

CITY OF ALLIANCE, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2018

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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, 2018, 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, 2018, 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 66-72 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 23, 2019, 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.

*August Mathalm,
Galloway & Luthi*

Grand Island, Nebraska
January 23, 2019

**CITY OF ALLIANCE, NEBRASKA
MANAGEMENT’S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2018**

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, 2018.

Financial Highlights

- The assets of the City of Alliance exceeded its liabilities at the close of the most recent fiscal year by \$79,114,429 (*net position*). Of this amount, \$18,985,351 (*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 \$46,972,190. Approximately 12.9 percent of this total amount, \$6,055,326, is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,767,629, or 46.0 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, 2018

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, 2018

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 26-65 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Alliance's budgetary comparison schedules. Required supplementary information can be found on pages 66-72 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 73-79 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 \$79,114,429 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, 2018**

Summary Statements of Net Position

	September 30, 2018			September 30, 2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 39,190,243	\$ 21,942,754	\$ 61,132,997	\$ 11,534,866	\$ 14,112,062	\$ 25,646,928
Capital Assets	10,700,443	16,326,673	27,027,116	39,265,816	22,025,147	61,290,963
Total Assets	49,890,686	38,269,427	88,160,113	50,800,682	36,137,209	86,937,891
Long-term Liabilities	1,036,863	4,606,906	5,643,769	1,466,188	4,786,108	6,252,296
Other Liabilities	1,881,633	1,520,282	3,401,915	1,844,742	1,668,248	3,512,990
Total Liabilities	2,918,496	6,127,188	9,045,684	3,310,930	6,454,356	9,765,286
Net Position:						
Net Investment in						
Capital Assets	38,230,357	19,204,725	57,435,082	38,539,697	18,954,834	57,494,531
Restricted	2,686,507	7,489	2,693,996	3,595,119	254,619	3,849,738
Unrestricted	6,055,326	12,930,025	18,985,351	5,354,936	10,473,400	15,828,336
Total Net Position	<u>\$ 46,972,190</u>	<u>\$ 32,142,239</u>	<u>\$ 79,114,429</u>	<u>\$ 47,489,752</u>	<u>\$ 29,682,853</u>	<u>\$ 77,172,605</u>

By far the largest portion of the City of Alliance's net position (72.6 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 (7.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$18,985,351) 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, 2018

Expenses and Program Revenues - Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2018</u>		<u>Year Ended September 30, 2017</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 9,517	\$ 603,025	\$ 13,458	\$ 612,146
Public Safety	410,272	2,701,570	443,949	2,605,417
Public Works	751,649	1,872,900	2,153,023	673,467
Environment and Leisure	1,103,315	2,997,613	1,597,800	2,794,730
Economic Development	83,339	522,825	-	419,929
Interest	-	16,812	-	18,319
Depreciation	-	2,387,776	-	2,117,284
Total	<u>\$ 2,358,092</u>	<u>\$ 11,102,521</u>	<u>\$ 4,208,230</u>	<u>\$ 9,241,292</u>

Revenues by Source - Governmental Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2018</u>		<u>Year Ended September 30, 2017</u>	
Charges for Services	\$ 1,006,337	9.51 %	\$ 981,841	8.00 %
Operating Grants and Contributions	719,936	6.80	652,950	5.32
Capital Grants and Contributions	631,819	5.97	2,573,439	20.96
Property Taxes	1,691,571	15.98	1,633,665	13.31
Motor Vehicle Taxes	184,201	1.74	178,603	1.45
Sales Tax	1,951,604	18.44	1,912,855	15.58
Franchise Taxes	200,898	1.90	208,456	1.70
Occupation Taxes	150,912	1.42	146,786	1.20
TIF Proceeds	322,429	3.05	323,985	2.64
State Allocation	1,310,453	12.38	1,277,441	10.41
Special Assessments	8,764	0.08	8,701	0.07
Keno	19,888	0.19	13,254	0.11
Other	127,327	1.20	17,286	0.14
Interest	103,851	0.98	81,517	0.66
Gain on Sale of Assets	120,469	1.14	76,384	0.62
Interfund Transfer	2,034,500	19.22	2,188,300	17.83
Total	<u>\$ 10,584,959</u>	<u>100.00 %</u>	<u>\$ 12,275,463</u>	<u>100.00 %</u>

Net position decreased \$517,562 in the governmental funds during the year ended September 30, 2018.

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 \$1,691,571 in property tax for fiscal year 2018 compared to \$1,633,665 in 2017. Levies are expressed in dollars and cents per \$100 of valuation. The 2017 tax year levies

**CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2018**

were collected in the City's Fiscal Year 2018. 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>
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
2017	.26880	.03395	-	.05950	.01239	.37464	\$ 443,537,145

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 \$2,459,386. Key elements of this increase are as follows:

Expenses and Program Revenues - Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2018</u>		<u>Year Ended September 30, 2017</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 14,073,003	\$ 10,421,640	\$ 13,510,201	\$ 10,658,104
Water	1,771,810	1,268,799	1,819,522	1,274,589
Sewer	481,660	397,255	489,867	456,617
Refuse	1,174,827	1,043,448	1,114,933	1,188,778
Total	17,501,300	13,131,142	16,934,523	13,578,088
Interfund Transfer	-	2,034,500	-	2,188,300
	<u>\$ 17,501,300</u>	<u>\$ 15,165,642</u>	<u>\$ 16,934,523</u>	<u>\$ 15,766,388</u>

Revenues by Source - Business-type Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2018</u>		<u>Year Ended September 30, 2017</u>	
Charges for Services	\$ 17,501,300	99.30 %	\$ 16,934,523	99.48 %
Interest	100,715	0.57	50,016	0.29
Miscellaneous	18,573	0.11	21,463	0.13
Gain on Sale of Assets	4,440	0.02	17,047	0.10
Total	<u>\$ 17,625,028</u>	<u>100.00 %</u>	<u>\$ 17,023,049</u>	<u>100.00 %</u>

The largest source of receipts for the City is user fees in the Utility Departments. The Utility Departments transferred \$2,034,500 in revenues to the operations of the governmental funds.

CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2018

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 \$6,730,094. Approximately 41.1 percent of this total amount (\$2,767,629) 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 (\$150,105), 2) restricted for street improvements (\$73,428), 3) restricted for Federal programs (\$17,134), 4) restricted to fund capital projects (\$320,576), 5) restricted for economic development (\$1,399,915), 6) restricted for maintenance expenses (\$12,081), 7) restricted for tourism promotion (\$201,948), 8) restricted for community betterment (\$69,277), 9) endowed as nonspendable for cemetery perpetual care (\$422,097), 10) restricted for museum projects (\$14,547), 11) restricted for general tax support (\$5,399), 12) committed for sign project (\$11,614), 13) assigned for budgetary stabilization (\$591,200), 14) assigned for capital projects (\$445,387), or 15) assigned for specific special revenue fund purposes (\$227,757).

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 \$2,767,629 and total fund balance was \$3,370,443. 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 46.0 percent of total General Fund expenditures, while total fund balance was 56.0 percent of total General Fund expenditures.

The fund balance of the City of Alliance's General Fund increased by \$232,253 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 – \$10,119,283, Water Fund – \$1,569,317, Sewer Fund – \$757,020, and Refuse Fund – \$484,405. The change in net position for the proprietary funds was as follows: Electric Fund – increase of \$2,089,213, Water Fund – increase of \$317,377, Sewer Fund – increase of \$34,888, and Refuse Fund – increase of \$17,908. Other factors concerning the finances of these four funds have already been addressed in the discussion of the City of Alliance's business-type activities.

CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2018

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, 2018, amounts to \$61,132,997 (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 - \$35,418
- Airport terminal parking lot overlay - \$67,024
- INX inline power assisted cot for ambulance - \$33,833
- Land for parks garage - \$42,915
- Parks garage building - \$280,228
- 2018 Ford Explorer for police - \$23,088
- Eventide Nexlog 740 recorder for police - \$20,511
- Two 2017 Dodge minivans for public transit - \$73,682
- 2018 Freightliner for street department - \$153,602
- 2018 F350 pickup for street department - \$34,286
- Final construction costs on Box Butte Avenue (3rd to 5th Street) sidewalks - \$254,197
- Final construction costs on East 10th resurfacing - \$560,568
- Construction in progress on 2018 asphalt overlay projects - \$511,581
- AMI metering system for electric - \$105,402
- Holiday Inn 3 phase electric system improvements - \$29,101
- Western Potato 3 phase electric system improvements - \$33,860
- J Custom Cleaning electric line extension - \$54,093
- J Custom Cleaning electric line rebuild - \$42,208
- Various rural electric line rebuilds - \$80,675
- 40 three yard tan poly dumpsters - \$25,690
- Construction in progress on 2018 landfill projects - \$20,735
- 2018 John Deer 850K Crawler - \$321,727
- Landfill monitoring test wells - \$42,275
- Construction in progress on lift stations B & C - \$335,010
- 2018 Ford F150 pickup for sewer - \$34,542
- 2018 Ford F150 pickup for water - \$35,034

**CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2018**

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

	<u>Year Ended September 30, 2018</u>			<u>Year Ended September 30, 2017</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	\$ 2,114,120	\$ 566,827	\$ 2,680,947	\$ 2,071,205	\$ 566,827	\$ 2,638,032
Construction						
in Progress	684,005	541,736	1,225,741	3,616,928	54,499	3,671,427
Infrastructure	12,550,467	-	12,550,467	8,873,867	-	8,873,867
Improvements	11,028,562	-	11,028,562	11,729,578	-	11,729,578
Buildings	10,217,916	1,668,269	11,886,185	10,362,142	1,728,678	12,090,820
Equipment	2,595,173	8,191,084	10,786,257	2,612,096	11,309,674	13,921,770
Distribution						
Systems	-	10,974,838	10,974,838	-	8,365,469	8,365,469
Total	<u>\$ 39,190,243</u>	<u>\$ 21,942,754</u>	<u>\$ 61,132,997</u>	<u>\$ 39,265,816</u>	<u>\$ 22,025,147</u>	<u>\$ 61,290,963</u>

Additional information on the City of Alliance's capital assets can be found in Note C4 on pages 49-51 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 \$3,697,915. Of this amount, \$959,886 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, 2018</u>			<u>Year Ended September 30, 2017</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	\$ 959,886	\$ 2,738,029	\$ 3,697,915	\$ 726,119	\$ 2,930,313	\$3,656,432
Revenue Bonds	-	-	-	-	140,000	140,000
Total	<u>\$ 959,886</u>	<u>\$ 2,738,029</u>	<u>\$ 3,697,915</u>	<u>\$ 726,119</u>	<u>\$ 3,070,313</u>	<u>\$3,796,432</u>

The City of Alliance's total debt decreased by \$98,517 (2.6 percent) during the current fiscal year, as scheduled principal payments were made. The City issued a \$321,043 note payable for the parks garage land and building acquisition.

Additional information on the City of Alliance's long-term debt can be found in Note C6 on pages 52-54 of this report.

**CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2018**

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:

- Dollar General
- Holiday Inn Express
- Scooters Coffee
- Alliance Community Pharmacy
- Dave's Pharmacy
- J Custom Cleaning (bean plant)

K-Mart will close in March 2019. This is expected to have a negative impact on sales tax collections.

Major tax revenues received in the 2017-18 fiscal year were as follows:

- Non-Vehicle Sales Taxes – at \$1,691,121 (up 0.8%)
- Motor Vehicle Sales Taxes – at \$260,483 (up 8.1%)
- Hotel Occupation Taxes – at \$150,912 (down 1.4%)

The City's taxable property valuation grew by \$61,883,100 (14.0 percent) to an all-time high in 2018 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, 2019 is \$1,694,881, a \$33,229 (2.0 percent) increase over the prior year.

Street repair projects in the next fiscal year will focus on spot street and curb replacement and sanitary sewer jetting and fire hydrant replacements.

Alliance and Box Butte County unemployment remain low near 2.3 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.

Water and sewer rates are expected to increase 1.0 percent in the new fiscal year. An Electric rate study is scheduled for early 2019. Refuse and landfill rates will be increased 3.5 percent in October 2018 and 2019 following a rate study.

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, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,825,041	\$ 8,817,387	\$ 14,642,428
Certificates of deposit	-	1,019,498	1,019,498
County treasurer cash	66,732	-	66,732
Receivables:			
Property tax	13,882	-	13,882
Special assessments	486,903	-	486,903
Accounts, net of allowance for doubtful accounts	373,110	1,185,176	1,558,286
Unbilled revenue	-	1,193,341	1,193,341
Interest	-	9,401	9,401
Current portion of notes	60,637	-	60,637
Current portion of TIF	322,500	-	322,500
Due from other governments	799,930	-	799,930
Due (to) from other funds	(533,767)	533,767	-
Inventory	-	1,167,532	1,167,532
Prepaid expenses	52,210	-	52,210
Total current assets	7,467,178	13,926,102	21,393,280
Noncurrent assets:			
Restricted cash and cash equivalents	1,942,670	462,166	2,404,836
Restricted certificates of deposit	-	1,938,405	1,938,405
Noncurrent notes receivable	987,197	-	987,197
Noncurrent TIF receivable	303,398	-	303,398
Capital assets:			
Land and construction in progress	2,798,125	1,108,563	3,906,688
Other capital assets, net of depreciation	36,392,118	20,834,191	57,226,309
Net capital assets	39,190,243	21,942,754	61,132,997
Total noncurrent assets	42,423,508	24,343,325	66,766,833
Total assets	49,890,686	38,269,427	88,160,113
LIABILITIES			
Current liabilities:			
Accounts payable	119,619	815,590	935,209
Accrued expenses	110,242	115,282	225,524
Unearned revenue	398,964	-	398,964
Customer deposits	150	393,261	393,411
Police custodial funds	49,526	-	49,526
Current portion of TIF payables	322,500	-	322,500
Unavailable special assessments	486,903	-	486,903
Current portion of long-term obligations	393,729	196,149	589,878
Total current liabilities	1,881,633	1,520,282	3,401,915
Noncurrent liabilities:			
Compensated absences - noncurrent	167,308	67,692	235,000
Landfill closure costs	-	1,997,334	1,997,334
Noncurrent TIF payables	303,398	-	303,398
Noncurrent portion of long-term obligations	566,157	2,541,880	3,108,037
Total noncurrent liabilities	1,036,863	4,606,906	5,643,769
Total liabilities	2,918,496	6,127,188	9,045,684
NET POSITION			
Net investment in capital assets	38,230,357	19,204,725	57,435,082
Restricted for:			
Capital projects/community betterment	389,853	-	389,853
Debt service	150,105	-	150,105
Cemetery perpetual care	422,097	-	422,097
Economic development	1,399,915	-	1,399,915
Federal programs	17,134	-	17,134
General tax support	5,399	-	5,399
Landfill closure costs	-	7,489	7,489
Street improvements	73,428	-	73,428
Maintenance expenses	12,081	-	12,081
Museum projects	14,547	-	14,547
Tourism promotion	201,948	-	201,948
Unrestricted	6,055,326	12,930,025	18,985,351
Total net position	\$ 46,972,190	\$ 32,142,239	\$ 79,114,429

See notes to financial statements.

CITY OF ALLIANCE, NEBRASKA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2018

<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	\$ 603,025	\$ 9,517	\$ -
Public safety	2,701,570	228,809	168,525
Public works	1,872,900	67,386	177,023
Environment and leisure	2,997,613	678,286	313,388
Economic development	522,825	22,339	61,000
Interest and related expenses	16,812	-	-
Depreciation - unallocated	2,387,776	-	-
Total governmental activities	11,102,521	1,006,337	719,936
Business-type activities:			
Electric	10,421,640	14,073,003	-
Water	1,268,799	1,771,810	-
Sewer	397,255	481,660	-
Refuse	1,043,448	1,174,827	-
Total business-type activities	13,131,142	17,501,300	-
Total primary government	\$ 24,233,663	\$ 18,507,637	\$ 719,936

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>
\$ -	\$ (593,508)		\$ (593,508)
12,938	(2,291,298)		(2,291,298)
507,240	(1,121,251)		(1,121,251)
111,641	(1,894,298)		(1,894,298)
-	(439,486)		(439,486)
-	(16,812)		(16,812)
-	(2,387,776)		(2,387,776)
<u>631,819</u>	<u>(8,744,429)</u>	\$ -	<u>(8,744,429)</u>
-	-	3,651,363	3,651,363
-	-	503,011	503,011
-	-	84,405	84,405
-	-	131,379	131,379
<u>-</u>	<u>-</u>	<u>4,370,158</u>	<u>4,370,158</u>
<u>\$ 631,819</u>	<u>(8,744,429)</u>	<u>4,370,158</u>	<u>(4,374,271)</u>
General revenues:			
Taxes:			
Property	1,691,571	-	1,691,571
Motor vehicle	184,201	-	184,201
Sales tax	1,951,604	-	1,951,604
Franchise	200,898	-	200,898
Occupation	150,912	-	150,912
TIF proceeds	322,429	-	322,429
State allocation	1,310,453	-	1,310,453
Special assessments	8,764	-	8,764
Keno	19,888	-	19,888
Miscellaneous	127,327	18,573	145,900
Interest income	103,851	100,715	204,566
Gain on sale of assets	120,469	4,440	124,909
Interfund transfers	2,034,500	(2,034,500)	-
Total general revenues	<u>8,226,867</u>	<u>(1,910,772)</u>	<u>6,316,095</u>
Change in net position	(517,562)	2,459,386	1,941,824
Net position - September 30, 2017	<u>47,489,752</u>	<u>29,682,853</u>	<u>77,172,605</u>
Net position - September 30, 2018	<u>\$ 46,972,190</u>	<u>\$ 32,142,239</u>	<u>\$ 79,114,429</u>

CITY OF ALLIANCE, NEBRASKA

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

September 30, 2018

	<u>General</u>	<u>Street</u>	<u>Sales Tax</u>	<u>Debt Service</u>
ASSETS				
Cash and cash equivalents	\$ 3,026,125	\$ -	\$ -	\$ -
Restricted cash	-	445,611	5,399	3,513
County treasurer cash	56,664	-	-	-
Receivables:				
Special assessments	-	-	-	486,903
Accounts, net of allowance for doubtful accounts	171,821	7,255	-	-
Notes receivable	-	-	-	-
Property tax	11,218	-	-	-
TIF	-	-	-	-
Prepaid insurance	4,312	-	-	-
Due from other funds	254,275	41,622	-	-
Due from other governments	757	105,765	329,230	-
Total assets	<u>\$ 3,525,172</u>	<u>\$ 600,253</u>	<u>\$ 334,629</u>	<u>\$ 490,416</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,623	\$ 20,128	\$ -	\$ -
Accrued expenses	71,474	5,976	-	974
Due to other funds	30,106	500,721	329,230	-
Unearned revenue	-	-	-	-
Customer deposits	-	-	-	-
Police custodial funds	49,526	-	-	-
TIF payables	-	-	-	-
Unavailable special assessments	-	-	-	486,903
Total liabilities	<u>154,729</u>	<u>526,825</u>	<u>329,230</u>	<u>487,877</u>
Fund balances (deficit):				
Nonspendable:				
Cemetery perpetual care	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Community betterment	-	-	-	-
Debt service	-	-	-	2,539
Economic development	-	-	-	-
Federal programs	-	-	-	-
General tax support	-	-	5,399	-
Street improvements	-	73,428	-	-
Maintenance expenses	-	-	-	-
Museum projects	-	-	-	-
Tourism promotion	-	-	-	-
Committed for:				
Sign project	11,614	-	-	-
Assigned for:				
Budgetary stabilization	591,200	-	-	-
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Unassigned	2,767,629	-	-	-
Total fund balances	<u>3,370,443</u>	<u>73,428</u>	<u>5,399</u>	<u>2,539</u>
Total liabilities and fund balances	<u>\$ 3,525,172</u>	<u>\$ 600,253</u>	<u>\$ 334,629</u>	<u>\$ 490,416</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>
\$ -	\$ 539,746	\$ 145,395	\$ -	\$ 3,711,266
270	-	1,487,877	-	1,942,670
-	8,312	1,756	-	66,732
-	-	-	-	486,903
-	43,626	34,721	-	257,423
-	-	1,047,834	-	1,047,834
-	2,202	462	-	13,882
625,898	-	-	-	625,898
-	1,360	1,172	-	6,844
-	-	33,333	(329,230)	-
-	-	364,178	-	799,930
<u>\$ 626,168</u>	<u>\$ 595,246</u>	<u>\$ 3,116,728</u>	<u>\$ (329,230)</u>	<u>\$ 8,959,382</u>
\$ -	\$ -	\$ 12,371	\$ -	\$ 36,122
-	8,400	11,828	-	98,652
-	938	1,308	(329,230)	533,073
-	398,964	-	-	398,964
-	150	-	-	150
-	-	-	-	49,526
625,898	-	-	-	625,898
-	-	-	-	486,903
<u>625,898</u>	<u>408,452</u>	<u>25,507</u>	<u>(329,230)</u>	<u>2,229,288</u>
-	-	422,097	-	422,097
-	-	320,576	-	320,576
-	-	69,277	-	69,277
-	-	147,566	-	150,105
270	-	1,399,645	-	1,399,915
-	-	17,134	-	17,134
-	-	-	-	5,399
-	-	-	-	73,428
-	-	12,081	-	12,081
-	-	14,547	-	14,547
-	-	201,948	-	201,948
-	-	-	-	11,614
-	-	-	-	591,200
-	-	445,387	-	445,387
-	186,794	40,963	-	227,757
-	-	-	-	2,767,629
<u>270</u>	<u>186,794</u>	<u>3,091,221</u>	<u>-</u>	<u>6,730,094</u>
<u>\$ 626,168</u>	<u>\$ 595,246</u>	<u>\$ 3,116,728</u>	<u>\$ (329,230)</u>	<u>\$ 8,959,382</u>

CITY OF ALLIANCE, NEBRASKA

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

September 30, 2018

Total fund balances - governmental funds	\$	6,730,094
<p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$75,703,116 and the accumulated depreciation is \$36,512,873.</p>		
		39,190,243
<p>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.</p>		
		2,179,047
<p>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:</p>		
Noncurrent compensated absences	\$	(167,308)
Long-term notes payable		(959,886)
		<u>(1,127,194)</u>
Total net position - governmental activities	\$	<u>46,972,190</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, 2018

	<u>General</u>	<u>Street</u>	<u>Sales Tax</u>
REVENUES			
Taxes:			
Property	\$ 1,364,238	\$ -	\$ -
Motor vehicle	184,201	-	-
Sales tax	-	260,483	1,432,787
Franchise	200,898	-	-
Occupation	-	-	-
TIF proceeds	-	-	-
Intergovernmental	366,742	1,187,390	-
Grants	43,793	34,747	-
Keno	-	-	-
Special assessments	-	-	-
Charges for services	524,980	-	-
Contributions	29,142	-	-
Interest income	54,345	4,842	33
Sale of property/insurance proceeds	3,622	9,448	-
Bond/loan proceeds	-	-	-
Other income	110,912	1,993	-
Total revenues	<u>2,882,873</u>	<u>1,498,903</u>	<u>1,432,820</u>
EXPENDITURES			
General government	621,897	-	-
Public safety	2,749,685	-	-
Public works	564,577	1,357,909	-
Environment and leisure	1,861,829	-	-
Economic development	-	-	-
Capital outlay	222,519	1,043,283	-
Principal payments on debt	-	-	-
Interest on long-term debt	-	-	-
Total expenditures	<u>6,020,507</u>	<u>2,401,192</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(3,137,634)	(902,289)	1,432,820
OTHER FINANCING SOURCES (USES)			
Transfers in	3,604,487	-	-
Transfers out	(234,600)	-	(1,432,787)
Net transfers	<u>3,369,887</u>	<u>-</u>	<u>(1,432,787)</u>
Net change in fund balances	232,253	(902,289)	33
Fund balances - September 30, 2017	<u>3,138,190</u>	<u>975,717</u>	<u>5,366</u>
Fund balances - September 30, 2018	<u>\$ 3,370,443</u>	<u>\$ 73,428</u>	<u>\$ 5,399</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>
\$ -	\$ -	\$ 271,548	\$ 55,785	\$ 1,691,571
-	-	-	-	184,201
-	-	-	258,334	1,951,604
-	-	-	-	200,898
-	-	-	150,912	150,912
-	322,429	-	-	322,429
-	-	-	89,014	1,643,146
-	-	41,582	263,038	383,160
-	-	-	19,888	19,888
-	-	-	8,764	8,764
-	-	238,709	242,648	1,006,337
-	-	-	6,953	36,095
2	9	5,114	20,870	85,215
-	-	107,399	-	120,469
-	61,000	-	321,043	382,043
-	-	-	14,422	127,327
<u>2</u>	<u>383,438</u>	<u>664,352</u>	<u>1,451,671</u>	<u>8,314,059</u>
-	-	-	5,920	627,817
-	-	-	48,000	2,797,685
-	-	-	-	1,922,486
-	-	483,176	717,970	3,062,975
-	383,429	-	139,396	522,825
-	-	179,036	328,558	1,773,396
40,105	-	47,171	-	87,276
4,904	-	11,908	-	16,812
<u>45,009</u>	<u>383,429</u>	<u>721,291</u>	<u>1,239,844</u>	<u>10,811,272</u>
(45,007)	9	(56,939)	211,827	(2,497,213)
43,600	-	59,000	211,000	3,918,087
-	-	-	(216,200)	(1,883,587)
<u>43,600</u>	<u>-</u>	<u>59,000</u>	<u>(5,200)</u>	<u>2,034,500</u>
(1,407)	9	2,061	206,627	(462,713)
3,946	261	184,733	2,884,594	7,192,807
<u>\$ 2,539</u>	<u>\$ 270</u>	<u>\$ 186,794</u>	<u>\$ 3,091,221</u>	<u>\$ 6,730,094</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, 2018

Total net change in fund balances - governmental funds	\$ (462,713)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay (\$2,312,203) was exceeded by depreciation expense (\$2,387,776) during the period. A portion of the capital asset additions (\$538,807) were paid for directly by the Nebraska Department of Transportation.	
	(75,573)
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.	237,047
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.	6,976
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.	10,468
Loan proceeds are reported as revenue in the governmental funds, but the loan proceeds increase long-term liabilities in the statement of net position.	(321,043)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	87,276
Change in net position of governmental activities	\$ (517,562)

See notes to financial statements.

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

September 30, 2018

	Enterprise Funds	
	Electric Fund	Water Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,410,108	\$ 1,303,029
Certificates of deposit	1,019,498	-
Receivables:		
Accounts, net of allowance for doubtful accounts	978,078	122,877
Unbilled revenue	925,479	174,642
Interest	3,059	-
Due from other funds	564,706	5,652
Inventory	1,117,545	47,526
Prepaid expenses	-	-
Total current assets	11,018,473	1,653,726
Noncurrent assets:		
Restricted cash and cash equivalents	60,825	-
Restricted certificates of deposit	334,923	-
Capital assets:		
Land	33,070	361,099
Construction in progress	126,928	6,589
Distribution systems	12,334,344	10,378,617
Buildings	1,045,060	643,169
Equipment	9,583,898	3,134,637
Less accumulated depreciation	(13,341,811)	(6,399,312)
Net capital assets	9,781,489	8,124,799
Total noncurrent assets	10,177,237	8,124,799
Total assets	21,195,710	9,778,525
LIABILITIES		
Current liabilities:		
Accounts payable	785,284	7,349
Customer deposits	393,261	-
Accrued interest payable	-	23,958
Sales tax payable	71,197	49
Other accrued expenses	10,296	4,105
Due to other funds	-	35,020
Current portion of long-term obligations	-	196,149
Total current liabilities	1,260,038	266,630
Noncurrent liabilities:		
Compensated absences - noncurrent	34,900	13,928
Landfill closure costs	-	-
Noncurrent portion of long-term obligations	-	2,541,880
Total noncurrent liabilities	34,900	2,555,808
Total liabilities	1,294,938	2,822,438
NET POSITION		
Net investment in capital assets	9,781,489	5,386,770
Restricted for:		
Landfill closure costs	-	-
Unrestricted	10,119,283	1,569,317
Total net position	\$ 19,900,772	\$ 6,956,087

See notes to financial statements.

Enterprise Funds				Internal
Sewer	Refuse		Total	Service
Fund	Fund	Eliminations		Funds
\$ 705,716	\$ 398,534	\$ -	\$ 8,817,387	\$ 2,113,775
-	-	-	1,019,498	-
20,703	63,518	-	1,185,176	115,687
35,460	57,760	-	1,193,341	-
-	6,342	-	9,401	-
-	704	(37,295)	533,767	-
2,461	-	-	1,167,532	-
-	-	-	-	45,366
<u>764,340</u>	<u>526,858</u>	<u>(37,295)</u>	<u>13,926,102</u>	<u>2,274,828</u>
-	401,341	-	462,166	-
-	1,603,482	-	1,938,405	-
60,978	111,680	-	566,827	-
341,093	67,126	-	541,736	-
4,487,086	1,773,813	-	28,973,860	-
523,750	561,861	-	2,773,840	-
781,036	3,415,845	-	16,915,416	-
(4,346,225)	(3,741,577)	-	(27,828,925)	-
<u>1,847,718</u>	<u>2,188,748</u>	<u>-</u>	<u>21,942,754</u>	<u>-</u>
<u>1,847,718</u>	<u>4,193,571</u>	<u>-</u>	<u>24,343,325</u>	<u>-</u>
<u>2,612,058</u>	<u>4,720,429</u>	<u>(37,295)</u>	<u>38,269,427</u>	<u>2,274,828</u>
-	22,957	-	815,590	83,497
-	-	-	393,261	-
-	-	-	23,958	-
-	2	-	71,248	-
911	4,764	-	20,076	11,590
1,986	289	(37,295)	-	694
-	-	-	196,149	-
<u>2,897</u>	<u>28,012</u>	<u>(37,295)</u>	<u>1,520,282</u>	<u>95,781</u>
4,423	14,441	-	67,692	-
-	1,997,334	-	1,997,334	-
-	-	-	2,541,880	-
<u>4,423</u>	<u>2,011,775</u>	<u>-</u>	<u>4,606,906</u>	<u>-</u>
<u>7,320</u>	<u>2,039,787</u>	<u>(37,295)</u>	<u>6,127,188</u>	<u>95,781</u>
1,847,718	2,188,748	-	19,204,725	-
-	7,489	-	7,489	-
<u>757,020</u>	<u>484,405</u>	<u>-</u>	<u>12,930,025</u>	<u>2,179,047</u>
<u>\$ 2,604,738</u>	<u>\$ 2,680,642</u>	<u>\$ -</u>	<u>\$ 32,142,239</u>	<u>\$ 2,179,047</u>

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

For the year ended September 30, 2018

	Enterprise Funds	
	Electric Fund	Water Fund
Operating revenues:		
User charges	\$ 13,941,415	\$ 1,762,805
Interdepartmental charges	-	-
Rent income	131,588	9,005
Total operating revenues	14,073,003	1,771,810
Operating expenses:		
Cost of power	8,152,985	-
Personnel	835,104	380,278
Contract services	112,649	306,212
Commodities	357,292	71,153
Generation	35,330	-
Customer service	-	-
Meter reading	-	-
Warehouse	14,887	6,858
Risk management	-	-
Management information systems	-	-
Administration/finance	313,029	71,505
Insurance claims and health premiums	-	-
Landfill closure	-	-
Depreciation	600,364	345,988
Bond fees	-	506
Total operating expenses	10,421,640	1,182,500
Operating income	3,651,363	589,310
Nonoperating revenues (expenses):		
Interest income	61,019	6,962
Interest expense	-	(57,474)
DEQ loan fees	-	(28,825)
Gain (loss) on sale of capital assets	4,440	-
Other revenue	5,691	12,504
Total nonoperating revenues (expenses)	71,150	(66,833)
Income before interfund transfers	3,722,513	522,477
Interfund transfers:		
Transfer to other funds	(1,633,300)	(205,100)
Change in net position	2,089,213	317,377
Net position - September 30, 2017	17,811,559	6,638,710
Net position - September 30, 2018	\$ 19,900,772	\$ 6,956,087

See notes to financial statements.

Enterprise Funds			Internal Service Funds
Sewer Fund	Refuse Fund	Total	
\$ 470,560	\$ 1,174,527	\$ 17,349,307	\$ -
-	-	-	2,899,716
11,100	300	151,993	1,380
<u>481,660</u>	<u>1,174,827</u>	<u>17,501,300</u>	<u>2,901,096</u>
-	-	8,152,985	-
109,751	452,559	1,777,692	160,406
34,509	184,686	638,056	-
21,620	94,004	544,069	-
-	-	35,330	-
-	-	-	218,892
-	-	-	56,259
-	-	21,745	152,039
-	-	-	323,502
-	-	-	214,624
57,699	71,745	513,978	403,931
-	-	-	1,153,032
-	6,409	6,409	-
173,676	234,045	1,354,073	-
-	-	506	-
<u>397,255</u>	<u>1,043,448</u>	<u>13,044,843</u>	<u>2,682,685</u>
84,405	131,379	4,456,457	218,411
6,172	26,562	100,715	18,636
-	-	(57,474)	-
-	-	(28,825)	-
-	-	4,440	-
11	367	18,573	-
<u>6,183</u>	<u>26,929</u>	<u>37,429</u>	<u>18,636</u>
90,588	158,308	4,493,886	237,047
(55,700)	(140,400)	(2,034,500)	-
34,888	17,908	2,459,386	237,047
<u>2,569,850</u>	<u>2,662,734</u>	<u>29,682,853</u>	<u>1,942,000</u>
<u>\$ 2,604,738</u>	<u>\$ 2,680,642</u>	<u>\$ 32,142,239</u>	<u>\$ 2,179,047</u>

CITY OF ALLIANCE, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the year ended September 30, 2018

	Enterprise Funds	
	Electric Fund	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 13,447,150	\$ 1,717,522
Receipts from other funds	-	-
Payments to suppliers	(8,980,363)	(449,679)
Payments to employees	(831,626)	(375,000)
Net cash provided by operating activities	3,635,161	892,843
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers to other funds	(1,633,300)	(205,100)
(Increase) decrease in due from other funds	(535,296)	1,115
Increase in due to other funds	-	27,331
Net cash provided (used) by noncapital financing activities	(2,168,596)	(176,654)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(448,067)	(41,623)
Proceeds from sale of capital assets	4,440	-
Increase in landfill closure costs	-	-
Payment of DEQ loan fees	-	(28,825)
Principal payments on capital debt	-	(332,284)
Interest paid on capital debt	-	(60,985)
Net cash used by capital and related financing activities	(443,627)	(463,717)
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) decrease in certificates of deposit	(276,132)	182,000
Interest received	63,855	7,389
Net cash provided (used) by investing activities	(212,277)	189,389
Increase (decrease) in cash and cash equivalents	810,661	441,861
Cash and cash equivalents - beginning of the year	5,660,272	861,168
Cash and cash equivalents - end of the year	\$ 6,470,933	\$ 1,303,029
Composition of cash and cash equivalents:		
Cash and cash equivalents	\$ 6,410,108	\$ 1,303,029
Restricted cash and cash equivalents	60,825	-
Total cash and cash equivalents	\$ 6,470,933	\$ 1,303,029

Enterprise Funds			Internal Service Funds
Sewer Fund	Refuse Fund	Total	
\$ 474,937	\$ 1,152,236	\$ 16,791,845	\$ -
-	-	-	2,803,145
(113,822)	(339,738)	(9,883,602)	(2,701,312)
(109,714)	(450,034)	(1,766,374)	-
<u>251,401</u>	<u>362,464</u>	<u>5,141,869</u>	<u>101,833</u>
(55,700)	(140,400)	(2,034,500)	-
-	26,055	(508,126)	-
(14,059)	(14)	13,258	49
<u>(69,759)</u>	<u>(114,359)</u>	<u>(2,529,368)</u>	<u>49</u>
(369,552)	(412,438)	(1,271,680)	-
-	-	4,440	-
-	6,408	6,408	-
-	-	(28,825)	-
-	-	(332,284)	-
-	-	(60,985)	-
<u>(369,552)</u>	<u>(406,030)</u>	<u>(1,682,926)</u>	<u>-</u>
200,631	(390,142)	(283,643)	-
6,172	24,862	102,278	18,636
<u>206,803</u>	<u>(365,280)</u>	<u>(181,365)</u>	<u>18,636</u>
18,893	(523,205)	748,210	120,518
<u>686,823</u>	<u>1,323,080</u>	<u>8,531,343</u>	<u>1,993,257</u>
<u>\$ 705,716</u>	<u>\$ 799,875</u>	<u>\$ 9,279,553</u>	<u>\$ 2,113,775</u>
\$ 705,716	\$ 398,534	\$ 8,817,387	\$ 2,113,775
-	401,341	462,166	-
<u>\$ 705,716</u>	<u>\$ 799,875</u>	<u>\$ 9,279,553</u>	<u>\$ 2,113,775</u>

CITY OF ALLIANCE, NEBRASKA

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

For the year ended September 30, 2018

	Enterprise Funds	
	Electric Fund	Water Fund
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 3,651,363	\$ 589,310
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	600,364	345,988
Other cash receipts	5,691	12,504
Change in assets and liabilities:		
Accounts receivable	(642,657)	(66,756)
Inventories	50,440	(794)
Prepaid expenses	-	-
Accounts payable	(44,631)	7,349
Customer deposits	11,051	-
Sales tax payable	62	(36)
Accrued expenses	3,478	5,278
Net cash provided by operating activities	\$ 3,635,161	\$ 892,843

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>	
\$ 84,405	\$ 131,379	\$ 4,456,457	\$ 218,411
173,676	234,045	1,354,073	-
11	367	18,573	-
(6,734)	(22,958)	(739,105)	(97,951)
6	-	49,652	-
-	-	-	9,161
-	17,106	(20,176)	(28,315)
-	-	11,051	-
-	-	26	-
37	2,525	11,318	527
<u>\$ 251,401</u>	<u>\$ 362,464</u>	<u>\$ 5,141,869</u>	<u>\$ 101,833</u>

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

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CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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	\$ 757	Federal Grant
Street	85,471	Highway Allocation
Street	20,294	Motor Vehicle Fees
Sales Tax	329,230	Sales Tax
Capital Projects	255,000	State Grant
Capital Projects	89,900	Federal Grant
RSVP	769	Federal Grant
Public Transit	16,148	Federal/State Grant
Handyman	<u>2,361</u>	State Grant
	<u>\$ 799,930</u>	

Inventory

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

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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 2017-2018 are recorded as revenue when expected to be collected within 60 days after September 30, 2018. 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, 2018

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, 2018

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, 2018

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, 2018

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, 2018. 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	\$ 21,604,013	\$ 1,262,034	\$ 19,696,769	\$ 645,210	\$ <u>20,005,167</u>

Reconciliation to Government-wide Statement of Net Position:

Unrestricted cash and cash equivalents	\$ 14,642,428
Unrestricted certificates of deposit	1,019,498
Restricted cash and cash equivalents	2,404,836
Restricted certificates of deposit	<u>1,938,405</u>
	\$ <u>20,005,167</u>

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2018

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

2. Restricted Assets

The restricted assets as of September 30, 2018, are as follows:

Type of Restricted Assets:	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,942,670	\$ 462,166	\$ 2,404,836
Certificates of deposit	-	<u>1,938,405</u>	<u>1,938,405</u>
	<u>\$ 1,942,670</u>	<u>\$ 2,400,571</u>	<u>\$ 4,343,241</u>

Restricted cash and certificates of deposit for governmental activities consists of \$445,611 of Street Fund cash restricted for street improvements; \$5,399 of Sales Tax Fund cash restricted for general tax support; \$3,513 of Debt Service Fund cash restricted for debt service; \$270 of Redevelopment Fund cash, \$80,749 of Economic Development cash, and \$237,729 of LB840 Fund cash restricted for economic development; \$422,097 of Cemetery Perpetual Care Fund cash restricted for perpetual care; \$12,034 of HUD Loan and CDBG Fund cash restricted for Federal loans; \$12,081 of BID Fund cash restricted for maintenance expenses; \$3,855 of RSVP Fund cash restricted for Federal programs; \$64,299 of Community Betterment Fund cash restricted for community betterment; \$165,473 of Public Safety Tax Fund cash restricted for capital projects; \$145,373 of cash restricted for Airport Sinking Fund debt service; \$14,547 of Museum Exhibit Fund cash restricted for museum projects; \$155,078 of E911 Fund cash restricted for emergency equipment; and \$174,562 of Marketing Fund cash restricted for tourism promotion.

Restricted business-type assets consist of \$395,748 restricted for customer deposits in the Electric Fund. The Refuse Fund has \$2,004,823 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, pension funds, grants, and other minor receivables. Receivables detail at September 30, 2018, is as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>
Accounts receivable	\$ 412,274	\$ 1,279,576	\$ 1,691,850
Allowance for doubtful accounts	(39,164)	(94,400)	(133,564)
Net accounts receivable	<u>\$ 373,110</u>	<u>\$ 1,185,176</u>	<u>\$ 1,558,286</u>

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2018

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, 2018:

<u>Note Held By</u>	<u>Due From</u>	<u>Note Balance at September 30, 2018</u>	<u>Terms</u>
LB840 Fund	Steph's Studio	\$ 2,966	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	45,758	1.5%; amortized over a period of ten years
LB840 Fund	Tridako Energy Systems, Inc.	96,151	1.5%; amortized over a period of ten years
LB840 Fund	Alliance Lodging	50,000	1.5%; amortized over a period of five years
LB840 Fund	Alliance Lodging	150,000	0%; forgivable loan – will receive a job credit of \$1,000 per FTE off of the loan balance (maximum of \$20,000 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	7,253	1.5%; amortized over a period of five years
LB840 Fund	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

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2018

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

3. Accounts and Notes Receivable, continued

<u>Note Held By</u>	<u>Due From</u>	<u>Note Balance at September 30, 2018</u>	<u>Terms</u>
LB840 Fund	Western Potatoes	190,000	2.0%; amortized over a period of ten years
LB840 Fund	Western Potatoes	10,000	0%; forgivable loan – will receive a job credit of \$2,000 per FTE off of the loan balance (maximum of \$2,000 per calendar year)
LB840 Fund	1 dash 5 Enterprises	9,506	1.5%; amortized over a period of five years
LB840 Fund	1 dash 5 Enterprises	10,000	0%; forgivable loan – will receive a job credit of \$2,000 per FTE off of the loan balance (maximum of \$2,000 per calendar year)
LB840 Fund	Alliance Pharmacy	15,000	2.0%; amortized over a period of five years
LB840 Fund	Alliance Pharmacy	20,000	0%; forgivable loan – will receive a job credit of \$1,000 per FTE off of the loan balance (maximum of \$3,000 per calendar year); \$5,000 forgivable if in business three years
LB840 Fund	Dave’s Pharmacy	5,000	0%; forgivable loan – will be forgiven if company remains in business for three years
LB840 Fund	Brewery 719	5,000	0% forgivable loan – will be forgiven if company remains in business for three years
		<u>\$ 1,047,834</u>	
	Current portion	\$ 60,637	
	Noncurrent portion	<u>987,197</u>	
	Total	<u>\$ 1,047,834</u>	

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2018

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

4. Capital Assets

Capital asset activity for the year ended September 30, 2018, was as follows:

	Balance at October 1, <u>2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2018</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 2,071,205	\$ 42,915	\$ -	\$ -	\$ 2,114,120
Construction in progress	3,616,928	623,594	-	(3,556,517)	684,005
Total capital assets not being depreciated	5,688,133	666,509	-	(3,556,517)	2,798,125
Other capital assets being depreciated:					
Infrastructure	22,872,064	814,765	(38,353)	3,549,062	27,197,538
Improvements	19,013,411	67,024	(28,090)	-	19,052,345
Buildings	17,885,289	293,107	(35,682)	7,455	18,150,169
Equipment and vehicles	8,168,900	470,798	(134,759)	-	8,504,939
Total other capital assets at historical cost	67,939,664	1,645,694	(236,884)	3,556,517	72,904,991
Less accumulated depreciation for:					
Infrastructure	(13,998,197)	(687,227)	38,353	-	(14,647,071)
Improvements	(7,283,833)	(768,040)	28,090	-	(8,023,783)
Buildings	(7,523,147)	(444,788)	35,682	-	(7,932,253)
Equipment and vehicles	(5,556,804)	(487,721)	134,759	-	(5,909,766)
Total accumulated depreciation	(34,361,981)	(2,387,776) *	236,884	-	(36,512,873)
Other capital assets, net	33,577,683	(742,082)	-	3,556,517	36,392,118
Governmental activities capital assets, net	<u>\$ 39,265,816</u>	<u>\$ (75,573)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,190,243</u>

* Depreciation expense was charged to governmental activities as follows:

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2018

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

4. Capital Assets, continued

Governmental Activities, continued:

General Fund:

General government	
City manager's office	\$ 264
Warehouse/purchasing	3,459
Management information systems	55,778
Facility maintenance	50
Municipal buildings	49,166
Accounting	449
Utility customer service	1,108
Meter reading	<u>3,116</u>
Total general government	113,390
Public safety	
Fire	86,658
Ambulance	65,369
Police	<u>114,356</u>
Total public safety	266,383
Public services	
Building and zoning	6,756
Cemetery	26,715
Fleet services	<u>1,894</u>
Total public services	35,365
Environment and leisure	
Library	113,532
Parks	115,953
Museum	160,049
Carhenge	5,404
Swimming pool	<u>92,425</u>
Total environment and leisure	<u>487,363</u>
Total General Fund	902,501
Street Fund	733,060
BID Fund	2,460
RSVP Fund	4,054
Public Transit Fund	4,159
Airport Fund	675,645
Golf Fund	<u>65,897</u>
Total governmental activities depreciation	\$ <u><u>2,387,776</u></u>

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2018

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

4. Capital Assets, continued

Governmental Activities, continued:

Construction in progress at September 30, 2018, consists of \$511,581 of costs incurred for the 2018 asphalt overlay projects, \$64,568 of costs incurred on the airport building project, and \$107,856 of costs incurred on the airport runway project. See Note D3 for details of commitments in place on these projects as of September 30, 2018.

	Balance at October 1, <u>2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2018</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 566,827	\$ -	\$ -	\$ -	\$ 566,827
Construction in progress	54,499	487,237	-	-	541,736
Total capital assets not being depreciated	621,326	487,237	-	-	1,108,563
Other capital assets being depreciated:					
Buildings	2,773,840	-	-	-	2,773,840
Distribution systems	28,625,406	348,454	-	-	28,973,860
Equipment	16,687,490	435,989	(208,063)	-	16,915,416
Total other capital assets at historical cost	48,086,736	784,443	(208,063)	-	48,663,116
Less accumulated depreciation for:					
Buildings	(1,045,162)	(60,409)	-	-	(1,105,571)
Distribution systems	(17,315,732)	(683,290)	-	-	(17,999,022)
Equipment	(8,322,021)	(610,374)	208,063	-	(8,724,332)
Total accumulated depreciation	(26,682,915)	(1,354,073)*	208,063	-	(27,828,925)
Other capital assets, net	21,403,821	(569,630)	-	-	20,834,191
Business-type capital assets, net	<u>\$ 22,025,147</u>	<u>\$ (82,393)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,942,754</u>

* Depreciation expense was charged to functions as follows:

Electric	\$ 600,364
Water	345,988
Sewer	173,676
Refuse	234,045
Total business-type activities depreciation expense	<u>\$ 1,354,073</u>

Construction in progress at September 30, 2018, consists of \$126,928 of costs incurred for the AMI system procurement for electric; \$67,126 of cost incurred on the landfill storm water control project; \$6,589 of engineering costs on the water hydrant project, and \$341,093 of costs incurred on the sewer lift station project. See Note D3 for details of commitments in place on these projects as of September 30, 2018.

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2018

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, 2018:

<u>Type of Debt</u>	Balance October 1, <u>2017</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>2018</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Notes payable	\$ 726,119	\$ 321,043	\$ (87,276)	\$ 959,886	\$ 393,729
Business-type Activities:					
Bonds and notes payable	\$ 3,070,313	\$ -	\$ (332,284)	\$ 2,738,029	\$ 196,149

Governmental Activities

As of September 30, 2018, 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. \$ 161,014

Parks garage line of credit to Farmers State Bank with maximum principal available of \$500,000. As of September 30, 2018, \$321,043 had been drawn on this note. The note bears interest of 3.0 percent and is due August 22, 2019. The note is secured by the public transit shop building. 321,043

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2018

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

6. Long-term Debt, continued

Governmental Activities, continued

Notes payable, continued:

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.	<u>477,829</u>
Total	\$ <u>959,886</u>
Current Portion	\$ 393,729
Noncurrent Portion	<u>566,157</u>
Total	\$ <u>959,886</u>

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

Business-type Activities

As of September 30, 2018, the long-term debt payable from proprietary fund resources consisted of the following:

Bonds and notes payable:

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.	\$ -
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.	385,022
DEQ water note – project D311496, with total loan principal of \$3,894,789. As of September 30, 2018, 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>2,353,007</u>
Total business-type activity bonds and notes payable	\$ <u>2,738,029</u>

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2018

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

6. Long-term Debt, continued

Business-type Activities, continued

Current portion	\$ 196,149
Noncurrent portion	<u>2,541,880</u>
Total	<u>\$ 2,738,029</u>

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2018, 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>
2019	\$ 393,729	\$ 23,709	\$ 196,149	\$ 53,785	\$ 26,892
2020	74,159	12,477	200,091	49,842	24,921
2021	162,169	10,464	204,113	45,820	22,910
2022	52,000	7,755	208,216	41,718	20,859
2023	53,000	6,533	212,401	37,532	18,766
2024-2028	224,829	13,372	1,127,786	121,881	60,941
2029-2033	-	-	589,273	17,437	8,718
	<u>\$ 959,886</u>	<u>\$ 74,310</u>	<u>\$ 2,738,029</u>	<u>\$ 368,015</u>	<u>\$ 184,007</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	\$ 358,632	\$ 358,632
Otto	31,687	31,687
Pepsi-Cola of Western Nebraska	<u>235,579</u>	<u>235,579</u>
	<u>\$ 625,898</u>	<u>\$ 625,898</u>

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2018

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	\$ 1,633,300	\$ -
From Refuse	140,400	-
From Water	205,100	-
From Sewer	55,700	-
From Debt Service	-	43,600
From Sales Tax	1,432,787	-
From Tourism	137,200	-
To Public Transit	-	16,000
To Golf	-	<u>175,000</u>
Total General Fund	<u>3,604,487</u>	<u>234,600</u>
Sales Tax Fund:		
To General	-	1,432,787
Debt Service Fund:		
From General	43,600	-
Airport Fund:		
From Sinking	59,000	-
Nonmajor Governmental Funds:	211,000	216,200
Electric Fund:		
To General	-	1,633,300
Water Fund:		
To General	-	205,100
Sewer Fund:		
To General	-	55,700

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2018

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	-	140,400
	<u>\$ 3,918,087</u>	<u>\$ 3,918,087</u>
Interfund balances:		
<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
General	Electric	\$ 24,184
General	Water	5,345
General	Refuse	577
Sales Tax	General	254,275
Sales Tax	Street	41,622
Sales Tax	Economic Development	18,333
Sales Tax	LB840	15,000
Street	Electric	500,595
Street	Refuse	126
Airport	Electric	938
Golf	Electric	1,001
Golf	Water	307
Water	Electric	35,020
Sewer	Electric	1,986
Refuse	Electric	289
Enterprise Internal Service	Electric	<u>694</u>
		<u>\$ 900,292</u>

The Electric Fund loaned \$500,000 to the Street Fund on September 28, 2018 to pay for street improvements. This amount is included in the balance due from the Street Fund to the Electric Fund shown above. The loan bears interest of 2.25 percent and is due within 13 months (October 28, 2019).

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2018

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 \$2,491,975 for the year ended September 30, 2018. Both the City and the covered employees' required contributions of \$74,759 were made for the year ended September 30, 2018.

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 \$252,507, with the City contributing \$32,825 and the employees contributing \$16,413 for the year ended September 30, 2018.

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 \$881,917. Both the City's contribution of \$61,734 and the matching employees' contributions were made for the year ended September 30, 2018.

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, 2018

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, 2018, there was one employee on the pre-1984 plan. The City paid out its final defined benefit amount for the last remaining pre-84 hire during the year ended September 30, 2018, so there is no remaining pension liability for the 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 \$51,521; this amount represents two months of subsequent claims. The City also has accrued a \$101,999 reinsurance receivable as of September 30, 2018. These amounts have been included as current-year expenditures.

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2018

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, 2018, 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 2018	\$ 516,570
February 2019	204,923
June 2019	1,236,410
July 2019	<u>1,000,000</u>
	\$ <u>2,957,903</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, 2018

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, 2018, the City's investments in certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
First National Bank	\$ 2,622,980
Sandhill State Bank	<u>334,923</u>
	\$ <u>2,957,903</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, 2018.

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 April 17, 2018, the City Council approved a \$5,000 LB840 loan for Branco, Inc. d/b/a Gary's Restoration & Cleaning. The \$5,000 loan is an interest-free forgivable loan if the company remains in business for three years. The loan had not been advanced as of September 30, 2018.

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2018

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Construction Commitments

	<u>Contract Amount</u>	<u>Incurred as of 9/30/18</u>	<u>Balance</u>	<u>Expected Completion</u>
Airport Snow Blower Engineering	\$ 17,250	\$ 12,026	\$ 5,224	June 2019
Airport Building Contractor	\$ 530,115	\$ 27,168	\$ 502,947	September 2019
Airport Runway Sealcoat Contractor	\$ 3,678,595	\$ -	\$ 3,678,595	September 2019
Street Overlay Project Contractor	\$ 810,845	\$ 496,610	\$ 314,235	December 2018
Airport Electric Line Engineering	\$ 25,000	\$ 19,500	\$ 5,500	September 2019
Sewer Lift Stations B & C Rehab : Contractor	\$ 381,100	\$ 331,588	\$ 49,512	March 2019

4. Interlocal Agreements

The City has the following interlocal agreements in effect as of September 30, 2018:

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

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2018

NOTE D – OTHER NOTES, continued

4. Interlocal Agreements, continued

Parties to Agreement	Agreement Period	Descriptions
Western Nebraska Community College	December 1, 2016 (Fifty years)	Provision of Lineman Training Facility
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, 2018

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)	October 4, 2015	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, 2018

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, 2018, which is based on 33.1 percent usage of the landfill, with a remaining estimated life of 76.17 years. The estimated liability for construction and demolition landfill closure is \$94,009, with postclosure care costs of \$26,843, for a total of \$120,852 as of September 30, 2018.

It is estimated that an additional \$1,975,008 and \$933,753, 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 \$4,906,095 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, 2018. 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, 2018, restricted funds of \$2,004,823 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.

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.

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2018

NOTE D – OTHER NOTES, continued

6. Tax Abatements, continued

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, 2018 is as follows:

<u>TIF Project</u>	<u>Years Remaining on TIF Agreements</u>	<u>TIF Proceeds Received during the year 9-30-2018</u>
Otto	7	\$ 5,012
Pepsi-Cola of Western Nebraska	8	60,095
West Plains, LLC	9	<u>257,322</u>
		<u>\$ 322,429</u>

7. Related Party Transactions

During the year ended September 30, 2018, the City paid \$23,184 for sidewalk replacement and repairs to a business owned by a Council member.

8. Subsequent Events

Management has evaluated subsequent events through January 23, 2019, the date on which the financial statements were available for issue.

On October 16, 2018, the City Council approved the purchase of a John Deere 8900A precision cut large area reel mower for \$67,000 from Stotz Equipment with the trade in of a Jacobsen LF4677 mower.

On November 6, 2018, voters approved extending the 1.5 percent sales tax until October 31, 2030 and approved an annual allocation of \$200,000 of these sales tax dollars to be used for economic development.

On December 18, 2018, the City Council approved the purchase of a 2020 Freightliner refuse truck for \$210,719 from Kois Brothers Equipment Company.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALLIANCE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND

Year ended September 30, 2018

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 1,389,700	\$ 1,368,213	\$ (21,487)
Motor vehicle	185,000	184,201	(799)
Franchise	218,500	200,898	(17,602)
Intergovernmental	353,800	366,742	12,942
Grants	58,000	55,528	(2,472)
Charges for services	673,600	419,142	(254,458)
Contributions	19,100	29,142	10,042
Interest income	30,100	54,345	24,245
Sale of property	17,500	3,622	(13,878)
Other	3,700	110,912	107,212
Total resources	2,949,000	2,792,745	(156,255)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	1,277,000	690,628	(586,372)
Public safety	3,323,600	2,898,764	(424,836)
Public works	497,000	571,945	74,945
Environment and leisure	2,183,800	1,888,206	(295,594)
Total charges to appropriations	7,281,400	6,049,543	(1,231,857)
Resources over (under) charges to appropriations	(4,332,400)	(3,256,798)	1,075,602
OTHER FINANCING SOURCES (USES)			
Transfers in	3,853,200	3,604,487	(248,713)
Transfers out	(235,100)	(234,600)	500
Net transfers	3,618,100	3,369,887	(248,213)
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	\$ (714,300)	\$ 113,089	\$ 827,389

CITY OF ALLIANCE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
STREET FUND

Year ended September 30, 2018

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Sales tax	\$ 260,000	\$ 254,763	\$ (5,237)
Intergovernmental	1,207,800	1,180,285	(27,515)
Grant revenue	-	34,747	34,747
Charges for services	19,400	-	(19,400)
Interest income	15,000	5,095	(9,905)
Sale of property/insurance proceeds	500	9,448	8,948
Other income	200	1,993	1,793
	<hr/>	<hr/>	<hr/>
Total resources	1,502,900	1,486,331	(16,569)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	1,295,500	1,355,910	60,410
Capital outlay	2,150,000	1,323,424	(826,576)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	3,445,500	2,679,334	(766,166)
RESOURCES OVER (UNDER)			
CHARGES TO APPROPRIATIONS	<u>\$ (1,942,600)</u>	<u>\$ (1,193,003)</u>	<u>\$ 749,597</u>

CITY OF ALLIANCE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
SALES TAX FUND**

Year ended September 30, 2018

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Sales tax	\$ 1,470,000	\$ 1,419,948	\$ (50,052)
Interest income	100	33	(67)
	<hr/>	<hr/>	<hr/>
Total resources	1,470,100	1,419,981	(50,119)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
	<hr/>	<hr/>	<hr/>
Resources over (under) charges to appropriations	1,470,100	1,419,981	(50,119)
OTHER FINANCING SOURCES (USES)			
Transfers out	<hr/>	<hr/>	<hr/>
	(1,470,000)	(1,432,787)	37,213
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER CHARGES TO APPROPRIATIONS			
	<hr/>	<hr/>	<hr/>
	\$ 100	\$ (12,806)	\$ (12,906)

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

Year ended September 30, 2018

	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	40,000	40,105	105
Interest on long-term debt	<u>3,600</u>	<u>3,983</u>	<u>383</u>
Total charges to appropriations	<u>43,600</u>	<u>44,088</u>	<u>488</u>
Resources over (under) charges to appropriations	(43,600)	(44,086)	(486)
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>\$ -</u></u>	<u><u>\$ (486)</u></u>	<u><u>\$ (486)</u></u>

CITY OF ALLIANCE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
REDEVELOPMENT FUND

Year ended September 30, 2018

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
TIF proceeds	\$ 300,000	\$ 322,429	\$ 22,429
Interest income	-	9	9
Bond/loan proceeds	-	61,000	61,000
	<hr/>	<hr/>	<hr/>
Total resources	300,000	383,438	83,438
 CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Economic development	350,000	383,429	33,429
	<hr/>	<hr/>	<hr/>
 RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS			
	<u>\$ (50,000)</u>	<u>\$ 9</u>	<u>\$ 50,009</u>

CITY OF ALLIANCE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
AIRPORT FUND

Year ended September 30, 2018

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Property tax	\$ 273,600	\$ 272,322	\$ (1,278)
Grant revenue	3,150,000	41,582	(3,108,418)
Charges for services	211,600	178,255	(33,345)
Interest income	1,000	5,114	4,114
Sale of property	10,000	107,399	97,399
Insurance proceeds	475,000	398,964	(76,036)
Loan proceeds	800,000	-	(800,000)
	<hr/>	<hr/>	<hr/>
Total resources	4,921,200	1,003,636	(3,917,564)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Operating expenses	519,400	488,844	(30,556)
Capital outlay	4,520,000	179,036	(4,340,964)
Principal payments	47,000	47,171	171
Interest expense	13,000	11,908	(1,092)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	5,099,400	726,959	(4,372,441)
Resources over (under) charges to appropriations	(178,200)	276,677	454,877
OTHER FINANCING SOURCES (USES)			
Transfers in	60,000	59,000	(1,000)
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ (118,200)</u>	<u>\$ 335,677</u>	<u>\$ 453,877</u>

CITY OF ALLIANCE, NEBRASKA

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

Year ended September 30, 2018

**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	\$ 2,792,745	\$ 1,486,331	\$ 1,419,981	\$ 2	\$ 383,438	\$ 1,003,636
Differences - budget to GAAP:						
Cash to accrual adjustments	<u>(90,128)</u>	<u>(12,572)</u>	<u>(12,839)</u>	<u>-</u>	<u>-</u>	<u>339,284</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,882,873</u>	<u>\$ 1,498,903</u>	<u>\$ 1,432,820</u>	<u>\$ 2</u>	<u>\$ 383,438</u>	<u>\$ 664,352</u>
Uses/outflows of resources:						
Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedules	\$ 6,049,543	\$ 2,679,334	\$ -	\$ 44,088	\$ 383,429	\$ 726,959
Differences - budget to GAAP:						
Cash to accrual adjustments	<u>29,036</u>	<u>278,142</u>	<u>-</u>	<u>(921)</u>	<u>-</u>	<u>5,668</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 6,020,507</u>	<u>\$ 2,401,192</u>	<u>\$ -</u>	<u>\$ 45,009</u>	<u>\$ 383,429</u>	<u>\$ 721,291</u>
Other financing sources/uses:						
Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedules	\$ 3,369,887	\$ -	\$ (1,432,787)	\$ 43,600	\$ -	\$ 59,000
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>\$ 3,369,887</u>	<u>\$ -</u>	<u>\$ (1,432,787)</u>	<u>\$ 43,600</u>	<u>\$ -</u>	<u>\$ 59,000</u>

SUPPLEMENTARY INFORMATION

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

September 30, 2018

	Permanent Fund	Special Revenue Funds	
	Cemetery Perpetual Care	HUD Loan & CDBG	BID
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Restricted cash	422,097	12,034	12,081
County treasurer cash	-	-	-
Receivables:			
Accounts, net of allowance for doubtful accounts	-	-	-
Property tax	-	-	-
Notes	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
	\$ 422,097	\$ 12,034	\$ 12,081
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	422,097	-	-
Restricted for:			
Capital projects	-	-	-
Community betterment	-	-	-
Debt service	-	-	-
Economic development	-	-	-
Federal programs	-	12,034	-
Maintenance expenses	-	-	12,081
Museum projects	-	-	-
Tourism promotion activities	-	-	-
Assigned for:			
Capital projects	-	-	-
Other purposes	-	-	-
Total fund balances (deficit)	422,097	12,034	12,081
Total liabilities and fund balances	\$ 422,097	\$ 12,034	\$ 12,081

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>
\$ -	\$ -	\$ -	\$ (1,890)	\$ -	\$ -
80,749	237,729	3,855	-	64,299	165,473
-	-	-	-	-	21
-	-	-	883	4,978	-
-	-	-	-	-	4
-	1,047,834	-	-	-	-
-	-	1,172	-	-	-
18,333	15,000	-	-	-	-
-	-	769	2,361	-	-
<u>\$ 99,082</u>	<u>\$ 1,300,563</u>	<u>\$ 5,796</u>	<u>\$ 1,354</u>	<u>\$ 69,277</u>	<u>\$ 165,498</u>
\$ -	\$ -	\$ -	\$ 910	\$ -	\$ -
-	-	-	-	-	-
-	-	696	444	-	-
-	-	-	-	-	-
-	-	696	1,354	-	-
-	-	-	-	-	-
-	-	-	-	-	165,498
-	-	-	-	69,277	-
-	-	-	-	-	-
99,082	1,300,563	-	-	-	-
-	-	5,100	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>99,082</u>	<u>1,300,563</u>	<u>5,100</u>	<u>-</u>	<u>69,277</u>	<u>165,498</u>
<u>\$ 99,082</u>	<u>\$ 1,300,563</u>	<u>\$ 5,796</u>	<u>\$ 1,354</u>	<u>\$ 69,277</u>	<u>\$ 165,498</u>

CITY OF ALLIANCE, NEBRASKA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS, Continued
September 30, 2018

	Special Revenue Funds		
	Airport <u>Sinking</u>	Museum <u>Exhibit</u>	E911 <u>Fund</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Restricted cash	145,373	14,547	155,078
County treasurer cash	1,735	-	-
Receivables:			
Accounts, net of allowance for doubtful accounts	-	-	-
Property tax	458	-	-
Notes	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 147,566</u></u>	<u><u>\$ 14,547</u></u>	<u><u>\$ 155,078</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Accrued expenses	-	-	-
Unavailable special assessments	-	-	-
Total liabilities	<u> </u>	<u> </u>	<u> </u>
-	-	-	-
Fund balances (deficit):			
Nonspendable:			
Cemetery perpetual care	-	-	-
Restricted for:			
Capital projects	-	-	155,078
Community betterment	-	-	-
Debt service	147,566	-	-
Economic development	-	-	-
Federal programs	-	-	-
Maintenance expenses	-	-	-
Museum projects	-	14,547	-
Tourism promotion activities	-	-	-
Assigned for:			
Capital projects	-	-	-
Other purposes	-	-	-
Total fund balances (deficit)	<u>147,566</u>	<u>14,547</u>	<u>155,078</u>
Total liabilities and fund balances	<u><u>\$ 147,566</u></u>	<u><u>\$ 14,547</u></u>	<u><u>\$ 155,078</u></u>

Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
Marketing Fund	Public Transit	Golf Fund		
\$ -	\$ (6,087)	\$ 52,885	\$ 100,487	\$ 145,395
174,562	-	-	-	1,487,877
-	-	-	-	1,756
27,386	1,474	-	-	34,721
-	-	-	-	462
-	-	-	-	1,047,834
-	-	-	-	1,172
-	-	-	-	33,333
-	16,148	-	344,900	364,178
<u>\$ 201,948</u>	<u>\$ 11,535</u>	<u>\$ 52,885</u>	<u>\$ 445,387</u>	<u>\$ 3,116,728</u>
\$ -	\$ -	\$ 11,461	\$ -	\$ 12,371
-	-	1,308	-	1,308
-	3,211	7,477	-	11,828
-	-	-	-	-
-	3,211	20,246	-	25,507
-	-	-	-	422,097
-	-	-	-	320,576
-	-	-	-	69,277
-	-	-	-	147,566
-	-	-	-	1,399,645
-	-	-	-	17,134
-	-	-	-	12,081
-	-	-	-	14,547
201,948	-	-	-	201,948
-	-	-	445,387	445,387
-	8,324	32,639	-	40,963
<u>201,948</u>	<u>8,324</u>	<u>32,639</u>	<u>445,387</u>	<u>3,091,221</u>
<u>\$ 201,948</u>	<u>\$ 11,535</u>	<u>\$ 52,885</u>	<u>\$ 445,387</u>	<u>\$ 3,116,728</u>

CITY OF ALLIANCE, NEBRASKA

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

For the year ended September 30, 2018

	<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	-	-	8,764
Charges for services	8,570	-	-
Interest income	4,052	1	9
Contributions	-	-	-
Loan proceeds	-	-	-
Other revenue	-	-	-
Total revenues	<u>12,622</u>	<u>1</u>	<u>8,773</u>
EXPENDITURES			
General government	-	-	5,670
Public safety	-	-	-
Environment and leisure	-	-	-
Economic development	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>5,670</u>
Excess (deficiency) of revenues over expenditures	12,622	1	3,103
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Net transfers	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	12,622	1	3,103
Fund balances - September 30, 2017	<u>409,475</u>	<u>12,033</u>	<u>8,978</u>
Fund balances - September 30, 2018	<u>\$ 422,097</u>	<u>\$ 12,034</u>	<u>\$ 12,081</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88
110,000	56,667	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	40,000	26,485	-	-
-	-	-	-	19,888	-
-	-	-	-	-	-
22,339	-	-	-	-	-
50	9,424	2	(2)	276	1,522
-	-	-	4,153	-	-
-	-	-	-	-	-
-	-	5,349	7,700	-	-
<u>132,389</u>	<u>66,091</u>	<u>45,351</u>	<u>38,336</u>	<u>20,164</u>	<u>1,610</u>
-	-	-	-	100	-
-	-	-	-	-	-
-	-	63,160	38,336	-	-
109,388	30,008	-	-	-	-
-	-	-	-	-	-
<u>109,388</u>	<u>30,008</u>	<u>63,160</u>	<u>38,336</u>	<u>100</u>	<u>-</u>
23,001	36,083	(17,809)	-	20,064	1,610
-	-	20,000	-	-	-
-	-	-	-	(20,000)	-
<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>
23,001	36,083	2,191	-	64	1,610
76,081	1,264,480	2,909	-	69,213	163,888
<u>\$ 99,082</u>	<u>\$ 1,300,563</u>	<u>\$ 5,100</u>	<u>\$ -</u>	<u>\$ 69,277</u>	<u>\$ 165,498</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, 2018

	Special Revenue Funds		
	Airport <u>Sinking</u>	Museum <u>Exhibit</u>	E911 <u>Fund</u>
REVENUES			
Taxes:			
Property tax	\$ 55,697	\$ -	\$ -
Sales tax	-	-	-
Occupation tax	-	-	-
Intergovernmental	-	-	59,014
Grants	-	-	-
Keno	-	-	-
Special assessments	-	-	-
Charges for services	-	-	-
Interest income	335	11	118
Contributions	-	-	-
Loan proceeds	-	-	-
Other revenue	-	-	-
Total revenues	56,032	11	59,132
EXPENDITURES			
General government	-	-	-
Public safety	-	-	48,000
Environment and leisure	-	-	-
Economic development	-	-	-
Capital outlay	-	-	-
Total expenditures	-	-	48,000
Excess (deficiency) of revenues over expenditures	56,032	11	11,132
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(59,000)	-	-
Net transfers	(59,000)	-	-
Net change in fund balances	(2,968)	11	11,132
Fund balances - September 30, 2017	150,534	14,536	143,946
Fund balances - September 30, 2018	\$ 147,566	\$ 14,547	\$ 155,078

Special Revenue Funds			Capital	Total Nonmajor
Marketing	Public	Golf	Projects	Governmental
Fund	Transit	Fund	Fund	Funds
\$ -	\$ -	\$ -	\$ -	\$ 55,785
-	-	-	91,667	258,334
150,912	-	-	-	150,912
-	30,000	-	-	89,014
-	196,553	-	-	263,038
-	-	-	-	19,888
-	-	-	-	8,764
-	26,374	185,365	-	242,648
4,879	(9)	30	172	20,870
-	2,800	-	-	6,953
-	-	-	321,043	321,043
-	5	1,368	-	14,422
<u>155,791</u>	<u>255,723</u>	<u>186,763</u>	<u>412,882</u>	<u>1,451,671</u>
150	-	-	-	5,920
-	-	-	-	48,000
-	277,576	331,123	7,775	717,970
-	-	-	-	139,396
-	-	-	328,558	328,558
<u>150</u>	<u>277,576</u>	<u>331,123</u>	<u>336,333</u>	<u>1,239,844</u>
155,641	(21,853)	(144,360)	76,549	211,827
-	16,000	175,000	-	211,000
(137,200)	-	-	-	(216,200)
<u>(137,200)</u>	<u>16,000</u>	<u>175,000</u>	<u>-</u>	<u>(5,200)</u>
18,441	(5,853)	30,640	76,549	206,627
<u>183,507</u>	<u>14,177</u>	<u>1,999</u>	<u>368,838</u>	<u>2,884,594</u>
<u>\$ 201,948</u>	<u>\$ 8,324</u>	<u>\$ 32,639</u>	<u>\$ 445,387</u>	<u>\$ 3,091,221</u>

CITY OF ALLIANCE, NEBRASKA

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS

September 30, 2018

	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	\$ 2,011,524	\$ 54,584	\$ 47,667	\$ 2,113,775
Insurance receivable	101,999	13,688	-	115,687
Prepaid insurance	-	45,366	-	45,366
	<u>2,113,523</u>	<u>113,638</u>	<u>47,667</u>	<u>2,274,828</u>
LIABILITIES				
Current liabilities:				
Accounts payable	51,521	31,976	-	83,497
Accrued payroll	-	7,734	3,856	11,590
Due to other funds	-	-	694	694
Total current liabilities	<u>51,521</u>	<u>39,710</u>	<u>4,550</u>	<u>95,781</u>
NET POSITION				
Unrestricted	<u>\$ 2,062,002</u>	<u>\$ 73,928</u>	<u>\$ 43,117</u>	<u>\$ 2,179,047</u>

CITY OF ALLIANCE, NEBRASKA

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

For the year ended September 30, 2018

	Health Insurance <u>Fund</u>	Administration Internal Service <u>Fund</u>	Enterprise Internal Service <u>Fund</u>	<u>Total</u>
Operating revenues:				
Interdepartmental charges	\$ -	\$ 1,112,960	\$ 452,270	\$ 1,565,230
Health insurance premiums	1,334,486	-	-	1,334,486
Other reimbursements	-	-	-	-
Rent income	-	-	1,380	1,380
Total operating revenues	<u>1,334,486</u>	<u>1,112,960</u>	<u>453,650</u>	<u>2,901,096</u>
Operating expenses:				
Personnel	-	160,406	-	160,406
Legal	-	135,828	-	135,828
Risk management	-	323,502	-	323,502
Management information systems	-	214,624	-	214,624
Accounting	-	268,103	-	268,103
Utility customer service	-	-	218,892	218,892
Meter reading	-	-	56,259	56,259
Warehouse	-	-	152,039	152,039
Insurance claims and health premiums	<u>1,153,032</u>	<u>-</u>	<u>-</u>	<u>1,153,032</u>
Total operating expenses	<u>1,153,032</u>	<u>1,102,463</u>	<u>427,190</u>	<u>2,682,685</u>
Operating income	181,454	10,497	26,460	218,411
Nonoperating revenues:				
Interest income	<u>18,421</u>	<u>115</u>	<u>100</u>	<u>18,636</u>
Change in net position	199,875	10,612	26,560	237,047
Net position - September 30, 2017	<u>1,862,127</u>	<u>63,316</u>	<u>16,557</u>	<u>1,942,000</u>
Net position - September 30, 2018	<u><u>\$ 2,062,002</u></u>	<u><u>\$ 73,928</u></u>	<u><u>\$ 43,117</u></u>	<u><u>\$ 2,179,047</u></u>

CITY OF ALLIANCE, NEBRASKA

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

For the year ended September 30, 2018

	Health Insurance <u>Fund</u>	Administration Internal Service <u>Fund</u>	Enterprise Internal Service <u>Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from other funds	\$ 1,232,487	\$ 1,117,008	\$ 453,650	\$ 2,803,145
Payments to suppliers	(1,201,406)	(1,073,094)	(426,812)	(2,701,312)
Net cash provided by operating activities	<u>31,081</u>	<u>43,914</u>	<u>26,838</u>	<u>101,833</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Increase in due to other funds	-	-	49	49
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income received	<u>18,421</u>	<u>115</u>	<u>100</u>	<u>18,636</u>
Increase in cash and cash equivalents	49,502	44,029	26,987	120,518
Cash and cash equivalents - beginning of the year	<u>1,962,022</u>	<u>10,555</u>	<u>20,680</u>	<u>1,993,257</u>
Cash and cash equivalents - end of the year	<u><u>\$ 2,011,524</u></u>	<u><u>\$ 54,584</u></u>	<u><u>\$ 47,667</u></u>	<u><u>\$ 2,113,775</u></u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 181,454	\$ 10,497	\$ 26,460	\$ 218,411
Adjustments to reconcile operating income to net cash provided by operating activities:				
Change in assets and liabilities:				
Insurance receivable	(101,999)	4,048	-	(97,951)
Prepaid insurance	-	9,161	-	9,161
Accounts payable	(48,374)	20,059	-	(28,315)
Accrued payroll	-	149	378	527
Net cash provided by operating activities	<u><u>\$ 31,081</u></u>	<u><u>\$ 43,914</u></u>	<u><u>\$ 26,838</u></u>	<u><u>\$ 101,833</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
Tracy A. Cannon

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, 2018, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated January 23, 2019.

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.

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

Segregation of Duties

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

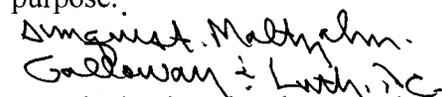
- Bank balances at one financial institution exceeded FDIC coverage and pledged securities by \$645,210 at September 30, 2018.

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. Also, the City will monitor bank balances and request the financial institutions to assign additional collateral, as needed, in the future. 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.


Galloway & Luth, P.C.
Grand Island, Nebraska
January 23, 2019