See notes to financial statements.

<u>Enterprise Funds</u>			Governmental
<u>Trash</u>	<u>Landfill</u>	<u>Total</u>	Activities -
<u>Fund</u>	<u>Fund</u>		Internal Service
			<u>Fund</u>
\$ 247,088	\$ 692,818	\$ 5,870,371	\$ -
-	-	-	593,770
-	-	174,740	-
1,321	10,147	158,746	-
<u>248,409</u>	<u>702,965</u>	<u>6,203,857</u>	<u>593,770</u>
-	-	1,657,031	-
62,950	344,203	1,841,849	-
483	30,349	147,917	-
39,550	47,766	258,764	-
-	86,592	132,684	-
3,603	21,341	93,335	-
17,742	74,259	217,413	-
7,155	28,846	216,593	-
12,531	11,060	46,745	-
-	13,280	25,951	-
397	2,171	20,126	-
-	-	161,199	-
11,161	89,888	542,415	-
-	-	-	584,266
<u>155,572</u>	<u>749,755</u>	<u>5,362,022</u>	<u>584,266</u>
92,837	(46,790)	841,835	9,504
-	91,400	458,793	5,288
-	-	10,000	-
-	-	(336)	-
-	(26,896)	(295,409)	-
-	-	(60,875)	-
<u>-</u>	<u>64,504</u>	<u>112,173</u>	<u>5,288</u>
92,837	17,714	954,008	14,792
-	17,342	366,384	(337,059)
92,837	35,056	1,320,392	(322,267)
463,878	126,120	10,853,106	512,396
<u>\$ 556,715</u>	<u>\$ 161,176</u>	<u>\$ 12,173,498</u>	<u>\$ 190,129</u>

CITY OF KIMBALL, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the year ended September 30, 2025

	Enterprise Funds	
	Electric Fund	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 3,633,058	\$ 984,242
Interdepartmental charges	-	-
Payments to suppliers	(2,068,237)	(325,571)
Payments to employees	(655,616)	(451,496)
Net cash provided by operating activities	909,205	207,175
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfer from (to) other funds	156,388	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(3,877,309)	(124,172)
Grant proceeds	-	10,000
Proceeds from issuance of long-term debt	-	-
Principal payments on long-term debt	(250,724)	(45,000)
Bond issuance costs paid	-	-
Interest paid on long-term debt	(192,780)	(1,767)
Net cash provided (used) by capital and related financing activities	(4,320,813)	(160,939)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in certificates of deposit	(616,283)	-
(Increase) decrease in restricted certificates of deposit	3,501,700	-
Interest received	287,290	-
Net cash provided (used) by investing activities	3,172,707	-
Increase (decrease) in cash and cash equivalents	(82,513)	46,236
Cash and cash equivalents - beginning of the year	2,905,456	19,918
Cash and cash equivalents - end of the year	\$ 2,822,943	\$ 66,154
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 588,310	\$ 75,060
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	266,546	113,311
Change in assets and liabilities:		
Accounts receivable and unbilled revenue	(16,055)	3,157
Inventories	(39,034)	6,288
Prepaid insurance	33,050	9,381
Accounts payable	13,952	(11,222)
Accrued wages and compensated absences	57,650	11,200
Sales tax payable	(4,014)	-
Customer deposits	8,800	-
Net cash provided by operating activities	\$ 909,205	\$ 207,175

See notes to financial statements.

Enterprise Funds				Governmental Activities - Internal Service Fund
Sewer Fund	Trash Fund	Landfill Fund	Total	
\$ 621,907	\$ 239,057	\$ 702,965	\$ 6,181,229	\$ -
-	-	-	-	593,770
(150,899)	(78,782)	(303,695)	(2,927,184)	(584,266)
<u>(230,507)</u>	<u>(63,037)</u>	<u>(337,360)</u>	<u>(1,738,016)</u>	<u>-</u>
240,501	97,238	61,910	1,516,029	9,504
209,996	-	-	366,384	(337,059)
(1,352,323)	(7,550)	(59,850)	(5,421,204)	-
-	-	-	10,000	-
5,690,000	-	-	5,690,000	-
(12,048)	-	(42,228)	(350,000)	-
(60,875)	-	-	(60,875)	-
<u>(204)</u>	<u>-</u>	<u>(27,315)</u>	<u>(222,066)</u>	<u>-</u>
4,264,550	(7,550)	(129,393)	(354,145)	-
(737,622)	-	-	(1,353,905)	-
(4,716,602)	-	(148,414)	(1,363,316)	-
80,103	-	91,400	458,793	5,288
<u>(5,374,121)</u>	<u>-</u>	<u>(57,014)</u>	<u>(2,258,428)</u>	<u>5,288</u>
(659,074)	89,688	(124,497)	(730,160)	(322,267)
<u>(181,457)</u>	<u>287,931</u>	<u>(855,593)</u>	<u>2,176,255</u>	<u>512,396</u>
<u>\$ (840,531)</u>	<u>\$ 377,619</u>	<u>\$ (980,090)</u>	<u>\$ 1,446,095</u>	<u>\$ 190,129</u>
\$ 132,418	\$ 92,837	\$ (46,790)	\$ 841,835	\$ 9,504
61,509	11,161	89,888	542,415	-
(378)	(9,352)	-	(22,628)	-
-	-	-	(32,746)	-
16,119	643	1,793	60,986	-
2,606	2,036	10,176	17,548	-
28,227	(87)	6,843	103,833	-
-	-	-	(4,014)	-
-	-	-	8,800	-
<u>\$ 240,501</u>	<u>\$ 97,238</u>	<u>\$ 61,910</u>	<u>\$ 1,516,029</u>	<u>\$ 9,504</u>

CITY OF KIMBALL, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

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CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Financial Reporting Entity

The City of Kimball, Nebraska, was incorporated in 1921. The City operates under a Mayor-Council form of government with an elected Mayor, and an elected legislative body, Council, composed of four members. The Mayor is elected at large for a four-year term, and the four members of the City Council are elected on four-year terms. The administration of the City government is performed under the direction of the Mayor by the City Administrator. Services provided to residents include public safety, highways and streets, planning and zoning, health and social services, culture and recreation, electric, water, sanitary sewer systems, sanitation, landfill, and general administrative services.

The City's financial reporting entity comprises the following:

Primary Government: City of Kimball

Discretely Presented Component Unit: Airport Authority

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

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Blended Component Units

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

Discretely Presented Component Units

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

Brief Description of Activities and Relationship
to the City:

Airport Authority

Established to provide for the operation of the airport. The board is elected by the general public.

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 KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fund Financial Statements

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Capital Projects Funds

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

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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 principal and interest on 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.

Internal Service Funds

Internal Service Funds account 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.

Proprietary Funds

Enterprise Funds

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

Major and Nonmajor Funds

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

Major:

Governmental:

General

See page 26 for description.

Street

The Street Fund is a special revenue fund that accounts for the City's share of highway allocation from the State of Nebraska.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

Major, continued:

Governmental, continued:

Golf

The Golf Fund is a special revenue fund that accounts for revenues and expenditures for the golf course.

Economic Development

The Economic Development Fund is a special revenue fund that accounts for various economic development programs to include Community Development Block Grant loans.

Bond

See page 27 for description.

Proprietary:

Enterprise:

Electric, Water, Sewer, Trash and
and Landfill

See page 27 for description.

Nonmajor:

Special Revenue:

Fire Equipment

Accounts for the collection of taxes for the acquisition of fire equipment.

Keno

Accounts for the Keno receipts and expenditures.

Community Development

The Community Development Fund is a capital project fund that accounts for revenues and expenditures for various capital projects in the City.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

Nonmajor, continued:

Special Revenue, continued:

Handyman	Accounts for the Handyman program receipts and expenditures.
----------	--

Fines	Accounts for local fines and fees collected.
-------	--

Internal Service:

Employee Benefits	Accounts for the City’s self-insurance for health insurance and other employee benefits.
-------------------	--

3. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Measurement Focus, continued

- b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities 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. Right of use assets and related lease liabilities, as defined by GASB 87 and 96, are not reflected in the accompanying modified cash basis financial statements.

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.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Basis of Accounting, continued

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

4. Assets, Liabilities, and Equity

Estimates

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

Cash and Certificates of Deposit

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

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

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

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Receivables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. 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.

Inventory

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

Restricted Assets

Restricted assets include cash and certificates of deposit 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.

Government-wide Statements

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

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets, continued

Government-wide Statements, continued

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

Buildings	10-50 years
Improvements	5-25 years
Machinery and Equipment	5-20 years
Utility Systems	5-99 years
Infrastructure	25-50 years

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

Fund Financial Statements

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

Compensated Absences

During the year ended September 30, 2025, the City adopted GASB No. 101, *Compensated Absences*. The City's policies regarding vacation and sick time permit employees to accumulate earned but unused paid time off, comp time and extended illness bank. In the event of termination, an employee is paid for all unused accumulated paid time off and comp time but the extended illness bank is not paid. Accumulated vacation and sick leave are accrued based on the likelihood of time used in the accompanying proprietary funds financial statement but not in the governmental funds.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Long-term Debt

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

Government-wide Statements

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

Fund Financial Statements

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

Equity Classifications

Government-wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

Government-wide Statements, continued

- c. Unrestricted net position – All other net position that does not meet the definition of “restricted net position” or “net investment in capital assets.”

Fund Financial Statements

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

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

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

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

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.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

Fund Financial Statements, continued

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

5. Revenues, Expenditures, and Expenses

Sales and Use Tax

The City presently levies a 1 1/2-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. Two-thirds of the sales tax is recorded in the General Fund and one-third is recorded in the Economic Development Fund. Sales tax collected on the sale of motor vehicles is recorded in the Street Fund as required by LB904.

Property Taxes

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

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Property Taxes, continued

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

Property taxes levied for 2024-2025 are recorded as revenue when received by the County.

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

Governmental Funds – by Character and Function

Proprietary Fund – by Operating and Nonoperating

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

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Fund Accounting Requirements

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

2. Deposit Laws and Regulations

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

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

3. Revenue Restrictions

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

4. Debt Restrictions and Covenants

Bonds Payable

The various bond ordinances relating to the bonds payable contain some restrictions or covenants that are finance-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 KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data, continued

- g. Appropriations lapse at the end of the fiscal year, except for capital improvement appropriations and certain encumbrances against operating budgets.
- h. The City of Kimball adopts a budget by resolution for all fund types.

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

1. Cash and Certificates of Deposit

Deposits

The City’s policies regarding deposits of cash are discussed in Note A4. The table presented below is designed to disclose how its deposits were insured or secured with collateral at September 30, 2025. The categories of collateral are defined as follows:

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

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

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

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits	\$ 13,468,519	\$ 1,178,339	\$ 12,290,180	\$ -	\$ <u>13,313,707</u>

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

1. Cash and Certificates of Deposit, continued

Deposits, continued

Reconciliation to Government-wide Statement of Net Position:

Primary Government –

Unrestricted cash and cash equivalents	\$ 1,261,308
Unrestricted certificates of deposit	3,751,223
Restricted cash and cash equivalents	1,659,209
Restricted certificates of deposit	<u>6,464,480</u>
Total primary government	13,136,220

Component Units –

Unrestricted cash and cash equivalents	<u>177,487</u>
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Total	\$ <u>13,313,707</u>
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2. Restricted Assets

The restricted assets as of September 30, 2025, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Type of Restricted Assets:			
Cash and cash equivalents	\$ 1,659,209	\$ -	\$ 1,659,209
Certificates of deposit	-	6,464,480	6,464,480
	<u>\$ 1,659,209</u>	<u>\$ 6,464,480</u>	<u>\$ 8,123,689</u>

The governmental activities restricted assets are restricted for the following purposes:

Street projects	\$ 451,464
Economic development	311,901
Debt service	650,377
Community development	9,783
Fire equipment	129,538
Community betterment	<u>106,146</u>
	<u>\$ 1,659,209</u>

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

2. Restricted Assets, continued

The business-type activities' restricted assets at September 30, 2025, consisted of \$4,716,602 unspent bond proceeds for a project in the Sewer Fund and \$1,747,878 in the Landfill Fund that is restricted for landfill closure and post-closure costs.

3. Capital Assets

Capital asset activity for the year ended September 30, 2025, was as follows:

	Balance at October 1, <u>2024</u>	<u>Additions</u>	<u>Disposals</u>	Balance at September 30, <u>2025</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 4,000	\$ -	\$ -	\$ 4,000
Construction in progress	-	13,976	-	13,976
Total capital assets not being depreciated	4,000	13,976	-	17,976
Other capital assets being depreciated:				
Buildings and improvements	1,837,694	-	-	1,837,694
Equipment and vehicles	2,148,877	81,603	(136,706)	2,093,774
Total other capital assets at historical cost	3,986,571	81,603	(136,706)	3,931,468
Less accumulated depreciation for:				
Buildings and improvements	(556,296)	(60,566)	-	(616,862)
Equipment and vehicles	(1,066,848)	(216,759)	121,310	(1,162,297)
Total accumulated depreciation	(1,623,144)	(277,325) *	121,310	(1,779,159)
Other capital assets, net	2,363,427	(195,722)	(15,396)	2,152,309
Governmental activities capital assets, net	\$ 2,367,427	\$ (181,746)	\$ (15,396)	\$ 2,170,285

* Depreciation expense was charged to governmental activities as follows:

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

3. Capital Assets, continued

Governmental Activities, continued:

General Fund:

Public safety:

Fire	\$ 22,113
Police	<u>77,960</u>
Total public safety	100,073

Cemetery 13,502

Library 7,153

Park and recreation:

Park and Pool	<u>28,651</u>
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Total General Fund 149,379

Special Revenue Funds:

Golf 43,746

Street 84,200

Total governmental activities' depreciation expense \$ 277,325

Construction in progress at September 30, 2025, consists of costs of \$13,976 for the Gotte Park concrete project. See Note D3 for additional details on these projects.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

3. Capital Assets, continued

	Balance at October 1, <u>2024</u>	<u>Additions</u>	<u>Disposals</u>	Balance at September 30, <u>2025</u>
<u>Business-type Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 104,260	\$ -	\$ -	\$ 104,260
Construction in progress	1,813,853	5,277,733	-	7,091,586
Total capital assets not being depreciated	1,918,113	5,277,733	-	7,195,846
Other capital assets being depreciated:				
Buildings and improvements	2,371,228	87,949	-	2,459,177
Distribution systems	12,098,825	155,839	(29,687)	12,224,977
Equipment	2,638,112	291,994	(14,770)	2,915,336
Total other capital assets at historical cost	17,108,165	535,782	(44,457)	17,599,490
Less accumulated depreciation for:				
Buildings and improvements	(1,111,732)	(61,576)	-	(1,173,308)
Distribution systems	(9,104,918)	(314,111)	29,687	(9,389,342)
Equipment	(1,939,655)	(166,728)	14,434	(2,091,949)
Total accumulated depreciation	(12,156,305)	(542,415) *	44,121	(12,654,599)
Other capital assets, net	4,951,860	(6,633)	(336)	4,944,891
Business-type capital assets, net	<u>\$ 6,869,973</u>	<u>\$ 5,271,100</u>	<u>\$ (336)</u>	<u>\$ 12,140,737</u>

* Depreciation expense was charged to functions as follows:

Electric	\$ 266,546
Water	113,311
Sewer	61,509
Trash	11,161
Landfill	<u>89,888</u>
Total business-type activities depreciation expense	<u>\$ 542,415</u>

Construction in progress at September 30, 2025, consists of costs of \$5,057,202 for the electric generation project, \$1,845,767 for the wastewater treatment plant project, \$107,466 for the Lighthouse subdivision project, \$35,770 for the sewer collection project and \$45,381 for the Clean Harbors water and sewer project. See Note D3 for additional details on these projects.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

3. Capital Assets, continued

	Balance at October 1, <u>2024</u>	<u>Additions</u>	<u>Disposals</u>	Balance at September 30, <u>2025</u>
<u>Component Unit:</u>				
<u>Airport Authority:</u>				
Other capital assets being depreciated:				
Improvements	\$ 8,498,826	\$ -	\$ -	\$ 8,498,826
Machinery and equipment	<u>170,582</u>	<u>-</u>	<u>(12,750)</u>	<u>157,832</u>
Total other capital assets at historical cost	8,669,408	-	(12,750)	8,656,658
Less accumulated depreciation for:				
Improvements	(2,585,857)	(441,467)	-	(3,027,324)
Machinery and equipment	<u>(147,686)</u>	<u>(5,624)</u>	<u>12,750</u>	<u>(140,560)</u>
Total accumulated depreciation	<u>(2,733,543)</u>	<u>(447,091)</u>	<u>12,750</u>	<u>(3,167,884)</u>
Other capital assets, net	<u>5,935,865</u>	<u>(447,091)</u>	<u>-</u>	<u>5,488,774</u>
Component Unit capital assets, net	<u>\$ 5,935,865</u>	<u>\$ (447,091)</u>	<u>\$ -</u>	<u>\$ 5,488,774</u>

4. Long-term Debt

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

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2025:

<u>Type of Debt</u>	Balance October 1, <u>2024</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>2025</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Notes payable	<u>\$ 407,557</u>	<u>\$ -</u>	<u>\$ (47,909)</u>	<u>\$ 359,648</u>	<u>\$ 52,824</u>
Business-type Activities:					
Bonds payable	<u>\$ 5,515,000</u>	<u>\$ 5,690,000</u>	<u>\$ (350,000)</u>	<u>\$10,855,000</u>	<u>\$ 355,000</u>
Component Unit:					
Bonds payable	<u>\$ 595,000</u>	<u>\$ -</u>	<u>\$ (30,000)</u>	<u>\$ 565,000</u>	<u>\$ 30,000</u>

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

4. Long-term Debt, continued

Governmental Activities

As of September 30, 2025, the governmental long-term liabilities consisted of the following:

The City entered into a loan agreement with Firstier Bank on June 10, 2024, in the amount of \$182,700 for golf course improvements. The loan bears interest at 3.95 percent. The loan is due in annual installments of \$31,070 through October 1, 2031. Paid by the Golf Fund.	\$ 182,700
The City entered into a loan agreement with Firstier Bank on July 25, 2024, in the amount of \$110,000 for golf course sprinklers. The loan bears interest at 4.49 percent. The loan is due in annual installments of \$17,626 through October 1, 2031. Paid by the Golf Fund.	110,000
The City entered into a loan agreement with Kimball State Bank on January 5, 2024, in the amount of \$19,657 for body cameras for the Police Department. The loan bears interest at 5.35 percent. The loan is due in monthly installments of \$375 through January 15, 2029. Paid by the General Fund.	13,291
The City entered into a loan agreement with Kimball State Bank on July 11, 2024, in the amount of \$7,000 for a police dog. The loan bears interest at 5.30 percent. The loan is due in annual installments of \$1,570 through October 15, 2028. Paid by the General Fund.	5,513
The City entered into a loan agreement with Kimball State Bank on July 11, 2024, in the amount of \$7,000 for a police vehicle. The loan bears interest at 5.30 percent. The loan is due in annual installments of \$1,570 through October 15, 2028. Paid by the General Fund.	<u>48,144</u>
	\$ <u>359,648</u>
Current portion	\$ 52,824
Noncurrent portion	<u>306,824</u>
Total	\$ <u>359,648</u>

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

4. Long-term Debt, continued

Business-type Activities

As of September 30, 2025, the long-term debt payable from proprietary fund resources consisted of the following:

The City issued combined utility revenue bonds in the amount of \$875,000 on April 30, 2018, to fund the landfill expansion. Interest ranges from 2.05 percent to 3.60 percent. Interest is due in semi-annual installments and principal is due in annual installments through May 15, 2033. Paid by the Landfill Fund. \$ 800,000

The City issued combined utility revenue bonds in the amount of \$2,500,000 on July 1, 2022, to fund improvements. Interest ranges from 2.05 percent to 4.00 percent. Interest is due in semi-annual installments and principal is due in annual installments through June 15, 2032. Paid by the Electric Fund. 1,820,000

The City issued combined utility revenue bonds in the amount of \$2,500,000 on October 5, 2023, to fund improvements. Interest ranges from 4.60 percent to 5.25 percent. Interest is due in semi-annual installments and principal is due in annual installments through June 15, 2043. Paid by the Electric Fund. 2,500,000

The City issued bond anticipation notes in the amount of \$5,690,000 on May 22, 2025, to fund improvements. Interest at 3.65 percent is due in semi-annual installments and principal is due March 15, 2027. Paid by the Sewer Fund. 5,690,000

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

4. Long-term Debt, continued

Business-type Activities, continued

The City issued general obligation refunding bonds in the amount of \$595,000 on November 11, 2014, to refund water bonds and refinance an NDEE loan. Interest ranges from 0.45 percent to 2.65 percent. Interest is due in semi-annual installments and principal is due in annual installments through December 15, 2025. Paid by the Water Fund.

45,000

\$ 10,855,000

Current portion

\$ 355,000

Noncurrent portion

10,500,000

Total

\$ 10,855,000

Component Unit

The Airport Authority issued bonds in the amount of \$655,000 on January 12, 2022, to fund airport improvements. Interest ranges from 0.70 percent to 2.60 percent. Interest is due in semi-annual installments and principal is due in annual installments through June 15, 2042.

\$ 595,000

Current portion

\$ 30,000

Noncurrent portion

565,000

Total

\$ 595,000

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

4. Long-term Debt, continued

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2025, are as follows:

Year Ending September 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Component Unit</u>	
	<u>Direct Placement Debt</u>		<u>Other Debt Issues</u>		<u>Other Debt Issues</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 52,824	\$ 15,646	\$ 355,000	\$ 487,730	\$ 30,000	\$ 10,648
2027	55,205	13,264	6,010,000	309,866	30,000	10,355
2028	57,696	10,773	330,000	197,159	30,000	9,980
2029	56,709	8,389	340,000	187,429	30,000	9,605
2030	42,975	5,721	285,000	176,809	30,000	9,230
2031-2035	94,239	6,030	1,595,000	677,014	160,000	38,764
2036-2040	-	-	1,125,000	391,238	175,000	21,145
2041-2043	-	-	815,000	86,888	80,000	2,080
	<u>\$ 359,648</u>	<u>\$ 59,823</u>	<u>\$ 10,855,000</u>	<u>\$ 2,514,133</u>	<u>\$ 565,000</u>	<u>\$ 111,807</u>

5. Interfund Transactions

The General Fund transferred \$97,200 to the Golf Fund and \$209,996 to the Sewer Fund, the Internal Service Fund transferred \$180,671 to the General Fund and \$156,388 to the Electric Fund, and the Sewer Fund transferred \$17,342 to the Landfill Fund during the year ended September 30, 2025.

6. Accrued Compensated Absences

Accrued compensated absences consisted of the following:

<u>Type of Debt</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Business-type Activities: Accrued paid time off, comp time and extended illness benefit leave	<u>\$ 95,793</u>	<u>\$ 82,502</u>	<u>\$ -</u>	<u>\$ 178,295</u>

7. Fund Equity

The General Fund had a deficit fund balance of \$16,485 and the Golf Fund had a deficit fund balance of \$214,635 as of September 30, 2025. The City plans to increase fund balance in future years by transferring excess funds from other funds.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

8. Closure and Postclosure Costs

Landfill

The City has a license to operate a Landfill, which is accounted for in the Landfill Fund of the City, an enterprise fund.

State and federal laws and regulations require the City of Kimball to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$950,000 reported as landfill closure and postclosure care liability at September 30, 2025, represents the cumulative amount reported to date based on the use of approximately 48.7 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$886,010 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care at September 30, 2025. The City expects to close the landfill in the year 2036. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

In accordance with the State of Nebraska Title 132 Solid Waste Regulations, the City of Kimball must satisfy the requirements for a financial assurance mechanism (FAM). The City is in compliance with these requirements, and, at September 30, 2025, the City had a certificate of deposit of \$1,645,805 at Firstier Bank. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

C&D Site

The City has a license to operate a Construction and Demolition Landfill Site (C&D Site), which is accounted for in the Landfill Fund of the City, an enterprise fund.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

8. Closure and Postclosure Costs, continued

C&D Site, continued

State and Federal laws and regulations require the City to place a final cover on the site when it stops accepting waste and maintain the site after closure. Estimated closure costs are estimated by engineers and approved by the Nebraska Department of Water, Energy, and Environment at \$158,016. Postclosure costs are estimated at \$26,745. In accordance with state law, the City has established a separate account for deposits of monies necessary to fund the estimated costs. As of September 30, 2025, the account balance was \$102,073. The City estimates that the site is approximately 57.2 percent full as of September 30, 2025. The City has recorded a liability of \$131,000 at September 30, 2025 for the closure and postclosure costs.

8. Related Party Transactions

During the year ending September 30, 2025, the City paid Roy's Landscaping and Sprinkler Systems (owned by the City Clerk's husband) \$28,794 for contract labor.

NOTE D – OTHER NOTES

1. Employee Pension Plans

The City has a 457(b) deferred compensation plan. The City made monthly contributions on behalf of each full-time employee with a minimum of one year of service based on 6.00 percent of the employee's regular earnings. The total contributions for September 30, 2025 were \$59,329.

2. Risk Management

Insurance

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

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE D – OTHER NOTES, continued

2. Risk Management

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, 2025, 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.

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.

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

<u>Maturities by Month</u>	<u>Amount</u>
October 2025	\$ 4,761,479
December 2025	5,454,224
	<u>\$ 10,215,703</u>

Concentration of Credit Risk. The City’s investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2025, the City’s certificates of deposit consisted of \$10,215,703 of certificates of deposit held at FirstTier 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, 2025.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE D – OTHER NOTES, continued

3. Commitments

Leases

On May 17, 2021, the City entered into a 63-month lease for a postage machine from Quadrient Leasing. Monthly payments of \$205 are due through August 2026.

On August 23, 2022, the City entered into a 60-month lease for a copier from Great America Financial Services Corporation. Monthly payments of \$82 are due through August 2027.

On April 18, 2024, the City entered into a 60-month lease for a copier from Eakes. Monthly payments of \$108 are due through March 2029.

On February 21, 2025, the City entered into a 60-month lease for a copier from Great America Financial Services Corporation. Monthly payments of \$444 are due through January 2030.

Rent expense was \$8,292 during the year ended September 30, 2025. The following payments are due under the leases:

Year Ending <u>September 30,</u>	
2026	\$ 8,976
2027	7,445
2028	6,622
2029	5,976
2030	4,887
	<u>\$ 33,906</u>

Construction Commitments

At September 30, 2025, the City had a \$27,952 contractual commitment to Roy's Landscaping and Sprinkler Systems for concrete work at Gotte Park. The City had paid \$13,976 on this contract as of September 30, 2025, leaving \$13,976 to be paid under the contractual obligation. This project is expected to be completed in the Fall 2025.

At September 30, 2025, the City had a \$416,800 contractual commitment to Olsson for engineering on the wastewater treatment plant project. The City had paid \$318,950 on this contract as of September 30, 2025, leaving \$97,850 to be paid under the contractual obligation. This project is expected to be completed in the Summer 2026.

CITY OF KIMBALL, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE D – OTHER NOTES, continued

3. Commitments, continued

Construction Commitments, continued

At September 30, 2025, the City had a \$3,806,199 contractual commitment to Hackel Construction, Inc. for construction on the wastewater treatment plant project. The City had paid \$1,245,858 on this contract as of September 30, 2025, leaving \$2,560,341 to be paid under the contractual obligation. This project is expected to be completed in Spring 2026.

At September 30, 2025, the City had a \$56,200 contractual commitment to Olsson for engineering on the sewer collection project. The City had paid \$35,770 on this contract as of September 30, 2025, leaving \$20,430 to be paid under the contractual obligation. This project is expected to be completed in Summer 2026.

At September 30, 2025, the City had a \$4,968,837 contractual commitment to Nebraska Machinery Company, LLC for construction on the generation implementation project. The City had paid \$3,975,070 on this contract as of September 30, 2025, leaving \$993,767 to be paid under the contractual obligation. This project is expected to be completed in Spring 2026.

4. Notes Receivable

The City has seven LB840 loans that had balances totaling \$698,656 at September 30, 2025. Principal and interest are due in monthly installments. Since the Economic Development fund is accounted for on the modified cash basis, notes receivable are not presented in the financial statements.

5. Subsequent Events

Management has evaluated subsequent events through April 24, 2026, the date on which the financial statements were available for issue.

On March 3, 2026, the City approved refunding the combined utility revenue bonds for the landfill.

SUPPLEMENTARY AND OTHER INFORMATION

CITY OF KIMBALL, NEBRASKA

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

Year ended September 30, 2025

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 721,850	\$ 709,747	\$ (12,103)
Motor vehicle	50,000	47,524	(2,476)
Sales	533,585	498,369	(35,216)
Occupation	154,027	174,547	20,520
Franchise fees	35,000	27,758	(7,242)
Intergovernmental	225,868	240,003	14,135
Charges for services	39,300	41,810	2,510
Grants and contributions	42,500	34,507	(7,993)
Licenses and permits	12,000	20,185	8,185
Interest income	35,857	17,648	(18,209)
Other	24,450	25,064	614
	<hr/>	<hr/>	
Total resources	1,874,437	1,837,162	(37,275)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	170,704	236,264	65,560
Public safety	835,493	933,051	97,558
Public works	192,025	187,954	(4,071)
Environment and leisure	460,926	484,582	23,656
Capital outlay	92,700	71,603	(21,097)
Principal payments on debt	17,984	18,475	491
Interest and fees on long-term debt	1,715	1,673	(42)
	<hr/>	<hr/>	
Total charges to appropriations	1,771,547	1,933,602	162,055
Resources over (under) charges to appropriations	102,890	(96,440)	(199,330)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	180,671	180,671
Transfers out	(98,700)	(307,196)	(208,496)
Net transfers	<hr/>	<hr/>	<hr/>
	(98,700)	(126,525)	(27,825)
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS			
	<hr/>	<hr/>	<hr/>
	\$ 4,190	\$ (222,965)	\$ (227,155)

CITY OF KIMBALL, NEBRASKA

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

Year ended September 30, 2025

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Sales tax	\$ 116,415	\$ 55,960	\$ (60,455)
Intergovernmental	474,163	455,834	(18,329)
Insurance proceeds	-	17,584	17,584
Other	<u>7,500</u>	<u>5,266</u>	<u>(2,234)</u>
Total resources	598,078	534,644	(63,434)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	516,237	548,885	32,648
Capital outlay	<u>181,000</u>	<u>-</u>	<u>(181,000)</u>
Total charges to appropriations	<u>697,237</u>	<u>548,885</u>	<u>(148,352)</u>
RESOURCES UNDER CHARGES TO APPROPRIATIONS	<u>\$ (99,159)</u>	<u>\$ (14,241)</u>	<u>\$ 84,918</u>

CITY OF KIMBALL, NEBRASKA

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

Year ended September 30, 2025

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Charges for services	\$ 343,700	\$ 415,681	\$ 71,981
Grants and contributions	163,625	162,239	(1,386)
Lease and rent	6,600	-	(6,600)
Insurance proceeds	-	20,648	20,648
Other	3,250	-	(3,250)
	<hr/>	<hr/>	<hr/>
Total resources	517,175	598,568	81,393
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Environment and leisure	569,307	721,712	152,405
Capital outlay	45,068	10,000	(35,068)
Principal payments on debt	26,293	29,434	3,141
Interest and fees on long-term debt	3,638	4,115	477
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	644,306	765,261	120,955
Resources under charges to appropriations	(127,131)	(166,693)	(39,562)
OTHER FINANCING SOURCES			
Transfers in	97,200	97,200	-
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES UNDER CHARGES TO APPROPRIATIONS	<u>\$ (29,931)</u>	<u>\$ (69,493)</u>	<u>\$ (39,562)</u>

CITY OF KIMBALL, NEBRASKA

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

Year ended September 30, 2025

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Interest income	\$ 22,361	\$ 24,470	\$ 2,109
Loan collections	<u>103,254</u>	<u>63,013</u>	<u>(40,241)</u>
Total resources	125,615	87,483	(38,132)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Economic development	<u>108,985</u>	<u>86,630</u>	<u>(22,355)</u>
RESOURCES OVER CHARGES TO APPROPRIATIONS	<u>\$ 16,630</u>	<u>\$ 853</u>	<u>\$ (15,777)</u>

CITY OF KIMBALL, NEBRASKA

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

September 30, 2025

	Special Revenue Funds					Total
	Fire Equipment <u>Fund</u>	Keno <u>Fund</u>	Handyman <u>Fund</u>	Community Development <u>Fund</u>	Fines <u>Fund</u>	Nonmajor Governmental <u>Funds</u>
ASSETS						
Cash and cash equivalents	<u>\$ 129,538</u>	<u>\$ 104,228</u>	<u>\$ 943</u>	<u>\$ 9,783</u>	<u>\$ 1,918</u>	<u>\$ 246,410</u>
LIABILITIES AND FUND BALANCES						
Liabilities:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances:						
Restricted for:						
Fire equipment	129,538	-	-	-	-	129,538
Community betterment	-	104,228	-	-	1,918	106,146
Community development	-	-	-	9,783	-	9,783
Assigned for:						
Handyman program	-	-	943	-	-	943
Total fund balances	<u>129,538</u>	<u>104,228</u>	<u>943</u>	<u>9,783</u>	<u>1,918</u>	<u>246,410</u>
Total liabilities and fund balances	<u>\$ 129,538</u>	<u>\$ 104,228</u>	<u>\$ 943</u>	<u>\$ 9,783</u>	<u>\$ 1,918</u>	<u>\$ 246,410</u>

CITY OF KIMBALL, NEBRASKA

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

For the year ended September 30, 2025

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Fire Equipment Fund	Keno Fund	Handyman Fund	Community Development Fund	Fines Fund	
REVENUES						
Property taxes	\$ 13,650	\$ -	\$ -	\$ -	\$ -	\$ 13,650
Keno proceeds	-	14,845	-	-	-	14,845
Licenses and permits	-	-	-	-	2,405	2,405
Interest income	-	1,411	-	-	-	1,411
Total revenues	<u>13,650</u>	<u>16,256</u>	<u>-</u>	<u>-</u>	<u>2,405</u>	<u>32,311</u>
EXPENDITURES						
General government	-	-	-	-	2,715	2,715
Community betterment	-	13,852	-	-	-	13,852
Capital outlay	-	13,976	-	-	-	13,976
Total expenditures	<u>-</u>	<u>27,828</u>	<u>-</u>	<u>-</u>	<u>2,715</u>	<u>30,543</u>
Net change in fund balances	13,650	(11,572)	-	-	(310)	1,768
Fund balances - September 30, 2024	<u>115,888</u>	<u>115,800</u>	<u>943</u>	<u>9,783</u>	<u>2,228</u>	<u>244,642</u>
Fund balances - September 30, 2025	<u>\$ 129,538</u>	<u>\$ 104,228</u>	<u>\$ 943</u>	<u>\$ 9,783</u>	<u>\$ 1,918</u>	<u>\$ 246,410</u>

CITY OF KIMBALL, NEBRASKA

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

Year ended September 30, 2025

	<u>Administrative</u>	<u>Police</u>	<u>Fire</u>
REVENUES			
Taxes:			
General property tax	\$ 1,199	\$ 699,449	\$ 9,099
Motor vehicle tax	-	47,524	-
Sales tax	75,306	-	-
Occupation tax	21,489	-	34,260
Franchise fees	27,758	-	-
Intergovernmental receipts	219,958	-	18,579
Charges for services	-	-	-
Grants and contributions	-	940	-
Licenses and permits	18,948	1,237	-
Interest income	12,092	-	-
Other receipts	8,494	207	-
Total revenues	<u>385,244</u>	<u>749,357</u>	<u>61,938</u>
EXPENDITURES			
Personnel services:			
Salaries and benefits	128,053	672,066	3,500
Operating expenses:			
Insurance	22,605	25,179	12,905
Contracted services	2,450	69,605	-
Professional fees	20,228	14,917	-
Meetings, seminars, and dues	5,542	13,074	1,370
Transportation	9,518	21,525	1,330
Repairs and maintenance	8,298	27,786	7,917
Printing, postage, and publications	3,377	879	-
Utilities and telephone	14,883	15,202	9,855
Total operating expenses	<u>86,901</u>	<u>188,167</u>	<u>33,377</u>
Supplies	14,958	19,034	213
Other expenses	6,352	16,399	295
Capital outlay	-	56,374	15,229
Principal payments on debt	-	18,475	-
Interest on long-term debt	-	1,673	-
Total expenditures	<u>236,264</u>	<u>972,188</u>	<u>52,614</u>
Excess (deficiency) of revenues over expenditures before transfers	148,980	(222,831)	9,324
OTHER FINANCING SOURCES (USES)			
Transfers in	180,671	-	-
Transfers out	<u>(307,196)</u>	<u>-</u>	<u>-</u>
Net transfers	<u>(126,525)</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 22,455</u>	<u>\$ (222,831)</u>	<u>\$ 9,324</u>

<u>Park</u>	<u>Pool</u>	<u>Library</u>	<u>Cemetery</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 709,747
-	-	-	-	47,524
75,306	80,381	164,997	102,379	498,369
36,639	19,718	27,934	34,507	174,547
-	-	-	-	27,758
-	-	1,466	-	240,003
-	14,365	4,370	23,075	41,810
2,535	462	30,570	-	34,507
-	-	-	-	20,185
-	-	1,395	4,161	17,648
-	1,135	12,073	3,155	25,064
<u>114,480</u>	<u>116,061</u>	<u>242,805</u>	<u>167,277</u>	<u>1,837,162</u>
58,590	65,282	173,932	127,300	1,228,723
5,860	1,905	16,952	8,549	93,955
-	-	-	-	72,055
5,268	3,629	14,773	3,896	62,711
-	287	3,898	2,300	26,471
874	-	1,201	2,857	37,305
6,988	5,149	13,887	12,264	82,289
-	11	26	39	4,332
<u>23,079</u>	<u>12,422</u>	<u>13,200</u>	<u>25,118</u>	<u>113,759</u>
42,069	23,403	63,937	55,023	492,877
3,117	9,761	28,614	5,370	81,067
4,322	1,485	10,070	261	39,184
-	-	-	-	71,603
-	-	-	-	18,475
-	-	-	-	1,673
<u>108,098</u>	<u>99,931</u>	<u>276,553</u>	<u>187,954</u>	<u>1,933,602</u>
6,382	16,130	(33,748)	(20,677)	(96,440)
-	-	-	-	180,671
-	-	-	-	(307,196)
-	-	-	-	(126,525)
<u>\$ 6,382</u>	<u>\$ 16,130</u>	<u>\$ (33,748)</u>	<u>\$ (20,677)</u>	<u>\$ (222,965)</u>



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities - modified cash basis, the business-type activities - accrual basis, the aggregate discretely presented component unit - 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 Kimball, Nebraska, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated April 24, 2026. Our report on the financial statements disclosed that, as described in Note A to the financial statements, the City of Kimball, 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.

Report on Internal Control Over Financial Reporting

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

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

SHAREHOLDERS:

Marcy J. Luth
Heidi A. Ashby
Christine R. Shenk
Michael E. Hoback
Joseph P. Stump
Kyle R. Overturf
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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal controls, described below, that we consider to be a significant deficiency.

Segregation of Duties

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

Report on Compliance and Other Matters

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

City of Kimball's Response to Findings

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

Purpose of this Report

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

AMGL, P.C

Grand Island, Nebraska
April 24, 2026