

CITY OF ALLIANCE, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2017

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alliance, Nebraska as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting

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policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alliance, Nebraska, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6-15 and 65-71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The nonmajor governmental funds combining statements and the internal service funds combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information described in the first sentence of this paragraph is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2018, on our consideration of the City of Alliance, 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 Alliance'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 Alliance, Nebraska's internal control over financial reporting and compliance.

Amquist, Mathyahn.
Galloway & Luth, PC.

Grand Island, Nebraska
January 19, 2018

**CITY OF ALLIANCE, NEBRASKA
MANAGEMENT’S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2017**

MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of the City of Alliance, we offer readers of the City of Alliance financial statements this narrative overview and analysis of the financial activities of the City of Alliance for the fiscal year ended September 30, 2017.

Financial Highlights

- The assets of the City of Alliance exceeded its liabilities at the close of the most recent fiscal year by \$77,172,605 (*net position*). Of this amount, \$15,828,336 (*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 Alliance governmental funds reported combined ending net position of \$47,489,752. Approximately 11.3 percent of this total amount, \$5,354,936, is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,305,772, or 38.6 percent of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both of the government-wide financial statements distinguish functions of the City of Alliance 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 Alliance include general government, public safety, highways and streets, economic development, and culture and recreation. The business-type activities of the City of Alliance include the Electric, Water, Sewer and Refuse Funds. The government-wide financial statements can be found on pages 16 and 17 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 Alliance, 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 Alliance 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 Alliance maintains 22 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Street Fund, Sales Tax Fund, Debt Service Fund, Redevelopment Fund, and Airport Fund, all of which are considered to be major funds. Data from the other 16 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 ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017

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

The basic governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary funds. The City of Alliance 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 Alliance uses enterprise funds to account for its Electric, Water, Sewer and Refuse Funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Alliance's various functions. The City of Alliance uses an internal service fund to account for its employee health insurance. Because this service predominantly benefits 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 and Refuse Funds. All four funds are considered to be major funds of the City of Alliance.

The basic proprietary fund financial statements can be found on pages 22-25 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 26-64 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Alliance's budgetary comparison schedules. Required supplementary information can be found on pages 65-71 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 72-78 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 Alliance, assets exceeded liabilities by \$77,172,605 at the close of the most recent fiscal year.

**CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017**

Summary Statements of Net Position

	September 30, 2017			September 30, 2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 11,534,866	\$ 14,112,062	\$ 25,646,928	\$ 12,386,762	\$ 13,642,637	\$ 26,029,399
Capital Assets	39,265,816	22,025,147	61,290,963	35,286,571	22,236,039	57,522,610
Total Assets	50,800,682	36,137,209	86,937,891	47,673,333	35,878,676	83,552,009
Long-term Liabilities	1,466,188	4,786,108	6,252,296	1,473,286	5,143,011	6,616,297
Other Liabilities	1,844,742	1,668,248	3,512,990	1,744,466	2,309,473	4,053,939
Total Liabilities	3,310,930	6,454,356	9,765,286	3,217,752	7,452,484	10,670,236
Net Position:						
Net Investment in						
Capital Assets	38,539,697	18,954,834	57,494,531	34,796,178	18,292,231	53,088,409
Restricted	3,595,119	254,619	3,849,738	5,032,538	837,254	5,869,792
Unrestricted	5,354,936	10,473,400	15,828,336	4,626,865	9,296,707	13,923,572
Total Net Position	\$ 47,489,752	\$ 29,682,853	\$ 77,172,605	\$ 44,455,581	\$ 28,426,192	\$ 72,881,773

By far the largest portion of the City of Alliance's net position (74.5 percent) reflects its investment in capital assets (land, infrastructure, buildings, machinery, vehicles and equipment), net of any related debt used to acquire those assets that is still outstanding. The City of Alliance uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Alliance'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 Alliance's net position (5.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$15,828,336) 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 Alliance is able to report positive balances in all three categories of net position, both for the government as a whole and for its separate governmental and business-type activities.

**CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017**

Expenses and Program Revenues - Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2017</u>		<u>Year Ended September 30, 2016</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 13,458	\$ 612,146	\$ 13,711	\$ 637,993
Public Safety	443,949	2,605,417	405,184	2,832,555
Public Works	2,153,023	673,467	253,244	1,074,332
Environment and Leisure	1,597,800	2,794,730	2,197,503	2,845,137
Economic Development	-	419,929	-	302,470
Interest	-	18,319	-	11,089
Depreciation	-	2,117,284	-	1,895,624
Total	<u>\$ 4,208,230</u>	<u>\$ 9,241,292</u>	<u>\$ 2,869,642</u>	<u>\$ 9,599,200</u>

Revenues by Source - Governmental Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2017</u>		<u>Year Ended September 30, 2016</u>	
Charges for Services	\$ 981,841	8.00 %	\$ 889,432	8.32 %
Operating Grants and Contributions	652,950	5.32	639,525	5.99
Capital Grants and Contributions	2,573,439	20.96	1,340,685	12.55
Property Taxes	1,633,665	13.31	1,602,777	15.00
Motor Vehicle Taxes	178,603	1.45	178,824	1.67
Sales Tax	1,912,855	15.58	1,892,085	17.71
Franchise Taxes	208,456	1.70	218,618	2.05
Occupation Taxes	146,786	1.20	160,444	1.50
TIF Proceeds	323,985	2.64	215,152	2.01
State Allocation	1,277,441	10.41	1,240,463	11.61
Special Assessments	8,701	0.07	8,543	0.08
Keno	13,254	0.11	21,356	0.20
Other	17,286	0.14	26,794	0.25
Interest	81,517	0.66	81,720	0.77
Gain on Sale of Assets	76,384	0.62	121,147	1.13
Interfund Transfer	2,188,300	17.83	2,047,800	19.16
Total	<u>\$ 12,275,463</u>	<u>100.00 %</u>	<u>\$ 10,685,365</u>	<u>100.00 %</u>

Net position increased \$3,034,171 in the governmental funds during the year ended September 30, 2017.

In addition to utility fund transfers, the governmental funds are financed by revenues from property tax, state aid, municipal equalization, mutual fire organization aid, grants, user and license fees and sales tax.

The City received \$1,633,665 in property tax for fiscal year 2017 compared to \$1,602,777 in 2016. Levies are expressed in dollars and cents per \$100 of valuation. The 2016 tax year levies

**CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017**

were collected in the City's Fiscal Year 2017. The following table shows the levies and valuations for the past ten years:

	<u>City</u>	<u>MFO</u>	<u>Public Safety</u>	<u>Airport</u>	<u>Airport Sinking</u>	<u>Total Levy</u>	<u>Assessed Valuation</u>
2007	.26874	.03395	-	.03395	.01542	.35206	\$ 309,355,307
2008	.27708	.03395	-	.03422	.01211	.35736	\$ 328,332,369
2009	.27642	.03393	-	.03420	.01210	.35665	\$ 338,471,804
2010	.27642	.03395	.03000	.03140	.01210	.38387	\$ 346,899,841
2011	.27642	.03395	.03000	.03140	.01210	.38387	\$ 361,080,370
2012	.27273	.03395	.03000	.03711	.00600	.37979	\$ 376,786,766
2013	.27211	.03395	.03000	.03710	.00600	.37916	\$ 390,837,023
2014	.27210	.03395	.03000	.03100	.01210	.37915	\$ 410,520,412
2015	.27107	.03395	.02976	.03088	.01206	.37772	\$ 418,676,703
2016	.26617	.03395	-	.05898	.01229	.37139	\$ 438,650,352

The Nebraska Legislature allows for cities to levy property taxes up to a maximum of forty-five cents. Because the citizens of Alliance approved a local sales tax, the City has been able to keep its levy well below the maximum limit.

Business-type activities. Business-type activities increased the City of Alliance's net position by \$1,256,661. Key elements of this increase are as follows:

Expenses and Program Revenues - Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2017</u>		<u>Year Ended September 30, 2016</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 13,510,201	\$ 10,658,104	\$ 13,442,972	\$ 10,626,861
Water	1,819,522	1,274,589	1,578,537	1,391,839
Sewer	489,867	456,617	367,331	459,410
Refuse	1,114,933	1,188,778	1,232,304	1,156,635
Total	16,934,523	13,578,088	16,621,144	13,634,745
Interfund Transfer	-	2,188,300	-	2,047,800
	<u>\$ 16,934,523</u>	<u>\$ 15,766,388</u>	<u>\$ 16,621,144</u>	<u>\$ 15,682,545</u>

Revenues by Source - Business-type Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2017</u>		<u>Year Ended September 30, 2016</u>	
Charges for Services	\$ 16,934,523	99.48 %	\$ 16,572,326	99.13 %
Operating Grants and Contributions	-	-	48,818	0.29
Interest	50,016	0.29	45,427	0.27
Miscellaneous	21,463	0.13	57,100	0.34
Gain (Loss) on Sale of Assets	17,047	0.10	(4,800)	(0.03)
Total	<u>\$ 17,023,049</u>	<u>100.00 %</u>	<u>\$ 16,718,871</u>	<u>100.00 %</u>

CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017

The largest source of receipts for the City is user fees in the Utility Departments. The Utility Departments transferred \$2,188,300 in revenues to the operations of the governmental funds.

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the City of Alliance'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 Alliance'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 Alliance's governmental funds reported combined ending fund balances of \$7,192,807. Approximately 32.1 percent of this total amount (\$2,305,772) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balances is not available for new spending because it has already been 1) restricted to pay debt service (\$154,480), 2) restricted for street improvements (\$975,717), 3) restricted for Federal programs (\$14,942), 4) restricted to fund capital projects (\$307,834), 5) restricted for economic development (\$1,340,822), 6) restricted for maintenance expenses (\$8,978), 7) restricted for tourism promotion (\$183,507), 8) restricted for community betterment (\$69,213), 9) endowed as nonspendable for cemetery perpetual care (\$409,475), 10) restricted for pension plans (\$110,249), 11) restricted for museum projects (\$14,536), 12) restricted for general tax support (\$5,366), 13) committed for sign project (\$7,869), 14) assigned for budgetary stabilization (\$714,300), 15) assigned for capital projects (\$368,838), or 16) assigned for specific special revenue fund purposes (\$200,909).

The General Fund is the chief operating fund of the City of Alliance. At the end of the current fiscal year, the General Fund's unassigned fund balance was \$2,305,772 and total fund balance was \$3,138,190. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 38.6 percent of total General Fund expenditures, while total fund balance was 93.4 percent of total General Fund expenditures.

The fund balance of the City of Alliance's General Fund increased by \$165,309 during the current fiscal year.

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

Unrestricted net position of the proprietary funds at the end of the year were as follows: Electric Fund – \$7,877,773, Water Fund – \$1,025,240, Sewer Fund – \$918,008, and Refuse Fund – \$652,379. The change in net position for the proprietary funds was as follows: Electric Fund – increase of \$1,128,560, Water Fund – increase of \$334,050, Sewer Fund – decrease of \$(20,695), and Refuse Fund – decrease of \$(185,254). Other factors concerning the finances of these four

CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017

funds have already been addressed in the discussion of the City of Alliance's business-type activities.

Budgetary Highlights

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

Capital Asset and Debt Administration

Capital Assets. The City of Alliance's investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounts to \$61,290,963 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, building and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

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

- Construction in progress on airport runway project - \$60,412
- 2017 John Deere 524K-11 loader - \$126,688
- Airport Cemetery road overlay - \$26,632
- Final costs on airport runway sealcoat project - \$319,820
- Two Zoll Defibrillators - \$52,045
- Inline power assist cot - \$32,960
- John Deere 1575 mower for cemetery - \$32,468
- Laing Lake renovation construction and engineering - \$393,474
- 2017 Ford Explorer Interceptor for police - \$27,770
- Parking lot at 4th & Niobrara - \$74,190
- 2017 street improvements - \$1,724,423
- Construction in progress on Box Butte streetscape 3rd to 5th - \$798,777
- Construction in progress on East 10th resurfacing - \$2,185,866
- Heartland Expressway electric line rebuild - \$398,981
- 2017 John Deere 17G compact excavator for electric - \$25,503
- 2016 Ford F550 bucket truck for electric - \$133,985
- 2017 Ford F250 supercab pickup for electric - \$41,492
- Construction in progress on landfill storm water controls - \$46,390
- Landfill PSA applicator - \$69,600
- 2017 John Deere 544K-11 loader for landfill - \$159,997
- 2017 Bobcat S650 skid steer for sewer - \$40,674
- Heartland Express water main - \$38,337

**CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017**

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

	<u>Year Ended September 30, 2017</u>			<u>Year Ended September 30, 2016</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 2,071,205	\$ 566,827	\$ 2,638,032	\$ 2,071,205	\$ 566,827	\$ 2,638,032
Construction						
in Progress	3,616,928	54,499	3,671,427	1,153,883	366,659	1,520,542
Infrastructure	8,873,867	-	8,873,867	7,567,727	-	7,567,727
Improvements	11,729,578	-	11,729,578	11,075,221	-	11,075,221
Buildings	10,362,142	1,728,678	12,090,820	10,810,795	1,789,087	12,599,882
Equipment	2,612,096	11,309,674	13,921,770	2,607,740	8,407,736	11,015,476
Distribution						
Systems	-	8,365,469	8,365,469	-	11,105,730	11,105,730
Total	<u>\$ 39,265,816</u>	<u>\$ 22,025,147</u>	<u>\$ 61,290,963</u>	<u>\$ 35,286,571</u>	<u>\$ 22,236,039</u>	<u>\$ 57,522,610</u>

Additional information on the City of Alliance's capital assets can be found in Note C4 on pages 48-50 of this report.

Long-term debt. At the end of the current fiscal year, the City of Alliance had total long-term debt outstanding of \$3,796,432. Of this amount, \$726,119 comprises debt backed by the full faith and credit of the government. The remainder of the City of Alliance's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Alliance's Outstanding Debt

	<u>Year Ended September 30, 2017</u>			<u>Year Ended September 30, 2016</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Notes	\$ 726,119	\$ 2,930,313	\$ 3,656,432	\$ 490,393	\$ 3,118,808	\$3,609,201
Revenue Bonds	-	140,000	140,000	-	825,000	825,000
Total	<u>\$ 726,119</u>	<u>\$ 3,070,313</u>	<u>\$ 3,796,432</u>	<u>\$ 490,393</u>	<u>\$ 3,943,808</u>	<u>\$4,434,201</u>

The City of Alliance's total debt decreased by \$637,769 (14.4 percent) during the current fiscal year, as scheduled principal payments were made.

Additional information on the City of Alliance's long-term debt can be found in Note C6 on pages 51-53 of this report.

**CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017**

Economic Factors and Next Year's Budgets and Rates

Recent business and commercial investments will be added to the tax rolls when the projects are completed, including:

- A new storage unit and a commercial storage and shop building have been added
- Additional storage bins are being added at New Alliance Bean
- New Dollar General building will be completed in spring 2018
- New Holiday Inn Express currently under construction in spring 2019
- Scooters Coffee drive-through franchise in spring 2018
- Renovation of downtown building for local optometrist
- A building addition is planned for Gary's Restoration which has expanded to Alliance from Scottsbluff.

The City was approved for the USDA Rural Economic Development Loan and Grant (REDLG) for \$300,000 that will create a revolving loan fund for economic development to be used for the newly developed Community Redevelopment Authority. A qualifying project has not yet been identified for the initial loan funding.

Major tax revenues received in the 2016-17 fiscal year were as follows:

- Non-Vehicle Sales Taxes – at \$1,676,884 (up 4.2%)
- Motor Vehicle Sales Taxes – at \$240,862 (down 11.7%)
- Hotel Occupation Taxes – at \$153,092 (down 3.4%)

The City's taxable property valuation grew by \$4,886,793 (1.1 percent) to an all-time high in 2017 as a result of the continued building activity and additional adjustments of the City valuations. The property tax request for the year ending September 30, 2018 is \$1,661,652, a \$32,538 (2.0 percent) increase over the prior year.

The State of Nebraska Heartland Expressway project is expected to be completed within City limits within 2018 with planning beginning on the east/west highway through Alliance. Another major airport project should occur during the current year and additional street resurfacing is planned.

Alliance and Box Butte County unemployment remain low near 3.0 percent which is slightly lower than the prior year. The Burlington Northern and Sante Fe Railway and Parker-Hannifin are both adding workers with demand for farm labor and associated employment healthy despite soft agricultural markets.

Refuse and landfill and water and sewer rates were all adjusted in October 2017 by the annual automatic 1.0 percent increase allowed by ordinance as will the electric rates in April 2018. Refuse and landfill rates will be revised in October 2018 following a rate study scheduled for early 2018.

Request for Information

This financial report is designed to provide a general overview of the City of Alliance's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Manager or Finance Director, City of Alliance, P.O. Box D, Alliance, NE 69301.

CITY OF ALLIANCE, NEBRASKA

STATEMENT OF NET POSITION

September 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,283,154	\$ 7,674,500	\$ 12,957,654
Certificates of deposit	-	956,428	956,428
County treasurer cash	57,566	-	57,566
Receivables:			
Property tax	18,801	-	18,801
Special assessments	486,903	-	486,903
Accounts, net of allowance for doubtful accounts	150,951	866,221	1,017,172
Unbilled revenue	-	773,191	773,191
Interest	256	10,964	11,220
Current portion of notes	396,000	-	396,000
Current portion of TIF	324,000	-	324,000
Due from other governments	860,617	-	860,617
Due (to) from other funds	(38,899)	38,899	-
Inventory	-	1,217,184	1,217,184
Prepaid expenses	65,470	-	65,470
Total current assets	7,604,819	11,537,387	19,142,206
Noncurrent assets:			
Restricted cash and cash equivalents	2,825,309	856,843	3,682,152
Restricted certificates of deposit	200,000	1,717,832	1,917,832
Noncurrent notes receivable	278,504	-	278,504
Noncurrent TIF receivable	626,234	-	626,234
Capital assets:			
Land and construction in progress	5,688,133	621,326	6,309,459
Other capital assets, net of depreciation	33,577,683	21,403,821	54,981,504
Net capital assets	39,265,816	22,025,147	61,290,963
Total noncurrent assets	43,195,863	24,599,822	67,795,685
Total assets	50,800,682	36,137,209	86,937,891
LIABILITIES			
Current liabilities:			
Accounts payable	458,041	835,766	1,293,807
Accrued expenses	108,708	117,988	226,696
Unearned revenue	346,097	-	346,097
Customer deposits	550	382,210	382,760
Police custodial funds	49,526	-	49,526
Current portion of TIF payables	324,000	-	324,000
Unavailable special assessments	486,903	-	486,903
Current portion of long-term obligations	70,917	332,284	403,201
Total current liabilities	1,844,742	1,668,248	3,512,990
Noncurrent liabilities:			
Compensated absences - noncurrent	174,284	57,153	231,437
Pension liability	10,468	-	10,468
Landfill closure costs	-	1,990,926	1,990,926
Noncurrent TIF payables	626,234	-	626,234
Noncurrent portion of long-term obligations	655,202	2,738,029	3,393,231
Total noncurrent liabilities	1,466,188	4,786,108	6,252,296
Total liabilities	3,310,930	6,454,356	9,765,286
NET POSITION			
Net investment in capital assets	38,539,697	18,954,834	57,494,531
Restricted for:			
Capital projects/community betterment	377,047	-	377,047
Debt service	154,480	254,619	409,099
Cemetery perpetual care	409,475	-	409,475
Economic development	1,340,822	-	1,340,822
Federal programs	14,942	-	14,942
General tax support	5,366	-	5,366
Pension plans	110,249	-	110,249
Street improvements	975,717	-	975,717
Maintenance expenses	8,978	-	8,978
Museum projects	14,536	-	14,536
Tourism promotion	183,507	-	183,507
Unrestricted	5,354,936	10,473,400	15,828,336
Total net position	\$ 47,489,752	\$ 29,682,853	\$ 77,172,605

See notes to financial statements.

CITY OF ALLIANCE, NEBRASKA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2017

<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	\$ 612,146	\$ 13,458	\$ -
Public safety	2,605,417	265,420	178,529
Public works	673,467	55,509	174,595
Environment and leisure	2,794,730	647,454	299,826
Economic development	419,929	-	-
Interest and related expenses	18,319	-	-
Depreciation - unallocated	2,117,284	-	-
Total governmental activities	9,241,292	981,841	652,950
Business-type activities:			
Electric	10,658,104	13,510,201	-
Water	1,274,589	1,819,522	-
Sewer	456,617	489,867	-
Refuse	1,188,778	1,114,933	-
Total business-type activities	13,578,088	16,934,523	-
Total primary government	\$ 22,819,380	\$ 17,916,364	\$ 652,950

See notes to financial statements.

<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ -	\$ (598,688)		\$ (598,688)
-	(2,161,468)		(2,161,468)
1,922,919	1,479,556		1,479,556
650,520	(1,196,930)		(1,196,930)
-	(419,929)		(419,929)
-	(18,319)		(18,319)
-	(2,117,284)		(2,117,284)
<u>2,573,439</u>	<u>(5,033,062)</u>	<u>\$ -</u>	<u>(5,033,062)</u>
-	-	2,852,097	2,852,097
-	-	544,933	544,933
-	-	33,250	33,250
-	-	(73,845)	(73,845)
<u>-</u>	<u>-</u>	<u>3,356,435</u>	<u>3,356,435</u>
<u>\$ 2,573,439</u>	<u>(5,033,062)</u>	<u>3,356,435</u>	<u>(1,676,627)</u>
General revenues:			
Taxes:			
Property	1,633,665	-	1,633,665
Motor vehicle	178,603	-	178,603
Sales tax	1,912,855	-	1,912,855
Franchise	208,456	-	208,456
Occupation	146,786	-	146,786
TIF proceeds	323,985	-	323,985
State allocation	1,277,441	-	1,277,441
Special assessments	8,701	-	8,701
Keno	13,254	-	13,254
Miscellaneous	17,286	21,463	38,749
Interest income	81,517	50,016	131,533
Gain on sale of assets	76,384	17,047	93,431
Interfund transfers	2,188,300	(2,188,300)	-
Total general revenues	<u>8,067,233</u>	<u>(2,099,774)</u>	<u>5,967,459</u>
Change in net position	3,034,171	1,256,661	4,290,832
Net position - September 30, 2016	<u>44,455,581</u>	<u>28,426,192</u>	<u>72,881,773</u>
Net position - September 30, 2017	<u>\$ 47,489,752</u>	<u>\$ 29,682,853</u>	<u>\$ 77,172,605</u>

CITY OF ALLIANCE, NEBRASKA

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

September 30, 2017

	<u>General</u>	<u>Street</u>	<u>Sales Tax</u>	<u>Debt Service</u>
ASSETS				
Cash and cash equivalents	\$ 2,833,829	\$ -	\$ -	\$ -
Restricted cash	110,249	939,414	5,366	3,999
Restricted certificates of deposit	-	200,000	-	-
County treasurer cash	49,500	-	-	-
Receivables:				
Special assessments	-	-	-	486,903
Accounts, net of allowance for doubtful accounts	65,983	150	-	-
Notes receivable	-	-	-	-
Interest	-	256	-	-
Property tax	15,193	-	-	-
TIF	-	-	-	-
Prepaid insurance	3,461	-	-	-
Due from other funds	251,304	40,502	-	-
Due from other governments	12,492	100,045	316,391	-
Total assets	<u>\$ 3,342,011</u>	<u>\$ 1,280,367</u>	<u>\$ 321,757</u>	<u>\$ 490,902</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 30,000	\$ 300,269	\$ -	\$ -
Accrued expenses	73,282	3,977	-	53
Due to other funds	51,013	404	316,391	-
Unearned revenue	-	-	-	-
Customer deposits	-	-	-	-
Police custodial funds	49,526	-	-	-
TIF payables	-	-	-	-
Unavailable special assessments	-	-	-	486,903
Total liabilities	<u>203,821</u>	<u>304,650</u>	<u>316,391</u>	<u>486,956</u>
Fund balances (deficit):				
Nonspendable:				
Cemetery perpetual care	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Community betterment	-	-	-	-
Debt service	-	-	-	3,946
Economic development	-	-	-	-
Federal programs	-	-	-	-
General tax support	-	-	5,366	-
Pension plans	110,249	-	-	-
Street improvements	-	975,717	-	-
Maintenance expenses	-	-	-	-
Museum projects	-	-	-	-
Tourism promotion	-	-	-	-
Committed for:				
Sign project	7,869	-	-	-
Assigned for:				
Budgetary stabilization	714,300	-	-	-
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Unassigned	2,305,772	-	-	-
Total fund balances	<u>3,138,190</u>	<u>975,717</u>	<u>5,366</u>	<u>3,946</u>
Total liabilities and fund balances	<u>\$ 3,342,011</u>	<u>\$ 1,280,367</u>	<u>\$ 321,757</u>	<u>\$ 490,902</u>

See notes to financial statements.

<u>Redevelopment</u>	<u>Airport</u>	<u>Other Governmental Funds</u>	<u>Eliminations</u>	<u>Total Governmental Funds</u>
\$ -	\$ 447,075	\$ 8,993	\$ -	\$ 3,289,897
261	-	1,766,020	-	2,825,309
-	-	-	-	200,000
-	6,655	1,411	-	57,566
-	-	-	-	486,903
-	35,929	31,153	-	133,215
-	-	674,504	-	674,504
-	-	-	-	256
-	2,976	632	-	18,801
950,234	-	-	-	950,234
-	1,295	6,187	-	10,943
-	-	44,999	(321,405)	15,400
-	52,357	379,332	-	860,617
<u>\$ 950,495</u>	<u>\$ 546,287</u>	<u>\$ 2,913,231</u>	<u>\$ (321,405)</u>	<u>\$ 9,523,645</u>
\$ -	\$ 5,000	\$ 10,960	\$ -	\$ 346,229
-	9,003	11,330	-	97,645
-	904	6,347	(321,405)	53,654
-	346,097	-	-	346,097
-	550	-	-	550
-	-	-	-	49,526
950,234	-	-	-	950,234
-	-	-	-	486,903
<u>950,234</u>	<u>361,554</u>	<u>28,637</u>	<u>(321,405)</u>	<u>2,330,838</u>
-	-	409,475	-	409,475
-	-	307,834	-	307,834
-	-	69,213	-	69,213
-	-	150,534	-	154,480
261	-	1,340,561	-	1,340,822
-	-	14,942	-	14,942
-	-	-	-	5,366
-	-	-	-	110,249
-	-	-	-	975,717
-	-	8,978	-	8,978
-	-	14,536	-	14,536
-	-	183,507	-	183,507
-	-	-	-	7,869
-	-	-	-	714,300
-	-	368,838	-	368,838
-	184,733	16,176	-	200,909
-	-	-	-	2,305,772
<u>261</u>	<u>184,733</u>	<u>2,884,594</u>	<u>-</u>	<u>7,192,807</u>
<u>\$ 950,495</u>	<u>\$ 546,287</u>	<u>\$ 2,913,231</u>	<u>\$ (321,405)</u>	<u>\$ 9,523,645</u>

CITY OF ALLIANCE, NEBRASKA

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

September 30, 2017

Total fund balances - governmental funds		\$ 7,192,807
Amounts reported for <i>governmental activities</i> 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 \$73,627,797 and the accumulated depreciation is \$34,361,981.		
		39,265,816
Internal service funds are used by management to charge the costs of employee health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
		1,942,000
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Noncurrent compensated absences	\$ (174,284)	
Pension liability	(10,468)	
Long-term notes payable	<u>(726,119)</u>	<u>(910,871)</u>
Total net position - governmental activities		<u><u>\$ 47,489,752</u></u>

See notes to financial statements.

CITY OF ALLIANCE, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

For the year ended September 30, 2017

	<u>General</u>	<u>Street</u>	<u>Sales Tax</u>
REVENUES			
Taxes:			
Property	\$ 1,318,510	\$ -	\$ -
Motor vehicle	178,603	-	-
Sales tax	-	240,905	1,410,284
Franchise	208,456	-	-
Occupation	-	-	-
TIF proceeds	-	-	-
Intergovernmental	369,529	1,154,446	-
Grants	46,347	39,810	-
Keno	-	-	-
Special assessments	-	-	-
Charges for services	597,187	-	-
Contributions	14,597	-	-
Interest income	38,305	14,219	(3)
Sale of property	4,121	-	-
Loan proceeds	-	-	-
Other income	3,905	1,848	-
Total revenues	<u>2,779,560</u>	<u>1,451,228</u>	<u>1,410,281</u>
EXPENDITURES			
General government	662,572	-	-
Public safety	2,810,664	-	-
Public works	383,406	409,646	-
Environment and leisure	1,787,161	-	-
Economic development	-	-	-
Capital outlay	329,749	2,890,854	-
Principal payments on debt	-	-	-
Interest on long-term debt	-	-	-
Total expenditures	<u>5,973,552</u>	<u>3,300,500</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(3,193,992)	(1,849,272)	1,410,281
OTHER FINANCING SOURCES (USES)			
Transfers in	3,617,901	158,800	-
Transfers out	<u>(258,600)</u>	<u>-</u>	<u>(1,410,901)</u>
Net transfers	<u>3,359,301</u>	<u>158,800</u>	<u>(1,410,901)</u>
Net change in fund balances	165,309	(1,690,472)	(620)
Fund balances - September 30, 2016	<u>2,972,881</u>	<u>2,666,189</u>	<u>5,986</u>
Fund balances - September 30, 2017	<u><u>\$ 3,138,190</u></u>	<u><u>\$ 975,717</u></u>	<u><u>\$ 5,366</u></u>

See notes to financial statements.

<u>Debt Service</u>	<u>Redevelopment</u>	<u>Airport</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 259,615	\$ 55,540	\$ 1,633,665
-	-	-	-	178,603
-	-	-	261,666	1,912,855
-	-	-	-	208,456
-	-	-	146,786	146,786
-	323,985	-	-	323,985
-	-	-	90,974	1,614,949
-	-	341,958	551,270	979,385
-	-	-	13,254	13,254
-	-	-	8,701	8,701
-	-	207,750	176,904	981,841
-	-	-	11,790	26,387
2	12	1,071	17,649	71,255
-	-	79,872	-	83,993
-	-	525,000	-	525,000
-	-	-	11,533	17,286
<u>2</u>	<u>323,997</u>	<u>1,415,266</u>	<u>1,346,067</u>	<u>8,726,401</u>
-	-	-	9,367	671,939
-	-	-	30,019	2,840,683
-	-	-	-	793,052
-	-	459,935	705,268	2,952,364
-	323,978	-	95,951	419,929
-	-	593,958	406,468	4,221,029
39,274	-	250,000	-	289,274
4,266	-	14,053	-	18,319
<u>43,540</u>	<u>323,978</u>	<u>1,317,946</u>	<u>1,247,073</u>	<u>12,206,589</u>
(43,538)	19	97,320	98,994	(3,480,188)
43,600	-	-	234,500	4,054,801
-	-	-	(197,000)	(1,866,501)
<u>43,600</u>	<u>-</u>	<u>-</u>	<u>37,500</u>	<u>2,188,300</u>
62	19	97,320	136,494	(1,291,888)
3,884	242	87,413	2,748,100	8,484,695
<u>\$ 3,946</u>	<u>\$ 261</u>	<u>\$ 184,733</u>	<u>\$ 2,884,594</u>	<u>\$ 7,192,807</u>

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

For the year ended September 30, 2017

Total net change in fund balances - governmental funds \$ (1,291,888)

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 (\$6,104,138) exceeded depreciation expense (\$2,117,284) during the period. A portion of the street infrastructure additions (\$1,883,109) was paid for directly by the Nebraska Department of Transportation.

3,986,854

Losses on the disposal of capital assets are not recognized in the governmental fund statements. However, losses on disposal of capital assets are recognized in the statement of activities.

(7,609)

Internal service funds are used by management to charge the costs of employee insurance and post-employment benefits to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities in the statement of activities.

570,943

The change in noncurrent compensated absences is reported as an expense in the statement of activities. Noncurrent compensated absences are not reported in the governmental funds.

(17,113)

The increase in pension liability is reported as an expense in the statement of activities. The pension liability is not reported in the governmental funds.

28,710

Loan proceeds are reported as revenue in the governmental funds, but the loan proceeds increase long-term liabilities in the statement of net position.

(525,000)

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

289,274

Change in net position of governmental activities

\$ 3,034,171

See notes to financial statements.

CITY OF ALLIANCE, NEBRASKA
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS

September 30, 2017

	Enterprise Funds	
	Electric Fund	Water Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,600,537	\$ 788,549
Certificates of deposit	755,797	-
Receivables:		
Accounts, net of allowance for doubtful accounts	678,218	111,693
Unbilled revenue	582,682	119,070
Interest	5,895	427
Due from other funds	29,410	6,767
Inventory	1,167,985	46,732
Prepaid expenses	-	-
Total current assets	8,820,524	1,073,238
Noncurrent assets:		
Restricted cash and cash equivalents	59,735	72,619
Restricted certificates of deposit	322,492	182,000
Capital assets:		
Land	33,070	361,099
Construction in progress	2,026	-
Distribution systems	12,028,165	10,378,617
Buildings	1,045,060	643,169
Equipment	9,604,908	3,099,603
Less accumulated depreciation	(12,779,443)	(6,053,324)
Net capital assets	9,933,786	8,429,164
Total noncurrent assets	10,316,013	8,683,783
Total assets	19,136,537	9,757,021
LIABILITIES		
Current liabilities:		
Accounts payable	829,915	-
Customer deposits	382,210	-
Accrued interest payable	-	27,469
Sales tax payable	71,135	85
Other accrued expenses	8,912	3,775
Due to other funds	-	7,689
Current portion of long-term obligations	-	332,284
Total current liabilities	1,292,172	371,302
Noncurrent liabilities:		
Compensated absences - noncurrent	32,806	8,980
Landfill closure costs	-	-
Noncurrent portion of long-term obligations	-	2,738,029
Total noncurrent liabilities	32,806	2,747,009
Total liabilities	1,324,978	3,118,311
NET POSITION		
Net investment in capital assets	9,933,786	5,358,851
Restricted for:		
Debt service	-	254,619
Unrestricted	7,877,773	1,025,240
Total net position	\$ 17,811,559	\$ 6,638,710

See notes to financial statements.

Enterprise Funds					Internal Service Funds
Sewer Fund	Refuse Fund	Eliminations	Total		
\$ 686,823	\$ 598,591	\$ -	\$ 7,674,500		\$ 1,993,257
200,631	-	-	956,428		-
20,192	56,118	-	866,221		17,736
29,237	42,202	-	773,191		-
-	4,642	-	10,964		-
-	26,759	(8,637)	54,299		-
2,467	-	-	1,217,184		-
-	-	-	-		54,527
<u>939,350</u>	<u>728,312</u>	<u>(8,637)</u>	<u>11,552,787</u>		<u>2,065,520</u>
-	724,489	-	856,843		-
-	1,213,340	-	1,717,832		-
60,978	111,680	-	566,827		-
6,083	46,390	-	54,499		-
4,487,086	1,731,538	-	28,625,406		-
523,750	561,861	-	2,773,840		-
746,494	3,236,485	-	16,687,490		-
(4,172,549)	(3,677,599)	-	(26,682,915)		-
<u>1,651,842</u>	<u>2,010,355</u>	<u>-</u>	<u>22,025,147</u>		<u>-</u>
<u>1,651,842</u>	<u>3,948,184</u>	<u>-</u>	<u>24,599,822</u>		<u>-</u>
<u>2,591,192</u>	<u>4,676,496</u>	<u>(8,637)</u>	<u>36,152,609</u>		<u>2,065,520</u>
-	5,851	-	835,766		111,812
-	-	-	382,210		-
-	-	-	27,469		-
-	2	-	71,222		-
1,095	5,515	-	19,297		11,063
16,045	303	(8,637)	15,400		645
-	-	-	332,284		-
<u>17,140</u>	<u>11,671</u>	<u>(8,637)</u>	<u>1,683,648</u>		<u>123,520</u>
4,202	11,165	-	57,153		-
-	1,990,926	-	1,990,926		-
-	-	-	2,738,029		-
<u>4,202</u>	<u>2,002,091</u>	<u>-</u>	<u>4,786,108</u>		<u>-</u>
<u>21,342</u>	<u>2,013,762</u>	<u>(8,637)</u>	<u>6,469,756</u>		<u>123,520</u>
1,651,842	2,010,355	-	18,954,834		-
-	-	-	254,619		-
918,008	652,379	-	10,473,400		1,942,000
<u>\$ 2,569,850</u>	<u>\$ 2,662,734</u>	<u>\$ -</u>	<u>\$ 29,682,853</u>		<u>\$ 1,942,000</u>

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

For the year ended September 30, 2017

	Enterprise Funds	
	Electric Fund	Water Fund
Operating revenues:		
User charges	\$ 13,401,078	\$ 1,810,517
Interdepartmental charges	-	-
Other reimbursements	-	-
Rent income	109,123	9,005
Total operating revenues	13,510,201	1,819,522
Operating expenses:		
Cost of power	8,474,740	-
Personnel	857,143	387,966
Contract services	122,828	298,007
Commodities	301,485	69,526
Generation	31,642	-
Customer service	-	-
Meter reading	-	-
Warehouse	2,663	4,765
Risk management	-	-
Management information systems	-	-
Administration/finance	281,448	67,447
Insurance claims and health premiums	-	-
Landfill closure	-	-
Depreciation	585,067	347,935
Bond fees	479	450
Total operating expenses	10,657,495	1,176,096
Operating income (loss)	2,852,706	643,426
Nonoperating revenues (expenses):		
Interest income	24,607	3,325
Interest expense	(609)	(67,774)
DEQ loan fees	-	(30,719)
Gain (loss) on sale of capital assets	14,847	-
Other revenue	20,409	692
Total nonoperating revenues (expenses)	59,254	(94,476)
Income (loss) before interfund transfers	2,911,960	548,950
Interfund transfers:		
Transfer to other funds	(1,783,400)	(214,900)
Change in net position	1,128,560	334,050
Net position - September 30, 2016	16,682,999	6,304,660
Net position - September 30, 2017	\$ 17,811,559	\$ 6,638,710

See notes to financial statements.

Enterprise Funds			Internal
Sewer Fund	Refuse Fund	Total	Service Funds
\$ 478,767	\$ 1,114,633	\$ 16,804,995	\$ -
-	-	-	3,191,341
-	-	-	5,431
11,100	300	129,528	1,380
<u>489,867</u>	<u>1,114,933</u>	<u>16,934,523</u>	<u>3,198,152</u>
-	-	8,474,740	-
172,352	478,914	1,896,375	147,496
39,510	341,094	801,439	-
13,974	91,409	476,394	-
-	-	31,642	-
-	-	-	231,588
-	-	-	54,941
-	-	7,428	135,820
-	-	-	320,556
-	-	-	199,434
55,144	72,626	476,665	422,068
-	-	-	1,125,568
-	2,107	2,107	-
175,637	202,628	1,311,267	-
-	-	929	-
<u>456,617</u>	<u>1,188,778</u>	<u>13,478,986</u>	<u>2,637,471</u>
33,250	(73,845)	3,455,537	560,681
3,003	19,081	50,016	10,262
-	-	(68,383)	-
-	-	(30,719)	-
-	2,200	17,047	-
<u>52</u>	<u>310</u>	<u>21,463</u>	<u>-</u>
<u>3,055</u>	<u>21,591</u>	<u>(10,576)</u>	<u>10,262</u>
36,305	(52,254)	3,444,961	570,943
(57,000)	(133,000)	(2,188,300)	-
(20,695)	(185,254)	1,256,661	570,943
<u>2,590,545</u>	<u>2,847,988</u>	<u>28,426,192</u>	<u>1,371,057</u>
<u>\$ 2,569,850</u>	<u>\$ 2,662,734</u>	<u>\$ 29,682,853</u>	<u>\$ 1,942,000</u>

CITY OF ALLIANCE, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the year ended September 30, 2017

	Enterprise Funds	
	Electric Fund	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 13,633,230	\$ 1,791,566
Receipts from other funds	-	-
Payments to suppliers	(9,181,773)	(435,769)
Payments to employees	(867,910)	(398,318)
Net cash provided by operating activities	3,583,547	957,479
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers to other funds	(1,783,400)	(214,900)
(Increase) decrease in due from other funds	44,632	(2,049)
Increase in due to other funds	-	1,543
Net cash used by noncapital financing activities	(1,738,768)	(215,406)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(687,477)	(44,769)
Proceeds from sale of capital assets	14,847	-
Grant proceeds	-	-
Increase in landfill closure costs	-	-
Payment of DEQ loan fees	-	(30,719)
Principal payments on capital debt	(390,000)	(483,495)
Interest paid on capital debt	(1,462)	(72,804)
Net cash used by capital and related financing activities	(1,064,092)	(631,787)
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) decrease in certificates of deposit	197,823	-
Interest received	23,615	3,274
Net cash provided by investing activities	221,438	3,274
Increase (decrease) in cash and cash equivalents	1,002,125	113,560
Cash and cash equivalents - beginning of the year	4,658,147	747,608
Cash and cash equivalents - end of the year	\$ 5,660,272	\$ 861,168
Composition of cash and cash equivalents:		
Cash and cash equivalents	\$ 5,600,537	\$ 788,549
Restricted cash and cash equivalents	59,735	72,619
Total cash and cash equivalents	\$ 5,660,272	\$ 861,168

Enterprise Funds			Internal Service Funds
Sewer Fund	Refuse Fund	Total	
\$ 479,852	\$ 1,127,374	\$ 17,032,022	\$ -
-	-	-	3,458,515
(108,653)	(527,356)	(10,253,551)	(2,616,537)
(173,800)	(485,094)	(1,925,122)	-
<u>197,399</u>	<u>114,924</u>	<u>4,853,349</u>	<u>841,978</u>
(57,000)	(133,000)	(2,188,300)	-
-	(26,185)	16,398	-
15,588	(134)	16,997	(53)
<u>(41,412)</u>	<u>(159,319)</u>	<u>(2,154,905)</u>	<u>(53)</u>
(48,851)	(319,278)	(1,100,375)	-
-	2,200	17,047	-
-	15,169	15,169	-
-	2,107	2,107	-
-	-	(30,719)	-
-	-	(873,495)	-
-	-	(74,266)	-
<u>(48,851)</u>	<u>(299,802)</u>	<u>(2,044,532)</u>	<u>-</u>
1,438	(11,262)	187,999	-
3,012	19,059	48,960	10,262
<u>4,450</u>	<u>7,797</u>	<u>236,959</u>	<u>10,262</u>
111,586	(336,400)	890,871	852,187
<u>575,237</u>	<u>1,659,480</u>	<u>7,640,472</u>	<u>1,141,070</u>
<u>\$ 686,823</u>	<u>\$ 1,323,080</u>	<u>\$ 8,531,343</u>	<u>\$ 1,993,257</u>
\$ 686,823	\$ 598,591	\$ 7,674,500	\$ 1,993,257
-	724,489	856,843	-
<u>\$ 686,823</u>	<u>\$ 1,323,080</u>	<u>\$ 8,531,343</u>	<u>\$ 1,993,257</u>

CITY OF ALLIANCE, NEBRASKA

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

For the year ended September 30, 2017

	Enterprise Funds	
	Electric Fund	Water Fund
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 2,852,706	\$ 643,426
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	585,067	347,935
Other cash receipts	20,409	692
Change in assets and liabilities:		
Accounts receivable	88,527	(28,698)
Inventories	119,587	4,426
Prepaid expenses	-	-
Accounts payable	(86,075)	-
Customer deposits	11,577	-
Sales tax payable	2,516	50
Accrued expenses	(10,767)	(10,352)
Net cash provided by operating activities	\$ 3,583,547	\$ 957,479

See notes to financial statements.

<u>Enterprise Funds</u>			<u>Internal Service Funds</u>
<u>Sewer Fund</u>	<u>Refuse Fund</u>	<u>Total</u>	
\$ 33,250	\$ (73,845)	\$ 3,455,537	\$ 560,681
175,637	202,628	1,311,267	-
52	310	21,463	-
(10,008)	12,130	61,951	260,363
(25)	-	123,988	-
-	-	-	(2,590)
-	(20,120)	(106,195)	25,652
-	-	11,577	-
(59)	1	2,508	-
(1,448)	(6,180)	(28,747)	(2,128)
<u>\$ 197,399</u>	<u>\$ 114,924</u>	<u>\$ 4,853,349</u>	<u>\$ 841,978</u>

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

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CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Alliance, Nebraska (City) are prepared in accordance with generally accepted accounting principles (GAAP). The City’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

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

1. Financial Reporting Entity

The City of Alliance, Nebraska, was incorporated in 1888. The City operates under a Mayor-Council form of government. The City Council is composed of five members elected at large by the citizens. The Council members elect the Mayor from their membership. The administration of the City government is performed under the direction of the Mayor by the City Manager. Services provided to residents include public safety; highways and streets; planning and zoning; parks; recreation; development; electric, water, and sanitary sewer systems; landfill; and general administrative services.

The City’s financial reporting entity comprises the following:

Primary Government:	City of Alliance
Discretely Presented Component Units:	None

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 ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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 City has no discretely presented component units.

2. Basis of Presentation

Government-wide Financial Statements

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

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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.

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Governmental Funds, continued

Capital Projects Funds

Capital Projects Funds are used to account for resources restricted for the acquisition or construction of specific capital projects. The reporting entity includes one Capital Projects Fund to account for the acquisition of capital assets with transfers made from Governmental Funds and another to account for the special assessments.

Debt Service Fund

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

Permanent Fund

The Permanent Fund is used to account for assets held by the City pursuant to a trust agreement. The principal portion of the fund must remain intact, but the earnings may be used to achieve the objectives of the fund.

Proprietary Funds

Enterprise Funds

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

Internal Service Funds

The 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.

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds

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

<u>Fund</u>	<u>Brief Description</u>
<i>Major:</i>	
Governmental:	
General	See above for description.
Street	The Street Fund is a special revenue fund that accounts for revenues and expenditures for the maintenance, construction, and improvements of the streets and alleys of the City.
Sales Tax	The Sales Tax Fund is a special revenue fund that accounts for local sales tax collected.
Debt Service	See above for description.
Redevelopment	Accounts for tax increment financing to encourage and promote building and redevelopment in substandard and blighted areas.
Airport	Accounts for airport operations and capital improvements.
Proprietary:	
Enterprise:	
Electric, Water, Sewer, and Refuse	See above for description.

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

<u>Fund</u>	<u>Brief Description</u>
<i>Nonmajor:</i>	
Special Revenue:	
HUD Loan and CDBG	Accounts for Community Development Block Grant proceeds for housing rehabilitation.
Business Improvement District (BID)	Accounts for capital improvements and beautification in the downtown area and Box Butte Avenue.
Economic Development	Accounts for the City’s support of the Box Butte Development Corporation utilizing sales tax and General Fund transfers.
LB840	Accounts for sales tax designated for economic development by LB840.
RSVP	Accounts for federal grant revenue to run the Retired and Senior Volunteer Program.
Handyman	Accounts for state grant revenue to run the Handyman Program.
Community Betterment	Accounts for keno lottery proceeds to be used for community betterment.
Public Safety Tax	Accounts for public safety tax used to purchase equipment.
E911	Accounts for E911 charges to be used to purchase emergency 911 and geographic information system or mapping upgrades.

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

<u>Fund</u>	<u>Brief Description</u>
<i>Nonmajor, continued:</i>	
Special Revenue, continued:	
Airport Sinking	Accounts for property taxes levied to pay principal and interest obligations of the airport.
Marketing	Accounts for hotel occupation tax used for marketing the city.
Museum Exhibit	Accounts for contributions for museum exhibits.
Golf	Accounts for golf course operations and capital improvements.
Public Transit	Accounts for public transit operations.
Permanent Fund:	
Cemetery Perpetual Care	Accounts for assets held for generation of income to support cemetery perpetual care.
Capital Projects Fund:	See above for description.
Internal Service:	
Insurance	Accounts for the City's self-insurance for health insurance premiums and claims administration.
Administration	Accounts for governmental administration costs.
Enterprise	Accounts for enterprise customer service, meter reading and warehouse costs.

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental and business-like activities 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 is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Basis of Accounting, continued

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

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

4. Assets, Liabilities, and Equity

Estimates

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

Cash and Investments

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

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

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

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Receivables

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

In the fund financial statements, receivables in governmental funds include revenue accruals such as special assessments and property taxes since they are usually both measurable and available. Proprietary fund receivables consist of all revenues earned at year end and not yet received. Utility accounts receivable and unbilled revenue compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Due from Other Governments

The total due from other governments consists of the following:

<u>Fund</u>	<u>Amount</u>	<u>Type of Revenue</u>
General	\$ 12,492	Federal Grant
Street	80,139	Highway Allocation
Street	19,906	Motor Vehicle Fees
Sales Tax	316,391	Sales Tax
Capital Projects	255,000	State Grant
Capital Projects	89,900	Federal Grant
Airport	52,357	Federal Grant
RSVP	769	Federal Grant
Public Transit	30,475	Federal/State Grant
Handyman	<u>3,188</u>	State Grant
	<u>\$ 860,617</u>	

Inventory

All inventories are valued at cost using the average cost method.

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Restricted Assets

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

Capital Assets

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

Government-wide Statements

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

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

Buildings	20-50 years
Improvements	10-20 years
Machinery and Equipment	5-10 years
Utility System	30-50 years
Infrastructure	10-50 years

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets, continued

Government-wide Statements, continued

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.

Unavailable assessments

Unavailable assessments consist of special assessments expected to be collected after 60 days.

Compensated Absences

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. A portion of the liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this obligation is estimated based on historical trends. In the fund financial statements, governmental funds report only the current compensated absence liability payable from expendable available financial resources, while the proprietary funds report the total liability.

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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 payable and accrued compensated absences.

Fund Financial Statements

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

Equity Classifications

Government-wide Statements

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

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

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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 do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements

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

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

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

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

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

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

Unassigned—All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 18). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the City Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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. The sales tax is used for property tax relief, economic development, and capital improvements. As of October 1, 2006, sales tax collected on the sale of motor vehicles is recorded in the Street Fund as required by LB904.

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

Property Taxes

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

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

Property taxes levied for 2016-2017 are recorded as revenue when expected to be collected within 60 days after September 30, 2017. Prior-year levies were recorded using these same principles, and remaining receivables are re-evaluated annually. Property taxes expected to be collected after 60 days are recorded as deferred revenue on the fund balance sheets.

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

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.

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Fund Accounting Requirements

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

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

2. Deposit Laws and Regulations

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

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

3. Revenue Restrictions

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

4. Debt Restrictions and Covenants

Bonds Payable

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

5. Budgetary Data

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

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

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data, continued

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

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

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

1. Cash and 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, 2017. The categories of collateral are defined as follows:

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

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

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

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits and certificates of deposit	\$ 22,141,040	\$ 1,762,033	\$ 20,379,007	\$ -	\$ <u>19,514,066</u>

Reconciliation to Government-wide Statement of Net Position:

Unrestricted cash and cash equivalents	\$ 12,957,654
Unrestricted certificates of deposit	956,428
Restricted cash and cash equivalents	3,682,152
Restricted certificates of deposit	<u>1,917,832</u>
	\$ <u>19,514,066</u>

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

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

2. Restricted Assets

The restricted assets as of September 30, 2017, are as follows:

Type of Restricted Assets:	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 2,825,309	\$ 856,843	\$ 3,682,152
Certificates of deposit	<u>200,000</u>	<u>1,717,832</u>	<u>1,917,832</u>
	<u>\$ 3,025,309</u>	<u>\$ 2,574,675</u>	<u>\$ 5,599,984</u>

Restricted cash and certificates of deposit for governmental activities consists of \$110,249 of General Fund cash restricted for pre-84 pension claims; \$1,139,414 of Street Fund cash and certificates of deposit restricted for street improvements; \$5,366 of Sales Tax Fund cash restricted for general tax support; \$3,999 of Debt Service Fund cash restricted for debt service; \$261 of Redevelopment Fund cash, \$57,748 of Economic Development cash, and \$582,741 of LB840 Fund cash restricted for economic development; \$409,475 of Cemetery Perpetual Care Fund cash restricted for perpetual care; \$12,033 of HUD Loan and CDBG Fund cash restricted for Federal loans; \$8,958 of BID Fund cash restricted for maintenance expenses; \$1,589 of RSVP Fund cash restricted for Federal programs; \$65,679 of Community Betterment Fund cash restricted for community betterment; \$163,856 of Public Safety Tax Fund cash restricted for capital projects; \$148,523 of cash restricted for Airport Sinking Fund debt service; \$14,536 of Museum Exhibit Fund cash restricted for museum projects; \$143,946 of E911 Fund cash restricted for emergency equipment; and \$156,936 of Marketing Fund cash restricted for tourism promotion.

Restricted business-type assets consist of debt service reserves of \$254,619 for the Water Fund. The Electric Fund has \$382,227 restricted for customer deposits. The Refuse Fund has \$1,937,829 restricted for future landfill closure costs.

3. Accounts and Notes Receivable

Accounts receivable of the business-type activities consist of utilities receivable. Accounts receivable of the governmental activities consist of ambulance, grants, and other minor receivables. Receivables detail at September 30, 2017, is as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>
Accounts receivable	\$ 195,057	\$ 936,131	\$ 1,131,188
Allowance for doubtful accounts	(44,106)	(69,910)	(114,016)
Net accounts receivable	<u>\$ 150,951</u>	<u>\$ 866,221</u>	<u>\$ 1,017,172</u>

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

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

3. Accounts and Notes Receivable, continued

Notes receivable for the governmental funds consist of the following at September 30, 2017:

<u>Note Held By</u>	<u>Due From</u>	<u>Note Balance at</u> <u>September 30,</u> <u>2017</u>	<u>Terms</u>
LB840 Fund	Steph's Studio	\$ 3,953	1.5%; amortized over a period of five years
LB840 Fund	Steph's Studio	5,000	0%; forgivable loan – will receive a job credit of \$1,000 per FTE off of the loan balance (maximum of \$1,000 per calendar year)
LB840 Fund	Prairie Sky	50,000	0%; forgivable loan – will receive a job credit of \$2,000 per FTE off of the loan balance (maximum of \$10,000 per calendar year)
LB840 Fund	Prairie Sky	52,995	1.5%; amortized over a period of ten years
LB840 Fund	Tridāko Energy Systems, Inc.	112,574	1.5%; amortized over a period of ten years
LB840 Fund	Crossman Trailers, Inc.	13,637	1.5%; amortized over a period of seven years
LB840 Fund	Crossman Trailers, Inc.	50,000	0%; forgivable loan – will receive a job credit of \$1,000 per FTE off of the loan balance (maximum of \$10,000 per calendar year)
LB840 Fund	Box Butte Development Corporation	361,200	0%; due when real estate purchased with the loan proceeds is sold
LB840 Fund	A&L Bakery	9,047	1.5%; amortized over a period of five years
LB840	A&L Bakery	15,000	0%; forgivable loan – will receive a job credit of \$1,000 per FTE off of the loan balance (maximum of \$2,000 per calendar year); \$5,000 forgivable if in business 3 years
Golf Fund	Golf Pro	1,098	Non-interest bearing loan to be repaid on terms to be agreed upon by the City and the contractor
		<u>\$ 674,504</u>	
	Current portion	\$ 396,000	
	Noncurrent portion	<u>278,504</u>	
	Total	<u>\$ 674,504</u>	

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

4. Capital Assets

Capital asset activity for the year ended September 30, 2017, was as follows:

	Balance at October 1, <u>2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2017</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 2,071,205	\$ -	\$ -	\$ -	\$ 2,071,205
Construction in progress	1,153,883	3,027,183	-	(564,138)	3,616,928
Total capital assets not being depreciated	3,225,088	3,027,183	-	(564,138)	5,688,133
Other capital assets being depreciated:					
Infrastructure	21,451,553	1,798,613	(378,102)	-	22,872,064
Improvements	17,662,214	792,722	(5,000)	563,475	19,013,411
Buildings	17,872,801	11,825	-	663	17,885,289
Equipment and vehicles	7,813,469	473,795	(118,364)	-	8,168,900
Total other capital assets at historical cost	64,800,037	3,076,955	(501,466)	564,138	67,939,664
Less accumulated depreciation for:					
Infrastructure	(13,883,826)	(492,473)	378,102	-	(13,998,197)
Improvements	(6,586,993)	(699,958)	4,889	(1,771)	(7,283,833)
Buildings	(7,062,006)	(461,559)	-	418	(7,523,147)
Equipment and vehicles	(5,205,729)	(463,294)	110,866	1,353	(5,556,804)
Total accumulated depreciation	(32,738,554)	(2,117,284) *	493,857	-	(34,361,981)
Other capital assets, net	32,061,483	959,671	(7,609)	564,138	33,577,683
Governmental activities capital assets, net	<u>\$ 35,286,571</u>	<u>\$ 3,986,854</u>	<u>\$ (7,609)</u>	<u>\$ -</u>	<u>\$ 39,265,816</u>

* Depreciation expense was charged to governmental activities as follows:

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

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

4. Capital Assets, continued

Governmental Activities, continued:

General Fund:

General government	
City manager's office	\$ 484
Warehouse/purchasing	3,501
Management information systems	57,946
Facility maintenance	50
Municipal buildings	51,057
Accounting	1,987
Utility customer service	1,883
Meter reading	<u>3,177</u>
Total general government	120,085
Public safety	
Fire	101,877
Ambulance	54,026
Police	<u>96,641</u>
Total public safety	252,544
Public services	
Building and zoning	6,756
Cemetery	22,672
Fleet services	<u>1,894</u>
Total public services	31,322
Environment and leisure	
Library	117,470
Parks	103,225
Museum	164,018
Carhenge	4,842
Swimming pool	<u>92,679</u>
Total environment and leisure	482,234
Total General Fund	886,185
Street Fund	528,909
BID Fund	3,707
RSVP Fund	4,054
Airport Fund	626,706
Golf Fund	<u>67,723</u>
Total governmental activities depreciation	\$ <u>2,117,284</u>

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

4. Capital Assets, continued

Governmental Activities, continued:

Construction in progress at September 30, 2017, consists of \$3,549,062 of costs incurred for various street projects, \$7,455 of architectural costs on a garage for parks; and \$60,411 of costs incurred on the airport runway project. See Note D3 for details of commitments in place on these projects as of September 30, 2017.

	Balance at October 1, <u>2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2017</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 566,827	\$ -	\$ -	\$ -	\$ 566,827
Construction in progress	366,659	48,416	-	(360,576)	54,499
Total capital assets not being depreciated	933,486	48,416	-	(360,576)	621,326
Other capital assets being depreciated:					
Buildings	2,773,840	-	-	-	2,773,840
Distribution systems	27,754,483	510,347	-	360,576	28,625,406
Equipment	16,180,523	541,614	(34,647)	-	16,687,490
Total other capital assets at historical cost	46,708,846	1,051,961	(34,647)	360,576	48,086,736
Less accumulated depreciation for:					
Buildings	(984,753)	(60,409)	-	-	(1,045,162)
Distribution systems	(16,648,753)	(538,254)	-	(128,725)	(17,315,732)
Equipment	(7,772,787)	(712,604)	34,645	128,725	(8,322,021)
Total accumulated depreciation	<u>(25,406,293)</u>	<u>(1,311,267)*</u>	<u>34,645</u>	<u>-</u>	<u>(26,682,915)</u>
Other capital assets, net	21,302,553	(259,306)	(2)	360,576	21,403,821
Business-type capital assets, net	<u>\$ 22,236,039</u>	<u>\$ (210,890)</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ 22,025,147</u>

* Depreciation expense was charged to functions as follows:

Electric	\$ 585,067
Water	347,935
Sewer	175,637
Refuse	<u>202,628</u>
Total business-type activities depreciation expense	\$ <u>1,311,267</u>

Construction in progress at September 30, 2017, consists of \$2,026 of cost incurred for the AMI system procurement for electric; \$46,390 of cost incurred on the landfill storm water control project; and \$6,083 of engineering on the sewer lift station project. See Note D3 for details of commitments in place on these projects as of September 30, 2017

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

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

5. Accounts Payable

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

6. Long-term Debt

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

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2017:

<u>Type of Debt</u>	<u>Balance</u> <u>October 1,</u> <u>2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2017</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Notes payable	<u>\$ 490,393</u>	<u>\$ 525,000</u>	<u>\$ (289,274)</u>	<u>\$ 726,119</u>	<u>\$ 70,917</u>
Business-type Activities:					
Bonds and notes payable	<u>\$ 3,943,808</u>	<u>\$ -</u>	<u>\$ (873,495)</u>	<u>\$ 3,070,313</u>	<u>\$ 332,284</u>

Governmental Activities

As of September 30, 2017, the governmental long-term liabilities consisted of the following:

Notes payable:

Ambulance and fire truck note payable to Sandhills State Bank, with original principal balance of \$250,000, due in monthly installments of \$2,294, bearing interest of 1.9 percent with a final balloon payment due July 1, 2021. The note is secured by an ambulance and fire truck. \$ 201,119

Airport note payable with First National Bank, with original principal balance of \$525,000. Interest is due semi-annually on April 15 and October 15 commencing October 15, 2017. Principal is due annually on April 15. The unsecured note bears interest of 2.35 percent and matures April 15, 2027. 525,000

Total \$ 726,119

Current Portion \$ 70,917

Noncurrent Portion 655,202

Total \$ 726,119

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

6. Long-term Debt, continued

Governmental Activities, continued

The Debt Service Fund is making the principal and interest payments on the ambulance/fire truck note. The Airport Fund will make the principal and interest payments on the airport note.

Business-type Activities

As of September 30, 2017, the long-term debt payable from proprietary fund resources consisted of the following:

Bonds and notes payable:

Electric revenue refunding bonds – series 2012, with original issue amount of \$2,060,000. Interest ranges from 0.40 to 0.75 percent with final maturity December 15, 2016.	\$ -
Water revenue refunding bonds – series 2011, with original issue amount of \$1,820,000. Interest ranges from 0.50 to 2.85 percent with final maturity on April 15, 2018.	140,000
DEQ water note – project D311511, with original issue amount of \$595,224. Interest of 2.00 percent and administration fees of 1.00 percent are due semi-annually with semi-annual principal payments commencing December 15, 2010, through June 15, 2030.	413,148
DEQ water note – project D311496, with total loan principal of \$3,894,789. As of September 30, 2017, the City had drawn \$3,513,951 on this note. Interest of 2.00 percent and administration fees of 1.00 percent are due semi-annually with semi-annual principal payments commencing June 15, 2011, through December 15, 2030.	<u>2,517,165</u>
Total business-type activity bonds and notes payable	\$ <u>3,070,313</u>

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

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

6. Long-term Debt, continued

Business-type Activities, continued

Current portion	\$ 332,284
Noncurrent portion	<u>2,738,029</u>
Total	<u>\$ 3,070,313</u>

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2017, are as follows:

Year Ending <u>September 30,</u>	Governmental Activities		Business-type Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>
2018	\$ 70,917	\$ 16,362	\$ 332,284	\$ 61,640	\$ 28,825
2019	72,375	14,388	196,149	53,785	26,892
2020	73,842	12,793	200,091	49,842	24,921
2021	178,985	10,692	204,113	45,820	22,910
2022	52,000	7,755	208,216	41,718	20,859
2023-2027	278,000	19,905	1,105,564	144,103	72,052
2028-2032	-	-	823,896	32,747	16,373
	<u>\$ 726,119</u>	<u>\$ 81,895</u>	<u>\$ 3,070,313</u>	<u>\$ 429,655</u>	<u>\$ 212,832</u>

7. TIF Receivables/Payables

The City has the following receivables and payables under Tax Increment Financing (TIF) agreements.

<u>Redeveloper</u>	<u>Receivable</u>	<u>Payable</u>
West Plains	\$ 618,168	\$ 618,168
Otto	36,392	36,392
Pepsi-Cola of Western Nebraska	<u>295,674</u>	<u>295,674</u>
	<u>\$ 950,234</u>	<u>\$ 950,234</u>

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

8. Interfund Transactions and Balances

Transfers consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
From Electric	\$ 1,624,600	\$ -
From Refuse	133,000	-
From Water	214,900	-
From Sewer	57,000	-
From Debt Service	-	43,600
From Sales Tax	1,410,901	-
From Capital Projects	45,000	-
From Tourism	132,500	-
To Public Transit	-	15,000
To Golf	-	<u>200,000</u>
Total General Fund	<u>3,617,901</u>	<u>258,600</u>
Street Fund:		
From Electric	158,800	-
Sales Tax Fund:		
To General	-	1,410,901
Debt Service Fund:		
From General	43,600	-
Nonmajor Governmental Funds:	234,500	197,000
Electric Fund:		
To General	-	1,624,600
To Street	<u>-</u>	<u>158,800</u>
Total Electric	-	1,783,400
Water Fund:		
To General	-	214,900
Sewer Fund:		
To General	-	57,000

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

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

8. Interfund Transactions and Balances, continued

	<u>Transfers In</u>	<u>Transfers Out</u>
Refuse Fund:		
To General	-	133,000
	<u>\$ 4,054,801</u>	<u>\$ 4,054,801</u>
Interfund balances:		
<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
General	Electric	\$ 17,697
General	Water	6,557
General	Refuse	26,759
Sales Tax	General	230,889
E911	General	5,015
Sales Tax	Street	40,502
Sales Tax	Economic Development	18,333
Sales Tax	Capital Projects	18,333
Sales Tax	LB840	8,333
Street	Electric	404
Airport	Electric	904
Golf	Electric	1,122
Golf	Water	210
Water	Electric	7,689
Sewer	General	15,400
Sewer	Electric	645
Refuse	Electric	303
Enterprise Internal Service	Electric	<u>645</u>
		<u>\$ 399,740</u>

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE D – OTHER NOTES

1. Employee Pension and Other Benefit Plans

City employees are covered by one of four retirement plans in effect, covering general city employees, firefighters, police officers and the City Manager, respectively.

General City Employees – General city employees are covered by a defined contribution plan. Under the terms of the plan, an employee must be age 19 or older and have completed six months of service. Participating employees are required to contribute three percent of their earnings, but not more than 13 percent of their earnings to the plan. The City is required to match contributions to the plan up to six percent. Employees are 100 percent vested in the plan after they complete seven years of service, reach normal retirement age (65), meet the requirements for early retirement date, become totally disabled, or die, whichever occurs first. The covered payroll was \$2,345,801 for the year ended September 30, 2017. Both the City and the covered employees' required contributions of \$70,374 were made for the year ended September 30, 2017.

Firefighters – Firefighters are covered by a defined contribution plan. Eligible employees are required to contribute 6 ½ percent of their monthly salary to the plan, to which the City then contributes with 13 percent of the participant's monthly salary. Employees are fully vested after seven years of service. Normal retirement benefit becomes nonforfeitable. A participant's normal retirement age is the date he or she attains age 55 and completes 21 years of service. Nebraska state statutes govern the coverage afforded to participants under this plan. The covered payroll was \$246,581, with the City contributing \$32,055 and the employees contributing \$16,028 for the year ended September 30, 2017.

Police Officers – Under Nebraska statutes, the City is required to maintain a retirement plan for City policemen. The total contributions under this plan are deposited under a money purchase retirement plan. This plan requires that covered employees and the City contribute an amount equal to seven percent of the employee's monthly salary until such employee becomes eligible for regular retirement, at which time contributions shall cease. Total covered payroll was \$898,871. Both the City's contribution of \$62,921 and the matching employees' contributions were made for the year ended September 30, 2017.

On January 1, 1984, the retirement systems for police officers and firefighters of first-class cities in the State of Nebraska were revised. The system that became effective was a defined contribution plan with the employees and the City each making annual contributions to the pension plans.

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

Police Officers, continued –

Police officers and firefighters who participated in the prior systems were assured of receiving retirement benefits under the new systems at least as great as those that would have been available under the prior systems, which were defined benefit plans. As of September 30, 2017, there was one employee on the pre-1984 plan. The City had an actuarial valuation performed to determine the defined benefit provisions on October 1, 2014, according to which it was determined to have a sufficient balance in the unallocated account (\$110,249 as of September 30, 2017) to provide the minimum defined benefits for the remaining pre-84 hires. The government-wide governmental activity financial statements reflect an additional pension liability of \$10,468 for this remaining pre-1984 pension obligation.

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 and administers funds for its self-insured health insurance program. Insurance is maintained for the various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; dishonest employees; injuries to employees; and natural disasters. The City has not paid any amounts in excess of the coverage provided by insurance in the last three audit periods. The City is partially self-insured for health insurance claims up to \$35,000 of individual claims. The self-insurance program is administered within the Internal Service Fund. The City maintains outside insurance coverage through an insurance policy on claim amounts over \$35,000. The maximum out-of-pocket cost for employees ranges from \$4,600 to \$6,200 for family plans. The City pays \$17,160 annually per full-time employee.

Settled claims in the past three years have not exceeded the commercial coverages. The City has estimated unsubmitted claims on health insurance based on prior experience to be \$87,395; this amount represents two months of subsequent claims, net of reinsurance receivables. This has been included as a current-year expenditure.

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City's investments at September 30, 2017, are held by the counterparties not in the name of the City. The underlying securities consist of cash, direct obligations of or guaranteed by the full faith and credit of the U.S. Government, and other similar obligations of the U.S. Government or its agencies.

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

<u>Maturities by Month</u>	<u>Amount</u>
October 2017	\$ 506,218
November 2017	200,000
February 2018	202,492
April 2018	182,000
June 2018	1,008,105
July 2018	<u>775,445</u>
	<u>\$ 2,874,260</u>

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

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

Concentration of Credit Risk. The City's investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2017, the City's investments in certificates of deposit and U.S. Government securities consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
First National Bank	\$ 838,526
Farmers State Bank	182,000
Sandhills State Bank	572,071
Great Western Bank	<u>1,281,663</u>
	<u>\$ 2,874,260</u>

Foreign Currency Risk. This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The City's investments had no exposure to foreign currency risk and held no investments denominated in foreign currency at September 30, 2017.

3. Commitments and Contingencies

Litigation

The City is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City.

LB840 Loan Commitment

On February 21, 2017, the City Council approved a \$200,000 LB840 loan for Alliance Lodging, LLC (\$150,000 is an interest-free forgivable loan if 15 full-time equivalent positions are created for a period of 10 years and \$50,000 is a non-forgivable loan bearing interest of 1.5 percent over 60 months). The loan had not been advanced as of September 30, 2017.

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Construction Commitments

	<u>Contract Amount</u>	<u>Incurred as of 9/30/17</u>	<u>Balance</u>	<u>Expected Completion</u>
Airport Runway Sealcoat Engineering	\$ 81,571	\$ 60,412	\$ 21,159	September 2018
Sewer Lift Stations B & C Rehab :				
Contractor	\$ 381,100	\$ -	\$ 381,100	December 2017

4. Interlocal Agreements

The City has the following interlocal agreements in effect as of September 30, 2017:

Parties to Agreement	Agreement Period	Descriptions
Box Butte County	December 5, 1975 (usable life of the building)	Law enforcement facilities
Alliance Public Schools	June 16, 1994 (Three year Automatic Renewal)	Shared conference room & televising equipment
Alliance Public Schools (Box Butte Co SD 6)	June 1, 2012 (One-year Automatic Renewal)	Cooperative Purchase of Goods and Services
Public Alliance for Community Energy	March 12, 1998 (Perpetual)	Cooperative Delivery of Energy Supplies
Box Butte County	June 7, 2004 (Perpetual)	Sweetwater Road Maintenance (North 18 th to 25 th)
Box Butte County	March 2, 2011 (Perpetual)	Otoe Road Maintenance and Hwy 385 Maintenance
Box Butte County Village of Hemingford Box Butte General Hospital	June 30, 2015 (One-year renewable)	Cooperative Operation of Public Transit System in Box Butte County
Western Nebraska Community College	January 20, 2005 (Five-year renewable)	Joint Use of the Library/ Learning Center
Western Nebraska Community College	December 1, 2016 (Fifty years)	Provision of Lineman Training Facility

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE D – OTHER NOTES, continued

4. Interlocal Agreements, continued

Parties to Agreement	Agreement Period	Descriptions
Nebraska Department of Roads STP Project Management	June 21, 2011	Box Butte Avenue Historic Lighting Project; East Tenth (Box Butte to Flack) Resurfacing Project
Box Butte General Hospital	January 15, 2009 (perpetual)	Shared Tower for Radio Antenna
Nebraska Department of Aeronautics Federal Aviation Administration Projects (Agreement until Project Completion)	March 4, 2014 and April 4, 2017	Seal Coat Asphalt Taxiways and Aprons; Resurface 8/26 Runway
Nebraska Department of Roads	January 20, 2011 (Annual Renewal)	Maintenance of State Highways within City Limits
Nebraska Water and Wastewater Agency Response Network	11/20/2008 through 1/31/2058	Water, Wastewater and Stormwater Mutual Aid Agreement
Box Butte County	1999 (Perpetual)	Deputize City Police Officers for Assistance of the County Sheriff
Box Butte County, Alliance RFD, Village of Hemingford and Hemingford RFD	April 19, 1996 (Annual Renewal)	Joint E911 Emergency Telephone Communications
Alliance Rural Fire District (RFD)	July 1, 1982 (Initial 25-year with 10-year renewals)	Fire Station and Equipment Cost Sharing Agreement
Heart of the Hills Rural Fire District and Alliance (RFD)	February 29, 2001 (Perpetual)	Fire Protection Mutual Aid Agreement
Central Panhandle Mutual Aid District Inc. Communities and Rural Fire Districts of Alliance, Banner County, Bayard, Bridgeport, Dalton, Gurley, Heart of the Hills, Lisco, Oshkosh and Rackett	February 23, 2000 (Perpetual)	Fire Protection Mutual Aid Agreement

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

NOTE D – OTHER NOTES, continued

4. Interlocal Agreements, continued

Parties to Agreement	Agreement Period	Descriptions
Pine Ridge Mutual Aid Association including Communities and Rural Fire Districts of Alliance, Crawford, Ardmore, Chadron, Harrison, North Sioux RFD, Hay Springs, Hemingford, Merriman, Rushville	September 24, 2009 (Perpetual)	Fire Protection Mutual Aid Agreement
Western Intelligence and Narcotics Group (WING)	February 7, 2013 (Perpetual)	Cooperative Efforts in Drug Trafficking Investigations
Region 23 Emergency Management Agency	March 22, 2012 (Perpetual)	Microwave Equipment Placement on Tower for Nebraska Regional Interoperability Network (NRIN)
State of Nebraska and Nebraska Forest Service Wildland Fire Division	June 13, 2013 (Perpetual)	Single Engine Aircraft Tank (SEAT) Base at Airport
Nebraska State Patrol	June 1, 1992 (Perpetual)	Police Protection Mutual Aid Agreement
City of Alliance, Village of Hemingford, Alliance RFD and Hemingford RFD	July 1, 2014 (Renewed Annually)	Box Butte County Mutual Finance Organization
Nebraska Cooperative Government	August 24, 2010 (Perpetual until Cancelled)	Regulate and Administer a Joint Gaming (Keno) Enterprise
Nebraska Department of Roads STP Project Management (until projects completed)	January 20, 2015	Veteran's Cemetery/Airport Road Heartland Expressway (385 South) Construction
Nebraska Department of Roads Transportation Division	August 2, 2016 until completed	Joint Design and Construction of Public Transit Bus Barn and Park Garage
Alliance Public Schools	December 16, 2015 to August 31, 2019	Provision of School Resource Officer
Educational Service Unit Coordinating Council (ESUCC)	December 1, 2015 (Perpetual)	Cooperative Purchasing Agreement
Nebraska Department of Environmental Quality (NDEQ)	December 1, 2015 until Completed	Cooperative Laing Lake Improvement Project

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE D – OTHER NOTES, continued

5. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the City of Alliance to place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities at the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure is \$1,185,699, with postclosure care costs of \$690,783, for a total of \$1,876,482 as of September 30, 2017, which is based on 32.4 percent usage of the landfill, with a remaining estimated life of 77.17 years. The estimated liability for construction and demolition landfill closure is \$89,024, with postclosure care costs of \$25,420, for a total of \$114,444 as of September 30, 2017.

It is estimated that an additional \$1,920,859 and \$905,524, respectively, will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and postclosure care of \$4,817,309 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2017. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

At September 30, 2017, restricted funds of \$1,937,829 are set aside to finance closure and postclosure care of the City's landfill. It is anticipated that future inflation costs will be financed in part from earnings on funds reserved by the City. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE D – OTHER NOTES, continued

6. Tax Abatements

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

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

Information relevant to the abatements granted by the CDA for the year ended September 30, 2017 is as follows:

<u>TIF Project</u>	<u>Years Remaining on TIF Agreements</u>	<u>TIF Proceeds Received during the year 9-30-2017</u>
Otto	8	\$ 4,962
Pepsi-Cola of Western Nebraska	9	59,487
West Plains, LLC	10	<u>259,536</u>
		\$ <u>323,985</u>

7. Subsequent Events

Management has evaluated subsequent events through January 19, 2018, the date on which the financial statements were available for issue.

On October 3, 2017, the City Council approved a \$1,123,900 purchase agreement with Landis & Gyr for an advanced metering infrastructure (AMI) metering system for the electric department.

On October 17, 2017, the City Council approved the purchase of a John Deere 850K Waste Handler dozer for \$331,727.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALLIANCE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND

Year ended September 30, 2017

	Budget (Original and <u>Final</u>)	Actual	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 1,302,100	\$ 1,316,238	\$ 14,138
Motor vehicle	185,000	178,603	(6,397)
Franchise	242,500	208,456	(34,044)
Intergovernmental	373,000	369,529	(3,471)
Grants	78,200	70,709	(7,491)
Charges for services	687,100	635,582	(51,518)
Contributions	42,000	14,597	(27,403)
Interest income	21,700	38,305	16,605
Sale of property	17,500	4,121	(13,379)
Other	13,300	3,905	(9,395)
Total resources	2,962,400	2,840,045	(122,355)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	996,900	677,730	(319,170)
Public safety	3,391,900	3,008,339	(383,561)
Public works	541,500	423,586	(117,914)
Environment and leisure	2,249,400	1,846,847	(402,553)
Total charges to appropriations	7,179,700	5,956,502	(1,223,198)
Resources over (under) charges to appropriations	(4,217,300)	(3,116,457)	1,100,843
OTHER FINANCING SOURCES (USES)			
Transfers in	3,975,900	3,617,901	(357,999)
Transfers out	(238,600)	(258,600)	(20,000)
Net transfers	3,737,300	3,359,301	(377,999)
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	\$ (480,000)	\$ 242,844	\$ 722,844

CITY OF ALLIANCE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
STREET FUND

Year ended September 30, 2017

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Sales tax	\$ 270,000	\$ 240,905	\$ (29,095)
Intergovernmental	1,220,300	1,151,167	(69,133)
Grant revenue	-	39,810	39,810
Charges for services	1,100	3,600	2,500
Interest income	7,500	14,220	6,720
Bond proceeds	2,500,000	-	(2,500,000)
Other income	2,400	1,848	(552)
	4,001,300	1,451,550	(2,549,750)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	863,600	413,819	(449,781)
Capital outlay	4,785,000	2,632,406	(2,152,594)
	5,648,600	3,046,225	(2,602,375)
Total charges to appropriations	5,648,600	3,046,225	(2,602,375)
Resources over (under) charges to appropriations	(1,647,300)	(1,594,675)	52,625
OTHER FINANCING SOURCES (USES)			
Transfers in	158,800	158,800	-
	158,800	158,800	-
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	\$ (1,488,500)	\$ (1,435,875)	\$ 52,625

CITY OF ALLIANCE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
SALES TAX FUND**

Year ended September 30, 2017

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Sales tax	\$ 1,470,000	\$ 1,415,173	\$ (54,827)
Interest income	-	(3)	(3)
	<hr/>	<hr/>	<hr/>
Total resources	1,470,000	1,415,170	(54,830)
CHARGES TO APPROPRIATIONS (OUTFLOWS)	<hr/>	<hr/>	<hr/>
	-	-	-
Resources over (under) charges to appropriations	1,470,000	1,415,170	(54,830)
OTHER FINANCING SOURCES (USES)			
Transfers out	<hr/> (1,470,000)	<hr/> (1,410,901)	<hr/> 59,099
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER CHARGES TO APPROPRIATIONS	<hr/> <hr/> \$ -	<hr/> <hr/> \$ 4,269	<hr/> <hr/> \$ 4,269

CITY OF ALLIANCE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
DEBT SERVICE FUND

Year ended September 30, 2017

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Interest income	\$ -	\$ 2	\$ 2
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Principal payments on debt	38,500	39,274	774
Interest on long-term debt	<u>4,700</u>	<u>4,315</u>	<u>(385)</u>
Total charges to appropriations	<u>43,200</u>	<u>43,589</u>	<u>389</u>
Resources over (under) charges to appropriations	(43,200)	(43,587)	(387)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>43,600</u>	<u>43,600</u>	<u>-</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u><u>\$ 400</u></u>	<u><u>\$ 13</u></u>	<u><u>\$ (387)</u></u>

CITY OF ALLIANCE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
REDEVELOPMENT FUND

Year ended September 30, 2017

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
TIF proceeds	\$ 250,000	\$ 323,985	\$ 73,985
Interest income	-	12	12
	<hr/>	<hr/>	<hr/>
Total resources	250,000	323,997	73,997
 CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Economic development	250,000	323,978	73,978
	<hr/>	<hr/>	<hr/>
 RESOURCES OVER CHARGES TO APPROPRIATIONS			
	<u>\$ -</u>	<u>\$ 19</u>	<u>\$ 19</u>

CITY OF ALLIANCE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
AIRPORT FUND

Year ended September 30, 2017

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Property tax	\$ 256,000	\$ 257,947	\$ 1,947
Grant revenue	736,000	694,109	(41,891)
Charges for services	209,200	196,791	(12,409)
Interest income	500	1,071	571
Sale of property	10,000	79,872	69,872
Insurance proceeds	-	346,097	346,097
Loan proceeds	<u>1,000,000</u>	<u>525,000</u>	<u>(475,000)</u>
Total resources	2,211,700	2,100,887	(110,813)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Operating expenses	508,500	453,549	(54,951)
Capital outlay	1,538,500	1,038,431	(500,069)
Principal payments	280,000	250,000	(30,000)
Interest expense	<u>9,000</u>	<u>14,053</u>	<u>5,053</u>
Total charges to appropriations	<u>2,336,000</u>	<u>1,756,033</u>	<u>(579,967)</u>
Resources over (under) charges to appropriations	(124,300)	344,854	469,154
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ (94,300)</u>	<u>\$ 344,854</u>	<u>\$ 439,154</u>

CITY OF ALLIANCE, NEBRASKA

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

Year ended September 30, 2017

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

	<u>General Fund</u>	<u>Street Fund</u>	<u>Sales Tax Fund</u>	<u>Debt Service Fund</u>	<u>Redevelopment Fund</u>	<u>Airport Fund</u>
Sources/inflows of resources:						
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 2,840,045	\$ 1,451,550	\$ 1,415,170	\$ 2	\$ 323,997	\$ 2,100,887
Differences - budget to GAAP:						
Cash to accrual adjustments	<u>60,485</u>	<u>322</u>	<u>4,889</u>	<u>-</u>	<u>-</u>	<u>685,621</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,779,560</u>	<u>\$ 1,451,228</u>	<u>\$ 1,410,281</u>	<u>\$ 2</u>	<u>\$ 323,997</u>	<u>\$ 1,415,266</u>
Uses/outflows of resources:						
Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedules	\$ 5,956,502	\$ 3,046,225	\$ -	\$ 43,589	\$ 323,978	\$ 1,756,033
Differences - budget to GAAP:						
Cash to accrual adjustments	<u>(17,050)</u>	<u>(254,275)</u>	<u>-</u>	<u>49</u>	<u>-</u>	<u>438,087</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 5,973,552</u>	<u>\$ 3,300,500</u>	<u>\$ -</u>	<u>\$ 43,540</u>	<u>\$ 323,978</u>	<u>\$ 1,317,946</u>
Other financing sources/uses:						
Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedules	\$ 3,359,301	\$ 158,800	\$ (1,410,901)	\$ 43,600	\$ -	\$ -
Differences - budget to GAAP:						
Cash to accrual adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,359,301</u>	<u>\$ 158,800</u>	<u>\$ (1,410,901)</u>	<u>\$ 43,600</u>	<u>\$ -</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION

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

September 30, 2017

	Permanent Fund	Special Revenue Funds	
	Cemetery Perpetual Care	HUD Loan & CDBG	BID
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Restricted cash	409,475	12,033	8,958
County treasurer cash	-	-	-
Receivables:			
Accounts, net of allowance for doubtful accounts	-	-	20
Property tax	-	-	-
Notes	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
	\$ 409,475	\$ 12,033	\$ 8,978
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Accrued expenses	-	-	-
Unavailable special assessments	-	-	-
Total liabilities	-	-	-
Fund balances (deficit):			
Nonspendable:			
Cemetery perpetual care	409,475	-	-
Restricted for:			
Capital projects	-	-	-
Community betterment	-	-	-
Debt service	-	-	-
Economic development	-	-	-
Federal programs	-	12,033	-
Maintenance expenses	-	-	8,978
Museum projects	-	-	-
Tourism promotion activities	-	-	-
Assigned for:			
Capital projects	-	-	-
Other purposes	-	-	-
Total fund balances (deficit)	409,475	12,033	8,978
Total liabilities and fund balances	\$ 409,475	\$ 12,033	\$ 8,978

Special Revenue Funds

<u>Economic Development</u>	<u>LB840</u>	<u>RSVP</u>	<u>Handyman</u>	<u>Community Betterment</u>	<u>Public Safety Tax</u>
\$ -	\$ -	\$ -	\$ (2,510)	\$ -	\$ -
57,748	582,741	1,589	-	65,679	163,856
-	-	-	-	-	22
-	-	-	750	3,534	-
-	-	-	-	-	10
-	673,406	-	-	-	-
-	-	1,172	-	-	-
18,333	8,333	-	-	-	-
-	-	769	3,188	-	-
<u>\$ 76,081</u>	<u>\$ 1,264,480</u>	<u>\$ 3,530</u>	<u>\$ 1,428</u>	<u>\$ 69,213</u>	<u>\$ 163,888</u>
\$ -	\$ -	\$ -	\$ 1,220	\$ -	\$ -
-	-	-	-	-	-
-	-	621	208	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>621</u>	<u>1,428</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	163,888
-	-	-	-	69,213	-
-	-	-	-	-	-
76,081	1,264,480	-	-	-	-
-	-	2,909	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>76,081</u>	<u>1,264,480</u>	<u>2,909</u>	<u>-</u>	<u>69,213</u>	<u>163,888</u>
<u>\$ 76,081</u>	<u>\$ 1,264,480</u>	<u>\$ 3,530</u>	<u>\$ 1,428</u>	<u>\$ 69,213</u>	<u>\$ 163,888</u>

CITY OF ALLIANCE, NEBRASKA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS, Continued

September 30, 2017

	Special Revenue Funds		
	Airport <u>Sinking</u>	Museum <u>Exhibit</u>	E911 <u>Fund</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Restricted cash	148,523	14,536	143,946
County treasurer cash	1,389	-	-
Receivables:			
Accounts, net of allowance for doubtful accounts	-	-	-
Property tax	622	-	-
Notes	-	-	-
Prepaid expenses	-	-	5,015
Due from other funds	-	-	-
Due from other governments	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 150,534</u></u>	<u><u>\$ 14,536</u></u>	<u><u>\$ 148,961</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	5,015
Accrued expenses	-	-	-
Unavailable special assessments	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	-	-	5,015
Fund balances (deficit):			
Nonspendable:			
Cemetery perpetual care	-	-	-
Restricted for:			
Capital projects	-	-	143,946
Community betterment	-	-	-
Debt service	150,534	-	-
Economic development	-	-	-
Federal programs	-	-	-
Maintenance expenses	-	-	-
Museum projects	-	14,536	-
Tourism promotion activities	-	-	-
Assigned for:			
Capital projects	-	-	-
Other purposes	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficit)	<u>150,534</u>	<u>14,536</u>	<u>143,946</u>
Total liabilities and fund balances	<u><u>\$ 150,534</u></u>	<u><u>\$ 14,536</u></u>	<u><u>\$ 148,961</u></u>

Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
Marketing Fund	Public Transit	Golf Fund		
\$ -	\$ (13,706)	\$ 10,052	\$ 15,157	\$ 8,993
156,936	-	-	-	1,766,020
-	-	-	-	1,411
26,571	278	-	-	31,153
-	-	-	-	632
-	-	1,098	-	674,504
-	-	-	-	6,187
-	-	-	18,333	44,999
-	30,475	-	344,900	379,332
<u>\$ 183,507</u>	<u>\$ 17,047</u>	<u>\$ 11,150</u>	<u>\$ 378,390</u>	<u>\$ 2,913,231</u>
\$ -	\$ -	\$ 188	\$ 9,552	\$ 10,960
-	-	1,332	-	6,347
-	2,870	7,631	-	11,330
-	-	-	-	-
-	2,870	9,151	9,552	28,637
-	-	-	-	409,475
-	-	-	-	307,834
-	-	-	-	69,213
-	-	-	-	150,534
-	-	-	-	1,340,561
-	-	-	-	14,942
-	-	-	-	8,978
-	-	-	-	14,536
183,507	-	-	-	183,507
-	-	-	368,838	368,838
-	14,177	1,999	-	16,176
<u>183,507</u>	<u>14,177</u>	<u>1,999</u>	<u>368,838</u>	<u>2,884,594</u>
<u>\$ 183,507</u>	<u>\$ 17,047</u>	<u>\$ 11,150</u>	<u>\$ 378,390</u>	<u>\$ 2,913,231</u>

CITY OF ALLIANCE, NEBRASKA

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

For the year ended September 30, 2017

	<u>Permanent Fund</u>	<u>Special Revenue Funds</u>	
	Cemetery <u>Perpetual Care</u>	HUD Loan & CDBG	<u>BID</u>
REVENUES			
Taxes:			
Property tax	\$ -	\$ -	\$ -
Sales tax	-	-	-
Occupation tax	-	-	-
Intergovernmental	-	-	-
Grants	-	-	-
Keno	-	-	-
Special assessments	-	-	8,701
Charges for services	7,740	-	-
Interest income	2,414	2	6
Contributions	-	-	-
Other revenue	-	-	-
Total revenues	<u>10,154</u>	<u>2</u>	<u>8,707</u>
EXPENDITURES			
General government	-	-	7,458
Public safety	-	-	-
Environment and leisure	-	-	-
Economic development	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>7,458</u>
Excess (deficiency) of revenues over expenditures	10,154	2	1,249
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Net transfers	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	10,154	2	1,249
Fund balances - September 30, 2016	<u>399,321</u>	<u>12,031</u>	<u>7,729</u>
Fund balances - September 30, 2017	<u>\$ 409,475</u>	<u>\$ 12,033</u>	<u>\$ 8,978</u>

Special Revenue Funds

<u>Economic Development</u>	<u>LB840</u>	<u>RSVP</u>	<u>Handyman</u>	<u>Community Betterment</u>	<u>Public Safety Tax</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,008
110,000	8,333	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	38,868	30,030	-	-
-	-	-	-	13,254	-
-	-	-	-	-	-
35	8,635	-	(1)	110	1,081
-	-	2,000	7,090	-	-
-	-	7,724	2,705	-	-
<u>110,035</u>	<u>16,968</u>	<u>48,592</u>	<u>39,824</u>	<u>13,364</u>	<u>3,089</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	66,818	39,824	-	-
90,889	5,062	-	-	-	-
-	-	-	-	-	-
<u>90,889</u>	<u>5,062</u>	<u>66,818</u>	<u>39,824</u>	<u>-</u>	<u>-</u>
19,146	11,906	(18,226)	-	13,364	3,089
-	-	19,500	-	-	-
-	-	-	-	(19,500)	-
-	-	<u>19,500</u>	<u>-</u>	<u>(19,500)</u>	<u>-</u>
19,146	11,906	1,274	-	(6,136)	3,089
<u>56,935</u>	<u>1,252,574</u>	<u>1,635</u>	<u>-</u>	<u>75,349</u>	<u>160,799</u>
<u>\$ 76,081</u>	<u>\$ 1,264,480</u>	<u>\$ 2,909</u>	<u>\$ -</u>	<u>\$ 69,213</u>	<u>\$ 163,888</u>

CITY OF ALLIANCE, NEBRASKA

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

For the year ended September 30, 2017

	Special Revenue Funds		
	Airport <u>Sinking</u>	Museum <u>Exhibit</u>	E911 <u>Fund</u>
REVENUES			
Taxes:			
Property tax	\$ 53,532	\$ -	\$ -
Sales tax	-	-	-
Occupation tax	-	-	-
Intergovernmental	-	-	60,974
Grants	-	-	-
Keno	-	-	-
Special assessments	-	-	-
Charges for services	-	-	-
Interest income	203	11	71
Contributions	-	-	-
Other revenue	-	-	-
Total revenues	53,735	11	61,045
EXPENDITURES			
General government	-	-	-
Public safety	-	-	30,019
Environment and leisure	-	7,945	-
Economic development	-	-	-
Capital outlay	-	-	-
Total expenditures	-	7,945	30,019
Excess (deficiency) of revenues over expenditures	53,735	(7,934)	31,026
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Net transfers	-	-	-
Net change in fund balances	53,735	(7,934)	31,026
Fund balances - September 30, 2016	96,799	22,470	112,920
Fund balances - September 30, 2017	\$ 150,534	\$ 14,536	\$ 143,946

Special Revenue Funds			Capital	Total Nonmajor
Marketing	Public	Golf	Projects	Governmental
<u>Fund</u>	<u>Transit</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 55,540
-	-	-	143,333	261,666
146,786	-	-	-	146,786
-	30,000	-	-	90,974
-	173,810	-	308,562	551,270
-	-	-	-	13,254
-	-	-	-	8,701
-	23,119	146,045	-	176,904
4,443	(9)	(1)	649	17,649
-	2,700	-	-	11,790
-	5	1,099	-	11,533
<u>151,229</u>	<u>229,625</u>	<u>147,143</u>	<u>452,544</u>	<u>1,346,067</u>
1,909	-	-	-	9,367
-	-	-	-	30,019
-	237,923	305,690	47,068	705,268
-	-	-	-	95,951
-	-	37,560	368,908	406,468
<u>1,909</u>	<u>237,923</u>	<u>343,250</u>	<u>415,976</u>	<u>1,247,073</u>
149,320	(8,298)	(196,107)	36,568	98,994
-	15,000	200,000	-	234,500
(132,500)	-	-	(45,000)	(197,000)
<u>(132,500)</u>	<u>15,000</u>	<u>200,000</u>	<u>(45,000)</u>	<u>37,500</u>
16,820	6,702	3,893	(8,432)	136,494
<u>166,687</u>	<u>7,475</u>	<u>(1,894)</u>	<u>377,270</u>	<u>2,748,100</u>
<u>\$ 183,507</u>	<u>\$ 14,177</u>	<u>\$ 1,999</u>	<u>\$ 368,838</u>	<u>\$ 2,884,594</u>

CITY OF ALLIANCE, NEBRASKA

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS

September 30, 2017

	Health Insurance <u>Fund</u>	Administration Internal Service <u>Fund</u>	Enterprise Internal Service <u>Fund</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,962,022	\$ 10,555	\$ 20,680	\$ 1,993,257
Insurance receivable	-	17,736	-	17,736
Prepaid insurance	-	54,527	-	54,527
	<u>1,962,022</u>	<u>82,818</u>	<u>20,680</u>	<u>2,065,520</u>
LIABILITIES				
Current liabilities:				
Accounts payable	99,895	11,917	-	111,812
Accrued payroll	-	7,585	3,478	11,063
Due to other funds	-	-	645	645
Total current liabilities	<u>99,895</u>	<u>19,502</u>	<u>4,123</u>	<u>123,520</u>
NET POSITION				
Unrestricted	<u>\$ 1,862,127</u>	<u>\$ 63,316</u>	<u>\$ 16,557</u>	<u>\$ 1,942,000</u>

CITY OF ALLIANCE, NEBRASKA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - INTERNAL SERVICE FUNDS**

For the year ended September 30, 2017

	Health Insurance <u>Fund</u>	Administration Internal Service <u>Fund</u>	Enterprise Internal Service <u>Fund</u>	<u>Total</u>
Operating revenues:				
Interdepartmental charges	\$ -	\$ 1,107,657	\$ 418,485	\$ 1,526,142
Health insurance premiums	1,665,199	-	-	1,665,199
Other reimbursements	-	5,431	-	5,431
Rent income	-	-	1,380	1,380
Total operating revenues	<u>1,665,199</u>	<u>1,113,088</u>	<u>419,865</u>	<u>3,198,152</u>
Operating expenses:				
Personnel	-	147,496	-	147,496
Legal	-	150,332	-	150,332
Risk management	-	320,556	-	320,556
Management information systems	-	199,434	-	199,434
Accounting	-	271,736	-	271,736
Utility customer service	-	-	231,588	231,588
Meter reading	-	-	54,941	54,941
Warehouse	-	-	135,820	135,820
Insurance claims and health premiums	<u>1,125,568</u>	<u>-</u>	<u>-</u>	<u>1,125,568</u>
Total operating expenses	<u>1,125,568</u>	<u>1,089,554</u>	<u>422,349</u>	<u>2,637,471</u>
Operating income (loss)	539,631	23,534	(2,484)	560,681
Nonoperating revenues:				
Interest income	<u>10,129</u>	<u>75</u>	<u>58</u>	<u>10,262</u>
Change in net position	549,760	23,609	(2,426)	570,943
Net position - September 30, 2016	<u>1,312,367</u>	<u>39,707</u>	<u>18,983</u>	<u>1,371,057</u>
Net position - September 30, 2017	<u>\$ 1,862,127</u>	<u>\$ 63,316</u>	<u>\$ 16,557</u>	<u>\$ 1,942,000</u>

CITY OF ALLIANCE, NEBRASKA

**COMBINING STATEMENT OF CASH FLOWS -
INTERNAL SERVICE FUNDS**

For the year ended September 30, 2017

	Health Insurance Fund	Administration Internal Service Fund	Enterprise Internal Service Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from other funds	\$ 1,940,302	\$ 1,098,348	\$ 419,865	\$ 3,458,515
Payments to suppliers	(1,099,988)	(1,094,900)	(421,649)	(2,616,537)
Net cash provided (used) by operating activities	<u>840,314</u>	<u>3,448</u>	<u>(1,784)</u>	<u>841,978</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Decrease in due to other funds	-	-	(53)	(53)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income received	<u>10,129</u>	<u>75</u>	<u>58</u>	<u>10,262</u>
Increase (decrease) in cash and cash equivalents	850,443	3,523	(1,779)	852,187
Cash and cash equivalents - beginning of the year	<u>1,111,579</u>	<u>7,032</u>	<u>22,459</u>	<u>1,141,070</u>
Cash and cash equivalents - end of the year	<u><u>\$ 1,962,022</u></u>	<u><u>\$ 10,555</u></u>	<u><u>\$ 20,680</u></u>	<u><u>\$ 1,993,257</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 539,631	\$ 23,534	\$ (2,484)	\$ 560,681
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Change in assets and liabilities:				
Insurance receivable	275,103	(14,740)	-	260,363
Prepaid insurance	-	(2,590)	-	(2,590)
Accounts payable	25,580	(228)	300	25,652
Accrued payroll	-	(2,528)	400	(2,128)
Net cash provided (used) by operating activities	<u><u>\$ 840,314</u></u>	<u><u>\$ 3,448</u></u>	<u><u>\$ (1,784)</u></u>	<u><u>\$ 841,978</u></u>



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

SHAREHOLDERS

Robert D. Almquist
Phillip D. Maltzahn
Terry T. Galloway
Marcy J. Luth
Heidi A. Ashby
Christine R. Shenk
Michael E. Hoback
Joseph P. Stump
Kyle R. Overturf

To the Mayor and Members of the City Council
City of Alliance, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alliance, Nebraska, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated January 19, 2018.

Internal Control Over Financial Reporting

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

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

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

Segregation of Duties

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

Compliance and Other Matters

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

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

Purpose of this Report

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

Amquist, Malthalm.
Galloway & Luth, P.C.

Grand Island, Nebraska
January 19, 2018