

**CITY OF ALLIANCE, NEBRASKA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**September 30, 2020**

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**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

**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, 2020, 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

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

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, 2020, 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 67-73 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 13, 2021, 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, PC.

Grand Island, Nebraska  
January 13, 2021

**CITY OF ALLIANCE, NEBRASKA  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2020**

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**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, 2020.

**Financial Highlights**

- The assets of the City of Alliance exceeded its liabilities at the close of the most recent fiscal year by \$88,713,635 (*net position*). Of this amount, \$21,650,664 (*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 \$52,566,770. Approximately 11.7 percent of this total amount, \$6,170,145, is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,323,468, or 54.9 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, 2020**

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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 23 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 17 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, 2020**

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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 26-66 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 67-73 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 74-80 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 \$88,713,635 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, 2020**

**Summary Statements of Net Position**

	September 30, 2020			September 30, 2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 13,471,904	\$ 18,864,905	\$ 32,336,809	\$ 12,500,944	\$ 16,839,545	\$ 29,340,489
Capital Assets	42,591,662	23,213,135	65,804,797	42,218,610	23,256,955	65,475,565
Total Assets	<u>56,063,566</u>	<u>42,078,040</u>	<u>98,141,606</u>	<u>54,719,554</u>	<u>40,096,500</u>	<u>94,816,054</u>
Long-term Liabilities	1,565,613	4,490,800	6,056,413	1,740,903	4,719,838	6,460,741
Other Liabilities	1,931,183	1,440,375	3,371,558	2,205,278	1,514,868	3,720,146
Total Liabilities	<u>3,496,796</u>	<u>5,931,175</u>	<u>9,427,971</u>	<u>3,946,181</u>	<u>6,234,706</u>	<u>10,180,887</u>
Net Position:						
Net Investment in						
Capital Assets	42,132,313	20,666,346	62,798,659	41,347,583	20,460,074	61,807,657
Restricted	4,264,312	-	4,264,312	3,238,565	-	3,238,565
Unrestricted	6,170,145	15,480,519	21,650,664	6,187,225	13,401,720	19,588,945
Total Net Position	<u>\$ 52,566,770</u>	<u>\$ 36,146,865</u>	<u>\$ 88,713,635</u>	<u>\$ 50,773,373</u>	<u>\$ 33,861,794</u>	<u>\$ 84,635,167</u>

By far the largest portion of the City of Alliance's net position (70.8 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 (4.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$21,650,664) 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, 2020**

**Expenses and Program Revenues - Governmental Activities**

<u>Function</u>	<u>Year Ended September 30, 2020</u>		<u>Year Ended September 30, 2019</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 9,711	\$ 572,205	\$ 63,999	\$ 655,069
Public Safety	800,478	2,804,698	375,017	2,735,683
Public Works	271,755	1,070,239	303,002	1,026,330
Environment and Leisure	2,324,218	2,964,304	4,598,192	3,123,867
Economic Development	450	523,820	-	423,882
Interest	-	37,567	-	34,333
Depreciation	-	2,645,627	-	2,392,334
Total	<u>\$ 3,406,612</u>	<u>\$ 10,618,460</u>	<u>\$ 5,340,210</u>	<u>\$ 10,391,498</u>

**Revenues by Source - Governmental Activities**

**SOURCES OF REVENUE**

	<u>Year Ended September 30, 2020</u>		<u>Year Ended September 30, 2019</u>	
Charges for Services	\$ 1,066,092	8.59 %	\$ 1,023,520	7.21 %
Operating Grants and Contributions	1,105,657	8.91	653,790	4.61
Capital Grants and Contributions	1,234,863	9.95	3,662,900	25.81
Property Taxes	1,710,674	13.78	1,710,778	12.05
Motor Vehicle Taxes	182,226	1.47	182,192	1.28
Sales Tax	2,087,006	16.81	2,027,977	14.29
Franchise Taxes	182,062	1.47	189,497	1.33
Occupation Taxes	180,067	1.45	214,218	1.51
TIF Proceeds	397,927	3.21	311,957	2.20
State Allocation	1,382,953	11.14	1,438,712	10.14
Special Assessments	9,404	0.07	9,501	0.07
Keno	13,422	0.11	15,117	0.11
Other	11,175	0.09	10,414	0.07
Interest	136,834	1.10	146,567	1.03
Gain on Sale of Assets	610,495	4.92	568,041	4.00
Interfund Transfer	2,101,000	16.93	2,027,500	14.29
Total	<u>\$ 12,411,857</u>	<u>100.00 %</u>	<u>\$ 14,192,681</u>	<u>100.00 %</u>

Net position increased \$1,793,397 in the governmental funds during the year ended September 30, 2020.

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 \$1,710,674 in property tax for fiscal year 2020 compared to \$1,710,778 in 2019. Levies are expressed in dollars and cents per \$100 of valuation. The 2019 tax year levies

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

were collected in the City's Fiscal Year 2020. 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>
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
2019	.22848	.03395	-	.05157	.01074	.32474	\$ 521,910,994

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

**Business-type activities.** Business-type activities increased the City of Alliance's net position by \$2,285,071. Key elements of this increase are as follows:

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

<u>Function</u>	<u>Year Ended September 30, 2020</u>		<u>Year Ended September 30, 2019</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 14,235,400	\$ 10,754,400	\$ 13,383,045	\$ 10,029,872
Water	1,863,715	1,296,918	1,583,638	1,386,842
Sewer	498,052	461,801	486,420	445,201
Refuse	1,193,915	1,134,841	1,117,783	1,252,282
Total	17,791,082	13,647,960	16,570,886	13,114,197
Interfund Transfer	-	2,101,000	-	2,027,500
	<u>\$ 17,791,082</u>	<u>\$ 15,748,960</u>	<u>\$ 16,570,886</u>	<u>\$ 15,141,697</u>

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

**SOURCES OF REVENUE**

	<u>Year Ended September 30, 2020</u>		<u>Year Ended September 30, 2019</u>	
Charges for Services	\$ 17,771,082	98.54 %	\$ 16,570,886	98.28 %
Capital Grants and Contributions	20,000	0.11	-	-
Interest	183,263	1.02	204,142	1.21
Miscellaneous	18,034	0.10	9,003	0.05
Gain on Sale of Assets	41,652	0.23	77,221	0.46
Total	<u>\$ 18,034,031</u>	<u>100.00 %</u>	<u>\$ 16,861,252</u>	<u>100.00 %</u>

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

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The largest source of receipts for the City is user fees in the Utility Departments. The Utility Departments transferred \$2,101,000 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 \$8,256,573. Approximately 37.9 percent of this total amount (\$3,131,223) 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 (\$158,396), 2) restricted for street improvements (\$288,126), 3) restricted for Federal programs (\$29,483), 4) restricted to fund capital projects (\$1,257,084), 5) restricted for economic development (\$1,579,737), 6) restricted for maintenance expenses (\$11,396), 7) restricted for tourism promotion (\$303,633), 8) restricted for community betterment (\$66,958), 9) endowed as nonspendable for cemetery perpetual care (\$452,095), 10) restricted for museum projects (\$14,593), 11) restricted for general tax support (\$102,811), 12) committed for sign project (\$11,614), 13) assigned for budgetary stabilization (\$685,500), 14) assigned for nuisance clean up (\$50,000), 15) assigned for public transit (\$21,813), or 16) assigned for golf course operations (\$92,111).

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 \$3,323,468 and total fund balance was \$4,020,582. 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 54.9 percent of total General Fund expenditures, while total fund balance was 66.4 percent of total General Fund expenditures.

The fund balance of the City of Alliance's General Fund increased by \$394,907 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 – \$12,172,391, Water Fund – \$2,053,771, Sewer Fund – \$765,125, and Refuse Fund – \$489,232. The change in net position for the proprietary funds was as follows: Electric Fund – increase of \$1,971,558, Water Fund – increase of \$360,558, Sewer Fund – decrease of \$(12,837), and Refuse Fund – decrease of \$(34,208). Other factors concerning the finances of these four

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

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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, 2020, amounts to \$65,804,797 (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 costs on airport runway project - \$579,844
- Construction costs on airport storage building - \$545,198
- 2020 F-150 pickup and topper for animal control - \$46,265
- Motorola P25 radios with accessories for fire department - \$121,874
- Lockers for the men's locker room at the golf course - \$30,000
- 2020 Jacobsen greens mower - \$25,350
- Construction in progress on Sunken Gardens pillars project - \$41,675
- 2020 Harper turbo vac - \$25,141
- Softball fields improvements - \$144,845
- 2020 F-250 pickup for parks - \$32,701
- 2020 F-150 pickup and emergency equipment for police - \$47,982
- 2020 Ford Goshen coach bus - \$65,520
- 2020 John Deere road grader - \$273,244
- 2020 Toucan 26' mast lift with ramp - \$42,813
- Construction in progress on Lakefield underground electric project - \$151,423
- Construction in progress on Park Knoll underground electric upgrade - \$32,307
- Construction costs on electric distribution system improvements - \$699,322
- 2020 wire stringing trailer - \$50,202
- 2020 Altec digger derrick - \$273,901
- Sewer line relocation at the school football field - \$105,301

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

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

	<u>Year Ended September 30, 2020</u>			<u>Year Ended September 30, 2019</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Land	\$ 2,114,120	\$ 566,827	\$ 2,680,947	\$ 2,114,120	\$ 566,827	\$ 2,680,947
Construction in Progress	825,046	242,671	1,067,717	3,452,187	482,635	3,934,822
Infrastructure	12,062,708	-	12,062,708	12,726,425	-	12,726,425
Improvements	13,421,933	-	13,421,933	10,290,209	-	10,290,209
Buildings	10,439,604	1,554,506	11,994,110	10,328,262	1,610,631	11,938,893
Equipment	3,728,251	8,206,529	11,934,780	3,307,407	8,502,824	11,810,231
Distribution Systems	-	12,642,602	12,642,602	-	12,094,038	12,094,038
Total	<u>\$ 42,591,662</u>	<u>\$ 23,213,135</u>	<u>\$ 65,804,797</u>	<u>\$ 42,218,610</u>	<u>\$ 23,256,955</u>	<u>\$ 65,475,565</u>

Additional information on the City of Alliance's capital assets can be found in Note C4 on pages 50-52 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 \$3,006,138. Of this amount, \$459,349 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, 2020</u>			<u>Year Ended September 30, 2019</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Notes	\$ 459,349	\$ 2,341,789	\$ 2,801,138	\$ 871,027	\$ 2,541,881	\$ 3,412,908
Certificates of Participation	-	205,000	205,000	-	255,000	255,000
Total	<u>\$ 459,349</u>	<u>\$ 2,546,789</u>	<u>\$ 3,006,138</u>	<u>\$ 871,027</u>	<u>\$ 2,796,881</u>	<u>\$ 3,667,908</u>

The City of Alliance's total debt decreased by \$661,770 (18.0 percent) during the current fiscal year, as scheduled principal payments were made.

Additional information on the City of Alliance's long-term debt can be found in Note C6 on pages 53-55 of this report.

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

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

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

- Dollar Tree/Family Dollar is planned for the Alliance Plaza mall
- Pizza Hut will be moving to a new building on the west side of town
- A new feed manufacturer is scheduled to begin operation in the City's industrial park in 2021
- Buyers from outside the area are buying housing units, raising valuations and rents

Conservative budget forecasts were made for the 2021 fiscal year due to COVID. BNSF Railway and Parker activity has been somewhat restricted. American Electric Power sold to Appalachian Railcar Company – the impact of this sale is unknown. The farm and ranch economy continue to be depressed.

The City's taxable property valuation grew by \$5,306,174 (1.0 percent) to an all-time high in 2020 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, 2021 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, 2021. Almost \$2.4 million in damage from a July 2020 storm will need to be repaired. The City has commitments totaling \$576,805 on the Sunken Gardens pillar project and has a commitment of \$87,777 on the 2020 asphalt overlay project. Also, the City has a commitment of \$623,522 on the sewer lift station rehab project.

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.

Electric, water, sewer, and refuse rates were increased 1.0 percent at the start of the new fiscal year.

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, 2020**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 6,166,525	\$ 11,995,666	\$ 18,162,191
Certificates of deposit	-	500,000	500,000
County treasurer cash	62,434	-	62,434
Receivables:			
Property tax	10,569	-	10,569
Special assessments	486,903	-	486,903
Accounts, net of allowance for doubtful accounts	485,224	1,058,575	1,543,799
Unbilled revenue	-	717,786	717,786
Interest	-	1,258	1,258
Current portion of notes	450,402	-	450,402
Current portion of TIF	405,100	-	405,100
Due from other governments	979,562	-	979,562
Due (to) from other funds	(739,357)	739,357	-
Inventory	38,053	1,254,586	1,292,639
Prepaid expenses	64,833	-	64,833
Total current assets	8,410,248	16,267,228	24,677,476
Noncurrent assets:			
Restricted cash and cash equivalents	3,374,435	462,266	3,836,701
Restricted certificates of deposit	-	2,135,411	2,135,411
Noncurrent notes receivable	643,492	-	643,492
Noncurrent TIF receivable	1,043,729	-	1,043,729
Capital assets:			
Land and construction in progress	2,939,166	809,498	3,748,664
Other capital assets, net of depreciation	39,652,496	22,403,637	62,056,133
Net capital assets	42,591,662	23,213,135	65,804,797
Total noncurrent assets	47,653,318	25,810,812	73,464,130
<b>Total assets</b>	56,063,566	42,078,040	98,141,606
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	673,692	657,618	1,331,310
Accrued expenses	169,782	135,209	304,991
Unredeemed gift certificates	6,897	-	6,897
Customer deposits	49,865	393,435	443,300
Police custodial funds	9,424	-	9,424
Current portion of TIF payables	405,100	-	405,100
Unavailable special assessments	486,903	-	486,903
Current portion of long-term obligations	129,520	254,113	383,633
Total current liabilities	1,931,183	1,440,375	3,371,558
Noncurrent liabilities:			
Compensated absences - noncurrent	192,055	77,853	269,908
Landfill closure costs	-	2,120,271	2,120,271
Noncurrent TIF payables	1,043,729	-	1,043,729
Noncurrent portion of long-term obligations	329,829	2,292,676	2,622,505
Total noncurrent liabilities	1,565,613	4,490,800	6,056,413
<b>Total liabilities</b>	3,496,796	5,931,175	9,427,971
<b>NET POSITION</b>			
Net investment in capital assets	42,132,313	20,666,346	62,798,659
Restricted for:			
Capital projects/community betterment	1,324,042	-	1,324,042
Debt service	158,396	-	158,396
Cemetery perpetual care	452,095	-	452,095
Economic development	1,579,737	-	1,579,737
Federal programs	29,483	-	29,483
General tax support	102,811	-	102,811
Street improvements	288,126	-	288,126
Maintenance expenses	11,396	-	11,396
Museum projects	14,593	-	14,593
Tourism promotion	303,633	-	303,633
Unrestricted	6,170,145	15,480,519	21,650,664
<b>Total net position</b>	\$ 52,566,770	\$ 36,146,865	\$ 88,713,635

See notes to financial statements.

**CITY OF ALLIANCE, NEBRASKA**

**STATEMENT OF ACTIVITIES**

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
<b>Primary government:</b>			
<b>Governmental activities:</b>			
General government	\$ 572,205	\$ 9,711	\$ -
Public safety	2,804,698	218,924	550,523
Public works	1,070,239	82,579	189,176
Environment and leisure	2,964,304	754,428	365,958
Economic development	523,820	450	-
Interest and related expenses	37,567	-	-
Depreciation - unallocated	2,645,627	-	-
Total governmental activities	10,618,460	1,066,092	1,105,657
<b>Business-type activities:</b>			
Electric	10,754,400	14,235,400	-
Water	1,296,918	1,863,715	-
Sewer	461,801	478,052	-
Refuse	1,134,841	1,193,915	-
Total business-type activities	13,647,960	17,771,082	-
<b>Total primary government</b>	\$ 24,266,420	\$ 18,837,174	\$ 1,105,657

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>
\$ -	\$ (562,494)		\$ (562,494)
31,031	(2,004,220)		(2,004,220)
-	(798,484)		(798,484)
1,203,832	(640,086)		(640,086)
-	(523,370)		(523,370)
-	(37,567)		(37,567)
-	(2,645,627)		(2,645,627)
<u>1,234,863</u>	<u>(7,211,848)</u>	\$ -	<u>(7,211,848)</u>
-	-	3,481,000	3,481,000
-	-	566,797	566,797
20,000	-	36,251	36,251
-	-	59,074	59,074
<u>20,000</u>	<u>-</u>	<u>4,143,122</u>	<u>4,143,122</u>
<u>\$ 1,254,863</u>	<u>(7,211,848)</u>	<u>4,143,122</u>	<u>(3,068,726)</u>
General revenues:			
Taxes:			
Property	1,710,674	-	1,710,674
Motor vehicle	182,226	-	182,226
Sales tax	2,087,006	-	2,087,006
Franchise	182,062	-	182,062
Occupation	180,067	-	180,067
TIF proceeds	397,927	-	397,927
State allocation	1,382,953	-	1,382,953
Special assessments	9,404	-	9,404
Keno	13,422	-	13,422
Miscellaneous	11,175	18,034	29,209
Interest income	136,834	183,263	320,097
Gain on sale of assets	610,495	41,652	652,147
Interfund transfers	2,101,000	(2,101,000)	-
Total general revenues	<u>9,005,245</u>	<u>(1,858,051)</u>	<u>7,147,194</u>
Change in net position	1,793,397	2,285,071	4,078,468
Net position - September 30, 2019	<u>50,773,373</u>	<u>33,861,794</u>	<u>84,635,167</u>
Net position - September 30, 2020	<u>\$ 52,566,770</u>	<u>\$ 36,146,865</u>	<u>\$ 88,713,635</u>

**CITY OF ALLIANCE, NEBRASKA**

**BALANCE SHEET -  
GOVERNMENTAL FUNDS**

**September 30, 2020**

	<u>General</u>	<u>Street</u>	<u>Sales Tax</u>	<u>Debt Service</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,594,566	\$ -	\$ -	\$ -
Restricted cash	-	631,590	102,811	14,998
County treasurer cash	53,573	-	-	-
Receivables:				
Special assessments	-	-	-	486,903
Accounts, net of allowance for doubtful accounts	62,676	-	-	-
Notes receivable	-	-	-	-
Property tax TIF	8,397	-	-	-
Inventory	15,498	-	-	-
Prepaid insurance	3,539	-	-	-
Due from other funds	245,329	60,100	-	-
Due from other governments	423,808	130,105	363,762	-
<b>Total assets</b>	<b><u>\$ 4,407,386</u></b>	<b><u>\$ 821,795</u></b>	<b><u>\$ 466,573</u></b>	<b><u>\$ 501,901</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 5,763	\$ 525,405	\$ -	\$ -
Accrued expenses	116,519	7,561	-	50
Unredeemed gift certificates	-	-	-	-
Due to other funds	255,098	703	363,762	-
Customer deposits	-	-	-	-
Police custodial funds	9,424	-	-	-
TIF payables	-	-	-	-
Unavailable special assessments	-	-	-	486,903
<b>Total liabilities</b>	<b><u>386,804</u></b>	<b><u>533,669</u></b>	<b><u>363,762</u></b>	<b><u>486,953</u></b>
Fund balances (deficit):				
Nonspendable:				
Cemetery perpetual care	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Community betterment	-	-	-	-
Debt service	-	-	-	14,948
Economic development	-	-	-	-
Federal programs	-	-	-	-
General tax support	-	-	102,811	-
Street improvements	-	288,126	-	-
Maintenance expenses	-	-	-	-
Museum projects	-	-	-	-
Tourism promotion	-	-	-	-
Committed for:				
Sign project	11,614	-	-	-
Assigned for:				
Budgetary stabilization	685,500	-	-	-
Other purposes	-	-	-	-
Unassigned	3,323,468	-	-	-
<b>Total fund balances</b>	<b><u>4,020,582</u></b>	<b><u>288,126</u></b>	<b><u>102,811</u></b>	<b><u>14,948</u></b>
<b>Total liabilities and         fund balances</b>	<b><u>\$ 4,407,386</u></b>	<b><u>\$ 821,795</u></b>	<b><u>\$ 466,573</u></b>	<b><u>\$ 501,901</u></b>

See notes to financial statements.

<u>Redevelopment</u>	<u>Airport</u>	<u>Other Governmental Funds</u>	<u>Eliminations</u>	<u>Total Governmental Funds</u>
\$ -	\$ 127,333	\$ 116,085	\$ -	\$ 3,837,984
296	-	2,624,740	-	3,374,435
-	7,334	1,527	-	62,434
-	-	-	-	486,903
-	207,423	69,756	-	339,855
-	-	1,093,894	-	1,093,894
-	1,650	522	-	10,569
1,448,829	-	-	-	1,448,829
-	-	22,555	-	38,053
-	4,312	1,327	-	9,178
-	-	58,333	(363,762)	-
-	-	61,887	-	979,562
<u>\$ 1,449,125</u>	<u>\$ 348,052</u>	<u>\$ 4,050,626</u>	<u>\$ (363,762)</u>	<u>\$ 11,681,696</u>
\$ -	\$ -	\$ 1,644	\$ -	\$ 532,812
-	9,167	18,482	-	151,779
-	-	6,897	-	6,897
-	481,265	1,548	(363,762)	738,614
-	49,865	-	-	49,865
-	-	-	-	9,424
1,448,829	-	-	-	1,448,829
-	-	-	-	486,903
<u>1,448,829</u>	<u>540,297</u>	<u>28,571</u>	<u>(363,762)</u>	<u>3,425,123</u>
-	-	452,095	-	452,095
-	-	1,257,084	-	1,257,084
-	-	66,958	-	66,958
-	-	143,448	-	158,396
296	-	1,579,441	-	1,579,737
-	-	29,483	-	29,483
-	-	-	-	102,811
-	-	-	-	288,126
-	-	11,396	-	11,396
-	-	14,593	-	14,593
-	-	303,633	-	303,633
-	-	-	-	11,614
-	-	-	-	685,500
-	-	163,924	-	163,924
-	(192,245)	-	-	3,131,223
<u>296</u>	<u>(192,245)</u>	<u>4,022,055</u>	<u>-</u>	<u>8,256,573</u>
<u>\$ 1,449,125</u>	<u>\$ 348,052</u>	<u>\$ 4,050,626</u>	<u>\$ (363,762)</u>	<u>\$ 11,681,696</u>

**CITY OF ALLIANCE, NEBRASKA**

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

**September 30, 2020**

<b>Total fund balances - governmental funds</b>		<b>\$ 8,256,573</b>
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$83,151,204 and the accumulated depreciation is \$40,559,542.		
		42,591,662
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.		
		2,369,939
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Noncurrent compensated absences	\$ (192,055)	
Long-term notes payable	(459,349)	(651,404)
<b>Total net position - governmental activities</b>		<b>\$ 52,566,770</b>

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, 2020**

	<u>General</u>	<u>Street</u>	<u>Sales Tax</u>
<b>REVENUES</b>			
Taxes:			
Property	\$ 1,376,562	\$ -	\$ -
Motor vehicle	182,226	-	-
Sales tax	-	257,158	1,604,848
Franchise	182,062	-	-
Occupation	-	-	-
TIF proceeds	-	-	-
Intergovernmental	342,254	1,295,994	-
Grants	423,809	-	-
Keno	-	-	-
Special assessments	-	-	-
Charges for services	450,279	781	-
Contributions	26,632	-	-
Interest income	67,586	6,626	298
Sale of property/insurance proceeds	13,537	173	-
Other income	980	300	-
Total revenues	<u>3,065,927</u>	<u>1,561,032</u>	<u>1,605,146</u>
<b>EXPENDITURES</b>			
General government	576,868	-	-
Public safety	2,786,952	-	-
Public works	367,676	726,350	-
Environment and leisure	1,671,652	-	-
Economic development	-	-	-
Capital outlay	334,161	938,509	-
Principal payments on debt	321,043	-	-
Interest on long-term debt	-	5,625	-
Total expenditures	<u>6,058,352</u>	<u>1,670,484</u>	<u>-</u>
<b>Excess (deficiency) of     revenues over expenditures</b>	(2,992,425)	(109,452)	1,605,146
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	3,720,932	-	-
Transfers out	(333,600)	-	(1,528,232)
Net transfers	<u>3,387,332</u>	<u>-</u>	<u>(1,528,232)</u>
<b>Net change in fund balances</b>	394,907	(109,452)	76,914
Fund balances - September 30, 2019	<u>3,625,675</u>	<u>397,578</u>	<u>25,897</u>
Fund balances - September 30, 2020	<u>\$ 4,020,582</u>	<u>\$ 288,126</u>	<u>\$ 102,811</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>
\$ -	\$ -	\$ 277,566	\$ 56,546	\$ 1,710,674
-	-	-	-	182,226
-	-	-	225,000	2,087,006
-	-	-	-	182,062
-	-	-	180,067	180,067
-	397,927	-	-	397,927
-	-	-	80,845	1,719,093
-	-	557,148	583,321	1,564,278
-	-	-	13,422	13,422
-	-	-	9,404	9,404
-	-	218,571	396,461	1,066,092
-	-	-	343,491	370,123
28	7,165	3,133	28,442	113,278
-	-	602,043	-	615,753
-	-	-	9,895	11,175
<u>28</u>	<u>405,092</u>	<u>1,658,461</u>	<u>1,926,894</u>	<u>10,222,580</u>
-	-	-	7,230	584,098
-	-	-	58,832	2,845,784
-	-	-	-	1,094,026
-	-	468,390	855,617	2,995,659
-	405,187	-	118,633	523,820
-	-	1,191,462	274,211	2,738,343
41,635	-	49,000	-	411,678
9,953	-	21,989	-	37,567
<u>51,588</u>	<u>405,187</u>	<u>1,730,841</u>	<u>1,314,523</u>	<u>11,230,975</u>
(51,560)	(95)	(72,380)	612,371	(1,008,395)
58,600	-	59,000	388,500	4,227,032
-	-	-	(264,200)	(2,126,032)
<u>58,600</u>	<u>-</u>	<u>59,000</u>	<u>124,300</u>	<u>2,101,000</u>
7,040	(95)	(13,380)	736,671	1,092,605
7,908	391	(178,865)	3,285,384	7,163,968
<u>\$ 14,948</u>	<u>\$ 296</u>	<u>\$ (192,245)</u>	<u>\$ 4,022,055</u>	<u>\$ 8,256,573</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, 2020**

<b>Total net change in fund balances - governmental funds</b>	<b>\$ 1,092,605</b>
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay (\$3,023,937) exceeded depreciation expense (\$2,645,627) during the period. A portion of capital asset additions (\$215,615) were paid for by the Internal Service Fund and a portion (\$69,979) were paid directly by grants.	378,310
Losses on the disposal of capital assets are not recognized in the governmental fund statements. However, losses on disposal of capital assets are recognized in the statement of activities.	(5,258)
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.	(47,407)
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.	(36,531)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	411,678
<b>Change in net position of governmental activities</b>	<b>\$ 1,793,397</b>

See notes to financial statements.

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

**September 30, 2020**

	Enterprise Funds	
	Electric Fund	Water Fund
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 9,105,023	\$ 1,814,622
Certificates of deposit	500,000	-
Receivables:		
Accounts, net of allowance for doubtful accounts	851,938	130,016
Unbilled revenue	541,898	111,177
Interest	980	-
Due from other funds	767,738	10,218
Inventory	1,185,842	65,981
Prepaid expenses	-	-
Total current assets	12,953,419	2,132,014
Noncurrent assets:		
Restricted cash and cash equivalents	56,822	-
Restricted certificates of deposit	351,713	-
Capital assets:		
Land	33,070	361,099
Construction in progress	205,749	1,165
Distribution systems	14,935,634	10,529,328
Buildings	1,045,060	640,400
Equipment	9,859,030	3,178,536
Less accumulated depreciation	(14,470,944)	(7,088,592)
Net capital assets	11,607,599	7,621,936
Total noncurrent assets	12,016,134	7,621,936
Total assets	24,969,553	9,753,950
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	654,680	-
Customer deposits	393,435	-
Accrued interest payable	-	20,490
Sales tax payable	75,967	114
Other accrued expenses	20,553	5,931
Due to other funds	-	37,040
Current portion of long-term obligations	-	204,113
Total current liabilities	1,144,635	267,688
Noncurrent liabilities:		
Compensated absences - noncurrent	44,928	14,668
Landfill closure costs	-	-
Noncurrent portion of long-term obligations	-	2,137,676
Total noncurrent liabilities	44,928	2,152,344
Total liabilities	1,189,563	2,420,032
<b>NET POSITION</b>		
Net investment in capital assets	11,607,599	5,280,147
Unrestricted	12,172,391	2,053,771
Total net position	\$ 23,779,990	\$ 7,333,918

See notes to financial statements.

Enterprise Funds				Internal Service Funds
Sewer Fund	Refuse Fund	Eliminations	Total	Funds
\$ 730,787	\$ 345,234	\$ -	\$ 11,995,666	\$ 2,328,541
-	-	-	500,000	-
15,116	61,505	-	1,058,575	145,369
24,654	40,057	-	717,786	-
-	278	-	1,258	-
-	710	(39,309)	739,357	-
2,763	-	-	1,254,586	-
-	-	-	-	55,655
<u>773,320</u>	<u>447,784</u>	<u>(39,309)</u>	<u>16,267,228</u>	<u>2,529,565</u>
-	405,444	-	462,266	-
-	1,783,698	-	2,135,411	-
60,978	111,680	-	566,827	-
20,520	15,237	-	242,671	-
4,592,387	2,010,189	-	32,067,538	-
505,607	561,861	-	2,752,928	-
1,354,560	3,738,835	-	18,130,961	-
(4,715,430)	(4,272,824)	-	(30,547,790)	-
<u>1,818,622</u>	<u>2,164,978</u>	<u>-</u>	<u>23,213,135</u>	<u>-</u>
<u>1,818,622</u>	<u>4,354,120</u>	<u>-</u>	<u>25,810,812</u>	<u>-</u>
<u>2,591,942</u>	<u>4,801,904</u>	<u>(39,309)</u>	<u>42,078,040</u>	<u>2,529,565</u>
-	2,938	-	657,618	140,880
-	-	-	393,435	-
-	1,196	-	21,686	-
-	7	-	76,088	-
2,227	8,724	-	37,435	18,003
1,930	339	(39,309)	-	743
-	50,000	-	254,113	-
<u>4,157</u>	<u>63,204</u>	<u>(39,309)</u>	<u>1,440,375</u>	<u>159,626</u>
4,038	14,219	-	77,853	-
-	2,120,271	-	2,120,271	-
-	155,000	-	2,292,676	-
<u>4,038</u>	<u>2,289,490</u>	<u>-</u>	<u>4,490,800</u>	<u>-</u>
<u>8,195</u>	<u>2,352,694</u>	<u>(39,309)</u>	<u>5,931,175</u>	<u>159,626</u>
1,818,622	1,959,978	-	20,666,346	-
765,125	489,232	-	15,480,519	2,369,939
<u>\$ 2,583,747</u>	<u>\$ 2,449,210</u>	<u>\$ -</u>	<u>\$ 36,146,865</u>	<u>\$ 2,369,939</u>

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

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

	Enterprise Funds	
	Electric Fund	Water Fund
<b>Operating revenues:</b>		
User charges	\$ 14,100,656	\$ 1,851,718
Interdepartmental charges	-	-
Other reimbursements	-	-
Rent income	134,744	11,997
Total operating revenues	14,235,400	1,863,715
<b>Operating expenses:</b>		
Cost of power	8,221,026	-
Personnel	954,553	383,285
Contract services	184,066	293,541
Commodities	307,117	106,011
Generation	15,270	-
Customer service	-	-
Meter reading	-	-
Warehouse	12,333	529
Risk management	-	-
Management information systems	-	-
Administration/finance	405,494	90,637
Insurance claims and health premiums	-	-
Landfill closure	-	-
Depreciation	654,541	349,903
Bond fees	-	-
Total operating expenses	10,754,400	1,223,906
Operating income (loss)	3,481,000	639,809
<b>Nonoperating revenues (expenses):</b>		
Interest income	123,258	12,943
Contribution in aid of construction	-	-
Interest expense	-	(48,091)
DEQ loan fees	-	(24,921)
Gain on sale of capital assets	40,465	40
Other revenue	17,435	578
Total nonoperating revenues (expenses)	181,158	(59,451)
Income (loss) before interfund transfers	3,662,158	580,358
<b>Interfund transfers:</b>		
Transfer to other funds	(1,690,600)	(219,800)
<b>Change in net position</b>	1,971,558	360,558
Net position - September 30, 2019	21,808,432	6,973,360
Net position - September 30, 2020	\$ 23,779,990	\$ 7,333,918

See notes to financial statements.

Enterprise Funds			Internal Service Funds
<u>Sewer Fund</u>	<u>Refuse Fund</u>	<u>Total</u>	
\$ 459,977	\$ 1,193,615	\$ 17,605,966	\$ -
-	-	-	3,250,084
-	-	-	227
18,075	300	165,116	1,380
<u>478,052</u>	<u>1,193,915</u>	<u>17,771,082</u>	<u>3,251,691</u>
-	-	8,221,026	-
130,746	447,181	1,915,765	159,906
29,177	178,758	685,542	-
27,685	112,079	552,892	-
-	-	15,270	-
-	-	-	212,277
-	-	-	47,965
-	-	12,862	319,043
-	-	-	377,171
-	-	-	234,078
75,282	102,540	673,953	401,426
-	-	-	1,570,788
-	9,200	9,200	-
198,911	280,075	1,483,430	-
-	200	200	-
<u>461,801</u>	<u>1,130,033</u>	<u>13,570,140</u>	<u>3,322,654</u>
16,251	63,882	4,200,942	(70,963)
6,506	40,556	183,263	23,556
20,000	-	20,000	-
-	(4,808)	(52,899)	-
-	-	(24,921)	-
-	1,147	41,652	-
<u>6</u>	<u>15</u>	<u>18,034</u>	<u>-</u>
<u>26,512</u>	<u>36,910</u>	<u>185,129</u>	<u>23,556</u>
42,763	100,792	4,386,071	(47,407)
<u>(55,600)</u>	<u>(135,000)</u>	<u>(2,101,000)</u>	<u>-</u>
(12,837)	(34,208)	2,285,071	(47,407)
<u>2,596,584</u>	<u>2,483,418</u>	<u>33,861,794</u>	<u>2,417,346</u>
<u>\$ 2,583,747</u>	<u>\$ 2,449,210</u>	<u>\$ 36,146,865</u>	<u>\$ 2,369,939</u>

**CITY OF ALLIANCE, NEBRASKA**

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS**

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

	Enterprise Funds	
	Electric Fund	Water Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 14,180,545	\$ 1,810,843
Receipts from other funds	-	-
Payments to suppliers	(9,206,654)	(570,517)
Payments to employees	(936,990)	(380,501)
Net cash provided (used) by operating activities	4,036,901	859,825
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers to other funds	(1,690,600)	(219,800)
(Increase) decrease in due from other funds	12,256	(5,707)
Increase (decrease) in due to other funds	-	28,465
Net cash used by noncapital financing activities	(1,678,344)	(197,042)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of property and equipment	(1,269,034)	(1,165)
Proceeds from sale of capital assets	40,465	40
Contribution in aid of construction	-	-
Increase in landfill closure costs	-	-
Payment of DEQ loan fees	-	(24,921)
Principal payments on capital debt	-	(200,091)
Interest paid on capital debt	-	(49,842)
Net cash used by capital and related financing activities	(1,228,569)	(275,979)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
(Increase) decrease in certificates of deposit	542,020	-
Increase in restricted certificates of deposit	(9,713)	-
Interest received	129,437	12,943
Net cash provided by investing activities	661,744	12,943
Increase (decrease) in cash and cash equivalents	1,791,732	399,747
Cash and cash equivalents - beginning of the year	7,370,113	1,414,875
Cash and cash equivalents - end of the year	\$ 9,161,845	\$ 1,814,622
<b>Composition of cash and cash equivalents:</b>		
Cash and cash equivalents	\$ 9,105,023	\$ 1,814,622
Restricted cash and cash equivalents	56,822	-
Total cash and cash equivalents	\$ 9,161,845	\$ 1,814,622

Enterprise Funds			Internal Service Funds
Sewer Fund	Refuse Fund	Total	
\$ 482,758	\$ 1,190,575	\$ 17,664,721	\$ -
-	-	-	3,150,346
(132,524)	(417,580)	(10,327,275)	(3,228,432)
(130,751)	(442,780)	(1,891,022)	-
<u>219,483</u>	<u>330,215</u>	<u>5,446,424</u>	<u>(78,086)</u>
(55,600)	(135,000)	(2,101,000)	-
-	105	6,654	-
1,069	(54)	29,480	(182)
<u>(54,531)</u>	<u>(134,949)</u>	<u>(2,064,866)</u>	<u>(182)</u>
(118,275)	(51,137)	(1,439,611)	-
-	1,147	41,652	-
20,000	-	20,000	-
-	9,200	9,200	-
-	-	(24,921)	-
-	(50,000)	(250,091)	-
-	(4,944)	(54,786)	-
<u>(98,275)</u>	<u>(95,734)</u>	<u>(1,698,557)</u>	<u>-</u>
-	-	542,020	-
-	(36,843)	(46,556)	-
6,506	41,027	189,913	23,556
<u>6,506</u>	<u>4,184</u>	<u>685,377</u>	<u>23,556</u>
73,183	103,716	2,368,378	(54,712)
<u>657,604</u>	<u>646,962</u>	<u>10,089,554</u>	<u>2,383,253</u>
<u>\$ 730,787</u>	<u>\$ 750,678</u>	<u>\$ 12,457,932</u>	<u>\$ 2,328,541</u>
\$ 730,787	\$ 345,234	\$ 11,995,666	\$ 2,328,541
-	405,444	462,266	-
<u>\$ 730,787</u>	<u>\$ 750,678</u>	<u>\$ 12,457,932</u>	<u>\$ 2,328,541</u>

**CITY OF ALLIANCE, NEBRASKA**

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

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

	Enterprise Funds	
	Electric Fund	Water Fund
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 3,481,000	\$ 639,809
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	654,541	349,903
Other cash receipts	17,435	578
Change in assets and liabilities:		
Accounts receivable	(86,888)	(53,407)
Inventories	(49,570)	(6,324)
Prepaid expenses	-	-
Accounts payable	(11,778)	(73,475)
Customer deposits	2,365	-
Sales tax payable	12,233	(43)
Accrued expenses	17,563	2,784
Net cash provided (used) by operating activities	\$ 4,036,901	\$ 859,825

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>	
\$ 16,251	\$ 63,882	\$ 4,200,942	\$ (70,963)
198,911	280,075	1,483,430	-
6	15	18,034	-
4,700	(3,361)	(138,956)	(101,345)
(380)	-	(56,274)	-
-	-	-	(5,889)
-	(14,803)	(100,056)	95,117
-	-	2,365	-
-	6	12,196	-
(5)	4,401	24,743	4,994
<u>\$ 219,483</u>	<u>\$ 330,215</u>	<u>\$ 5,446,424</u>	<u>\$ (78,086)</u>

**CITY OF ALLIANCE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS**

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

**September 30, 2020**

**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, 2020**

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

**1. Financial Reporting Entity, continued**

**Blended Component Units**

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

**Discretely Presented Component Units**

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The 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, 2020**

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

**2. Basis of Presentation, continued**

**Fund Financial Statements**

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

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; 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, 2020**

**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, 2020**

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

**2. Basis of Presentation, continued**

**Major and Nonmajor Funds**

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

<b><u>Fund</u></b>	<b><u>Brief Description</u></b>
<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, 2020**

**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, 2020**

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

**2. Basis of Presentation, continued**

**Major and Nonmajor Funds, continued**

<b><u>Fund</u></b>	<b><u>Brief Description</u></b>
<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.
Nuisance Cleanup	Accounts for nuisance cleanup costs.
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, 2020**

**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, 2020**

**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, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

**Receivables**

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

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

**Due from Other Governments**

The total due from other governments consists of the following:

<u>Fund</u>	<u>Amount</u>	<u>Type of Revenue</u>
General	\$ 423,808	Federal Grant
Street	106,904	Highway Allocation
Street	23,201	Motor Vehicle Fees
Sales Tax	363,762	Sales Tax
RSVP	1,462	Federal Grant
Public Transit	51,387	Federal/State Grant
Handyman	1,538	State Grant
Capital Projects	<u>7,500</u>	State Grant
	<u>\$ 979,562</u>	

**Inventory**

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

**CITY OF ALLIANCE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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 2019-2020 are recorded as revenue when expected to be collected within 60 days after September 30, 2020. 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, 2020**

**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, 2020

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

#### 2. Deposit Laws and Regulations

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

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

#### 3. Revenue Restrictions

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

#### 4. Debt Restrictions and Covenants

##### *Bonds Payable*

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

#### 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, 2020**

**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, 2020**

**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, 2020. The categories of collateral are defined as follows:

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

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

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

<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	\$ 25,455,730	\$ 2,416,084	\$ 23,039,646	\$ -	\$ <u>24,634,303</u>

Reconciliation to Government-wide Statement of Net Position:

Unrestricted cash and cash equivalents	\$ 18,162,191
Unrestricted certificates of deposit	500,000
Restricted cash and cash equivalents	3,836,701
Restricted certificates of deposit	<u>2,135,411</u>
	\$ <u>24,634,303</u>

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

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

**2. Restricted Assets**

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

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Type of Restricted Assets:			
Cash and cash equivalents	\$ 3,374,435	\$ 462,266	\$ 3,836,701
Certificates of deposit	-	<u>2,135,411</u>	<u>2,135,411</u>
	<u>\$ 3,374,435</u>	<u>\$ 2,597,677</u>	<u>\$ 5,972,112</u>

Restricted cash and certificates of deposit for governmental activities consists of \$631,590 of Street Fund cash restricted for street improvements; \$102,811 of Sales Tax Fund cash restricted for general tax support; \$14,998 of Debt Service Fund cash restricted for debt service; \$296 of Redevelopment Fund cash, \$96,045 of Economic Development cash, and \$364,502 of LB840 Fund cash restricted for economic development; \$452,095 of Cemetery Perpetual Care Fund cash restricted for perpetual care; \$12,036 of HUD Loan and CDBG Fund cash restricted for Federal loans; \$11,246 of BID Fund cash restricted for maintenance expenses; \$15,469 of RSVP Fund cash restricted for Federal programs; \$62,699 of Community Betterment Fund cash restricted for community betterment; \$169,935 of Public Safety Tax Fund cash restricted for capital projects; \$141,399 of cash restricted for Airport Sinking Fund debt service; \$14,593 of Museum Exhibit Fund cash restricted for museum projects; \$140,344 of E911 Fund cash restricted for emergency equipment; \$238,405 of Marketing Fund cash restricted for tourism promotion; and \$905,972 of Capital Projects Fund cash restricted for capital projects.

Restricted business-type assets consist of \$408,535 restricted for customer deposits in the Electric Fund. The Refuse Fund has \$2,189,142 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, insurance, grants, and other minor receivables. Receivables detail at September 30, 2020, is as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>
Accounts receivable	\$ 528,730	\$ 1,193,185	\$ 1,721,915
Allowance for doubtful accounts	( 43,506)	( 134,610)	( 178,116)
Net accounts receivable	<u>\$ 485,224</u>	<u>\$ 1,058,575</u>	<u>\$ 1,543,799</u>

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

**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, 2020:

<u>Note Held By</u>	<u>Due From</u>	<u>Note Balance at September 30, 2020</u>	<u>Terms</u>
LB840 Fund	Steph's Studio	\$ 1,372	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	17,757	1.5%; amortized over a period of ten years
LB840 Fund	Tridako Energy Systems, Inc.	61,567	1.5%; amortized over a period of ten years
LB840 Fund	Alliance Lodging	31,236	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	3,253	1.5%; amortized over a period of five years
LB840 Fund	A&L Bakery	4,520	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) – this is the balance remaining.

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

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

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

<u>Note Held By</u>	<u>Due From</u>	<u>Note Balance at September 30, 2020</u>	<u>Terms</u>
LB840 Fund	Western Potatoes	179,746	2.0%; amortized over a period of ten years
LB840 Fund	1 dash 5 Enterprises	4,363	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	11,635	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 (Alliance)	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
LB840 Fund	GNL, Inc.	40,000	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)

**CITY OF ALLIANCE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**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>2020</u>	<u>Terms</u>
LB840 Fund	Jelinek Custom Cleaning	60,000	2.0%; amortized over a period of five years
LB840 Fund	Jelinek Custom Cleaning	60,000	0%; forgivable loan – will receive a job credit of \$2,000 per FTE off of the loan balance (maximum of \$12,000 per calendar year)
LB840 Fund	Dave’s Pharmacy (Hemingford)	629	0%; forgivable loan – will be forgiven if company remains in business for three years
LB840	Rossa Zaffiro, LLC	5,000	0%; forgivable loan – will be forgiven if company remains in business for three years
LB840	3 Little Birds Health	1,616	0%; forgivable loan – will be forgiven if company remains in business for three years
		<u>\$ 1,093,894</u>	
Current portion		\$ 450,402	
Noncurrent portion		<u>643,492</u>	
Total		<u>\$ 1,093,894</u>	

**CITY OF ALLIANCE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

**4. Capital Assets**

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

	Balance at October 1, <u>2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2020</u>
<b><u>Governmental Activities:</u></b>					
Capital assets not being depreciated:					
Land	\$ 2,114,120	\$ -	\$ -	\$ -	\$ 2,114,120
Construction in progress	3,452,187	819,846	-	(3,446,987)	825,046
Total capital assets not being depreciated	5,566,307	819,846	-	(3,446,987)	2,939,166
Other capital assets being depreciated:					
Infrastructure	27,784,501	-	-	-	27,784,501
Improvements	19,077,345	765,241	-	3,223,796	23,066,382
Buildings	18,707,414	545,198	-	27,925	19,280,537
Equipment and vehicles	9,469,858	893,652	(478,158)	195,266	10,080,618
Total other capital assets at historical cost	75,039,118	2,204,091	(478,158)	3,446,987	80,212,038
Less accumulated depreciation for:					
Infrastructure	(15,058,076)	(663,717)	-	-	(15,721,793)
Improvements	(8,787,136)	(857,313)	-	-	(9,644,449)
Buildings	(8,379,152)	(461,781)	-	-	(8,840,933)
Equipment and vehicles	(6,162,451)	(662,816)	472,900	-	(6,352,367)
Total accumulated depreciation	(38,386,815)	(2,645,627) *	472,900	-	(40,559,542)
Other capital assets, net	36,652,303	(441,536)	(5,258)	3,446,987	39,652,496
Governmental activities capital assets, net	<u>\$ 42,218,610</u>	<u>\$ 378,310</u>	<u>\$ (5,258)</u>	<u>\$ -</u>	<u>\$ 42,591,662</u>

\* Depreciation expense was charged to governmental activities as follows:

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

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

**4. Capital Assets, continued**

**Governmental Activities, continued:**

General Fund:

General government	
City manager's office	\$ 354
Warehouse/purchasing	6,619
Management information systems	51,573
Facility maintenance	50
Municipal buildings	50,384
Accounting	449
Utility customer service	<u>1,108</u>
Total general government	110,537
Public safety	
Fire	93,775
Ambulance	57,943
Police	<u>137,414</u>
Total public safety	289,132
Public services	
Building and zoning	5,888
Cemetery	26,715
Fleet services	<u>1,642</u>
Total public services	34,245
Environment and leisure	
Library	107,282
Parks	124,534
Museum	146,258
Carhenge	5,404
Swimming pool	<u>92,218</u>
Total environment and leisure	<u>475,696</u>
Total General Fund	909,610
Street Fund	778,913
BID Fund	2,460
RSVP Fund	4,055
Public Transit Fund	22,613
Airport Fund	860,826
Golf Fund	<u>67,150</u>
Total governmental activities depreciation	<u>\$ 2,645,627</u>

Construction in progress at September 30, 2020, consists of \$651,090 of costs incurred on the 2020 street overlay project; \$2,605 of engineering on the ARFF testing equipment project for the airport; \$110,000 of engineering on the public works facility project; \$3,496 of costs incurred on the golf cart barn project; \$46,875 of costs incurred on the Sunken Garden pillars project; \$2,220 of engineering on phase 2 of the softball field grading project; and \$8,760 of engineering on the tennis court project. See Note D3 for details of commitments in place on these projects as of September 30, 2020.

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

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

**4. Capital Assets, continued**

	Balance at October 1, <u>2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2020</u>
<b><u>Business-type Activities:</u></b>					
Capital assets not being depreciated:					
Land	\$ 566,827	\$ -	\$ -	\$ -	\$ 566,827
Construction in progress	482,635	233,326	-	(473,290)	242,671
Total capital assets not being depreciated	1,049,462	233,326	-	(473,290)	809,498
Other capital assets being depreciated:					
Buildings	2,752,928	-	-	-	2,752,928
Distribution systems	30,774,705	819,543	-	473,290	32,067,538
Equipment	17,752,018	386,741	(7,798)	-	18,130,961
Total other capital assets at historical cost	51,279,651	1,206,284	(7,798)	473,290	52,951,427
Less accumulated depreciation for:					
Buildings	(1,142,297)	(56,125)	-	-	(1,198,422)
Distribution systems	(18,680,667)	(744,269)	-	-	(19,424,936)
Equipment	(9,249,194)	(683,036)	7,798	-	(9,924,432)
Total accumulated depreciation	(29,072,158)	(1,483,430) *	7,798	-	(30,547,790)
Other capital assets, net	22,207,493	(277,146)	-	473,290	22,403,637
Business-type capital assets, net	<u>\$ 23,256,955</u>	<u>\$ (43,820)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,213,135</u>

\* Depreciation expense was charged to functions as follows:

Electric	\$ 654,541
Water	349,903
Sewer	198,911
Refuse	<u>280,075</u>
Total business-type activities depreciation expense	<u>\$ 1,483,430</u>

Construction in progress at September 30, 2020, consists of \$151,424 of costs incurred for the Lakefield underground electric rebuild project; \$32,307 of costs incurred for the Park Knoll underground electric upgrade project; \$12,286 of costs incurred for the Kohl Johnson electric line rebuild project; \$9,732 of costs incurred for the Bloom electric upgrade project; \$1,165 of costs incurred on the water AMI project; \$15,237 of costs incurred on the landfill breakroom project; and \$20,520 of engineering on the sewer lift station project. See Note D3 for details of commitments in place on these projects as of September 30, 2020.

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

**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, 2020:

<u>Type of Debt</u>	Balance October 1, <u>2019</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>2020</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Notes payable	\$ 871,027	\$ -	\$ (411,678)	\$ 459,349	\$ 129,520
Business-type Activities:					
Notes payable	\$ 2,796,881	\$ -	\$ (250,092)	\$ 2,546,789	\$ 254,113

**Governmental Activities**

As of September 30, 2020, 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. \$ 78,520

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 and was paid off during the year ended September 30, 2020. -

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

**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.

380,829

Total

\$ 459,349

Current Portion

\$ 129,520

Noncurrent Portion

329,829

Total

\$ 459,349

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, 2020, 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.

\$ 205,000

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.

327,063

DEQ water note – project D311496, with total loan principal of \$3,894,789. As of September 30, 2020, 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.

2,014,726

Total business-type activity debt

\$ 2,546,789

**CITY OF ALLIANCE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

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

**Business-type Activities, continued**

Current portion	\$ 254,113
Noncurrent portion	<u>2,292,676</u>
Total	<u>\$ 2,546,789</u>

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2020, 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>
2021	\$ 129,520	\$ 9,969	\$ 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	56,000	4,018	221,025	28,908	14,454
2026-2030	114,829	4,066	1,173,579	76,089	38,044
2031-2035	-	-	105,785	1,058	529
	<u>\$ 459,349</u>	<u>\$ 37,629</u>	<u>\$ 2,546,789</u>	<u>\$ 274,788</u>	<u>\$ 132,194</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	\$ 199,444	\$ 199,444
Otto	20,627	20,627
Pepsi-Cola of Western Nebraska	347,257	347,257
1dash5 Enterprises (Scooters)	35,501	35,501
Alliance Lodging, LLC	<u>846,000</u>	<u>846,000</u>
	<u>\$ 1,448,829</u>	<u>\$ 1,448,829</u>

**CITY OF ALLIANCE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**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	\$ 1,690,600	\$ -
From Refuse	135,000	-
From Water	219,800	-
From Sewer	55,600	-
From Debt Service	-	58,600
From Sales Tax	1,528,232	-
From Tourism	91,700	-
To Nuisance Cleanup	-	50,000
To Public Transit	-	25,000
To Golf	-	<u>200,000</u>
Total General Fund	<u>3,720,932</u>	<u>333,600</u>
Sales Tax Fund:		
To General	-	1,528,232
Debt Service Fund:		
From General	58,600	-
Airport Fund:		
From Sinking	59,000	-
Nonmajor Governmental Funds:	388,500	264,200
Electric Fund:		
To General	-	1,690,600
Water Fund:		
To General	-	219,800
Sewer Fund:		
To General	-	55,600
Refuse Fund:		
To General	-	<u>135,000</u>
	<u>\$ 4,227,032</u>	<u>\$ 4,227,032</u>

**CITY OF ALLIANCE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**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	\$ 244,307
General	Water	10,218
General	Refuse	573
Sales Tax	General	245,329
Sales Tax	Street	60,100
Sales Tax	Economic Development	16,667
Sales Tax	LB840	8,333
Sales Tax	Capital Projects	33,333
Street	Electric	566
Street	Refuse	137
Airport	Electric	481,265
Golf	Electric	1,548
Water	Electric	37,040
Sewer	Electric	1,930
Refuse	Electric	339
Enterprise Internal Service	Electric	<u>743</u>
		<u>\$ 1,142,428</u>

The Electric Fund loaned \$320,000 to the General Fund on January 31, 2020 to refinance the parks garage note payable. The outstanding balance of \$225,000 is included in the balance due from the General Fund to the Electric Fund shown above. The loan bears interest of 2.25 percent and is due within 60 months (January 31, 2025).

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 \$475,000 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 October 1, 2021.

The interest rate on the two interfund loans described above was changed to 1.75 percent effective October 1, 2020 per Council resolution on September 29, 2020.

## CITY OF ALLIANCE, NEBRASKA

### NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

#### 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 \$3,200,398 for the year ended September 30, 2020. Both the City and the covered employees' required contributions of \$96,012 and \$96,012, respectively, were made for the year ended September 30, 2020.

**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 \$270,805, with the City contributing \$35,205 and the employees contributing \$17,602 for the year ended September 30, 2020.

**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 \$980,564. Both the City's contribution of \$68,639 and the matching employees' contributions of \$68,639 were made for the year ended September 30, 2020.

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, 2020**

**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 \$50,000 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 \$50,000. The maximum out-of-pocket cost for employees ranges from \$5,400 to \$10,800 for family plans. The City pays \$10,200 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 \$127,949; this amount represents two months of subsequent claims. The City also has accrued a \$144,713 reinsurance receivable as of September 30, 2020. These amounts have been included as current-year expenditures.

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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, 2020, are held by the counterparties not in the name of the City. The underlying securities consist of cash, direct obligations of or guaranteed by the full faith and credit of the U.S. Government, and other similar obligations of the U.S. Government or its agencies.

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

<u>Maturities by Month</u>	<u>Amount</u>
March 2021	\$ 211,397
July 2021	1,154,014
December 2021	770,000
January 2022	<u>500,000</u>
	\$ <u>2,635,411</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, 2020**

**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, 2020, the City’s investments in certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
First National Bank	\$ 211,397
Farmers State Bank	<u>2,424,014</u>
	<u>\$ 2,635,411</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, 2020.

**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.

**Contingencies**

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

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

**NOTE D – OTHER NOTES, continued**

**3. Commitments and Contingencies, continued**

**Construction Commitments**

	<u>Contract Amount</u>	<u>Incurred as of 9/30/20</u>	<u>Balance</u>	<u>Expected Completion</u>
Pillars Sunken Garden				
Engineering	\$ 71,700	\$ 39,875	\$ 31,825	
Contractor	544,980	-	544,980	
	<u>\$ 616,680</u>	<u>\$ 39,875</u>	<u>\$ 576,805</u>	July 2021
Airport ARFF Testing Equipment				
Contractor	\$ 24,858	\$ -	\$ 24,858	October 2020
Public Works Building				
Engineering	\$ 121,000	\$ 110,000	\$ 11,000	September 2021
Steet Overlay Project				
Contractor	\$ 680,960	\$ 583,183	\$ 97,777	December 2020
Sewer Lift Station Rehab				
Contractor	\$ 623,522	\$ -	\$ 623,522	September 2021
Bulk Water Fill Station				
Contractor	\$ 38,039	\$ -	\$ 38,039	February 2021

**4. Interlocal Agreements**

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

<b>Parties to Agreement</b>	<b>Agreement Period</b>	<b>Descriptions</b>
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 <sup>th</sup> to 25 <sup>th</sup> )
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, 2020**

**NOTE D – OTHER NOTES, continued**

**4. Interlocal Agreements, continued**

<b>Parties to Agreement</b>	<b>Agreement Period</b>	<b>Descriptions</b>
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	May 19, 2020 (until project is completed)	AFF Input Based Testing Equipment Project
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
Box Butte County	December 17, 2019 (Until completed)	Court House Sidewalk, Curb, Water Main and Lighting Rehabilitation Cost Sharing
Western Nebraska Community College	June 2, 2020 through December 31, 2020	Airport Property for Training

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

**NOTE D – OTHER NOTES, continued**

**4. Interlocal Agreements, continued**

<b>Parties to Agreement</b>	<b>Agreement Period</b>	<b>Descriptions</b>
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
Aging Office of Western Nebraska	September 1, 2019 (Renewed Annually)	Nutrition Program Site Manager

## CITY OF ALLIANCE, NEBRASKA

### NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

#### 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, 2020, which is based on 34.41 percent usage of the landfill, with a remaining estimated life of 74.17 years. The estimated liability for construction and demolition landfill closure is \$203,209, with postclosure care costs of \$40,579, for a total of \$243,789 as of September 30, 2020.

It is estimated that an additional \$2,071,962 and \$990,675, 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 \$4,939,119 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, 2020. 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, 2020, restricted funds of \$2,189,142 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, 2020**

**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, 2020 is as follows:

<u>TIF Project</u>	<u>Years Remaining on TIF Agreements</u>	<u>TIF Proceeds Received during the year 9-30-2020</u>
Otto	5	\$ 4,192
Pepsi-Cola of Western Nebraska	6	59,243
West Plains, LLC	7	262,088
1dash5 Enterprises	14	2,830
Alliance Lodging, LLC	14	<u>76,834</u>
		<u>\$ 405,187</u>

**7. Subsequent Events**

Management has evaluated subsequent events through January 13, 2021, the date on which the financial statements were available for issue.

On October 6, 2020, Council approved a \$1,555,000 bid from Fuller Construction for the utility facility and public transit barn expansion project.

On December 1, 2020, Council approved the issuance of up to \$2 million of Water Revenue Refunding Bonds to refinance the water DEQ notes payable.

On January 5, 2021, Council approved the issuance of up to \$3.2 million of Various Purpose bonds for street improvements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ALLIANCE, NEBRASKA**  
**BUDGETARY COMPARISON SCHEDULE -**  
**GENERAL FUND**

**Year ended September 30, 2020**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Taxes:			
Property	\$ 1,423,900	\$ 1,381,183	\$ (42,717)
Motor vehicle	180,000	182,226	2,226
Franchise	194,000	182,062	(11,938)
Intergovernmental	380,700	342,254	(38,446)
Grants	21,000	423,809	402,809
Charges for services	593,600	496,511	(97,089)
Contributions	22,800	26,632	3,832
Interest income	63,800	67,586	3,786
Sale of property	12,500	13,537	1,037
Other	8,400	980	(7,420)
Total resources	2,900,700	3,116,780	216,080
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
General government	931,100	590,834	(340,266)
Public safety	3,593,600	3,016,683	(576,917)
Public works	398,500	374,228	(24,272)
Environment and leisure	2,257,700	2,066,035	(191,665)
Total charges to appropriations	7,180,900	6,047,780	(1,133,120)
Resources under charges to appropriations	(4,280,200)	(2,931,000)	1,349,200
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	4,007,500	3,670,932	(336,568)
Transfers out	(308,600)	(283,600)	25,000
Net transfers	3,698,900	3,387,332	(311,568)
<b>RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<b>\$ (581,300)</b>	<b>\$ 456,332</b>	<b>\$ 1,037,632</b>

**CITY OF ALLIANCE, NEBRASKA**  
**BUDGETARY COMPARISON SCHEDULE -**  
**STREET FUND**

**Year ended September 30, 2020**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Sales tax	\$ 250,000	\$ 257,158	\$ 7,158
Intergovernmental	1,314,000	1,311,772	(2,228)
Charges for services	17,400	1,081	(16,319)
Interest income	7,000	6,626	(374)
Sale of property/insurance proceeds	7,000	173	(6,827)
Bond/loan proceeds	1,000,000	-	(1,000,000)
Other income	200	300	100
	<hr/>	<hr/>	<hr/>
Total resources	2,595,600	1,577,110	(1,018,490)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Public works	1,057,500	726,921	(330,579)
Capital outlay	1,586,000	413,104	(1,172,896)
Interest expense	-	5,625	5,625
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	2,643,500	1,145,650	(1,497,850)
<b>RESOURCES OVER (UNDER)</b>			
<b>CHARGES TO APPROPRIATIONS</b>	<u>\$ (47,900)</u>	<u>\$ 431,460</u>	<u>\$ 479,360</u>

**CITY OF ALLIANCE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
SALES TAX FUND**

**Year ended September 30, 2020**

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Sales tax	\$ 1,550,000	\$ 1,604,848	\$ 54,848
Interest income	100	298	198
	<hr/>	<hr/>	<hr/>
Total resources	1,550,100	1,605,146	55,046
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>	<hr/>	<hr/>	<hr/>
	-	-	-
Resources over charges to appropriations	1,550,100	1,605,146	55,046
<b>OTHER FINANCING USES</b>			
Transfers out	<hr/> (1,550,000)	<hr/> (1,528,232)	<hr/> 21,768
<b>RESOURCES AND OTHER FINANCING USES OVER CHARGES TO APPROPRIATIONS</b>	<hr/> <hr/> \$ 100	<hr/> <hr/> \$ 76,914	<hr/> <hr/> \$ 76,814

**CITY OF ALLIANCE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
DEBT SERVICE FUND**

**Year ended September 30, 2020**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Interest income	\$ -	\$ 28	\$ 28
Loan proceeds	<u>325,000</u>	<u>-</u>	<u>(325,000)</u>
Total resources	325,000	28	(324,972)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Principal payments on debt	366,000	41,635	(324,365)
Interest on long-term debt	<u>12,400</u>	<u>11,028</u>	<u>(1,372)</u>
Total charges to appropriations	<u>378,400</u>	<u>52,663</u>	<u>(325,737)</u>
Resources under charges to appropriations	(53,400)	(52,635)	765
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>58,600</u>	<u>58,600</u>	<u>-</u>
<b>RESOURCES AND OTHER FINANCING SOURCES OVER CHARGES TO APPROPRIATIONS</b>	<u>\$ 5,200</u>	<u>\$ 5,965</u>	<u>\$ 765</u>

**CITY OF ALLIANCE, NEBRASKA**  
**BUDGETARY COMPARISON SCHEDULE -**  
**REDEVELOPMENT FUND**

**Year ended September 30, 2020**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
TIF proceeds	\$ 450,000	\$ 397,927	\$ (52,073)
Interest income	-	7,165	7,165
Bond/loan proceeds	<u>350,000</u>	<u>-</u>	<u>(350,000)</u>
Total resources	800,000	405,092	(394,908)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Economic development	<u>800,000</u>	<u>405,187</u>	<u>(394,813)</u>
<b>RESOURCES UNDER CHARGES TO APPROPRIATIONS</b>	<u>\$ -</u>	<u>\$ (95)</u>	<u>\$ (95)</u>

**CITY OF ALLIANCE, NEBRASKA**  
**BUDGETARY COMPARISON SCHEDULE -**  
**AIRPORT FUND**

**Year ended September 30, 2020**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Property tax	\$ 280,200	\$ 278,444	\$ (1,756)
Grant revenue	1,129,500	1,665,254	535,754
Charges for services	221,800	122,758	(99,042)
Interest income	6,900	3,133	(3,767)
Sale of property	100,000	39,860	(60,140)
Insurance proceeds	550,000	368,354	(181,646)
Loan proceeds	500,000	-	(500,000)
	<hr/>	<hr/>	<hr/>
Total resources	2,788,400	2,477,803	(310,597)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Operating expenses	543,200	469,108	(74,092)
Capital outlay	2,471,000	1,732,167	(738,833)
Principal payments	49,000	49,000	-
Interest expense	10,100	21,171	11,071
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	3,073,300	2,271,446	(801,854)
Resources over (under) charges to appropriations	(284,900)	206,357	491,257
<b>OTHER FINANCING SOURCES</b>			
Transfers in	59,000	59,000	-
	<hr/>	<hr/>	<hr/>
<b>RESOURCES AND OTHER FINANCING SOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u>\$ (225,900)</u>	<u>\$ 265,357</u>	<u>\$ 491,257</u>

**CITY OF ALLIANCE, NEBRASKA**

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

**Year ended September 30, 2020**

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

	<u>General Fund</u>	<u>Street Fund</u>	<u>Sales Tax Fund</u>	<u>Debt Service Fund</u>	<u>Redevelopment Fund</u>	<u>Airport Fund</u>
<b>Sources/inflows of resources:</b>						
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 3,116,780	\$ 1,577,110	\$ 1,605,146	\$ 28	\$ 405,092	\$ 2,477,803
Differences - budget to GAAP:						
Cash to accrual adjustments	<u>50,853</u>	<u>16,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>819,342</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,065,927</u>	<u>\$ 1,561,032</u>	<u>\$ 1,605,146</u>	<u>\$ 28</u>	<u>\$ 405,092</u>	<u>\$ 1,658,461</u>
<b>Uses/outflows of resources:</b>						
Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedules	\$ 6,047,780	\$ 1,145,650	\$ -	\$ 52,663	\$ 405,187	\$ 2,271,446
Differences - budget to GAAP:						
Cash to accrual adjustments	<u>(10,572)</u>	<u>(524,834)</u>	<u>-</u>	<u>1,075</u>	<u>-</u>	<u>540,605</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 6,058,352</u>	<u>\$ 1,670,484</u>	<u>\$ -</u>	<u>\$ 51,588</u>	<u>\$ 405,187</u>	<u>\$ 1,730,841</u>
<b>Other financing sources/uses:</b>						
Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedules	\$ 3,387,332	\$ -	\$ (1,528,232)	\$ 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>\$ 3,387,332</u>	<u>\$ -</u>	<u>\$ (1,528,232)</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, 2020**

	Permanent Fund	Special Revenue Funds	
	Cemetery Perpetual Care	HUD Loan & CDBG	BID
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Restricted cash	452,095	12,036	11,246
County treasurer cash	-	-	-
Receivables:			
Accounts, net of allowance for doubtful accounts	-	-	150
Property tax	-	-	-
Notes	-	-	-
Inventory	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
	<u>\$ 452,095</u>	<u>\$ 12,036</u>	<u>\$ 11,396</u>
<b>Total assets</b>	<b>\$ 452,095</b>	<b>\$ 12,036</b>	<b>\$ 11,396</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Unredeemed gift certificates	-	-	-
Accrued expenses	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable:			
Cemetery perpetual care	452,095	-	-
Restricted for:			
Capital projects	-	-	-
Community betterment	-	-	-
Debt service	-	-	-
Economic development	-	-	-
Federal programs	-	12,036	-
Maintenance expenses	-	-	11,396
Museum projects	-	-	-
Tourism promotion activities	-	-	-
Assigned for:			
Other purposes	-	-	-
Total fund balances	<u>452,095</u>	<u>12,036</u>	<u>11,396</u>
<b>Total liabilities and fund balances</b>	<b>\$ 452,095</b>	<b>\$ 12,036</b>	<b>\$ 11,396</b>

Special Revenue Funds

<u>Economic Development</u>	<u>LB840</u>	<u>RSVP</u>	<u>Handyman</u>	<u>Community Betterment</u>	<u>Public Safety Tax</u>
\$ -	\$ -	\$ -	\$ (1,065)	\$ -	\$ -
96,045	364,502	15,469	-	62,699	169,935
-	-	-	-	-	-
-	-	-	119	4,259	-
-	-	-	-	-	-
-	1,093,894	-	-	-	-
-	-	-	-	-	-
-	-	1,327	-	-	-
16,667	8,333	-	-	-	-
-	-	1,462	1,538	-	-
<u>\$ 112,712</u>	<u>\$ 1,466,729</u>	<u>\$ 18,258</u>	<u>\$ 592</u>	<u>\$ 66,958</u>	<u>\$ 169,935</u>
\$ -	\$ -	\$ -	\$ 418	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	811	174	-	-
<u>-</u>	<u>-</u>	<u>811</u>	<u>592</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	169,935
-	-	-	-	66,958	-
-	-	-	-	-	-
112,712	1,466,729	-	-	-	-
-	-	17,447	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>112,712</u>	<u>1,466,729</u>	<u>17,447</u>	<u>-</u>	<u>66,958</u>	<u>169,935</u>
<u>\$ 112,712</u>	<u>\$ 1,466,729</u>	<u>\$ 18,258</u>	<u>\$ 592</u>	<u>\$ 66,958</u>	<u>\$ 169,935</u>

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

**September 30, 2020**

	Special Revenue Funds			
	Airport <u>Sinking</u>	Museum <u>Exhibit</u>	Nuisance <u>Cleanup</u>	E911 <u>Fund</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 50,000	\$ -
Restricted cash	141,399	14,593	-	140,344
County treasurer cash	1,527	-	-	-
Receivables:				
Accounts, net of allowance for doubtful accounts	-	-	-	-
Property tax	522	-	-	-
Notes	-	-	-	-
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 143,448</u>	<u>\$ 14,593</u>	<u>\$ 50,000</u>	<u>\$ 140,344</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Unredeemed gift certificates	-	-	-	-
Accrued expenses	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Cemetery perpetual care	-	-	-	-
Restricted for:				
Capital projects	-	-	-	140,344
Community betterment	-	-	-	-
Debt service	143,448	-	-	-
Economic development	-	-	-	-
Federal programs	-	-	-	-
Maintenance expenses	-	-	-	-
Museum projects	-	14,593	-	-
Tourism promotion activities	-	-	-	-
Assigned for:				
Other purposes	-	-	50,000	-
<b>Total fund balances</b>	<u>143,448</u>	<u>14,593</u>	<u>50,000</u>	<u>140,344</u>
<b>Total liabilities and fund balances</b>	<u>\$ 143,448</u>	<u>\$ 14,593</u>	<u>\$ 50,000</u>	<u>\$ 140,344</u>

Special Revenue Funds			Capital Projects	Total Nonmajor
Marketing Fund	Public Transit	Golf Fund	Fund	Governmental Funds
\$ -	\$ (24,124)	\$ 91,274	\$ -	\$ 116,085
238,405	-	-	905,972	2,624,740
-	-	-	-	1,527
65,228	-	-	-	69,756
-	-	-	-	522
-	-	-	-	1,093,894
-	-	22,555	-	22,555
-	-	-	-	1,327
-	-	-	33,333	58,333
-	51,387	-	7,500	61,887
<u>\$ 303,633</u>	<u>\$ 27,263</u>	<u>\$ 113,829</u>	<u>\$ 946,805</u>	<u>\$ 4,050,626</u>
\$ -	\$ -	\$ 1,226	\$ -	\$ 1,644
-	-	1,548	-	1,548
-	-	6,897	-	6,897
-	5,450	12,047	-	18,482
-	5,450	21,718	-	28,571
-	-	-	-	452,095
-	-	-	946,805	1,257,084
-	-	-	-	66,958
-	-	-	-	143,448
-	-	-	-	1,579,441
-	-	-	-	29,483
-	-	-	-	11,396
-	-	-	-	14,593
303,633	-	-	-	303,633
-	21,813	92,111	-	163,924
<u>303,633</u>	<u>21,813</u>	<u>92,111</u>	<u>946,805</u>	<u>4,022,055</u>
<u>\$ 303,633</u>	<u>\$ 27,263</u>	<u>\$ 113,829</u>	<u>\$ 946,805</u>	<u>\$ 4,050,626</u>

**CITY OF ALLIANCE, NEBRASKA**

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

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

	<u>Permanent Fund</u>	<u>Special Revenue Funds</u>	
	Cemetery <u>Perpetual Care</u>	HUD Loan & CDBG	<u>BID</u>
<b>REVENUES</b>			
Taxes:			
Property tax	\$ -	\$ -	\$ -
Sales tax	-	-	-
Occupation tax	-	-	-
Intergovernmental	-	-	-
Grants	-	-	-
Keno	-	-	-
Special assessments	-	-	9,404
Charges for services	10,210	-	-
Interest income	4,710	1	22
Contributions	-	-	-
Other revenue	-	-	-
Total revenues	<u>14,920</u>	<u>1</u>	<u>9,426</u>
<b>EXPENDITURES</b>			
General government	-	-	7,130
Public safety	-	-	-
Environment and leisure	-	-	-
Economic development	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>7,130</u>
<b>Excess (deficiency) of     revenues over expenditures</b>	14,920	1	2,296
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Net transfers	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	14,920	1	2,296
Fund balances - September 30, 2019	<u>437,175</u>	<u>12,035</u>	<u>9,100</u>
Fund balances - September 30, 2020	<u>\$ 452,095</u>	<u>\$ 12,036</u>	<u>\$ 11,396</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104
100,000	91,667	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	47,767	22,604	-	-
-	-	-	-	13,422	-
-	-	-	-	-	-
450	-	-	-	-	-
379	10,190	18	(5)	300	1,843
-	-	-	2,460	-	-
-	-	3,150	5,050	-	-
<u>100,829</u>	<u>101,857</u>	<u>50,935</u>	<u>30,109</u>	<u>13,722</u>	<u>1,947</u>
-	-	-	-	100	-
-	-	-	-	-	-
-	-	55,976	30,109	-	-
89,970	28,663	-	-	-	-
-	-	-	-	-	-
<u>89,970</u>	<u>28,663</u>	<u>55,976</u>	<u>30,109</u>	<u>100</u>	<u>-</u>
10,859	73,194	(5,041)	-	13,622	1,947
-	-	13,500	-	-	-
-	-	-	-	(13,500)	-
-	-	<u>13,500</u>	-	<u>(13,500)</u>	-
10,859	73,194	8,459	-	122	1,947
<u>101,853</u>	<u>1,393,535</u>	<u>8,988</u>	<u>-</u>	<u>66,836</u>	<u>167,988</u>
<u>\$ 112,712</u>	<u>\$ 1,466,729</u>	<u>\$ 17,447</u>	<u>\$ -</u>	<u>\$ 66,958</u>	<u>\$ 169,935</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, 2020**

	Special Revenue Funds			
	Airport <u>Sinking</u>	Museum <u>Exhibit</u>	Nuisance <u>Cleanup</u>	E911 <u>Fund</u>
<b>REVENUES</b>				
Taxes:				
Property tax	\$ 56,442	\$ -	\$ -	\$ -
Sales tax	-	-	-	-
Occupation tax	-	-	-	-
Intergovernmental	-	-	-	60,595
Grants	-	-	-	-
Keno	-	-	-	-
Special assessments	-	-	-	-
Charges for services	-	-	-	-
Interest income	550	28	-	272
Contributions	-	-	-	-
Other revenue	-	-	-	-
Total revenues	56,992	28	-	60,867
<b>EXPENDITURES</b>				
General government	-	-	-	-
Public safety	-	-	-	58,832
Environment and leisure	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	58,832
<b>Excess (deficiency) of     revenues over expenditures</b>	56,992	28	-	2,035
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	50,000	-
Transfers out	(59,000)	-	-	-
Net transfers	(59,000)	-	50,000	-
<b>Net change in fund balances</b>	(2,008)	28	50,000	2,035
Fund balances - September 30, 2019	145,456	14,565	-	138,309
Fund balances - September 30, 2020	\$ 143,448	\$ 14,593	\$ 50,000	\$ 140,344

Special Revenue Funds			Capital	Total Nonmajor
Marketing	Public	Golf	Projects	Governmental
Fund	Transit	Fund	Fund	Funds
\$ -	\$ -	\$ -	\$ -	\$ 56,546
-	-	-	33,333	225,000
180,067	-	-	-	180,067
-	20,250	-	-	80,845
-	263,565	-	249,385	583,321
-	-	-	-	13,422
-	-	-	-	9,404
-	11,903	373,898	-	396,461
4,315	(40)	173	5,686	28,442
-	2,700	-	338,331	343,491
-	2	1,693	-	9,895
<u>184,382</u>	<u>298,380</u>	<u>375,764</u>	<u>626,735</u>	<u>1,926,894</u>
-	-	-	-	7,230
-	-	-	-	58,832
-	307,748	461,784	-	855,617
-	-	-	-	118,633
-	-	72,646	201,565	274,211
<u>-</u>	<u>307,748</u>	<u>534,430</u>	<u>201,565</u>	<u>1,314,523</u>
184,382	(9,368)	(158,666)	425,170	612,371
-	25,000	200,000	100,000	388,500
(191,700)	-	-	-	(264,200)
<u>(191,700)</u>	<u>25,000</u>	<u>200,000</u>	<u>100,000</u>	<u>124,300</u>
(7,318)	15,632	41,334	525,170	736,671
<u>310,951</u>	<u>6,181</u>	<u>50,777</u>	<u>421,635</u>	<u>3,285,384</u>
<u>\$ 303,633</u>	<u>\$ 21,813</u>	<u>\$ 92,111</u>	<u>\$ 946,805</u>	<u>\$ 4,022,055</u>

**CITY OF ALLIANCE, NEBRASKA**

**COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS**

**September 30, 2020**

	Health Insurance <u>Fund</u>	Administration Internal Service <u>Fund</u>	Enterprise Internal Service <u>Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 2,094,208	\$ 152,535	\$ 81,798	\$ 2,328,541
Insurance receivable	144,713	656	-	145,369
Prepaid insurance	-	55,655	-	55,655
	<u>2,238,921</u>	<u>208,846</u>	<u>81,798</u>	<u>2,529,565</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	127,949	12,931	-	140,880
Accrued payroll	-	11,851	6,152	18,003
Due to other funds	-	-	743	743
Total current liabilities	<u>127,949</u>	<u>24,782</u>	<u>6,895</u>	<u>159,626</u>
<b>NET POSITION</b>				
Unrestricted	<u>\$ 2,110,972</u>	<u>\$ 184,064</u>	<u>\$ 74,903</u>	<u>\$ 2,369,939</u>

**CITY OF ALLIANCE, NEBRASKA**

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

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

	Health Insurance <u>Fund</u>	Administration Internal Service <u>Fund</u>	Enterprise Internal Service <u>Fund</u>	<u>Total</u>
<b>Operating revenues:</b>				
Interdepartmental charges	\$ -	\$ 1,252,533	\$ 598,308	\$ 1,850,841
Health insurance premiums	1,399,243	-	-	1,399,243
Other reimbursements	-	-	227	227
Rent income	-	-	1,380	1,380
Total operating revenues	<u>1,399,243</u>	<u>1,252,533</u>	<u>599,915</u>	<u>3,251,691</u>
<b>Operating expenses:</b>				
Personnel	-	159,906	-	159,906
Legal	-	140,106	-	140,106
Risk management	-	377,171	-	377,171
Management information systems	-	234,078	-	234,078
Accounting	-	261,320	-	261,320
Utility customer service	-	-	212,277	212,277
Meter reading	-	-	47,965	47,965
Warehouse	-	-	319,043	319,043
Insurance claims and health premiums	<u>1,570,788</u>	<u>-</u>	<u>-</u>	<u>1,570,788</u>
Total operating expenses	<u>1,570,788</u>	<u>1,172,581</u>	<u>579,285</u>	<u>3,322,654</u>
Operating income (loss)	(171,545)	79,952	20,630	(70,963)
<b>Nonoperating revenues:</b>				
Interest income	<u>22,859</u>	<u>412</u>	<u>285</u>	<u>23,556</u>
<b>Change in net position</b>	(148,686)	80,364	20,915	(47,407)
Net position - September 30, 2019	<u>2,259,658</u>	<u>103,700</u>	<u>53,988</u>	<u>2,417,346</u>
Net position - September 30, 2020	<u>\$ 2,110,972</u>	<u>\$ 184,064</u>	<u>\$ 74,903</u>	<u>\$ 2,369,939</u>

**CITY OF ALLIANCE, NEBRASKA**

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

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

	Health Insurance <u>Fund</u>	Administration Internal Service <u>Fund</u>	Enterprise Internal Service <u>Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from other funds	\$ 1,298,554	\$ 1,251,877	\$ 599,915	\$ 3,150,346
Payments to suppliers	<u>(1,470,342)</u>	<u>(1,180,463)</u>	<u>(577,627)</u>	<u>(3,228,432)</u>
Net cash provided (used) by operating activities	(171,788)	71,414	22,288	(78,086)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Increase in due to other funds	-	-	(182)	(182)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest income received	<u>22,859</u>	<u>412</u>	<u>285</u>	<u>23,556</u>
Increase (decrease) in cash and cash equivalents	(148,929)	71,826	22,391	(54,712)
Cash and cash equivalents - beginning of the year	<u>2,243,137</u>	<u>80,709</u>	<u>59,407</u>	<u>2,383,253</u>
Cash and cash equivalents - end of the year	<u><u>\$ 2,094,208</u></u>	<u><u>\$ 152,535</u></u>	<u><u>\$ 81,798</u></u>	<u><u>\$ 2,328,541</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (171,545)	\$ 79,952	\$ 20,630	\$ (70,963)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Change in assets and liabilities:				
Insurance receivable	(100,689)	(656)	-	(101,345)
Prepaid insurance	-	(5,889)	-	(5,889)
Accounts payable	100,446	(5,329)	-	95,117
Accrued payroll	-	3,336	1,658	4,994
Net cash provided (used) by operating activities	<u><u>\$ (171,788)</u></u>	<u><u>\$ 71,414</u></u>	<u><u>\$ 22,288</u></u>	<u><u>\$ (78,086)</u></u>

**SINGLE AUDIT REPORTS**

**CITY OF ALLIANCE, NEBRASKA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year ended September 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Expenditures</u>
<b><u>Department of Transportation</u></b>			
Passed Through the Nebraska Department of Transportation			
Formula Grants for Rural Areas	20.509	47-6006071	\$ 73,218
CARES Act - Formula Grants for Rural Areas	20.509	47-6006071	167,637
Total for CFDA 20.509			<u>240,855</u>
Airport Improvement Program	20.106	3-31-0003	521,268 *
CARES Act - Airport Improvement Program	20.106	3-31-0003	30,000 *
Total for CFDA 20.106			<u>551,268</u>
Total passed through the Nebraska Department of Transportation/Total Department of Transportation			792,123
<b><u>Corporation for National and Community Service</u></b>			
Retired and Senior Volunteer Program	94.002	n/a	47,767
<b><u>Department of the Treasury</u></b>			
Passed Through Nebraska Emergency Management Association:			
CARES Act - Coronavirus Relief Fund	21.019	573638	423,808
<b><u>Department of Health and Human Services</u></b>			
Passed Through the Nebraska Department on Aging Aging Cluster:			
Special Programs for the Aging - Title III, Part B	93.044	47-6006071	<u>18,506</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 1,282,204</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, 2020, and the related notes to the financial statements, which collectively comprise the City’s financial statements, and have issued our report thereon dated January 13, 2021.

**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.

1203 W 2nd Street  
P.O. Box 1407  
Grand Island, NE 68802  
P 308-381-1E10  
F 308-381-4824  
EMAIL [cpa@gicpas.com](mailto:cpa@gicpas.com)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2020-001 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of 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, P.C.

Grand Island, Nebraska  
January 13, 2021



**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, 2020. 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.

**SHAREHOLDERS:**

Robert D. Almquist  
Phillip D. Maltzahn  
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1203 W 2nd Street  
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Grand Island, NE 68802  
P 308-381-1810  
F 308-381-4824  
EMAIL [cpa@gicpas.com](mailto:cpa@gicpas.com)

## 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, 2020.

## 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, P.C.

Grand Island, Nebraska  
January 13, 2021

**CITY OF ALLIANCE, NEBRASKA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year ended September 30, 2020**

1. A summary of auditor's results:

- (i) Unmodified opinions were issued on all opinion units of the City of Alliance, Nebraska, as of September 30, 2020.
- (ii) One significant deficiency disclosed during the audit of the financial statements is reported in the "Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*." The deficiency is not reported as a material weakness.
- (iii) The audit disclosed 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, 2020**

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

2020-001

Condition: There is not adequate segregation of duties.

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

Cause: There are a limited number of accounting personnel.

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

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

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

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, 2020**

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