

CITY OF ALLIANCE, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2019

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements	
Balance Sheet - Governmental Funds	18
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	21
Statement of Fund Net Position - Proprietary Funds	22
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	23
Statement of Cash Flows - Proprietary Funds	24
Notes to Financial Statements	26
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules	
General Fund	66
Street Fund	67
Sales Tax Fund	68
Debt Service Fund	69
Redevelopment Fund	70
Airport Fund	71
Note to Required Supplementary Information	72
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	75
Combining Statement of Net Position - Internal Service Funds	77
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds	78
Combining Statement of Cash Flows - Internal Service Funds	79

TABLE OF CONTENTS, Continued

	Page
SINGLE AUDIT REPORTS	
Schedule of Expenditures of Federal Awards	80
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 <i>Government Auditing Standards</i>	81
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	83
Schedule of Findings and Questioned Costs	85
Summary Schedule of Prior Audit Findings	87

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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, 2019, 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, 2019, 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The nonmajor governmental funds combining statements, the internal service funds combining statements, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 and the schedule of expenditures of federal awards are 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, 2020, 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.

AMGL. NC

Grand Island, Nebraska
January 23, 2020

**CITY OF ALLIANCE, NEBRASKA
MANAGEMENT’S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2019**

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, 2019.

Financial Highlights

- The assets of the City of Alliance exceeded its liabilities at the close of the most recent fiscal year by \$84,635,167 (*net position*). Of this amount, \$19,588,945 (*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 \$50,773,373. Approximately 12.2 percent of this total amount, \$6,187,225, is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,032,761, or 51.4 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, 2019

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, 2019**

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 internal service funds to account for its employee health insurance and shared departmental expenses. Because these services predominantly benefits governmental rather than business-type functions, they have 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 \$84,635,167 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, 2019**

Summary Statements of Net Position

	September 30, 2019			September 30, 2018		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 12,500,944	\$ 16,839,545	\$ 29,340,489	\$ 10,700,443	\$ 16,326,673	\$ 27,027,116
Capital Assets	42,218,610	23,256,955	65,475,565	39,190,243	21,942,754	61,132,997
Total Assets	54,719,554	40,096,500	94,816,054	49,890,686	38,269,427	88,160,113
Long-term Liabilities	1,740,903	4,719,838	6,460,741	1,036,863	4,606,906	5,643,769
Other Liabilities	2,205,278	1,514,868	3,720,146	1,881,633	1,520,282	3,401,915
Total Liabilities	3,946,181	6,234,706	10,180,887	2,918,496	6,127,188	9,045,684
Net Position:						
Net Investment in						
Capital Assets	41,347,583	20,460,074	61,807,657	38,230,357	19,204,725	57,435,082
Restricted	3,238,565	-	3,238,565	2,686,507	7,489	2,693,996
Unrestricted	6,187,225	13,401,720	19,588,945	6,055,326	12,930,025	18,985,351
Total Net Position	<u>\$ 50,773,373</u>	<u>\$ 33,861,794</u>	<u>\$ 84,635,167</u>	<u>\$ 46,972,190</u>	<u>\$ 32,142,239</u>	<u>\$ 79,114,429</u>

By far the largest portion of the City of Alliance's net position (73.0 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 (3.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$19,588,945) 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, 2019**

Expenses and Program Revenues - Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2019</u>		<u>Year Ended September 30, 2018</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 63,999	\$ 655,069	\$ 9,517	\$ 603,025
Public Safety	375,017	2,735,683	410,272	2,701,570
Public Works	303,002	1,026,330	751,649	1,872,900
Environment and Leisure	4,598,192	3,123,867	1,103,315	2,997,613
Economic Development	-	423,882	83,339	522,825
Interest	-	34,333	-	16,812
Depreciation	-	2,392,334	-	2,387,776
Total	<u>\$ 5,340,210</u>	<u>\$ 10,391,498</u>	<u>\$ 2,358,092</u>	<u>\$ 11,102,521</u>

Revenues by Source - Governmental Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2019</u>		<u>Year Ended September 30, 2018</u>	
Charges for Services	\$ 1,023,520	7.21 %	\$ 1,006,337	9.51 %
Operating Grants and Contributions	653,790	4.61	719,936	6.80
Capital Grants and Contributions	3,662,900	25.81	631,819	5.97
Property Taxes	1,710,778	12.05	1,691,571	15.98
Motor Vehicle Taxes	182,192	1.28	184,201	1.74
Sales Tax	2,027,977	14.29	1,951,604	18.44
Franchise Taxes	189,497	1.33	200,898	1.90
Occupation Taxes	214,218	1.51	150,912	1.42
TIF Proceeds	311,957	2.20	322,429	3.05
State Allocation	1,438,712	10.14	1,310,453	12.38
Special Assessments	9,501	0.07	8,764	0.08
Keno	15,117	0.11	19,888	0.19
Other	10,414	0.07	127,327	1.20
Interest	146,567	1.03	103,851	0.98
Gain on Sale of Assets	568,041	4.00	120,469	1.14
Interfund Transfer	2,027,500	14.29	2,034,500	19.22
Total	<u>\$ 14,192,681</u>	<u>100.00 %</u>	<u>\$ 10,584,959</u>	<u>100.00 %</u>

Net position increased \$3,801,183 in the governmental funds during the year ended September 30, 2019.

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 \$1,710,778 in property tax for fiscal year 2019 compared to \$1,691,571 in 2018. Levies are expressed in dollars and cents per \$100 of valuation. The 2018 tax year levies

**CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2019**

were collected in the City's Fiscal Year 2019. 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>
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
2018	.23704	.03395	-	.05326	.01109	.33534	\$ 505,420,246

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

Business-type activities. Business-type activities increased the City of Alliance's net position by \$1,719,555. Key elements of this increase are as follows:

Expenses and Program Revenues - Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2019</u>		<u>Year Ended September 30, 2018</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 13,383,045	\$ 10,029,872	\$ 14,073,003	\$ 10,421,640
Water	1,583,638	1,386,842	1,771,810	1,268,799
Sewer	486,420	445,201	481,660	397,255
Refuse	1,117,783	1,252,282	1,174,827	1,043,448
Total	<u>16,570,886</u>	<u>13,114,197</u>	<u>17,501,300</u>	<u>13,131,142</u>
Interfund Transfer	-	2,027,500	-	2,034,500
	<u>\$ 16,570,886</u>	<u>\$ 15,141,697</u>	<u>\$ 17,501,300</u>	<u>\$ 15,165,642</u>

Revenues by Source - Business-type Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2019</u>		<u>Year Ended September 30, 2018</u>	
Charges for Services	\$ 16,570,886	98.28 %	\$ 17,501,300	99.30 %
Interest	204,142	1.21	100,715	0.57
Miscellaneous	9,003	0.05	18,573	0.11
Gain on Sale of Assets	77,221	0.46	4,440	0.02
Total	<u>\$ 16,861,252</u>	<u>100.00 %</u>	<u>\$ 17,625,028</u>	<u>100.00 %</u>

CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2019

The largest source of receipts for the City is user fees in the Utility Departments. The Utility Departments transferred \$2,027,500 in revenues to the operations of the governmental funds.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Alliance's governmental funds reported combined ending fund balances of \$7,163,968. Approximately 39.8 percent of this total amount (\$2,853,896) 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 (\$153,364), 2) restricted for street improvements (\$397,578), 3) restricted for Federal programs (\$21,023), 4) restricted to fund capital projects (\$306,297), 5) restricted for economic development (\$1,495,779), 6) restricted for maintenance expenses (\$9,100), 7) restricted for tourism promotion (\$310,951), 8) restricted for community betterment (\$66,836), 9) endowed as nonspendable for cemetery perpetual care (\$437,175), 10) restricted for museum projects (\$14,565), 11) restricted for general tax support (\$25,897), 12) committed for sign project (\$11,614), 13) assigned for budgetary stabilization (\$581,300), 14) assigned for capital projects (\$421,635), or 15) assigned for specific special revenue fund purposes (\$56,958).

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 \$3,032,761 and total fund balance was \$3,625,675. 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 51.4 percent of total General Fund expenditures, while total fund balance was 61.5 percent of total General Fund expenditures.

The fund balance of the City of Alliance's General Fund increased by \$255,232 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 – \$10,815,326, Water Fund – \$1,544,566, Sewer Fund – \$697,326, and Refuse Fund – \$344,502. The change in net position for the proprietary funds was as follows: Electric Fund – increase of \$1,907,660, Water Fund – increase of \$17,273, Sewer Fund – decrease of \$(8,154), and Refuse Fund – decrease of \$(197,224). Other factors concerning the finances of these four

CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2019

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

Budgetary Highlights

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

Capital Asset and Debt Administration

Capital Assets. The City of Alliance's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounts to \$65,475,565 (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 - \$3,118,066
- Airport storage building - \$557,254
- Construction in progress on airport building - \$29,200
- Airport snow blower and broom - \$755,292
- Airport access road - \$25,000
- Reel mower for the golf course - \$67,000
- Network server upgrade - \$37,615
- Disc golf course - \$27,425
- Zuercher software project in progress for police - \$194,166
- 2020 Ford Explorer Interceptor for police - \$33,473
- 2019 Global M3 street sweeper - \$225,631
- 2019 Ford F-150 pickup for street department - \$31,922
- Construction costs on asphalt overlay projects - \$331,697
- Construction in progress on airport electric line rebuild - \$391,362
- Construction in progress on rural line rebuild project - \$25,851
- Electric AMI meter project - \$1,343,540
- Electric line extension for Valley Road - \$25,563
- 2019 Ford F-250 pickup for electric department - \$48,171
- 2020 Freightliner for refuse collection - \$210,727
- Storm water control ditch at landfill - \$236,377
- 2019 Bobcat S650 skidsteer - \$43,580
- Sewer lift station - \$405,770
- Lift station SCADA system - \$38,164
- 2018 Envirosight camera system - \$130,191
- 2019 Ford F-150 pickup for water department - \$35,563
- Water hydrant replacement project - \$150,711

**CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2019**

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

	<u>Year Ended September 30, 2019</u>			<u>Year Ended September 30, 2018</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	\$ 2,114,120	\$ 566,827	\$ 2,680,947
Construction in Progress	3,452,187	482,635	3,934,822	684,005	541,736	1,225,741
Infrastructure	12,726,425	-	12,726,425	12,550,467	-	12,550,467
Improvements	10,290,209	-	10,290,209	11,028,562	-	11,028,562
Buildings	10,328,262	1,610,631	11,938,893	10,217,916	1,668,269	11,886,185
Equipment	3,307,407	8,502,824	11,810,231	2,595,173	8,191,084	10,786,257
Distribution Systems	-	12,094,038	12,094,038	-	10,974,838	10,974,838
Total	<u>\$ 42,218,610</u>	<u>\$ 23,256,955</u>	<u>\$ 65,475,565</u>	<u>\$ 39,190,243</u>	<u>\$ 21,942,754</u>	<u>\$ 61,132,997</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 \$3,667,908. Of this amount, \$871,027 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., DEQ notes and utility certificates of participation).

City of Alliance's Outstanding Debt

	<u>Year Ended September 30, 2019</u>			<u>Year Ended September 30, 2018</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	\$ 871,027	\$ 2,541,881	\$ 3,412,908	\$ 959,886	\$ 2,738,029	\$ 3,697,915
Certificates of Participation	-	255,000	255,000	-	-	-
Total	<u>\$ 871,027</u>	<u>\$ 2,796,881</u>	<u>\$ 3,667,908</u>	<u>\$ 959,886</u>	<u>\$ 2,738,029</u>	<u>\$ 3,697,915</u>

The City of Alliance's total debt decreased by \$30,007 (0.8 percent) during the current fiscal year, as scheduled principal payments were made. The City issued certificates of participation totaling \$255,000 to finance refuse equipment.

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, 2019**

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:

- O'Reilly's Auto Parts
- Small strip mall near the Holiday Inn Express
- Carters Home and Appliance expansion

Building activity should continue to result in strong sales tax and occupation taxes. BNSF Railway and Parker activity remain strong in the community. The farm and ranch economy continue to be depressed.

The City's taxable property valuation grew by \$16,490,748 (3.3 percent) to an all-time high in 2019 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, 2020 is \$1,694,881, the same as the prior year.

The City expects to invest \$1.2 million in the Third Street construction project during the year ending September 30, 2020. Also, the City plans to rebuild airport warehouse #3001 during the spring of 2020.

The City was approved for the USDA Rural Economic Development Loan and Grant (REDLG) program for \$300,000, which will create a revolving loan fund for economic development.

Water and sewer rates are increased 1.0 percent at the start of the new fiscal year. Refuse and landfill rates increased 3.5 percent in October 2019.

Sewer projects currently in progress will deplete most of the sewer cash reserves. Also, landfill cash reserves are limited because of required improvements.

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, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,050,715	\$ 9,683,586	\$ 15,734,301
Certificates of deposit	-	1,042,020	1,042,020
County treasurer cash	72,417	-	72,417
Receivables:			
Property tax	16,119	-	16,119
Special assessments	486,903	-	486,903
Accounts, net of allowance for doubtful accounts	278,223	883,368	1,161,591
Unbilled revenue	-	754,037	754,037
Interest	-	7,908	7,908
Current portion of notes	63,091	-	63,091
Current portion of TIF	342,300	-	342,300
Due from other governments	1,634,589	-	1,634,589
Due (to) from other funds	(775,491)	775,491	-
Inventory	-	1,198,312	1,198,312
Prepaid expenses	58,408	-	58,408
Total current assets	8,227,274	14,344,722	22,571,996
Noncurrent assets:			
Restricted cash and cash equivalents	2,207,663	405,968	2,613,631
Restricted certificates of deposit	-	2,088,855	2,088,855
Noncurrent notes receivable	947,668	-	947,668
Noncurrent TIF receivable	1,118,339	-	1,118,339
Capital assets:			
Land and construction in progress	5,566,307	1,049,462	6,615,769
Other capital assets, net of depreciation	36,652,303	22,207,493	58,859,796
Net capital assets	42,218,610	23,256,955	65,475,565
Total noncurrent assets	46,492,280	25,751,778	72,244,058
Total assets	54,719,554	40,096,500	94,816,054
LIABILITIES			
Current liabilities:			
Accounts payable	598,256	757,674	1,355,930
Accrued expenses	129,727	116,033	245,760
Unearned revenue	193,829	-	193,829
Customer deposits	750	391,070	391,820
Police custodial funds	49,526	-	49,526
Current portion of TIF payables	342,300	-	342,300
Unavailable special assessments	486,903	-	486,903
Current portion of long-term obligations	403,987	250,091	654,078
Total current liabilities	2,205,278	1,514,868	3,720,146
Noncurrent liabilities:			
Compensated absences - noncurrent	155,524	61,977	217,501
Landfill closure costs	-	2,111,071	2,111,071
Noncurrent TIF payables	1,118,339	-	1,118,339
Noncurrent portion of long-term obligations	467,040	2,546,790	3,013,830
Total noncurrent liabilities	1,740,903	4,719,838	6,460,741
Total liabilities	3,946,181	6,234,706	10,180,887
NET POSITION			
Net investment in capital assets	41,347,583	20,460,074	61,807,657
Restricted for:			
Capital projects/community betterment	373,133	-	373,133
Debt service	153,364	-	153,364
Cemetery perpetual care	437,175	-	437,175
Economic development	1,495,779	-	1,495,779
Federal programs	21,023	-	21,023
General tax support	25,897	-	25,897
Street improvements	397,578	-	397,578
Maintenance expenses	9,100	-	9,100
Museum projects	14,565	-	14,565
Tourism promotion	310,951	-	310,951
Unrestricted	6,187,225	13,401,720	19,588,945
Total net position	\$ 50,773,373	\$ 33,861,794	\$ 84,635,167

See notes to financial statements.

CITY OF ALLIANCE, NEBRASKA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2019

<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	\$ 655,069	\$ 11,525	\$ -
Public safety	2,735,683	253,250	115,055
Public works	1,026,330	64,539	181,959
Environment and leisure	3,123,867	694,206	356,776
Economic development	423,882	-	-
Interest and related expenses	34,333	-	-
Depreciation - unallocated	2,392,334	-	-
Total governmental activities	10,391,498	1,023,520	653,790
Business-type activities:			
Electric	10,029,872	13,383,045	-
Water	1,386,842	1,583,638	-
Sewer	445,201	486,420	-
Refuse	1,252,282	1,117,783	-
Total business-type activities	13,114,197	16,570,886	-
Total primary government	\$ 23,505,695	\$ 17,594,406	\$ 653,790

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>
\$ 52,474	\$ (591,070)		\$ (591,070)
6,712	(2,360,666)		(2,360,666)
56,504	(723,328)		(723,328)
3,547,210	1,474,325		1,474,325
-	(423,882)		(423,882)
-	(34,333)		(34,333)
-	(2,392,334)		(2,392,334)
<u>3,662,900</u>	<u>(5,051,288)</u>	<u>\$ -</u>	<u>(5,051,288)</u>
-	-	3,353,173	3,353,173
-	-	196,796	196,796
-	-	41,219	41,219
-	-	(134,499)	(134,499)
<u>-</u>	<u>-</u>	<u>3,456,689</u>	<u>3,456,689</u>
<u>\$ 3,662,900</u>	<u>(5,051,288)</u>	<u>3,456,689</u>	<u>(1,594,599)</u>
General revenues:			
Taxes:			
Property	1,710,778	-	1,710,778
Motor vehicle	182,192	-	182,192
Sales tax	2,027,977	-	2,027,977
Franchise	189,497	-	189,497
Occupation	214,218	-	214,218
TIF proceeds	311,957	-	311,957
State allocation	1,438,712	-	1,438,712
Special assessments	9,501	-	9,501
Keno	15,117	-	15,117
Miscellaneous	10,414	9,003	19,417
Interest income	146,567	204,142	350,709
Gain on sale of assets	568,041	77,221	645,262
Interfund transfers	2,027,500	(2,027,500)	-
Total general revenues	<u>8,852,471</u>	<u>(1,737,134)</u>	<u>7,115,337</u>
Change in net position	3,801,183	1,719,555	5,520,738
Net position - September 30, 2018	<u>46,972,190</u>	<u>32,142,239</u>	<u>79,114,429</u>
Net position - September 30, 2019	<u>\$ 50,773,373</u>	<u>\$ 33,861,794</u>	<u>\$ 84,635,167</u>

CITY OF ALLIANCE, NEBRASKA

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

September 30, 2019

	<u>General</u>	<u>Street</u>	<u>Sales Tax</u>	<u>Debt Service</u>
ASSETS				
Cash and cash equivalents	\$ 3,365,685	\$ -	\$ -	\$ -
Restricted cash	-	459,154	25,897	9,033
County treasurer cash	61,347	-	-	-
Receivables:				
Special assessments	-	-	-	486,903
Accounts, net of allowance for doubtful accounts	108,908	300	-	-
Notes receivable	-	-	-	-
Property tax	13,018	-	-	-
TIF	-	-	-	-
Prepaid insurance	3,998	-	-	-
Due from other funds	240,802	50,807	-	-
Due from other governments	-	145,883	351,237	-
Total assets	<u>\$ 3,793,758</u>	<u>\$ 656,144</u>	<u>\$ 377,134</u>	<u>\$ 495,936</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 6,907	\$ 3,513	\$ -	\$ -
Accrued expenses	89,764	4,619	-	1,125
Due to other funds	21,886	250,434	351,237	-
Unearned revenue	-	-	-	-
Customer deposits	-	-	-	-
Police custodial funds	49,526	-	-	-
TIF payables	-	-	-	-
Unavailable special assessments	-	-	-	486,903
Total liabilities	<u>168,083</u>	<u>258,566</u>	<u>351,237</u>	<u>488,028</u>
Fund balances (deficit):				
Nonspendable:				
Cemetery perpetual care	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Community betterment	-	-	-	-
Debt service	-	-	-	7,908
Economic development	-	-	-	-
Federal programs	-	-	-	-
General tax support	-	-	25,897	-
Street improvements	-	397,578	-	-
Maintenance expenses	-	-	-	-
Museum projects	-	-	-	-
Tourism promotion	-	-	-	-
Committed for:				
Sign project	11,614	-	-	-
Assigned for:				
Budgetary stabilization	581,300	-	-	-
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Unassigned	3,032,761	-	-	-
Total fund balances	<u>3,625,675</u>	<u>397,578</u>	<u>25,897</u>	<u>7,908</u>
Total liabilities and fund balances	<u>\$ 3,793,758</u>	<u>\$ 656,144</u>	<u>\$ 377,134</u>	<u>\$ 495,936</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>
\$ -	\$ (119,993)	\$ 421,770	\$ -	\$ 3,667,462
270	-	1,713,309	-	2,207,663
121	9,058	1,891	-	72,417
-	-	-	-	486,903
-	62,495	62,496	-	234,199
-	-	1,010,759	-	1,010,759
-	2,528	573	-	16,119
1,460,639	-	-	-	1,460,639
-	3,594	1,050	-	8,642
-	-	59,628	(351,237)	-
-	1,108,106	29,363	-	1,634,589
<u>\$ 1,461,030</u>	<u>\$ 1,065,788</u>	<u>\$ 3,300,839</u>	<u>\$ (351,237)</u>	<u>\$ 10,799,392</u>
\$ -	\$ 540,705	\$ 1,368	\$ -	\$ 552,493
-	8,349	12,861	-	116,718
-	501,020	1,226	(351,237)	774,566
-	193,829	-	-	193,829
-	750	-	-	750
-	-	-	-	49,526
1,460,639	-	-	-	1,460,639
-	-	-	-	486,903
<u>1,460,639</u>	<u>1,244,653</u>	<u>15,455</u>	<u>(351,237)</u>	<u>3,635,424</u>
-	-	437,175	-	437,175
-	-	306,297	-	306,297
-	-	66,836	-	66,836
-	-	145,456	-	153,364
391	-	1,495,388	-	1,495,779
-	-	21,023	-	21,023
-	-	-	-	25,897
-	-	-	-	397,578
-	-	9,100	-	9,100
-	-	14,565	-	14,565
-	-	310,951	-	310,951
-	-	-	-	11,614
-	-	-	-	581,300
-	-	421,635	-	421,635
-	-	56,958	-	56,958
-	(178,865)	-	-	2,853,896
<u>391</u>	<u>(178,865)</u>	<u>3,285,384</u>	<u>-</u>	<u>7,163,968</u>
<u>\$ 1,461,030</u>	<u>\$ 1,065,788</u>	<u>\$ 3,300,839</u>	<u>\$ (351,237)</u>	<u>\$ 10,799,392</u>

CITY OF ALLIANCE, NEBRASKA

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

September 30, 2019

Total fund balances - governmental funds	\$	7,163,968
<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 \$80,605,425 and the accumulated depreciation is \$38,386,815.</p>		
		42,218,610
<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>		
		2,417,346
<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	\$	(155,524)
Long-term notes payable	(871,027)	(1,026,551)
Total net position - governmental activities	\$	<u>50,773,373</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, 2019

	<u>General</u>	<u>Street</u>	<u>Sales Tax</u>
REVENUES			
Taxes:			
Property	\$ 1,378,307	\$ -	\$ -
Motor vehicle	182,192	-	-
Sales tax	-	244,746	1,583,231
Franchise	189,497	-	-
Occupation	-	-	-
TIF proceeds	-	-	-
Intergovernmental	403,241	1,304,559	-
Grants	5,667	25,124	-
Keno	-	-	-
Special assessments	-	-	-
Charges for services	543,824	35	-
Contributions	13,675	-	-
Interest income	74,655	5,580	89
Sale of property/insurance proceeds	12,626	51,790	-
Other income	853	364	-
Total revenues	<u>2,804,537</u>	<u>1,632,198</u>	<u>1,583,320</u>
EXPENDITURES			
General government	644,350	-	-
Public safety	2,742,720	-	-
Public works	375,107	699,453	-
Environment and leisure	1,882,522	-	-
Economic development	-	-	-
Capital outlay	251,328	597,345	-
Principal payments on debt	-	-	-
Interest on long-term debt	-	11,250	-
Total expenditures	<u>5,896,027</u>	<u>1,308,048</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(3,091,490)	324,150	1,583,320
OTHER FINANCING SOURCES (USES)			
Transfers in	3,680,322	-	-
Transfers out	(333,600)	-	(1,562,822)
Net transfers	<u>3,346,722</u>	<u>-</u>	<u>(1,562,822)</u>
Net change in fund balances	255,232	324,150	20,498
Fund balances - September 30, 2018	<u>3,370,443</u>	<u>73,428</u>	<u>5,399</u>
Fund balances - September 30, 2019	<u>\$ 3,625,675</u>	<u>\$ 397,578</u>	<u>\$ 25,897</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>
\$ -	\$ -	\$ 276,021	\$ 56,450	\$ 1,710,778
-	-	-	-	182,192
-	-	-	200,000	2,027,977
-	-	-	-	189,497
-	-	-	214,218	214,218
-	311,957	-	-	311,957
-	-	-	89,306	1,797,106
-	-	3,525,948	307,264	3,864,003
-	-	-	15,117	15,117
-	-	-	9,501	9,501
-	-	216,111	263,550	1,023,520
-	-	-	28,144	41,819
8	121	5,933	29,322	115,708
-	-	503,625	-	568,041
-	-	-	9,197	10,414
<u>8</u>	<u>312,078</u>	<u>4,527,638</u>	<u>1,222,069</u>	<u>12,081,848</u>
-	-	-	34,833	679,183
-	-	-	76,268	2,818,988
-	-	-	-	1,074,560
-	-	485,386	819,534	3,187,442
-	311,957	-	111,925	423,882
-	-	4,408,208	111,346	5,368,227
40,859	-	48,000	-	88,859
12,380	-	10,703	-	34,333
<u>53,239</u>	<u>311,957</u>	<u>4,952,297</u>	<u>1,153,906</u>	<u>13,675,474</u>
(53,231)	121	(424,659)	68,163	(1,593,626)
58,600	-	59,000	293,000	4,090,922
-	-	-	(167,000)	(2,063,422)
<u>58,600</u>	<u>-</u>	<u>59,000</u>	<u>126,000</u>	<u>2,027,500</u>
5,369	121	(365,659)	194,163	433,874
2,539	270	186,794	3,091,221	6,730,094
<u>\$ 7,908</u>	<u>\$ 391</u>	<u>\$ (178,865)</u>	<u>\$ 3,285,384</u>	<u>\$ 7,163,968</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, 2019

Total net change in fund balances - governmental funds	\$ 433,874
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 (\$5,420,701) exceeded depreciation expense (\$2,392,334) during the period. A portion of the capital asset additions (\$52,474) were paid for by the Internal Service Fund.	
	3,028,367
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.	238,299
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.	11,784
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	88,859
Change in net position of governmental activities	<u><u>\$ 3,801,183</u></u>

See notes to financial statements.

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

September 30, 2019

	Enterprise Funds	
	Electric Fund	Water Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,316,404	\$ 1,414,875
Certificates of deposit	1,042,020	-
Receivables:		
Accounts, net of allowance for doubtful accounts	721,234	87,358
Unbilled revenue	585,714	100,428
Interest	7,159	-
Due from other funds	779,994	4,511
Inventory	1,136,272	59,657
Prepaid expenses	-	-
Total current assets	11,588,797	1,666,829
Noncurrent assets:		
Restricted cash and cash equivalents	53,709	-
Restricted certificates of deposit	342,000	-
Capital assets:		
Land	33,070	361,099
Construction in progress	473,290	-
Distribution systems	13,748,101	10,529,329
Buildings	1,045,060	640,400
Equipment	9,517,186	3,178,536
Less accumulated depreciation	(13,823,601)	(6,738,689)
Net capital assets	10,993,106	7,970,675
Total noncurrent assets	11,388,815	7,970,675
Total assets	22,977,612	9,637,504
LIABILITIES		
Current liabilities:		
Accounts payable	666,458	73,475
Customer deposits	391,070	-
Accrued interest payable	-	22,241
Sales tax payable	63,734	157
Other accrued expenses	14,797	4,906
Due to other funds	-	8,575
Current portion of long-term obligations	-	200,091
Total current liabilities	1,136,059	309,445
Noncurrent liabilities:		
Compensated absences - noncurrent	33,121	12,909
Landfill closure costs	-	-
Noncurrent portion of long-term obligations	-	2,341,790
Total noncurrent liabilities	33,121	2,354,699
Total liabilities	1,169,180	2,664,144
NET POSITION		
Net investment in capital assets	10,993,106	5,428,794
Unrestricted	10,815,326	1,544,566
Total net position	\$ 21,808,432	\$ 6,973,360

See notes to financial statements.

Enterprise Funds				Internal Service Funds
Sewer Fund	Refuse Fund	Eliminations	Total	Funds
\$ 657,604	\$ 294,703	\$ -	\$ 9,683,586	\$ 2,383,253
-	-	-	1,042,020	-
16,872	57,904	-	883,368	44,024
27,598	40,297	-	754,037	-
-	749	-	7,908	-
-	815	(9,829)	775,491	-
2,383	-	-	1,198,312	-
-	-	-	-	49,766
<u>704,457</u>	<u>394,468</u>	<u>(9,829)</u>	<u>14,344,722</u>	<u>2,477,043</u>
-	352,259	-	405,968	-
-	1,746,855	-	2,088,855	-
60,978	111,680	-	566,827	-
7,545	1,800	-	482,635	-
4,487,086	2,010,189	-	30,774,705	-
505,607	561,861	-	2,752,928	-
1,355,160	3,701,136	-	17,752,018	-
(4,517,118)	(3,992,750)	-	(29,072,158)	-
<u>1,899,258</u>	<u>2,393,916</u>	<u>-</u>	<u>23,256,955</u>	<u>-</u>
<u>1,899,258</u>	<u>4,493,030</u>	<u>-</u>	<u>25,751,778</u>	<u>-</u>
<u>2,603,715</u>	<u>4,887,498</u>	<u>(9,829)</u>	<u>40,096,500</u>	<u>2,477,043</u>
-	17,741	-	757,674	45,763
-	-	-	391,070	-
-	1,332	-	23,573	-
-	1	-	63,892	-
1,768	7,097	-	28,568	13,009
861	393	(9,829)	-	925
-	50,000	-	250,091	-
<u>2,629</u>	<u>76,564</u>	<u>(9,829)</u>	<u>1,514,868</u>	<u>59,697</u>
4,502	11,445	-	61,977	-
-	2,111,071	-	2,111,071	-
-	205,000	-	2,546,790	-
<u>4,502</u>	<u>2,327,516</u>	<u>-</u>	<u>4,719,838</u>	<u>-</u>
<u>7,131</u>	<u>2,404,080</u>	<u>(9,829)</u>	<u>6,234,706</u>	<u>59,697</u>
1,899,258	2,138,916	-	20,460,074	-
697,326	344,502	-	13,401,720	2,417,346
<u>\$ 2,596,584</u>	<u>\$ 2,483,418</u>	<u>\$ -</u>	<u>\$ 33,861,794</u>	<u>\$ 2,417,346</u>

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

For the year ended September 30, 2019

	Enterprise Funds	
	Electric Fund	Water Fund
Operating revenues:		
User charges	\$ 13,254,979	\$ 1,574,633
Interdepartmental charges	-	-
Other reimbursements	-	-
Rent income	128,066	9,005
Total operating revenues	13,383,045	1,583,638
Operating expenses:		
Cost of power	7,769,164	-
Personnel	861,221	369,030
Contract services	138,439	437,359
Commodities	274,127	76,965
Generation	26,158	-
Customer service	-	-
Meter reading	-	-
Warehouse	16,767	744
Risk management	-	-
Management information systems	-	-
Administration/finance	347,323	75,652
Insurance claims and health premiums	-	-
Landfill closure	-	-
Depreciation	596,673	348,131
Bond fees	-	-
Total operating expenses	10,029,872	1,307,881
Operating income (loss)	3,353,173	275,757
Nonoperating revenues (expenses):		
Interest income	129,712	17,628
Interest expense	-	(52,069)
DEQ loan fees	-	(26,892)
Gain on sale of capital assets	51,544	250
Other revenue	8,731	99
Total nonoperating revenues (expenses)	189,987	(60,984)
Income (loss) before interfund transfers	3,543,160	214,773
Interfund transfers:		
Transfer to other funds	(1,635,500)	(197,500)
Change in net position	1,907,660	17,273
Net position - September 30, 2018	19,900,772	6,956,087
Net position - September 30, 2019	\$ 21,808,432	\$ 6,973,360

See notes to financial statements.

Enterprise Funds			Internal
Sewer Fund	Refuse Fund	Total	Service Funds
\$ 480,870	\$ 1,117,483	\$ 16,427,965	\$ -
-	-	-	2,956,235
-	-	-	59
5,550	300	142,921	1,380
<u>486,420</u>	<u>1,117,783</u>	<u>16,570,886</u>	<u>2,957,674</u>
-	-	7,769,164	-
124,340	467,650	1,822,241	164,116
41,368	207,113	824,279	-
29,724	108,343	489,159	-
-	-	26,158	-
-	-	-	236,659
-	-	-	69,186
-	-	17,511	165,715
-	-	-	319,724
-	-	-	224,531
60,733	98,636	582,344	413,944
-	-	-	1,156,359
-	113,736	113,736	-
189,036	251,173	1,385,013	-
-	4,300	4,300	-
<u>445,201</u>	<u>1,250,951</u>	<u>13,033,905</u>	<u>2,750,234</u>
41,219	(133,168)	3,536,981	207,440
9,106	47,696	204,142	30,859
-	(1,331)	(53,400)	-
-	-	(26,892)	-
-	25,427	77,221	-
21	152	9,003	-
<u>9,127</u>	<u>71,944</u>	<u>210,074</u>	<u>30,859</u>
50,346	(61,224)	3,747,055	238,299
<u>(58,500)</u>	<u>(136,000)</u>	<u>(2,027,500)</u>	<u>-</u>
(8,154)	(197,224)	1,719,555	238,299
<u>2,604,738</u>	<u>2,680,642</u>	<u>32,142,239</u>	<u>2,179,047</u>
<u>\$ 2,596,584</u>	<u>\$ 2,483,418</u>	<u>\$ 33,861,794</u>	<u>\$ 2,417,346</u>

CITY OF ALLIANCE, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the year ended September 30, 2019

	Enterprise Funds	
	Electric Fund	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 13,978,731	\$ 1,693,578
Receipts from other funds	-	-
Payments to suppliers	(8,709,531)	(536,725)
Payments to employees	(858,499)	(369,248)
Net cash provided by operating activities	4,410,701	787,605
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers to other funds	(1,635,500)	(197,500)
(Increase) decrease in due from other funds	(215,288)	1,141
Increase (decrease) in due to other funds	-	(26,445)
Net cash provided (used) by noncapital financing activities	(1,850,788)	(222,804)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(1,808,290)	(194,007)
Proceeds from sale of capital assets	51,544	250
Increase in landfill closure costs	-	-
Proceeds from issuance of long-term debt	-	-
Payment of DEQ loan fees	-	(26,892)
Principal payments on capital debt	-	(196,148)
Interest paid on capital debt	-	(53,786)
Net cash used by capital and related financing activities	(1,756,746)	(470,583)
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) decrease in certificates of deposit	(22,522)	-
Increase in restricted certificates of deposit	(7,077)	-
Interest received	125,612	17,628
Net cash provided (used) by investing activities	96,013	17,628
Increase (decrease) in cash and cash equivalents	899,180	111,846
Cash and cash equivalents - beginning of the year	6,470,933	1,303,029
Cash and cash equivalents - end of the year	\$ 7,370,113	\$ 1,414,875
Composition of cash and cash equivalents:		
Cash and cash equivalents	\$ 7,316,404	\$ 1,414,875
Restricted cash and cash equivalents	53,709	-
Total cash and cash equivalents	\$ 7,370,113	\$ 1,414,875

Enterprise Funds			Internal
Sewer	Refuse	Total	Service
Fund	Fund		Funds
\$ 498,134	\$ 1,141,011	\$ 17,311,454	\$ -
-	-	-	3,029,337
(131,747)	(537,344)	(9,915,347)	(2,790,949)
(123,404)	(468,313)	(1,819,464)	-
<u>242,983</u>	<u>135,354</u>	<u>5,576,643</u>	<u>238,388</u>
(58,500)	(136,000)	(2,027,500)	-
-	(111)	(214,258)	-
(1,125)	104	(27,466)	231
<u>(59,625)</u>	<u>(136,007)</u>	<u>(2,269,224)</u>	<u>231</u>
(240,576)	(456,340)	(2,699,213)	-
-	25,427	77,221	-
-	113,737	113,737	-
-	255,000	255,000	-
-	-	(26,892)	-
-	-	(196,148)	-
-	-	(53,786)	-
<u>(240,576)</u>	<u>(62,176)</u>	<u>(2,530,081)</u>	<u>-</u>
-	-	(22,522)	-
-	(143,373)	(150,450)	-
9,106	53,289	205,635	30,859
<u>9,106</u>	<u>(90,084)</u>	<u>32,663</u>	<u>30,859</u>
(48,112)	(152,913)	810,001	269,478
<u>705,716</u>	<u>799,875</u>	<u>9,279,553</u>	<u>2,113,775</u>
<u>\$ 657,604</u>	<u>\$ 646,962</u>	<u>\$ 10,089,554</u>	<u>\$ 2,383,253</u>
\$ 657,604	\$ 294,703	\$ 9,683,586	\$ 2,383,253
-	352,259	405,968	-
<u>\$ 657,604</u>	<u>\$ 646,962</u>	<u>\$ 10,089,554</u>	<u>\$ 2,383,253</u>

CITY OF ALLIANCE, NEBRASKA

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

For the year ended September 30, 2019

	Enterprise Funds	
	Electric Fund	Water Fund
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 3,353,173	\$ 275,757
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	596,673	348,131
Other cash receipts	8,731	99
Change in assets and liabilities:		
Accounts receivable	596,609	109,733
Inventories	(18,727)	(12,131)
Prepaid expenses	-	-
Accounts payable	(118,826)	66,126
Customer deposits	(2,191)	-
Sales tax payable	(7,463)	108
Accrued expenses	2,722	(218)
Net cash provided by operating activities	\$ 4,410,701	\$ 787,605

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>	
\$ 41,219	\$ (133,168)	\$ 3,536,981	\$ 207,440
189,036	251,173	1,385,013	-
21	152	9,003	-
11,693	23,077	741,112	71,663
78	-	(30,780)	-
-	-	-	(4,400)
-	(5,216)	(57,916)	(37,734)
-	-	(2,191)	-
-	(1)	(7,356)	-
936	(663)	2,777	1,419
<u>\$ 242,983</u>	<u>\$ 135,354</u>	<u>\$ 5,576,643</u>	<u>\$ 238,388</u>

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

INDEX

	Page
NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	
1. Financial Reporting Entity	27
2. Basis of Presentation	28
3. Measurement Focus and Basis of Accounting	34
4. Assets, Liabilities, and Equity	35
5. Revenues, Expenditures, and Expenses	41
NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	
1. Fund Accounting Requirements	42
2. Deposit Laws and Regulations	43
3. Revenue Restrictions	43
4. Debt Restrictions and Covenants	43
5. Budgetary Data	43
NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS	
1. Cash and Certificates of Deposit	45
2. Restricted Assets	46
3. Accounts and Notes Receivable	46
4. Capital Assets	49
5. Accounts Payable	52
6. Long-term Debt	52
7. TIF Receivables/Payables	54
8. Interfund Transactions and Balances	55
NOTE D – OTHER NOTES	
1. Employee Pension and Other Benefit Plans	57
2. Risk Management	58
3. Commitments and Contingencies	60
4. Interlocal Agreements	61
5. Landfill Closure and Postclosure Care Costs	64
6. Tax Abatements	64
7. Subsequent Events	65

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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 page 29 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 page 30 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 page 30 for description.

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

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, 2019

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 page 30 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, 2019

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, 2019

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, 2019

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>
Street	\$ 93,820	Highway Allocation
Street	20,683	Motor Vehicle Fees
Street	31,380	Highway Reimbursement
Sales Tax	351,237	Sales Tax
Airport	1,108,106	Federal Grant
RSVP	3,121	Federal Grant
Public Transit	21,162	Federal/State Grant
Handyman	<u>5,080</u>	State Grant
	<u>\$ 1,634,589</u>	

Inventory

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

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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 which represent sales for August and September and received by the City in October and November 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 2018-2019 are recorded as revenue when expected to be collected within 60 days after September 30, 2019. Prior-year levies were recorded using these same principles, and remaining receivables are re-evaluated annually.

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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, 2019

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, 2019

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, 2019

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, 2019. 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	\$ 23,131,131	\$ 2,971,468	\$ 20,159,663	\$ -	\$ <u>21,478,807</u>

Reconciliation to Government-wide Statement of Net Position:

Unrestricted cash and cash equivalents	\$ 15,734,301
Unrestricted certificates of deposit	1,042,020
Restricted cash and cash equivalents	2,613,631
Restricted certificates of deposit	<u>2,088,855</u>
	\$ <u>21,478,807</u>

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

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

2. Restricted Assets

The restricted assets as of September 30, 2019, are as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Type of Restricted Assets:			
Cash and cash equivalents	\$ 2,207,663	\$ 405,968	\$ 2,613,631
Certificates of deposit	<u>-</u>	<u>2,088,855</u>	<u>2,088,855</u>
	<u>\$ 2,207,663</u>	<u>\$ 2,494,823</u>	<u>\$ 4,702,486</u>

Restricted cash and certificates of deposit for governmental activities consists of \$459,154 of Street Fund cash restricted for street improvements; \$25,897 of Sales Tax Fund cash restricted for general tax support; \$9,033 of Debt Service Fund cash restricted for debt service; \$270 of Redevelopment Fund cash, \$85,186 of Economic Development cash, and \$366,109 of LB840 Fund cash restricted for economic development; \$437,175 of Cemetery Perpetual Care Fund cash restricted for perpetual care; \$12,035 of HUD Loan and CDBG Fund cash restricted for Federal loans; \$8,925 of BID Fund cash restricted for maintenance expenses; \$5,567 of RSVP Fund cash restricted for Federal programs; \$62,859 of Community Betterment Fund cash restricted for community betterment; \$167,941 of Public Safety Tax Fund cash restricted for capital projects; \$143,039 of cash restricted for Airport Sinking Fund debt service; \$14,565 of Museum Exhibit Fund cash restricted for museum projects; \$138,309 of E911 Fund cash restricted for emergency equipment; and \$271,599 of Marketing Fund cash restricted for tourism promotion.

Restricted business-type assets consist of \$395,709 restricted for customer deposits in the Electric Fund. The Refuse Fund has \$2,099,114 restricted for future landfill closure costs.

3. Accounts and Notes Receivable

Accounts receivable of the business-type activities consist of utilities receivable. Accounts receivable of the governmental activities consist of ambulance, grants, and other minor receivables. Receivables detail at September 30, 2019, is as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>
Accounts receivable	\$ 329,783	\$ 1,012,948	\$ 1,342,731
Allowance for doubtful accounts	(51,560)	(129,580)	(181,140)
Net accounts receivable	<u>\$ 278,223</u>	<u>\$ 883,368</u>	<u>\$ 1,161,591</u>

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

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, 2019:

<u>Note Held By</u>	<u>Due From</u>	<u>Note Balance at September 30, 2019</u>	<u>Terms</u>
LB840 Fund	Steph's Studio	\$ 1,964	1.5%; amortized over a period of five years
LB840 Fund	Steph's Studio	5,000	0%; forgivable loan – will be forgiven if company remains in business for three years
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	38,412	1.5%; amortized over a period of ten years
LB840 Fund	Tridako Energy Systems, Inc.	79,157	1.5%; amortized over a period of ten years
LB840 Fund	Alliance Lodging	40,247	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	5,101	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, 2019

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

3. Accounts and Notes Receivable, continued

<u>Note Held By</u>	<u>Due From</u>	Note Balance at September 30, <u>2019</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	7,560	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	12,118	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	Mischnick Construction	5,000	0%; forgivable loan – will be forgiven if company remains in the CNC routing and wood-working 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>\$ 1,010,759</u>	
	Current portion	\$ 63,091	
	Noncurrent portion	<u>947,668</u>	
	Total	<u>\$ 1,010,759</u>	

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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

4. Capital Assets

Capital asset activity for the year ended September 30, 2019, was as follows:

	Balance at October 1, <u>2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2019</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 2,114,120	\$ -	\$ -	\$ -	\$ 2,114,120
Construction in progress	684,005	3,356,357	-	(588,175)	3,452,187
Total capital assets not being depreciated	2,798,125	3,356,357	-	(588,175)	5,566,307
Other capital assets being depreciated:					
Infrastructure	27,197,538	331,697	(256,315)	511,581	27,784,501
Improvements	19,052,345	25,000	-	-	19,077,345
Buildings	18,150,169	557,245	-	-	18,707,414
Equipment and vehicles	8,504,939	1,150,402	(262,077)	76,594	9,469,858
Total other capital assets at historical cost	72,904,991	2,064,344	(518,392)	588,175	75,039,118
Less accumulated depreciation for:					
Infrastructure	(14,647,071)	(667,320)	256,315	-	(15,058,076)
Improvements	(8,023,783)	(763,353)	-	-	(8,787,136)
Buildings	(7,932,253)	(446,899)	-	-	(8,379,152)
Equipment and vehicles	(5,909,766)	(514,762)	262,077	-	(6,162,451)
Total accumulated depreciation	(36,512,873)	(2,392,334) *	518,392	-	(38,386,815)
Other capital assets, net	36,392,118	(327,990)	-	588,175	36,652,303
Governmental activities capital assets, net	<u>\$ 39,190,243</u>	<u>\$ 3,028,367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,218,610</u>

* Depreciation expense was charged to governmental activities as follows:

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

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

4. Capital Assets, continued

Governmental Activities, continued:

General Fund:

General government	
City manager's office	\$ 85
Warehouse/purchasing	2,712
Management information systems	51,754
Facility maintenance	50
Municipal buildings	50,409
Accounting	449
Utility customer service	<u>1,108</u>
Total general government	106,567
Public safety	
Fire	85,651
Ambulance	61,702
Police	<u>100,888</u>
Total public safety	248,241
Public services	
Building and zoning	6,756
Cemetery	26,716
Fleet services	<u>1,719</u>
Total public services	35,191
Environment and leisure	
Library	110,215
Parks	120,542
Museum	148,371
Carhenge	5,404
Swimming pool	<u>92,354</u>
Total environment and leisure	<u>476,886</u>
Total General Fund	866,885
Street Fund	759,156
BID Fund	2,460
RSVP Fund	4,055
Public Transit Fund	14,736
Airport Fund	679,032
Golf Fund	<u>66,010</u>
Total governmental activities depreciation	\$ <u><u>2,392,334</u></u>

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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

4. Capital Assets, continued

Governmental Activities, continued:

Construction in progress at September 30, 2019, consists of \$5,200 of engineering on the Pillars Sunken Gardens project, \$9,726 of costs incurred on the softball grading/tennis courts project; \$194,166 of costs incurred for the police software project; \$29,200 of engineering on the airport storage building project, and \$3,213,895 of costs incurred on the airport runway project. See Note D3 for details of commitments in place on these projects as of September 30, 2019.

	Balance at October 1, <u>2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2019</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 566,827	\$ -	\$ -	\$ -	\$ 566,827
Construction in progress	541,736	463,135	-	(522,236)	482,635
Total capital assets not being depreciated	1,108,563	463,135	-	(522,236)	1,049,462
Other capital assets being depreciated:					
Buildings	2,773,840	-	(20,912)	-	2,752,928
Distribution systems	28,973,860	1,686,828	-	114,017	30,774,705
Equipment	16,915,416	549,251	(120,868)	408,219	17,752,018
Total other capital assets at historical cost	48,663,116	2,236,079	(141,780)	522,236	51,279,651
Less accumulated depreciation for:					
Buildings	(1,105,571)	(57,638)	20,912	-	(1,142,297)
Distribution systems	(17,999,022)	(681,645)	-	-	(18,680,667)
Equipment	(8,724,332)	(645,730)	120,868	-	(9,249,194)
Total accumulated depreciation	(27,828,925)	(1,385,013) *	141,780	-	(29,072,158)
Other capital assets, net	20,834,191	851,066	-	522,236	22,207,493
Business-type capital assets, net	<u>\$ 21,942,754</u>	<u>\$ 1,314,201</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,256,955</u>

* Depreciation expense was charged to functions as follows:

Electric	\$ 596,673
Water	348,131
Sewer	189,036
Refuse	<u>251,173</u>
Total business-type activities depreciation expense	<u>\$ 1,385,013</u>

Construction in progress at September 30, 2019, consists of \$410,862 of costs incurred for the airport electric line rebuild; \$21,022 of costs on the three-phase recloser project; \$25,851 of engineering on the rural line rebuild project; \$15,555 of costs for the well rebuild project; \$1,800 of costs incurred on the landfill breakroom project; and \$7,545 of engineering on the sewer lift station project. See Note D3 for details of commitments in place on these projects as of September 30, 2019.

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

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, 2019:

<u>Type of Debt</u>	<u>Balance October 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2019</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Notes payable	<u>\$ 959,886</u>	<u>\$ -</u>	<u>\$ (88,859)</u>	<u>\$ 871,027</u>	<u>\$ 403,987</u>
Business-type Activities:					
Notes payable	<u>\$ 2,738,029</u>	<u>\$ 255,000</u>	<u>\$ (196,148)</u>	<u>\$ 2,796,881</u>	<u>\$ 250,091</u>

Governmental Activities

As of September 30, 2019, 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. \$ 120,155

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 February 22, 2020. The note is secured by the public transit shop building. 321,043

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

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.

429,829

Total

\$ 871,027

Current Portion

\$ 403,987

Noncurrent Portion

467,040

Total

\$ 871,027

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, 2019, the long-term debt payable from proprietary fund resources consisted of the following:

Certificates of participation and notes payable:

Certificates of participation – series 2019, with original issue amount of \$255,000, issued to provide refuse equipment financing. Interest is 2.0 percent with final maturity on June 15, 2024.

\$ 255,000

DEQ water note – project D311511, with original issue amount of \$595,224. Interest of 2.00 percent and administration fees of 1.00 percent are due semi-annually with semi-annual principal payments commencing December 15, 2010, through June 15, 2030.

356,331

DEQ water note – project D311496, with total loan principal of \$3,894,789. As of September 30, 2019, 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.

2,185,550

Total business-type activity debt

\$ 2,796,881

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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

6. Long-term Debt, continued

Business-type Activities, continued

Current portion	\$ 250,091
Noncurrent portion	<u>2,546,790</u>
Total	<u>\$ 2,796,881</u>

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2019, are as follows:

Year Ending <u>September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		
	<u>Direct Placement Debt</u>		<u>Direct Placement Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>
2020	\$ 403,987	\$ 16,909	\$ 250,091	\$ 54,786	\$ 24,921
2021	137,211	10,114	254,113	49,920	22,910
2022	52,000	7,755	258,216	44,818	20,859
2023	53,000	6,533	262,401	39,632	18,766
2024	54,000	5,288	271,670	34,363	16,632
2025-2029	170,829	8,084	1,150,455	99,213	49,606
2030-2034	-	-	349,935	6,842	3,421
	<u>\$ 871,027</u>	<u>\$ 54,683</u>	<u>\$ 2,796,881</u>	<u>\$ 329,574</u>	<u>\$ 157,115</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	\$ 320,319	\$ 320,319
Otto	27,207	27,207
Pepsi-Cola of Western Nebraska	230,673	230,673
1dash5 Enterprises (Scooters)	36,440	36,440
Alliance Lodging, LLC	<u>846,000</u>	<u>846,000</u>
	<u>\$ 1,460,639</u>	<u>\$ 1,460,639</u>

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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	\$ 1,635,500	\$ -
From Refuse	136,000	-
From Water	197,500	-
From Sewer	58,500	-
From Debt Service	-	58,600
From Sales Tax	1,562,822	-
From Tourism	90,000	-
To Public Transit	-	25,000
To Golf	-	<u>250,000</u>
Total General Fund	<u>3,680,322</u>	<u>333,600</u>
Sales Tax Fund:		
To General	-	1,562,822
Debt Service Fund:		
From General	58,600	-
Airport Fund:		
From Sinking	59,000	-
Nonmajor Governmental Funds:	293,000	167,000
Electric Fund:		
To General	-	1,635,500
Water Fund:		
To General	-	197,500
Sewer Fund:		
To General	-	58,500
Refuse Fund:		
To General	<u>-</u>	<u>136,000</u>
	<u>\$ 4,090,922</u>	<u>\$ 4,090,922</u>

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

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

8. Interfund Transactions and Balances, continued

Interfund balances:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
General	Electric	\$ 16,668
General	Water	4,403
General	Refuse	815
General	Capital Projects	26,294
Sales Tax	General	267,096
Sales Tax	Street	50,807
Sales Tax	Economic Development	16,667
Sales Tax	LB840	16,667
Street	Electric	250,434
Airport	Electric	501,020
Golf	Electric	1,119
Golf	Water	107
Water	Electric	8,575
Sewer	Electric	861
Refuse	Electric	393
Enterprise Internal Service	Electric	<u>925</u>
		<u>\$ 1,162,851</u>

The Electric Fund loaned \$500,000 to the Street Fund on September 28, 2018 to pay for street improvements. The outstanding balance of \$250,000 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).

The Electric Fund loaned \$500,000 to the Airport Fund on August 20, 2019 to pay for the City's portion of the snow plow and runway improvements. The outstanding balance of \$500,000 is included in the balance due from the Airport Fund to the Electric Fund shown above. The loan bears interest of 2.50 percent and is due within 12 months (August 20, 2020).

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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 \$3,006,043 for the year ended September 30, 2019. Both the City and the covered employees' required contributions of \$161,051 were made for the year ended September 30, 2019.

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 \$260,783, with the City contributing \$32,397 and the employees contributing \$16,199 for the year ended September 30, 2019.

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 \$902,203. Both the City's contribution of \$60,898 and the matching employees' contributions were made for the year ended September 30, 2019.

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, 2019

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. 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 \$27,503; this amount represents two months of subsequent claims. The City also has accrued a \$44,024 reinsurance receivable as of September 30, 2019. These amounts have been included as current-year expenditures.

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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, 2019, 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 2019	\$ 527,530
February 2020	207,000
June 2020	1,266,877
July 2020	<u>1,129,468</u>
	<u>\$ 3,130,875</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, 2019

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, 2019, the City's investments in certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
First National Bank	\$ 527,530
NPAIT	342,000
Farmers State Bank	<u>2,261,345</u>
	\$ <u>3,130,875</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, 2019.

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 July 18, 2019, the City Council approved a \$120,000 LB840 loan for Jelinek Custom Cleaning, Inc. The loan will bear interest of 2.25 percent and \$60,000 of the total loan is forgivable if the company earns job credits over per period of five years. The loan had not been advanced as of September 30, 2019.

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2019

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Construction Commitments

	<u>Contract Amount</u>	<u>Incurred as of 9/30/19</u>	<u>Balance</u>	<u>Expected Completion</u>
Pillars Sunken Garden				
Engineering	\$ 14,700	\$ 5,200	\$ 9,500	September 2020
Softball Grading/Tennis Courts				
Contractor	\$ 105,279	\$ -	\$ 105,279	May 2020
Airport Runway Sealcoat				
Engineering	\$ 290,171	\$ 199,364	\$ 90,807	
Contractor	3,504,804	3,013,532	491,272	
	<u>\$ 3,794,975</u>	<u>\$ 3,212,896</u>	<u>\$ 582,079</u>	December 2020
Police Software				
Zuercher Software	\$ 197,722	\$ 158,178	\$ 39,544	January 2020
Airport Electric Line				
Engineering	\$ 13,800	\$ 13,110	\$ 690	
Contractor	366,175	221,234	144,941	
	<u>\$ 379,975</u>	<u>\$ 234,344</u>	<u>\$ 145,631</u>	January 2020

4. Interlocal Agreements

The City has the following interlocal agreements in effect as of September 30, 2019:

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, 2019

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	July 16, 2019	Third Street – Cody to Elkhorn
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)	February 20, 2018 and May 1, 2018	Resurface 8/26 Runway and Snow Plow Purchase
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, 2019

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	January 1, 2019 (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
Aging Office of Western Nebraska	July 1, 2018	Nutrition Program Site Lease in Senior Center
Alliance Public Schools	May 7, 2019 to August 31, 2020	Provision of School Resource Officer
Educational Service Unit Coordinating Council (ESUCC)	December 1, 2015 (Perpetual)	Cooperative Purchasing Agreement
Alliance Public Schools	May 7, 2019	Sanitary Sewer Project and Land Transfer
Transportation Safety Administration and Government Services Agency	August 2, 2017 to August 1, 2027	Operational Space Rental in Alliance Airport Terminal

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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, 2019, which is based on 33.8 percent usage of the landfill, with a remaining estimated life of 75.17 years. The estimated liability for construction and demolition landfill closure is \$195,541, with postclosure care costs of \$39,048, for a total of \$234,589 as of September 30, 2019.

It is estimated that an additional \$2,015,933 and \$961,756, 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 \$4,854,171 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, 2019. 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, 2019, restricted funds of \$2,009,114 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, 2019

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, 2019 is as follows:

<u>TIF Project</u>	<u>Years Remaining on TIF Agreements</u>	<u>TIF Proceeds Received during the year 9-30-2019</u>
Otto	6	\$ 4,840
Pepsi-Cola of Western Nebraska	7	58,628
West Plains, LLC	8	248,489
1dash5 Enterprises	15	-
Alliance Lodging, LLC	15	-
		<u>\$ 311,957</u>

7. Subsequent Events

Management has evaluated subsequent events through January 23, 2020, the date on which the financial statements were available for issue.

On October 1, 2019, Council approved a \$244,000 bid from Watts Electric Co. for electric distribution line rebuilds on the Perkins Road and CR 55 project.

On October 15, 2019, Council approved a contract with Midlands Contracting, Inc., for the 2019 storm drain jetting and inspection project for a cost not to exceed \$100,000.

On November 5, 2019, Council approved a \$518,995 bid from Eric Reichert Construction for the airport storage building (number 3001) reconstruction.

On November 19, 2019, Council approved the purchase of 13 portable radios with accessories and eight mobile radios from Motorola Solutions for \$121,874.

On January 7, 2020, Council approved accepting \$231,039 of funds raised by the Pillars for the Parks Committee and held by the Alliance Park Foundation to be held in the Capital Projects Fund for the Central Park Sunken Garden renovation project.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALLIANCE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND

Year ended September 30, 2019

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 1,417,000	\$ 1,376,507	\$ (40,493)
Motor vehicle	185,000	182,192	(2,808)
Franchise	202,500	189,497	(13,003)
Intergovernmental	437,900	403,998	(33,902)
Grants	35,000	5,667	(29,333)
Charges for services	651,500	606,737	(44,763)
Contributions	21,700	13,675	(8,025)
Interest income	51,800	74,655	22,855
Sale of property	12,500	12,626	126
Other	1,600	853	(747)
Total resources	3,016,500	2,866,407	(150,093)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	1,004,300	640,752	(363,548)
Public safety	3,473,100	2,966,032	(507,068)
Public works	525,500	375,107	(150,393)
Environment and leisure	2,287,500	1,892,248	(395,252)
Total charges to appropriations	7,290,400	5,874,139	(1,416,261)
Resources under charges to appropriations	(4,273,900)	(3,007,732)	1,266,168
OTHER FINANCING SOURCES (USES)			
Transfers in	4,016,300	3,680,322	(335,978)
Transfers out	(333,600)	(333,600)	-
Net transfers	3,682,700	3,346,722	(335,978)
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	\$ (591,200)	\$ 338,990	\$ 930,190

CITY OF ALLIANCE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
STREET FUND

Year ended September 30, 2019

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Sales tax	\$ 250,000	\$ 244,746	\$ (5,254)
Intergovernmental	1,285,400	1,264,441	(20,959)
Grant revenue	-	25,124	25,124
Charges for services	17,300	6,990	(10,310)
Interest income	6,000	5,580	(420)
Sale of property/insurance proceeds	2,500	51,790	49,290
Bond/loan proceeds	1,250,000	-	(1,250,000)
Other income	300	364	64
	<hr/>	<hr/>	<hr/>
Total resources	2,811,500	1,599,035	(1,212,465)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	2,485,800	717,425	(1,768,375)
Capital outlay	548,000	597,345	49,345
Interest expense	-	11,250	11,250
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	3,033,800	1,326,020	(1,707,780)
RESOURCES OVER (UNDER)			
CHARGES TO APPROPRIATIONS	<u>\$ (222,300)</u>	<u>\$ 273,015</u>	<u>\$ 495,315</u>

CITY OF ALLIANCE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
SALES TAX FUND**

Year ended September 30, 2019

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Sales tax	\$ 1,550,000	\$ 1,583,231	\$ 33,231
Interest income	100	89	(11)
	<hr/>	<hr/>	<hr/>
Total resources	1,550,100	1,583,320	33,220
CHARGES TO APPROPRIATIONS (OUTFLOWS)	<hr/>	<hr/>	<hr/>
	-	-	-
Resources over charges to appropriations	1,550,100	1,583,320	33,220
OTHER FINANCING USES			
Transfers out	<hr/> (1,550,000)	<hr/> (1,562,822)	<hr/> (12,822)
RESOURCES AND OTHER FINANCING USES OVER CHARGES TO APPROPRIATIONS	<hr/> <hr/> \$ 100	<hr/> <hr/> \$ 20,498	<hr/> <hr/> \$ 20,398

CITY OF ALLIANCE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
DEBT SERVICE FUND**

Year ended September 30, 2019

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Interest income	\$ -	\$ 8	\$ 8
Loan proceeds	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>
Total resources	500,000	8	(499,992)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Principal payments on debt	540,000	40,859	(499,141)
Interest on long-term debt	<u>18,600</u>	<u>12,229</u>	<u>(6,371)</u>
Total charges to appropriations	<u>558,600</u>	<u>53,088</u>	<u>(505,512)</u>
Resources under charges to appropriations	(58,600)	(53,080)	5,520
OTHER FINANCING SOURCES			
Transfers in	<u>58,600</u>	<u>58,600</u>	<u>-</u>
RESOURCES AND OTHER FINANCING SOURCES OVER CHARGES TO APPROPRIATIONS	<u>\$ -</u>	<u>\$ 5,520</u>	<u>\$ 5,520</u>

CITY OF ALLIANCE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
REDEVELOPMENT FUND

Year ended September 30, 2019

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
TIF proceeds	\$ 350,000	\$ 311,957	\$ (38,043)
Interest income	-	121	121
Bond/loan proceeds	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>
Total resources	850,000	312,078	(537,922)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Economic development	<u>850,000</u>	<u>311,957</u>	<u>(538,043)</u>
RESOURCES OVER CHARGES TO APPROPRIATIONS			
	<u><u>\$ -</u></u>	<u><u>\$ 121</u></u>	<u><u>\$ 121</u></u>

CITY OF ALLIANCE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
AIRPORT FUND

Year ended September 30, 2019

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Property tax	\$ 279,100	\$ 275,695	\$ (3,405)
Grant revenue	4,189,500	2,417,842	(1,771,658)
Charges for services	223,700	197,842	(25,858)
Interest income	4,500	5,933	1,433
Sale of property	100,000	-	(100,000)
Insurance proceeds	645,000	298,490	(346,510)
Loan proceeds	915,000	-	(915,000)
	<hr/>	<hr/>	<hr/>
Total resources	6,356,800	3,195,802	(3,160,998)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Operating expenses	547,200	487,671	(59,529)
Capital outlay	6,225,000	3,867,503	(2,357,497)
Principal payments	48,000	48,000	-
Interest expense	11,300	10,703	(597)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	6,831,500	4,413,877	(2,417,623)
Resources under charges to appropriations	(474,700)	(1,218,075)	(743,375)
OTHER FINANCING SOURCES			
Transfers in	60,000	59,000	(1,000)
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES UNDER CHARGES TO APPROPRIATIONS	<u>\$ (414,700)</u>	<u>\$ (1,159,075)</u>	<u>\$ (744,375)</u>

CITY OF ALLIANCE, NEBRASKA

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

Year ended September 30, 2019

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

	<u>General</u> <u>Fund</u>	<u>Street</u> <u>Fund</u>	<u>Sales Tax</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Redevelopment</u> <u>Fund</u>	<u>Airport</u> <u>Fund</u>
Sources/inflows of resources:						
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 2,866,407	\$ 1,599,035	\$ 1,583,320	\$ 8	\$ 312,078	\$ 3,195,802
Differences - budget to GAAP:						
Cash to accrual adjustments	<u>61,870</u>	<u>(33,163)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,331,836)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,804,537</u>	<u>\$ 1,632,198</u>	<u>\$ 1,583,320</u>	<u>\$ 8</u>	<u>\$ 312,078</u>	<u>\$ 4,527,638</u>
Uses/outflows of resources:						
Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedules	\$ 5,874,139	\$ 1,326,020	\$ -	\$ 53,088	\$ 311,957	\$ 4,413,877
Differences - budget to GAAP:						
Cash to accrual adjustments	<u>(21,888)</u>	<u>17,972</u>	<u>-</u>	<u>(151)</u>	<u>-</u>	<u>(538,420)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 5,896,027</u>	<u>\$ 1,308,048</u>	<u>\$ -</u>	<u>\$ 53,239</u>	<u>\$ 311,957</u>	<u>\$ 4,952,297</u>
Other financing sources/uses:						
Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedules	\$ 3,346,722	\$ -	\$ (1,562,822)	\$ 58,600	\$ -	\$ 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>\$ 3,346,722</u>	<u>\$ -</u>	<u>\$ (1,562,822)</u>	<u>\$ 58,600</u>	<u>\$ -</u>	<u>\$ 59,000</u>

SUPPLEMENTARY INFORMATION

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

September 30, 2019

	Permanent Fund	Special Revenue Funds	
	Cemetery Perpetual Care	HUD Loan & CDBG	BID
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Restricted cash	437,175	12,035	8,925
County treasurer cash	-	-	-
Receivables:			
Accounts, net of allowance for doubtful accounts	-	-	175
Property tax	-	-	-
Notes	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
	<u>437,175</u>	<u>12,035</u>	<u>9,100</u>
Total assets	<u>\$ 437,175</u>	<u>\$ 12,035</u>	<u>\$ 9,100</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Accrued expenses	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable:			
Cemetery perpetual care	437,175	-	-
Restricted for:			
Capital projects	-	-	-
Community betterment	-	-	-
Debt service	-	-	-
Economic development	-	-	-
Federal programs	-	12,035	-
Maintenance expenses	-	-	9,100
Museum projects	-	-	-
Tourism promotion activities	-	-	-
Assigned for:			
Capital projects	-	-	-
Other purposes	-	-	-
Total fund balances	<u>437,175</u>	<u>12,035</u>	<u>9,100</u>
Total liabilities and fund balances	<u>\$ 437,175</u>	<u>\$ 12,035</u>	<u>\$ 9,100</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>
\$ -	\$ -	\$ -	\$ (4,311)	\$ -	\$ -
85,186	366,109	5,567	-	62,859	167,941
-	-	-	-	-	4
-	-	-	350	3,977	-
-	-	-	-	-	43
-	1,010,759	-	-	-	-
-	-	1,050	-	-	-
16,667	16,667	-	-	-	-
-	-	3,121	5,080	-	-
<u>\$ 101,853</u>	<u>\$ 1,393,535</u>	<u>\$ 9,738</u>	<u>\$ 1,119</u>	<u>\$ 66,836</u>	<u>\$ 167,988</u>
\$ -	\$ -	\$ -	\$ 704	\$ -	\$ -
-	-	-	-	-	-
-	-	750	415	-	-
-	-	750	1,119	-	-
-	-	-	-	-	-
-	-	-	-	-	167,988
-	-	-	-	66,836	-
-	-	-	-	-	-
101,853	1,393,535	-	-	-	-
-	-	8,988	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>101,853</u>	<u>1,393,535</u>	<u>8,988</u>	<u>-</u>	<u>66,836</u>	<u>167,988</u>
<u>\$ 101,853</u>	<u>\$ 1,393,535</u>	<u>\$ 9,738</u>	<u>\$ 1,119</u>	<u>\$ 66,836</u>	<u>\$ 167,988</u>

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

September 30, 2019

	Special Revenue Funds		
	Airport <u>Sinking</u>	Museum <u>Exhibit</u>	E911 <u>Fund</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Restricted cash	143,039	14,565	138,309
County treasurer cash	1,887	-	-
Receivables:			
Accounts, net of allowance for doubtful accounts	-	-	-
Property tax	530	-	-
Notes	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 145,456</u></u>	<u><u>\$ 14,565</u></u>	<u><u>\$ 138,309</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Accrued expenses	-	-	-
Total liabilities	<u> </u>	<u> </u>	<u> </u>
Fund balances:			
Nonspendable:			
Cemetery perpetual care	-	-	-
Restricted for:			
Capital projects	-	-	138,309
Community betterment	-	-	-
Debt service	145,456	-	-
Economic development	-	-	-
Federal programs	-	-	-
Maintenance expenses	-	-	-
Museum projects	-	14,565	-
Tourism promotion activities	-	-	-
Assigned for:			
Capital projects	-	-	-
Other purposes	-	-	-
Total fund balances	<u>145,456</u>	<u>14,565</u>	<u>138,309</u>
Total liabilities and fund balances	<u><u>\$ 145,456</u></u>	<u><u>\$ 14,565</u></u>	<u><u>\$ 138,309</u></u>

Special Revenue Funds			Capital	Total Nonmajor
Marketing	Public	Golf	Projects	Governmental
Fund	Transit	Fund	Fund	Funds
\$ -	\$ (11,354)	\$ 60,506	\$ 376,929	\$ 421,770
271,599	-	-	-	1,713,309
-	-	-	-	1,891
39,352	230	-	18,412	62,496
-	-	-	-	573
-	-	-	-	1,010,759
-	-	-	-	1,050
-	-	-	26,294	59,628
-	21,162	-	-	29,363
<u>\$ 310,951</u>	<u>\$ 10,038</u>	<u>\$ 60,506</u>	<u>\$ 421,635</u>	<u>\$ 3,300,839</u>
\$ -	\$ -	\$ 664	\$ -	\$ 1,368
-	-	1,226	-	1,226
-	3,857	7,839	-	12,861
-	3,857	9,729	-	15,455
-	-	-	-	437,175
-	-	-	-	306,297
-	-	-	-	66,836
-	-	-	-	145,456
-	-	-	-	1,495,388
-	-	-	-	21,023
-	-	-	-	9,100
-	-	-	-	14,565
310,951	-	-	-	310,951
-	-	-	421,635	421,635
-	6,181	50,777	-	56,958
<u>310,951</u>	<u>6,181</u>	<u>50,777</u>	<u>421,635</u>	<u>3,285,384</u>
<u>\$ 310,951</u>	<u>\$ 10,038</u>	<u>\$ 60,506</u>	<u>\$ 421,635</u>	<u>\$ 3,300,839</u>

CITY OF ALLIANCE, NEBRASKA

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

For the year ended September 30, 2019

	<u>Permanent Fund</u>	<u>Special Revenue Funds</u>	
	<u>Cemetery</u>	<u>HUD Loan</u>	
	<u>Perpetual Care</u>	<u>& CDBG</u>	<u>BID</u>
REVENUES			
Taxes:			
Property tax	\$ -	\$ -	\$ -
Sales tax	-	-	-
Occupation tax	-	-	-
Intergovernmental	-	-	-
Grants	-	-	-
Keno	-	-	-
Special assessments	-	-	9,501
Charges for services	8,810	-	-
Interest income	6,268	1	13
Contributions	-	-	-
Other revenue	-	-	-
Total revenues	<u>15,078</u>	<u>1</u>	<u>9,514</u>
EXPENDITURES			
General government	-	-	12,495
Public safety	-	-	-
Environment and leisure	-	-	-
Economic development	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>12,495</u>
Excess (deficiency) of			
revenues over expenditures	15,078	1	(2,981)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Net transfers	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	15,078	1	(2,981)
Fund balances - September 30, 2018	<u>422,097</u>	<u>12,034</u>	<u>12,081</u>
Fund balances - September 30, 2019	<u>\$ 437,175</u>	<u>\$ 12,035</u>	<u>\$ 9,100</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107
108,333	91,667	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	42,558	26,107	-	-
-	-	-	-	15,117	-
-	-	-	-	-	-
122	7,546	5	(4)	442	2,383
-	-	710	3,722	-	-
-	-	3,150	5,522	-	-
<u>108,455</u>	<u>99,213</u>	<u>46,423</u>	<u>35,347</u>	<u>15,559</u>	<u>2,490</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	60,535	35,347	-	-
105,684	6,241	-	-	-	-
-	-	-	-	-	-
<u>105,684</u>	<u>6,241</u>	<u>60,535</u>	<u>35,347</u>	<u>-</u>	<u>-</u>
2,771	92,972	(14,112)	-	15,559	2,490
-	-	18,000	-	-	-
-	-	-	-	(18,000)	-
<u>-</u>	<u>-</u>	<u>18,000</u>	<u>-</u>	<u>(18,000)</u>	<u>-</u>
2,771	92,972	3,888	-	(2,441)	2,490
99,082	1,300,563	5,100	-	69,277	165,498
<u>\$ 101,853</u>	<u>\$ 1,393,535</u>	<u>\$ 8,988</u>	<u>\$ -</u>	<u>\$ 66,836</u>	<u>\$ 167,988</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, 2019

	Special Revenue Funds		
	Airport <u>Sinking</u>	Museum <u>Exhibit</u>	E911 <u>Fund</u>
REVENUES			
Taxes:			
Property tax	\$ 56,343	\$ -	\$ -
Sales tax	-	-	-
Occupation tax	-	-	-
Intergovernmental	-	-	59,306
Grants	-	-	-
Keno	-	-	-
Special assessments	-	-	-
Charges for services	-	-	-
Interest income	547	18	193
Contributions	-	-	-
Other revenue	-	-	-
Total revenues	56,890	18	59,499
EXPENDITURES			
General government	-	-	-
Public safety	-	-	76,268
Environment and leisure	-	-	-
Economic development	-	-	-
Capital outlay	-	-	-
Total expenditures	-	-	76,268
Excess (deficiency) of revenues over expenditures	56,890	18	(16,769)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(59,000)	-	-
Net transfers	(59,000)	-	-
Net change in fund balances	(2,110)	18	(16,769)
Fund balances - September 30, 2018	147,566	14,547	155,078
Fund balances - September 30, 2019	\$ 145,456	\$ 14,565	\$ 138,309

Special Revenue Funds			Capital	Total Nonmajor
Marketing	Public	Golf	Projects	Governmental
<u>Fund</u>	<u>Transit</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 56,450
-	-	-	-	200,000
214,218	-	-	-	214,218
-	30,000	-	-	89,306
-	231,099	-	7,500	307,264
-	-	-	-	15,117
-	-	-	-	9,501
-	26,163	228,577	-	263,550
7,123	(26)	26	4,665	29,322
-	2,700	-	21,012	28,144
-	11	514	-	9,197
<u>221,341</u>	<u>289,947</u>	<u>229,117</u>	<u>33,177</u>	<u>1,222,069</u>
22,338	-	-	-	34,833
-	-	-	-	76,268
-	317,090	382,258	24,304	819,534
-	-	-	-	111,925
-	-	78,721	32,625	111,346
<u>22,338</u>	<u>317,090</u>	<u>460,979</u>	<u>56,929</u>	<u>1,153,906</u>
199,003	(27,143)	(231,862)	(23,752)	68,163
-	25,000	250,000	-	293,000
(90,000)	-	-	-	(167,000)
<u>(90,000)</u>	<u>25,000</u>	<u>250,000</u>	<u>-</u>	<u>126,000</u>
109,003	(2,143)	18,138	(23,752)	194,163
<u>201,948</u>	<u>8,324</u>	<u>32,639</u>	<u>445,387</u>	<u>3,091,221</u>
<u>\$ 310,951</u>	<u>\$ 6,181</u>	<u>\$ 50,777</u>	<u>\$ 421,635</u>	<u>\$ 3,285,384</u>

CITY OF ALLIANCE, NEBRASKA

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS

September 30, 2019

	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	\$ 2,243,137	\$ 80,709	\$ 59,407	\$ 2,383,253
Insurance receivable	44,024	-	-	44,024
Prepaid insurance	-	49,766	-	49,766
	<u>2,287,161</u>	<u>130,475</u>	<u>59,407</u>	<u>2,477,043</u>
LIABILITIES				
Current liabilities:				
Accounts payable	27,503	18,260	-	45,763
Accrued payroll	-	8,515	4,494	13,009
Due to other funds	-	-	925	925
Total current liabilities	<u>27,503</u>	<u>26,775</u>	<u>5,419</u>	<u>59,697</u>
NET POSITION				
Unrestricted	<u>\$ 2,259,658</u>	<u>\$ 103,700</u>	<u>\$ 53,988</u>	<u>\$ 2,417,346</u>

CITY OF ALLIANCE, NEBRASKA

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

For the year ended September 30, 2019

	Health Insurance <u>Fund</u>	Administration Internal Service <u>Fund</u>	Enterprise Internal Service <u>Fund</u>	<u>Total</u>
Operating revenues:				
Interdepartmental charges	\$ -	\$ 1,151,907	\$ 480,812	\$ 1,632,719
Health insurance premiums	1,323,516	-	-	1,323,516
Other reimbursements	-	1	58	59
Rent income	-	-	1,380	1,380
Total operating revenues	<u>1,323,516</u>	<u>1,151,908</u>	<u>482,250</u>	<u>2,957,674</u>
Operating expenses:				
Personnel	-	164,116	-	164,116
Legal	-	149,509	-	149,509
Risk management	-	319,724	-	319,724
Management information systems	-	224,531	-	224,531
Accounting	-	264,435	-	264,435
Utility customer service	-	-	236,659	236,659
Meter reading	-	-	69,186	69,186
Warehouse	-	-	165,715	165,715
Insurance claims and health premiums	<u>1,156,359</u>	<u>-</u>	<u>-</u>	<u>1,156,359</u>
Total operating expenses	<u>1,156,359</u>	<u>1,122,315</u>	<u>471,560</u>	<u>2,750,234</u>
Operating income	167,157	29,593	10,690	207,440
Nonoperating revenues:				
Interest income	<u>30,499</u>	<u>179</u>	<u>181</u>	<u>30,859</u>
Change in net position	197,656	29,772	10,871	238,299
Net position - September 30, 2018	<u>2,062,002</u>	<u>73,928</u>	<u>43,117</u>	<u>2,179,047</u>
Net position - September 30, 2019	<u>\$ 2,259,658</u>	<u>\$ 103,700</u>	<u>\$ 53,988</u>	<u>\$ 2,417,346</u>

CITY OF ALLIANCE, NEBRASKA

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

For the year ended September 30, 2019

	Health Insurance Fund	Administration Internal Service Fund	Enterprise Internal Service Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from other funds	\$ 1,381,491	\$ 1,165,596	\$ 482,250	\$ 3,029,337
Payments to suppliers	(1,180,377)	(1,139,650)	(470,922)	(2,790,949)
Net cash provided by operating activities	<u>201,114</u>	<u>25,946</u>	<u>11,328</u>	<u>238,388</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Increase in due to other funds	-	-	231	231
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income received	<u>30,499</u>	<u>179</u>	<u>181</u>	<u>30,859</u>
Increase in cash and cash equivalents	231,613	26,125	11,740	269,478
Cash and cash equivalents - beginning of the year	<u>2,011,524</u>	<u>54,584</u>	<u>47,667</u>	<u>2,113,775</u>
Cash and cash equivalents - end of the year	<u><u>\$ 2,243,137</u></u>	<u><u>\$ 80,709</u></u>	<u><u>\$ 59,407</u></u>	<u><u>\$ 2,383,253</u></u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 167,157	\$ 29,593	\$ 10,690	\$ 207,440
Adjustments to reconcile operating income to net cash provided by operating activities:				
Change in assets and liabilities:				
Insurance receivable	57,975	13,688	-	71,663
Prepaid insurance	-	(4,400)	-	(4,400)
Accounts payable	(24,018)	(13,716)	-	(37,734)
Accrued payroll	-	781	638	1,419
Net cash provided by operating activities	<u><u>\$ 201,114</u></u>	<u><u>\$ 25,946</u></u>	<u><u>\$ 11,328</u></u>	<u><u>\$ 238,388</u></u>

SINGLE AUDIT REPORTS

CITY OF ALLIANCE, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2019

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Expenditures</u>
<u>Department of Transportation</u>			
Passed Through the Nebraska Department of Transportation			
Formula Grants for Rural Areas	20.509	47-6006071	\$ 174,534
Airport Improvement Program	20.106	47-6006071	3,470,882 *
Total passed through the Nebraska Department of Transportation			<u>3,645,416</u>
Passed Through the Nebraska Office of Highway Safety			
Highway Safety Cluster:			
National Priority Safety Program	20.616	47-6006071	3,500
State and Community Highway Safety	20.600	47-6006071	572
Total Highway Safety Cluster			<u>4,072</u>
Total Department of Transportation			3,649,488
<u>Corporation for National and Community Service</u>			
Retired and Senior Volunteer Program	94.002	n/a	42,558
<u>Department of Justice</u>			
Bullet Proof Vest Partnership Program	16.607	n/a	1,595
<u>Department of Health and Human Services</u>			
Passed Through the Nebraska Department on Aging			
Aging Cluster:			
Special Programs for the Aging - Title III, Part B	93.044	47-6006071	<u>22,009</u>
 Total Expenditures of Federal Awards			 <u><u>\$ 3,715,650</u></u>

* Major program

NOTE A - BASIS OF PRESENTATION

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

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



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

SHAREHOLDERS:
Robert D. Almquist
Phillip D. Maltzahn
Marcy J. Luth
Heidi A. Ashby
Christine R. Shenk
Michael E. Hoback
Joseph P. Stump
Kyle R. Overturf
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, 2019, 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, 2020.

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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A PROFESSIONAL
CORPORATION

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2019-001 that we consider to be significant deficiencies.

Compliance and Other Matters

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

City of Alliance's Response to Findings

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

Purpose of this Report

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

AMGL, PC.

Grand Island, Nebraska
January 23, 2020

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Alliance, Nebraska’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended September 30, 2019. The City of Alliance, Nebraska’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

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

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

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Opinion on Each Major Federal Program

In our opinion, the City of Alliance, Nebraska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

AMGL, PC

Grand Island, Nebraska
January 23, 2020

CITY OF ALLIANCE, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2019

1. A summary of auditor's results:

- (i) Unmodified opinions were issued on all opinion units of the City of Alliance, Nebraska, as of September 30, 2019.
- (ii) One significant deficiency disclosed during the audit of the financial statements is reported in the "Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*." The deficiency is not reported as a material weakness.
- (iii) The audit disclosed no instances of noncompliance which are material to the financial statements of the City of Alliance, Nebraska.
- (iv) The audit did not disclose any significant deficiencies in the internal control over major programs for the City of Alliance, Nebraska.
- (v) An unmodified opinion was issued on compliance for major programs.
- (vi) The audit did not disclose any audit findings which are required to be reported under 2 CFR section 200.516(a).
- (vii) Major Program: CFDA #20.106 – Airport Improvement Program.
- (viii) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (ix) The City of Alliance, Nebraska, did not qualify as a low-risk auditee.

CITY OF ALLIANCE, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued

Year ended September 30, 2019

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

2019-001

Condition: There is not adequate segregation of duties.

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

Cause: There are a limited number of accounting personnel.

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

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

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

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

None

CITY OF ALLIANCE, NEBRASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended September 30, 2019

There were no prior audit findings for the year ended September 30, 2018.