

CITY OF YORK
York, Nebraska

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**
September 30, 2011

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CITY OF YORK, NEBRASKA

September 30, 2011

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Mierau & Co., P.C.

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Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of York, 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 York (the City), as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note A, the City prepares its financial statements for the governmental funds on the basis of modified cash receipts and disbursements, that demonstrates compliance with the modified cash basis and budget laws of Nebraska, which is a comprehensive basis of accounting other than the accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2012 on our consideration of the City'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules (Exhibit J-M) and accompanying notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The supplementary information, Non-Major Governmental Funds (Exhibits N-O) and Departmental Proprietary Statements (Exhibits P-X) are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The Non-Major Governmental Funds and Departmental Proprietary Statements were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The Non-Major Governmental Funds and Departmental Proprietary Statements, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Misau & Co., P.C.

York, Nebraska
March 31, 2012

CITY OF YORK, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2011

This discussion and analysis of the financial performance of the City of York (the City) provides an overview of the City's financial activities for the year ended September 30, 2011. It should be read in conjunction with the City's financial statements, which follow.

Financial Highlights

The City's net assets as of September 30, 2011 were \$38,398,873.04. Of this amount, \$7,397,737.77 is unrestricted and may be used to meet the City's ongoing obligations.

The net assets of the City increased by \$4,025,342.53; up from \$34,373,530.51 in the prior fiscal year.

The Governmental Fund revenues were \$525,133.50 more than the prior year and expenses were \$1,241,348.46 less than the prior year.

The Proprietary Fund revenues were \$1,255,030.82 less than the prior year and expenses were \$160,812.16 more than the prior year.

Overview of the Financial Statements

This financial report consists of four sections: management's discussion and analysis (this section), the basic financial statements, required supplementary information and unaudited supplementary information.

The basic financial statements include a series of statements that present different views of the City.

The government-wide financial statements are comprised of the Statement of Net Assets and the Statement of Activities, which provide information about the City's overall financial status.

The governmental fund financial statements focus on individual funds of the City, reporting the City's basic operations in more detail than the government-wide financial statements. Governmental funds are accountability units used to maintain control over resources segregated for specific activities or objectives. Major funds are separately reported.

The proprietary fund financial statements focus on the business-type activities of the City. These statements also provide more detail than the government-wide statements. Proprietary funds are used to maintain control over the utility services the City provides.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information, including notes, that further explains and supports the financial statements with a comparison of the City's budget for the year. Following the required supplementary information is a section of unaudited supplementary information that details the departmental revenues and expenditures/expenses of the governmental and proprietary funds.

CITY OF YORK, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2011

Financial Analysis of the City as a Whole

Revenues for the City's activities were \$15,883,392.56, while expenses were \$11,858,050.03.

A portion of the City's net assets represents resources that are subject to external restrictions on how they may be used. The City's government-wide restricted net assets are comprised of funds to be used for street maintenance and improvements, capital projects, the Community Development Block Grant, RAP program, 911 operations, insurance, police and fire employee pensions and debt repayment.

The following table summarizes the City's Net Assets:

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	11,848,630.77	10,750,400.61	11,002,531.57	6,578,728.06	22,851,162.34	17,329,128.67
Capital assets	13,057,476.78	11,609,088.05	24,781,094.44	24,802,430.60	37,838,571.22	36,411,518.65
Total Assets	24,906,107.55	22,359,488.66	35,783,626.01	31,381,158.66	60,689,733.56	53,740,647.32
Long term liabilities	7,036,808.63	7,884,112.70	10,868,353.78	9,056,835.07	17,905,162.41	16,940,947.77
Other liabilities	3,439,528.66	1,589,953.51	946,169.45	836,215.53	4,385,698.11	2,426,169.04
Total Liabilities	10,476,337.29	9,474,066.21	11,814,523.23	9,893,050.60	22,290,860.52	19,367,116.81
Net Assets:						
Invested in capital assets, net of related debt	5,297,063.76	3,074,916.91	14,846,489.44	16,687,430.60	20,143,553.20	19,762,347.51
Restricted	3,840,984.35	4,626,886.50	7,016,597.72	2,274,774.45	10,857,582.07	6,901,660.95
Unrestricted	5,291,722.15	5,183,619.04	2,106,015.62	2,525,903.01	7,397,737.77	7,709,522.05
Total Net Assets	\$ 14,429,770.26	\$ 12,885,422.45	\$ 23,969,102.78	\$ 21,488,108.06	\$ 38,398,873.04	\$ 34,373,530.51

CITY OF YORK, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2011

Financial Analysis of the City as a Whole (cont'd)

The following table summarizes the City's changes in net assets from revenues and expenses.

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues-						
Charges for services	\$ 1,386,303.77	\$ 1,150,610.53	\$ 3,773,170.91	\$ 3,624,396.50	\$ 5,159,474.68	\$ 4,775,007.03
Operating grants and contributions	10,546.56	47,612.39			10,546.56	47,612.39
Capital grants and contributions	250,218.51	78,734.28	1,760,298.00	2,049,999.00	2,010,516.51	2,128,733.28
Other Revenues-						
Property taxes	933,502.11	1,003,258.14			933,502.11	1,003,258.14
Sales taxes	3,175,686.62	3,043,436.96			3,175,686.62	3,043,436.96
Other taxes	1,915,944.83	1,729,583.27			1,915,944.83	1,729,583.27
Interest income	109,591.90	226,075.26	78,225.37	182,405.45	187,817.27	408,480.71
Intergovernmental revenues	1,104,657.50	1,234,614.02			1,104,657.50	1,234,614.02
Miscellaneous	1,385,246.48	1,232,639.93			1,385,246.48	1,232,639.93
Total Revenues	10,271,698.28	9,746,564.78	5,611,694.28	5,856,800.95	15,883,392.56	15,603,365.73
Expenses:						
General government	2,611,288.22	2,479,968.12			2,611,288.22	2,479,968.12
Public safety	2,632,304.24	2,664,843.67			2,632,304.24	2,664,843.67
Streets and public works	1,216,902.90	1,251,622.91			1,216,902.90	1,251,622.91
Culture and recreation	1,676,748.70	1,756,840.04			1,676,748.70	1,756,840.04
Economic development	368,626.66	313,352.34			368,626.66	313,352.34
Capital outlay	6,654.12	138,108.81			6,654.12	138,108.81
Debt service	214,825.63	354,038.89			214,825.63	354,038.89
Solid waste division			937,275.17	961,762.63	937,275.17	961,762.63
Water division			1,298,931.26	1,129,466.16	1,298,931.26	1,129,466.16
Wastewater division			894,493.13	878,658.61	894,493.13	878,658.61
Total Expenses	8,727,350.47	8,958,774.78	3,130,699.56	2,969,887.40	11,858,050.03	11,928,662.18
Change in net assets before transfers	1,544,347.81	787,790.00	2,480,994.72	2,886,913.55	4,025,342.53	3,674,703.55
Transfers	-	(1,009,924.15)	-	1,009,924.15	-	-
Change in net assets	1,544,347.81	(222,134.15)	2,480,994.72	3,896,837.70	4,025,342.53	3,674,703.55
Beginning Net Assets	12,885,422.45	13,107,556.60	21,488,108.06	17,591,270.36	34,373,530.51	30,698,826.96
Ending Net Assets	<u>\$ 14,429,770.26</u>	<u>\$ 12,885,422.45</u>	<u>\$ 23,969,102.78</u>	<u>\$ 21,488,108.06</u>	<u>\$ 38,398,873.04</u>	<u>\$ 34,373,530.51</u>
Invested in capital assets, net of related debt	5,297,063.76	3,074,916.91	14,846,489.44	16,687,430.60	20,143,553.20	19,762,347.51
Restricted	3,840,984.35	4,626,886.50	7,016,597.72	2,274,774.45	10,857,582.07	6,901,660.95
Unrestricted	5,291,722.15	5,183,619.04	2,106,015.62	2,525,903.01	7,397,737.77	7,709,522.05
Total Net Assets	<u>\$ 14,429,770.26</u>	<u>\$ 12,885,422.45</u>	<u>\$ 23,969,102.78</u>	<u>\$ 21,488,108.06</u>	<u>\$ 38,398,873.04</u>	<u>\$ 34,373,530.51</u>

The City is heavily reliant on taxes to support governmental activities and charges for services to support business-type activities.

CITY OF YORK, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2011

Financial Analysis of the City's Funds

A summary of the City's governmental fund balances follows:

	<u>Current Year</u>	<u>Prior Year</u>	<u>Variance</u>
General Fund Balance	\$ 5,003,032.49	\$ 4,481,418.24	\$ 521,614.25
Special Revenue Fund Balance	2,748,528.79	4,095,682.09	(1,347,153.30)
Debt Service Fund Balance	1,119,784.12	1,014,437.28	105,346.84
Proprietary Fund Balance	23,969,102.78	21,488,108.06	2,480,994.72
 Total Fund Balances	 <u>\$ 32,840,448.18</u>	 <u>\$ 31,079,645.67</u>	 <u>\$ 1,760,802.51</u>

The General Fund Balance increase was due to an increase in tax receipts and charges for services. The decrease in the Special Revenue Fund was due to the incurring costs for a capital project that isn't complete and hasn't been fully funded. The increase in the Proprietary Fund Balance was due to grants received for capitalized expenses.

Economic Factors

Factors, such as property tax rates and valuation, sales tax collections, and charges for services have a major impact on the City's revenues each year. Capital outlay, energy and insurance costs heavily impact the City's expenses.

General Fund Budget Analysis

The City's general fund budget was not amended during the fiscal year and included \$8,834,525.00 in available resources and \$8,834,525.00 in disbursements. Actual receipts were \$477,235.36 more than budget. Actual disbursements were \$1,040,301.15 less than budget, due mainly to less than expected spending for general government and transfers to other funds.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2011, amounts to \$37,838,571.22 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements, infrastructure and construction in progress. The summary of capital assets net of depreciation follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>9/30/2010</u>	<u>9/30/2011</u>	<u>9/30/2010</u>	<u>9/30/2011</u>	<u>9/30/2010</u>	<u>9/30/2011</u>
Land	\$ 1,565,500.00	1,565,500.00	305,335.99	\$ 305,335.99	1,870,835.99	1,870,835.99
Buildings	4,507,732.80	4,372,186.45	6,221,206.52	5,996,291.73	10,728,939.32	10,368,478.18
Equipment	639,776.08	594,446.48	722,446.62	827,866.21	1,362,222.70	1,422,312.69
Vehicles	982,019.49	844,785.24	83,042.00	93,429.96	1,065,061.49	938,215.20
Infrastructure	2,777,989.28	2,570,725.28	9,839,111.09	13,724,787.45	12,617,100.37	16,295,512.73
Construction in Progress	1,136,070.40	3,109,833.33	7,631,288.38	3,833,383.10	8,767,358.78	6,943,216.43
 Total	 <u>\$ 11,609,088.05</u>	 <u>\$ 13,057,476.78</u>	 <u>\$ 24,802,430.60</u>	 <u>\$ 24,781,094.44</u>	 <u>\$ 36,411,518.65</u>	 <u>\$ 37,838,571.22</u>

CITY OF YORK, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2011

Capital Assets (cont'd)

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

East Hill Concession Stand	\$ 149,986.56
Nebraska Avenue Paving	1,823,119.66
Well field Exploration	4,265,070.36
Water System Improvement #09W	445,449.73

Additional information on the City's capital assets can be found in the Notes to the Financial Statements.

Debt Administration

As of September 30, 2011, the City had governmental activity outstanding bonded indebtedness of \$7,760,413.02 as compared to \$8,534,171.14 on September 30, 2010. The change in balance is a result of refinancing bonds of \$4,250,000.00 and principal payments of \$5,023,758.12. The City also had business-type activity outstanding bonded indebtedness of \$9,934,605.00 as compared to \$8,115,000.00 the prior fiscal year. The change in balance is a result of \$4,634,605.00 in new and refinancing bonds along with \$2,815,000.00 in principal payments.

Contacting the City's Financial Management

This financial report is designed to provide the City's citizens, taxpayers, investors and creditors with a general overview of the City's finances and compliance with finance-related laws and regulations and to demonstrate the City's commitment to public accountability. If you have questions about this report or would like additional information, contact the City Clerk at:

City of York
100 East 4th Street
York, Nebraska 68467
402 363-2600

CITY OF YORK, NEBRASKA
STATEMENT OF NET ASSETS

September 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 4,476,265.02	\$ 2,331,738.29	\$ 6,808,003.31
Certificates of deposit	6,144,701.20	6,775,791.78	12,920,492.98
Accounts receivable	671,757.25	320,901.88	992,659.13
Sales tax receivable	555,907.30		555,907.30
Inventories		34,134.14	34,134.14
Restricted assets:			
Cash and cash equivalents		1,539,965.48	1,539,965.48
Land	1,565,500.00	305,335.99	1,870,835.99
Construction in progress	3,109,833.33	3,833,383.10	6,943,216.43
Capital assets, net of accum. depreciation	8,382,143.45	20,642,375.35	29,024,518.80
Total Assets	<u>24,906,107.55</u>	<u>35,783,626.01</u>	<u>60,689,733.56</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	250,074.86	173,749.46	423,824.32
Accrued interest payable	27,458.77	74,753.19	102,211.96
Accrued wages, taxes and benefits	130,775.13	31,375.24	162,150.37
Accrued sales tax payable	411.61		411.61
Registered warrants	2,161,303.21		2,161,303.21
Notes payable	10,000.00		10,000.00
Due within one year:			
Revenue bonds payable		666,291.56	666,291.56
General obligation bonds	740,000.00		740,000.00
Various purpose bonds	119,505.08		119,505.08
Noncurrent liabilities:			
Due in more than one year:			
Revenue bonds payable		9,268,313.44	9,268,313.44
General obligation bonds	6,755,000.00		6,755,000.00
Various purpose bonds	145,907.94		145,907.94
Accrued closure/post closure costs		1,579,296.66	1,579,296.66
Compensated absences and benefits	135,900.69	20,743.68	156,644.37
Total Liabilities	<u>10,476,337.29</u>	<u>11,814,523.23</u>	<u>22,290,860.52</u>
<u>Net Assets</u>			
Invested in capital assets, net of related debt	5,297,063.76	14,846,489.44	20,143,553.20
Restricted for:			
Aviation projects	8,011.90		8,011.90
Debt service	1,757,602.80	6,943,517.06	8,701,119.86
Economic development	1,287,252.86		1,287,252.86
Pensions	246,272.73	73,080.66	319,353.39
Streets	541,844.06		541,844.06
Assigned	2,339,142.07		2,339,142.07
Unassigned	2,952,580.08	2,106,015.62	5,058,595.70
Total Net Assets	<u>\$ 14,429,770.26</u>	<u>\$ 23,969,102.78</u>	<u>\$ 38,398,873.04</u>

See accompanying notes to the financial statements

CITY OF YORK, NEBRASKA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2011

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government -				
Government activities -				
General government	\$ 2,611,288.22	\$ 275,468.74		\$ 191,742.47
Public safety	2,632,304.24	558,443.37	\$ 1,505.00	
Streets	1,216,902.90		9,041.56	
Culture and recreation	1,676,748.70	208,338.32		58,476.04
Economic development	368,626.66			
Capital outlay	6,654.12			
Debt service	214,825.63	344,053.34		
Total governmental activities	8,727,350.47	1,386,303.77	10,546.56	250,218.51
Business type activities -				
Solid Waste Fund	937,275.17	1,045,219.06		
Water Fund	1,298,931.26	1,705,624.58		1,760,298.00
Wastewater Fund	894,493.13	1,022,327.27		
Total business-type activities	3,130,699.56	3,773,170.91	-	1,760,298.00
Total Primary Government	\$ 11,858,050.03	\$ 5,159,474.68	\$ 10,546.56	\$ 2,010,516.51

General Revenues:

Property taxes
Sales taxes
Other taxes
Occupation and franchise fees
Intergovernmental receipts
Licenses and permits
Interest income
Other receipts

Total General Revenue

Change in Net Assets

Net Assets - Beginning of Year

Net Assets - End of Year

Exhibit B

Net (Expense) Revenue
and Changes in Net Assets

Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (2,144,077.01)		\$ (2,144,077.01)
(2,072,355.87)		(2,072,355.87)
(1,207,861.34)		(1,207,861.34)
(1,409,934.34)		(1,409,934.34)
(368,626.66)		(368,626.66)
(6,654.12)		(6,654.12)
129,227.71		129,227.71
<u>(7,080,281.63)</u>		<u>(7,080,281.63)</u>
	\$ 107,943.89	107,943.89
	2,166,991.32	2,166,991.32
	127,834.14	127,834.14
	<u>2,402,769.35</u>	<u>2,402,769.35</u>
<u>(7,080,281.63)</u>	<u>2,402,769.35</u>	<u>(4,677,512.28)</u>
933,502.11		933,502.11
3,175,686.62		3,175,686.62
213,980.67		213,980.67
1,701,964.16		1,701,964.16
1,104,657.50		1,104,657.50
75,880.16		75,880.16
109,591.90	78,225.37	187,817.27
1,309,366.32		1,309,366.32
<u>8,624,629.44</u>	<u>78,225.37</u>	<u>8,702,854.81</u>
1,544,347.81	2,480,994.72	4,025,342.53
<u>12,885,422.45</u>	<u>21,488,108.06</u>	<u>34,373,530.51</u>
<u>\$ 14,429,770.26</u>	<u>\$ 23,969,102.78</u>	<u>\$ 38,398,873.04</u>

CITY OF YORK, NEBRASKA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2011

	Major Funds		
	General Fund	Street Fund	Debt Service Fund
<u>Assets</u>			
Cash and cash equivalents	\$ 2,652,046.06	\$ (971,679.69)	\$ 607,725.69
Investments	4,610,975.94		512,058.43
Accounts receivable	1,043.45	7,536.14	
	<u>7,264,065.45</u>	<u>(964,143.55)</u>	<u>1,119,784.12</u>
Total Assets	<u>7,264,065.45</u>	<u>(964,143.55)</u>	<u>1,119,784.12</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	99,729.75	59,526.55	
Registered warrants	2,161,303.21		
Notes payable			
	<u>2,261,032.96</u>	<u>59,526.55</u>	<u>-</u>
Total Liabilities	<u>2,261,032.96</u>	<u>59,526.55</u>	<u>-</u>
Fund Balances:			
Restricted for:			
Aviation projects			
Debt service			1,119,784.12
Economic development			
Pension			
Assigned			
Unassigned	5,003,032.49	(1,023,670.10)	
	<u>5,003,032.49</u>	<u>(1,023,670.10)</u>	<u>1,119,784.12</u>
Total Fund Balances	<u>5,003,032.49</u>	<u>(1,023,670.10)</u>	<u>1,119,784.12</u>
Total Liabilities and Fund Balances	<u>\$ 7,264,065.45</u>	<u>\$ (964,143.55)</u>	<u>\$ 1,119,784.12</u>

See accompanying notes to the financial statements

Exhibit C

Other Governmental Funds	Total Governmental Funds
\$ 2,188,172.96	\$ 4,476,265.02
1,021,666.83	6,144,701.20
663,177.66	671,757.25
<u>3,873,017.45</u>	<u>11,292,723.47</u>
90,818.56	250,074.86
10,000.00	2,161,303.21
<u>100,818.56</u>	<u>10,000.00</u>
100,818.56	2,421,378.07
8,011.90	8,011.90
1,178,772.19	1,119,784.12
246,272.73	1,178,772.19
2,339,142.07	246,272.73
<u>3,772,198.89</u>	<u>2,339,142.07</u>
3,772,198.89	3,979,362.39
<u>\$ 3,873,017.45</u>	<u>\$ 11,292,723.47</u>

CITY OF YORK, NEBRASKA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
September 30, 2011

Amounts reported for Governmental Activities in the Statement of Net Assets are different because:

Total Fund Balance - Governmental Funds	\$ 8,871,345.40
Revenues that provide current financial resources for governmental activities	555,907.30
Infrastructure, property and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds	13,057,476.78
Accrued expenses from the balance sheet that require current financial resources for governmental activities	(158,645.51)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(7,896,313.71)</u>
Total Net Assets - Governmental Activities	<u><u>\$ 14,429,770.26</u></u>

See accompanying notes to the financial statements

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

For the Year Ended September 30, 2011

	Major Funds		
	General Fund	Street Fund	Debt Service Fund
Revenues			
Taxes	\$ 3,614,521.02	\$ 238,063.28	
Intergovernmental	107,839.14	741,712.36	
Assessments			\$ 344,053.34
Occupation and Franchise fees	1,701,964.16		
Licenses and permits	75,880.16		
Operational revenues	104,288.96	8,963.47	
Charges for services	197,747.85		
Grants and contributions	54,260.89	9,041.56	
Interest income	77,477.18	11,998.44	
Miscellaneous	6,085.11	26,127.02	
Bond proceeds			4,250,000.00
Total Revenues	5,940,064.47	1,035,906.13	4,594,053.34
Expenditures			
General government	1,046,166.72		
Public safety	1,324,010.57		
Streets		913,412.41	
Culture and recreation	1,053,446.96		
Economic development			
Capital projects	255,520.15	1,900,717.10	
Debt service			5,182,041.99
Total Expenditures	3,679,144.40	2,814,129.51	5,182,041.99
Excess (deficiency) of revenues over expenditures	2,260,920.07	(1,778,223.38)	(587,988.65)
Other Financing Sources (Uses)			
Transfers in (out)	(1,739,305.82)	142,337.04	693,335.49
Total Other Financing Sources (Uses)	(1,739,305.82)	142,337.04	693,335.49
Net Change in Fund Balance	521,614.25	(1,635,886.34)	105,346.84
Fund Balance, Beginning	4,481,418.24	612,216.24	1,014,437.28
Fund Balance, Ending	<u>\$ 5,003,032.49</u>	<u>\$ (1,023,670.10)</u>	<u>\$ 1,119,784.12</u>

See accompanying notes to the financial statements

Exhibit E

Other Governmental Funds	Total Governmental Funds
\$ 472,359.77	\$ 4,324,944.07
255,106.00	1,104,657.50
	344,053.34
	1,701,964.16
	75,880.16
1,153,031.87	1,266,284.30
844,502.58	1,042,250.43
197,462.62	260,765.07
20,116.28	109,591.90
10,869.89	43,082.02
	4,250,000.00
<u>2,953,449.01</u>	<u>14,523,472.95</u>
1,538,594.15	2,584,760.87
1,134,445.70	2,458,456.27
	913,412.41
392,787.48	1,446,234.44
477,107.33	477,107.33
25,414.60	2,181,651.85
-	5,182,041.99
<u>3,568,349.26</u>	<u>15,243,665.16</u>
(614,900.25)	(720,192.21)
<u>903,633.29</u>	<u>-</u>
<u>903,633.29</u>	<u>-</u>
288,733.04	(720,192.21)
<u>3,483,465.85</u>	<u>9,591,537.61</u>
<u>\$ 3,772,198.89</u>	<u>\$ 8,871,345.40</u>

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

For the Year Ended September 30, 2011

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balance - Total Governmental Funds	\$ (720,192.21)
<p>Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation expense was lower than capital outlays in the current year as follows:</p>	
Depreciation expense	\$ (726,609.00)
Expenditures for capital assets	2,174,997.73
	1,448,388.73
Revenues reported in the funds that are not available to provide current financial resources:	(1,774.67)
Accrued interest expense that does not require current financial resources:	51,938.91
Accrued sales tax expense that does not require current financial resources:	(411.61)
Long-term accrual of compensated absences is not reported in the governmental funds as it does not consume current financial resources. The net change in the long-term compensated absences for the year was:	2,798.99
Long-term accrual of wages, taxes and benefits is not reported in the governmental funds as it does not consume current financial resources. The net change in the long-term accrual of wages, taxes and benefits for the year was:	(10,158.45)
The issuance of indebtedness provides current financial resources to the governmental funds without affecting net assets. The statement of activities does not reflect the proceeds from the issuance of long-term debt. The proceeds from the issuance of long-term debt for the year was:	(4,250,000.00)
The repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net assets. The statement of activities does not reflect the payment of principal on bonded long-term debt. The principal paid on bonded long-term debt during the current year was:	5,023,758.12
Change in Net Assets - Governmental Activities	\$ 1,544,347.81

See accompanying notes to the financial statements

CITY OF YORK, NEBRASKA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
September 30, 2011

	<u>Enterprise Funds</u>
<u>Assets</u>	
Current Assets:	
Cash in bank	\$ 2,331,738.29
Certificate of deposit	6,775,791.78
Accounts receivable	320,901.88
Inventories	34,134.14
	<hr/>
Total Current Assets	9,462,566.09
	<hr/>
Non-Current Assets:	
Restricted assets:	
Restricted cash	1,539,965.48
Land	305,335.99
Construction in progress	3,833,383.10
Capital assets, net of accumulated depreciation	20,642,375.35
	<hr/>
Total Non-Current Assets	26,321,059.92
	<hr/>
Total Assets	35,783,626.01
	<hr/>
<u>Liabilities</u>	
Current Liabilities:	
Accounts payable	173,749.46
Accrued interest expense	74,753.19
Accrued wages	31,375.24
Notes payable - current portion	666,291.56
	<hr/>
Total Current Liabilities	946,169.45
	<hr/>
Non-Current Liabilities:	
Accrued compensated absences	20,743.68
Accrued closure and post-closure costs	1,579,296.66
Notes payable - long-term portion	9,268,313.44
	<hr/>
Total Non-Current Liabilities	10,868,353.78
	<hr/>
Total Liabilities	11,814,523.23
	<hr/>
<u>Net Assets</u>	
Non-spendable	34,134.14
Invested in capital assets, net of related debt	14,846,489.44
Restricted:	
Debt service	6,943,517.06
Landfill closure & post-closure costs	1,539,965.48
Operations	73,080.66
Unrestricted	2,071,881.48
	<hr/>
Total Net Assets	\$ 23,969,102.78
	<hr/>

See accompanying notes to the financial statements

CITY OF YORK, NEBRASKA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS - PROPRIETARY FUND

For the Year Ended September 30, 2011

	<u>Enterprise Funds</u>
<u>Operating Revenues</u>	
Charges for services:	
Solid waste	\$ 1,045,219.06
Water	1,589,636.70
Wastewater	<u>1,022,327.27</u>
 Total Operating Revenues	 <u>3,657,183.03</u>
<u>Operating Expenses</u>	
Wages and benefits	951,694.85
Operating expenses	654,258.39
Repairs and maintenance	238,177.99
Depreciation	<u>705,623.52</u>
 Total Operating Expenses	 <u>2,549,754.75</u>
 Operating Income (Loss)	 <u>1,107,428.28</u>
<u>Non-Operating Revenues (Expenses)</u>	
Grant income	1,760,298.00
Interest income	78,225.37
Wellfield farm income(expense)	38,211.67
Bond fees	(82,965.59)
Interest expense	(334,955.90)
Other expenses	<u>(85,247.11)</u>
 Total Non-Operating Revenue (Expenses)	 <u>1,373,566.44</u>
 Change in Net Assets	 2,480,994.72
Total Net Assets, Beginning	<u>21,488,108.06</u>
Total Net Assets, Ending	<u><u>\$ 23,969,102.78</u></u>

See accompanying notes to the financial statements

**CITY OF YORK, NEBRASKA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

For the Year Ended September 30, 2011

	Enterprise Funds
<u>Cash Flows From Operating Activities</u>	
Cash received from customers for services	\$ 3,654,513.90
Payments to suppliers for goods and services	(853,597.85)
Payments to employees for services	(948,932.36)
	1,851,983.69
<u>Cash Flows From Investing Activities</u>	
Interest on cash and investments	78,225.37
Gain (loss) on wellfield farm	38,211.67
	116,437.04
<u>Cash Flows From Capital and Related Financing Activities</u>	
Acquisition and construction of capital assets	(684,287.36)
Proceeds from capital grant	1,760,298.00
Proceeds from bonded debt	4,634,605.00
Retirement of debt	(2,815,000.00)
Bond refinancing fees	(82,965.59)
Interest paid on bonds	(346,389.40)
	2,466,260.65
Net Cash Provided (Used) by Capital and Related Financing Activities	2,466,260.65
Net Increase in Cash and Cash Equivalents	4,434,681.38
Balance, Beginning of Year	6,212,814.17
Balance, End of Year	\$ 10,647,495.55
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</u>	
Operating income (loss)	\$ 1,107,428.28
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	705,623.52
(Increase) decrease in accounts receivable	1,711.87
(Increase) decrease in other receivables	(4,381.00)
(Increase) decrease in inventories	13,547.00
Increase (decrease) in other liabilities and accrued costs	28,054.02
	1,851,983.69
Net Cash Provided by Operating Activities	\$ 1,851,983.69

See accompanying notes to the financial statements

CITY OF YORK, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS

September 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Overview – The significant accounting principles and practices followed by the City of York (the City) are presented below to assist the reader in evaluating the financial statements and the accompanying notes. The financial statements presented represent all funds maintained by City authorities' incident to the operation, maintenance and management of City services, activities, projects and investments.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In the government-wide financial statements and the fund financial statements for the proprietary fund, governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The City applies only the applicable FASB pronouncements issued prior to November 30, 1989 in accounting and reporting its proprietary operations. The more significant of the City's accounting policies are described below.

Reporting Entity – The City of York's Council (Council) is the basic level of government, which has the financial accountability and control over all activities related to the City. The Council receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Council is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since Council members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the City's reporting entity.

Government-Wide and Fund Financial Statements - The government-wide financial statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effects of inter-fund transfers (those within an activity) have been removed from these statements. However, transactions between Governmental Activities and Business-Type Activities are reflected as transfers with the receiving activity reflecting the transfer as an increase to net assets and the disbursing activity reflecting the transfer as a decrease to net assets. The City does not allocate indirect costs.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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 expenses. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

These notes are an integral part of the accompanying financial statements.

CITY OF YORK, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS

September 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- a. Total assets, liabilities, revenues or expenses of that individual governmental fund are at least 10 percent of the corresponding total for government-wide funds combined.
- b. Total assets, liabilities, revenues, or expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The City's major funds are: General Fund, Street Fund and Debt Service Fund. The City's non-major funds are: CDBG Fund, Sinking Fund, Aviation Fund, Fire/EMS Fund, Library Fund, RAP Fund, 911 Surcharge Fund, TIF Fund, Insurance Fund and Pension Fund.

Governmental Fund Types

General Fund – The General Fund is the main operating fund of the City and accounts for all revenues and expenditures of the City not encompassed within other funds. All property tax revenues and other revenues that are not allocated by law, budgetary requirement, or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the new and replacement capital outlay costs that are not paid through other funds are paid from the General Fund.

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The Special Revenue Fund is comprised of the following sub-funds:

Street Fund – This fund accounts for highway allocation and motor vehicle fee revenues that are legally restricted by statute to street expenditures. For purposes of the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets, this balance is restricted.

CDBG Fund – Revenues and expenditures generated by the Community Development Block Grant are accounted for within this fund. For purposes of the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets, this balance is assigned.

Sinking Fund – This fund accounts for revenues set aside for future purposes. For purposes of the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets, this balance is assigned.

Aviation Fund – This fund accounts for revenues and expenditures specifically earmarked for aviation purposes. For purposes of the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets, the majority of this balance is assigned. However, this fund does have a portion of its fund balance that is restricted.

Fire/EMS Fund – This fund accounts for the costs associated with the fire and emergency medical services for the City. For purposes of the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets, this balance is assigned.

Library Fund – Contributions and grants received and expenditures associated with these revenues, which are restricted solely for library materials, are recorded in this fund. For purposes of the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets, this balance is assigned.

These notes are an integral part of the accompanying financial statements.

CITY OF YORK, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS

September 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

RAP Fund – This fund accounts for specific revenues and expenditures allocated for the Rural Apprehension Program. For purposes of the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets, this balance is assigned.

911 Surcharge Fund – This fund accounts for specific revenues and expenditures allocated for 911-service enhancement. For purposes of the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets, this balance is assigned.

TIF Fund – Revenues and expenditures legally restricted for Tax Increment Financing projects are accounted for within this fund. For purposes of the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets, this balance is restricted.

Insurance Fund – This fund accounts for withholding and taxes restricted solely for the payment of employee insurance. For purposes of the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets, this balance is assigned.

Pension Fund – Withholding and taxes restricted solely for the payment of employee pensions are accounted for within this fund. For purposes of the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets, this balance is restricted.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources and payment of general long-term debt including principal, interest, and related expenditures and is classified as a major fund. For purposes of the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets, this balance is restricted.

Proprietary Fund Type

Enterprise Fund – The Enterprise Fund is used to account for the operations of the utility sub-funds. This fund is used to account for operations, which are financed and operated in a manner similar to private business. The intent of the governing body is that the cost of providing the goods or services to the general public is funded or recovered primarily through user charges.

Solid Waste Fund – This department accounts for the operation of the York Area Solid Waste Association. The YASWA is a landfill jointly-owned by the City and York County, which provides services to the residents of the County.

Water Fund – This fund accounts for the operation of a municipally owned water system, which provides services to the residents of the City.

Wastewater Fund – This fund accounts for the operation of a municipally owned wastewater system, which provides services to the residents of the City.

CITY OF YORK, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Measurement Focus and Basis of Accounting – Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statement and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statement presents increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

The measurement focus of the proprietary fund is recognizing operating revenue, changes in net assets and financial position. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services and administrative fees.

The governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. An exception to this general rule is that principal and interest on general obligation debt, if any, is recognized when due. Only current financial assets are included on their Balance Sheet. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.

The budgetary basis of accounting is used by the general fund and all major special revenue funds in the required supplementary information section of the financial statements. Under the budgetary basis of accounting, receipts are recognized when received and disbursements are recognized when paid. Consequently, these financial statements are not intended to present financial position or results of operations in conformity with generally accepted accounting principles in the United States of America.

Property and Equipment – Assets with an initial individual cost of \$5,000 or more are considered capital assets. Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are reported at their fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure will be reported prospectively beginning in fiscal year September 30, 2006. Depreciation on all assets is provided on the straight-line basis over the estimated life of the asset as follows:

These notes are an integral part of the accompanying financial statements.

CITY OF YORK, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property and Equipment (cont'd)

Buildings	40 years
Vehicles	7 years
Equipment	10 years
Water and Wastewater lines	40 years
Water tower and extensions	60 years
Water wells	20 years
Wastewater treatment, plant and lift stations	30-40 years

Accrued Compensated Absences – These amounts represent the unpaid vacation costs and related employee benefits as of the end of the period. All compensated amounts for governmental and proprietary fund types are accrued as liabilities on the government-wide statement for governmental funds and applicable enterprise funds respectively and are not recorded as expenditures of the current reporting period for governmental fund types because they do not represent amounts that are expected to be liquidated with expendable available financial resources.

Equity Classifications

Government-Wide Financial Statements - Equity is classified as net assets and is displayed as two components:

Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantor, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets – All other net assets that do not meet the definition of restricted.

Governmental Fund Financial Statements - Equity is classified as fund balance and is displayed as the following components:

Non-Spendable Fund Balance – Amounts that cannot be spent because they are either (1) not in spendable form; or (2) legally or contractually required to be maintained intact.

Restricted Fund Balance – Amounts restricted to specific purposes when constraints placed on the use of the resources are either (1) externally imposed by creditors, grantors, or state or federal laws; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Amounts to be used for specific purposes pursuant to constraints imposed by formal action of the City Council (the City's highest level of decision-making authority). The City does not currently have any committed fund balances.

Assigned Fund Balance – Amounts the City Council intends to use for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned Fund Balance – Residual classification for the City's general fund and includes all spendable amounts not contained in other classifications. Amounts also included are deficit funds, if any, from other non-general funds.

These notes are an integral part of the accompanying financial statements.

CITY OF YORK, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property Taxes – Real estate taxes are levied on October 15 each year and may be paid in two equal installments. These taxes are due December 31. The first and second halves of the taxes become delinquent on the following May 1 and September 1, respectively. Real estate taxes become a lien against the property on the levy date.

Personal property taxes are levied on October 15 each year, are due December 31 each year, and may be paid in two equal installments. The first and second halves of the taxes become delinquent on May 1 and September 1, respectively.

Motor vehicle taxes are due when an application is made for registration of a motor vehicle.

NOTE B – CASH AND INVESTMENTS

The Statutes of the State of Nebraska authorize the City to invest in certificates of deposit and time deposits of banks or capital stock financial institutions, obligations of the United States government and agencies thereof and any securities as provided in the Public Funds Deposit Security Act. Nonnegotiable certificates of deposit with original maturity of more than three months are classified as cash equivalents within the governmental funds.

The City had cash balances at September 30, 2011 of the following amounts in the following banks:

	<u>Bank Balance</u>
Cornerstone Bank	\$ 18,189,342.02

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk.

Of the total bank balance, \$275,323.84 was insured through the Federal Depository Insurance Corporation (FDIC). The remaining \$17,914,018.18 was collateralized with securities held by the financial institution but not in the City's name.

CITY OF YORK, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE C – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2011 was as follows:

	Balance 9/30/2010	Additions	Deletions	Balance 9/30/2011
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,565,500.00			\$ 1,565,500.00
Construction in progress	1,136,070.40	\$ 1,973,762.93		3,109,833.33
Total capital assets not being depreciated	<u>2,701,570.40</u>	<u>1,973,762.93</u>		<u>4,675,333.33</u>
Capital assets being depreciated:				
Buildings	7,989,462.80	87,590.65		8,077,053.45
Equipment	1,567,890.08	86,573.40		1,654,463.48
Vehicles	2,747,088.46	27,070.75		2,774,159.21
Infrastructure	3,108,955.28			3,108,955.28
Total capital assets being depreciated	<u>15,413,396.62</u>	<u>201,234.80</u>	-	<u>15,614,631.42</u>
Less: Accumulated depreciation for:				
Buildings	3,481,730.00	223,137.00		3,704,867.00
Equipment	928,114.00	131,903.00		1,060,017.00
Vehicles	1,765,068.97	164,305.00		1,929,373.97
Infrastructure	330,966.00	207,264.00		538,230.00
Total accumulated depreciation	<u>6,505,878.97</u>	<u>726,609.00</u>	-	<u>7,232,487.97</u>
Total capital assets being depreciated, net	<u>8,907,517.65</u>	<u>(525,374.20)</u>	-	<u>8,382,143.45</u>
Governmental activities capital assets, net	<u>\$ 11,609,088.05</u>	<u>\$ 1,448,388.73</u>	<u>\$ -</u>	<u>\$ 13,057,476.78</u>

	Balance 9/30/2010	Additions	Deletions	Balance 9/30/2011
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 305,335.99			\$ 305,335.99
Construction in progress	7,631,288.38	\$ 467,165.08	\$ 4,265,070.36	3,833,383.10
Total capital assets not being depreciated	<u>7,936,624.37</u>	<u>467,165.08</u>	<u>4,265,070.36</u>	<u>4,138,719.09</u>
Capital assets being depreciated:				
Buildings	10,839,216.82			10,839,216.82
Equipment	1,704,256.58	192,411.32		1,896,667.90
Vehicles	404,295.33	24,710.96		429,006.29
Water pumping and distribution system	8,191,053.35	4,265,070.36		12,456,123.71
Wastewater collection system	7,055,730.74			7,055,730.74
Total capital assets being depreciated	<u>28,194,552.82</u>	<u>4,482,192.64</u>	-	<u>32,676,745.46</u>
Less: Accumulated depreciation for:				
Buildings	4,618,010.30	224,914.79		4,842,925.09
Equipment	981,809.96	86,991.73		1,068,801.69
Vehicles	321,253.33	14,323.00		335,576.33
Water pumping and distribution system	3,367,718.00	239,035.00		3,606,753.00
Wastewater collection system	2,039,955.00	140,359.00		2,180,314.00
Total accumulated depreciation	<u>11,328,746.59</u>	<u>705,623.52</u>	-	<u>12,034,370.11</u>
Total capital assets being depreciated, net	<u>16,865,806.23</u>	<u>3,776,569.12</u>	-	<u>20,642,375.35</u>
Business-type activities capital assets, net	<u>\$ 24,802,430.60</u>	<u>\$ 4,243,734.20</u>	<u>\$ 4,265,070.36</u>	<u>\$ 24,781,094.44</u>

These notes are an integral part of the accompanying financial statements.

CITY OF YORK, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE C – CAPITAL ASSETS (cont'd)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General government	\$ 26,885.00
Public safety	166,698.00
Streets	300,900.00
Culture and recreation	232,126.00
Total depreciation expense - governmental activities	\$ 726,609.00

Business-Type Activities:

Solid Waste	\$ 144,633.99
Water	294,289.66
Wastewater	266,699.87
Total depreciation expense - business-type activities	\$ 705,623.52

Reconciliation of Investment in Capital Assets:

	Governmental Activities	Business-Type Activities
Land	\$ 1,565,500.00	\$ 305,335.99
Construction in progress	3,109,833.33	3,833,383.10
Capital assets (Net of accumulated depreciation)	8,382,143.45	20,642,375.35
Less: General obligation bonds payable	7,345,000.00	
Various purpose bonds payable	265,413.02	
Public safety bonds payable	150,000.00	
Revenue bonds payable		9,934,605.00
Invested in capital assets, net of related debt	\$ 5,297,063.76	\$ 14,846,489.44

These notes are an integral part of the accompanying financial statements.

CITY OF YORK, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE D – BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS

Changes in bonds payable and other long-term obligations for the period ended September 30, 2011 were as follows:

	Balance 9/30/2010	Additions	Reductions	Balance 9/30/2011	Due within one year
Governmental Activities:					
General obligation bond, matures 2029	\$ 5,925,000.00		\$ 4,410,000.00	\$ 1,515,000.00	\$ 85,000.00
Various purpose bonds, matures 2012 and 2022	379,171.14		113,758.12	265,413.02	119,505.08
Public safety bonds, matures 2014	200,000.00		50,000.00	150,000.00	50,000.00
Highway Allocation bonds, matures 2024	2,030,000.00		160,000.00	1,870,000.00	165,000.00
General obligation bonds, matures 2025	-	\$ 4,250,000.00	290,000.00	3,960,000.00	440,000.00
Registered warrants	353,218.02	1,808,085.19		2,161,303.21	
Total governmental activities	<u>8,887,389.16</u>	<u>6,058,085.19</u>	<u>5,023,758.12</u>	<u>9,921,716.23</u>	<u>859,505.08</u>
Business-Type Activities:					
Revenue bonds, various maturities through 2031	<u>8,115,000.00</u>	<u>4,634,605.00</u>	<u>2,815,000.00</u>	<u>9,934,605.00</u>	<u>666,291.56</u>
Total business-type activities	<u>8,115,000.00</u>	<u>4,634,605.00</u>	<u>2,815,000.00</u>	<u>9,934,605.00</u>	<u>666,291.56</u>
Total bonds payable	<u>\$ 17,002,389.16</u>	<u>\$ 10,692,690.19</u>	<u>\$ 7,838,758.12</u>	<u>\$ 19,856,321.23</u>	<u>\$ 1,525,796.64</u>

These notes are an integral part of the accompanying financial statements.

CITY OF YORK, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE D – BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS (cont'd)

Annual debt service requirements as of September 30, 2011 for governmental and business-type activities are as follows:

Fiscal Year Ending	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2012	\$ 859,505.08	\$ 210,123.11	\$ 666,291.56	\$ 321,890.65
2013	740,391.10	196,413.34	684,051.74	309,845.97
2014	736,320.21	183,567.98	691,042.68	294,895.04
2015	707,332.40	169,977.04	723,073.64	278,556.58
2016	603,409.85	154,792.09	615,145.42	259,899.79
2017	619,634.11	139,516.58	732,258.84	241,826.37
2018	620,942.61	122,504.33	659,414.75	220,262.97
2019	507,368.10	103,978.84	346,613.98	201,451.23
2020	408,911.17	89,104.52	358,857.42	190,042.79
2021	410,611.98	74,711.21	366,145.96	177,831.76
2022	410,986.41	59,510.72	383,480.49	164,997.22
2023	415,000.00	44,561.25	395,861.95	151,088.27
2024	245,000.00	29,025.00	408,291.27	136,283.95
2025	150,000.00	20,768.75	425,769.43	120,695.78
2026	85,000.00	14,266.25	443,297.40	102,867.82
2027	80,000.00	10,100.00	460,876.17	84,224.04
2028	80,000.00	6,060.00	483,506.79	64,763.43
2029	80,000.00	2,020.00	881,190.27	44,229.94
2030			138,927.70	3,497.52
2031			70,507.53	705.08
	<u>\$ 7,760,413.02</u>	<u>\$ 1,631,001.01</u>	<u>\$ 9,934,604.99</u>	<u>\$ 3,369,856.20</u>

NOTE E – LEASES

The City is liable for several lease purchase agreements. A schedule of lease purposes, balances and annual future payments are as follows:

	Year Ended September 30,		
	2012	2013	Total Payments
Snow Plow/Sander	\$ 25,178.00	\$ 25,194.00	\$ 50,372.00
Payloader and Ambulance	55,596.00	55,651.00	111,247.00
	<u>\$ 80,774.00</u>	<u>\$ 80,845.00</u>	<u>\$ 161,619.00</u>

The City entered into a Distribution System Lease with Nebraska Public Power District for lease of the City owned electrical system on January 1, 1989. The City is to receive semi-annual payments based on the gross retail electrical revenues minus, 1) any bad debt charge-offs, 2) revenues from tax supported agencies receiving a discount, 3) any revenues associated with application of production costs, 4) an amount equal to 10% of the retail revenues as adjusted. The amount received under the lease for the year ended September 30, 2011 was \$1,386,956.01.

These notes are an integral part of the accompanying financial statements.

CITY OF YORK, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS

September 30, 2011

NOTE F – PENSION PLAN

The City provides pension benefits for all of its full-time employees except police officers and firefighters, through a defined contribution plan. In defined contribution plans, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after one year of service. The employee must contribute 6% of compensation and the City contributes an amount equal to 100% of the employee contribution. The City's contributions for each employee (and interest allocated to the employee's account) are vested according to the following schedule:

<u>Years of Service</u>	<u>Vested Interest</u>
Less than two	0%
Two but less than three	20%
Three but less than four	40%
Four but less than five	60%
Five but less than six	80%
Six or more	100%

Police officers and firefighters participate in a Statewide Local Government Retirement System, a multiple-employer public employee's retirement system. Covered employees are required by Statute to contribute a percentage of their salary to the plan. The City is required by the same statute to contribute the remaining amounts necessary to pay benefits when due.

The City's contributions to the plans discussed above for the years ending September 30 were as follows:

	<u>2011</u>	<u>2010</u>
General employees	\$ 117,337.14	\$ 121,054.49
Police Department	51,441.52	51,441.52
Fire Department	<u>85,066.76</u>	<u>84,392.80</u>
	<u>\$ 253,845.42</u>	<u>\$ 256,888.81</u>

NOTE G – CLOSURE AND POST-CLOSURE CARE COSTS

State and federal laws and regulations require the City Landfill to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,579,296.66 reported as landfill closure and post-closure care liability at September 30, 2011 represents the cumulative amount reported to date based on the use of 51.77% percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$1,471,305.34 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2011. The City expects to close the landfill in the year 2040. Actual cost may be higher due to inflation, changes in technology or changes in regulations.

These notes are an integral part of the accompanying financial statements.

CITY OF YORK, NEBRASKA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE G – CLOSURE AND POST-CLOSURE CARE COSTS (cont'd)

In accordance with the State of Nebraska Title 132 Solid Waste Regulations, the City must satisfy the requirements for a financial assurance mechanism (F.A.M). The City Council has passed resolution 96-24 to make annual contributions to a special fund to finance closure and post-closure care. The City landfill is in compliance with these requirements and, at September 30, 2011, separate bank accounts, the "Closure and Post-Closure" accounts and the "Construction and Demolition Site Closure and Post-Closure" accounts, in the amount of \$1,501,378.32 and \$27,552.63 respectively, were held for these purposes at Cornerstone Bank. It is reported as a restricted asset on the balance sheet. The City landfill expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users and from future tax revenues.

In addition, the City Council has passed resolution 96-25 establishing the "Old Landfill Post Closure Care Account" reserve for the specific purpose of assuring post-closure care of the old landfill. This account at Cornerstone Bank has a balance at September 30, 2011 of \$11,034.53 and is reported as a restricted asset on the balance sheet.

NOTE H – BOND RESERVES

In accordance with provisions of Ordinance No's 1328 and 1329, we make the following comments:

Section 7

	<u>Water Fund</u>
Balances in accounts allocated by the City Treasurer at September 30, 2011:	
Debt service reserve fund	<u>\$ 650,000.00</u>
Funds available to meet these requirements at September 30, 2011:	
Certificates of deposit	<u>\$ 670,291.24</u>

Section 10

- (c) All City property is insured through the Cornerstone Insurance Company
- (d) The City Treasurer has carried out the accounting instructions in accordance with Section 7.

NOTE I – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year, the City carried commercial insurance for property, liability, automobile, worker's compensation and other risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

These notes are an integral part of the accompanying financial statements.

CITY OF YORK, NEBRASKA
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

For the Year Ended September 30, 2011

	Original and Final Budget	Actual	Variance
Beginning Fund Balance	\$ 988,832.00	\$ 4,573,014.28	\$ 3,584,182.28
Receipts			
Property tax	515,733.00	481,438.05	(34,294.95)
Sales tax	2,650,000.00	2,939,398.01	289,398.01
Motor vehicle tax	140,000.00	149,129.97	9,129.97
Carline		353.77	353.77
In lieu		44,201.22	44,201.22
Pro rate		1,509.31	1,509.31
Homestead exemption		19,779.71	19,779.71
Property tax credit		21,006.06	21,006.06
State aid	65,622.00	65,544.06	(77.94)
NPPD lease payments	1,260,000.00	1,386,956.01	126,956.01
Occupation tax	250,000.00	315,008.15	65,008.15
Contributions received	3,500.00	2,847.45	(652.55)
Grant revenue	41,800.00	51,413.44	9,613.44
Insurance proceeds		104,288.96	104,288.96
Interest income	63,500.00	77,477.18	13,977.18
Licenses and permits	62,500.00	75,880.16	13,380.16
Operational revenue	157,500.00	174,437.85	16,937.85
Rent	33,000.00	23,310.00	(9,690.00)
Transfers from other funds	2,595,538.00	2,383,361.80	(212,176.20)
Miscellaneous	7,000.00	5,587.20	(1,412.80)
Total Receipts	7,845,693.00	8,322,928.36	477,235.36
Total Available Resources	8,834,525.00	12,895,942.64	4,061,417.64
Disbursements			
General Government:			
Personnel services	457,944.00	470,112.45	12,168.45
Materials and supplies	957,500.00	568,466.10	(389,033.90)
Capital outlay	15,000.00		(15,000.00)
	1,430,444.00	1,038,578.55	(391,865.45)
Auditorium:			
Personnel services	61,362.00	58,571.25	(2,790.75)
Materials and supplies	126,200.00	65,611.07	(60,588.93)
	187,562.00	124,182.32	(63,379.68)
Park:			
Personnel services	168,881.00	172,448.92	3,567.92
Materials and supplies	87,712.00	80,437.84	(7,274.16)
Other capital outlay	214,800.00	194,513.75	(20,286.25)
	471,393.00	447,400.51	(23,992.49)

See accompanying notes to the required supplementary information

CITY OF YORK, NEBRASKA
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

For the Year Ended September 30, 2011

	Original and Final Budget	Actual	Variance
Police:			
Personnel services	\$ 1,218,558.00	\$ 1,190,582.12	\$ (27,975.88)
Materials and supplies	154,050.00	133,428.45	(20,621.55)
Other capital outlay	29,100.00	29,950.60	850.60
	<u>1,401,708.00</u>	<u>1,353,961.17</u>	<u>(47,746.83)</u>
Community Center:			
Personnel services	280,833.00	275,161.00	(5,672.00)
Materials and supplies	166,103.00	191,648.66	25,545.66
Capital outlay	5,900.00		(5,900.00)
	<u>452,836.00</u>	<u>466,809.66</u>	<u>13,973.66</u>
Swimming Pool:			
Personnel services	124,739.00	102,104.78	(22,634.22)
Materials and supplies	142,700.00	98,112.39	(44,587.61)
Other capital outlay	32,400.00	31,055.80	(1,344.20)
	<u>299,839.00</u>	<u>231,272.97</u>	<u>(68,566.03)</u>
Senior Center:			
Personnel services		199.87	199.87
Materials and supplies	10,000.00	9,151.18	(848.82)
	<u>10,000.00</u>	<u>9,351.05</u>	<u>(648.95)</u>
Transfers to other funds	<u>4,580,743.00</u>	<u>4,122,667.62</u>	<u>(458,075.38)</u>
Total Disbursements	<u>8,834,525.00</u>	<u>7,794,223.85</u>	<u>(1,040,301.15)</u>
Ending Fund Balance	<u>\$ -</u>	5,101,718.79	<u>\$ 5,101,718.79</u>
<u>Adjustments to Generally Accepted Accounting Principles</u>			
Revenue accruals		1,043.45	
Expenditure accruals		<u>(99,729.75)</u>	
Ending Fund Balance (GAAP basis)		<u>\$ 5,003,032.49</u>	

See accompanying notes to the required supplementary information

CITY OF YORK, NEBRASKA
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
STREET FUND

For the Year Ended September 30, 2011

	Original and Final Budget	Actual	Variance
Beginning Fund Balance	\$ 125,000.00	\$ 637,297.84	\$ 512,297.84
Receipts			
Sales tax	250,000.00	238,063.28	(11,936.72)
Intergovernmental revenues	734,627.00	741,712.36	7,085.36
Operational revenues	22,000.00	31,064.20	9,064.20
Interest income	8,800.00	11,998.44	3,198.44
Bond proceeds	2,490,200.00		(2,490,200.00)
Grants and contributions	3,055,000.00	9,041.56	(3,045,958.44)
Transfers	142,337.00	142,337.04	0.04
Total Receipts	<u>6,702,964.00</u>	<u>1,174,216.88</u>	<u>(5,528,747.12)</u>
Total Available Resources	<u>6,827,964.00</u>	<u>1,811,514.72</u>	<u>(5,016,449.28)</u>
Disbursements			
Personnel services	513,810.00	424,860.75	88,949.25
Materials and supplies	623,700.00	457,616.56	166,083.44
Other capital outlay		64,817.07	(64,817.07)
Capital outlay	<u>5,690,454.00</u>	<u>1,835,900.03</u>	<u>3,854,553.97</u>
Total Disbursements	<u>6,827,964.00</u>	<u>2,783,194.41</u>	<u>4,044,769.59</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ (971,679.69)</u>	<u>\$ (971,679.69)</u>
<u>Adjustments to Generally Accepted Accounting Principles</u>			
Revenue accruals		7,536.14	
Expenditure accruals		<u>(59,526.55)</u>	
Ending Fund Balance (GAAP basis)		<u>\$ (1,023,670.10)</u>	

See accompanying notes to the required supplementary information

CITY OF YORK, NEBRASKA
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
DEBT SERVICE FUND

For the Year Ended September 30, 2011

	Original and Final Budget	Actual	Variance
Beginning Fund Balance	\$ 126,128.00	\$ 1,014,437.28	\$ 888,309.28
Receipts			
Assessments	112,579.00	344,053.34	231,474.34
Bond proceeds	4,250,000.00	4,250,000.00	-
Transfers	751,801.00	693,335.49	(58,465.51)
Total Receipts	<u>5,114,380.00</u>	<u>5,287,388.83</u>	<u>173,008.83</u>
Total Available Resources	<u>5,240,508.00</u>	<u>6,301,826.11</u>	<u>1,061,318.11</u>
Disbursements			
Principal paid	4,925,000.00	4,910,000.00	15,000.00
Interest paid	312,508.00	219,667.08	92,840.92
Other expenditures	3,000.00	52,374.91	(49,374.91)
Total Disbursements	<u>5,240,508.00</u>	<u>5,182,041.99</u>	<u>58,466.01</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ 1,119,784.12</u>	<u>\$ 1,119,784.12</u>
<u>Adjustments to Generally Accepted Accounting Principles</u>			
Revenue accruals		-	
Expenditure accruals		-	
Ending Fund Balance (GAAP basis)		<u>\$ 1,119,784.12</u>	

See accompanying notes to the required supplementary information

CITY OF YORK, NEBRASKA
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
PROPRIETARY FUND

For the Year Ended September 30, 2011

	Original and Final Budget	Actual	Variance
Beginning Fund Balance	\$ 565,083.00	\$ 6,212,814.17	\$ 5,647,731.17
Receipts			
Operational revenues	3,481,890.00	3,770,501.78	288,611.78
Interest income	62,500.00	78,225.37	15,725.37
Bond proceeds	4,634,605.00	4,634,605.00	-
Grants and contributions	610,000.00	1,760,298.00	1,150,298.00
Total Receipts	8,788,995.00	10,243,630.15	1,454,635.15
Total Available Resources	9,354,078.00	16,456,444.32	7,102,366.32
Disbursements			
Personnel services	986,300.00	948,932.36	37,367.64
Materials and supplies	1,723,792.00	931,374.06	792,417.94
Capital outlay	1,352,050.00	684,287.36	667,762.64
Debt service	4,884,911.00	3,244,354.99	1,640,556.01
Total Disbursements	8,947,053.00	5,808,948.77	3,138,104.23
Ending Fund Balance	<u>\$ 407,025.00</u>	\$ 10,647,495.55	<u>\$ 10,240,470.55</u>
<u>Adjustments to Generally Accepted Accounting Principles</u>			
Prior year ending non-cash assets		15,275,293.89	
Revenue accruals		2,669.13	
Changes for bond proceeds, payments, interest		(1,808,171.50)	
Expenditure accruals		(126,848.13)	
Removal of capitalized disbursements		684,287.36	
Depreciation expense		<u>(705,623.52)</u>	
Ending Net Assets (GAAP basis)		<u>\$ 23,969,102.78</u>	

See accompanying notes to the required supplementary information

CITY OF YORK, NEBRASKA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2011

NOTE A – BUDGET PROCESS AND PROPERTY TAXES

The City of York (the City) is required by state law to adopt annual budgets for all funds. Each budget is presented on the cash basis of accounting, which is consistent with the requirements of the state budget act.

State Statutes of the Nebraska Budget Act provide 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 disbursements and/or tax levy limitations.

In accordance with those provisions, the following process is used to adopt the annual budget:

1. As of August 1, or shortly thereafter, the City Clerk prepares a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes the proposed disbursements and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to the filing date, the City, through passage of an ordinance legally adopts the budget.
4. The adopted budget is filed with the State Auditor and the County Board on or before September 20.
5. Total actual disbursements may not legally exceed the total budget of disbursements. Appropriations of disbursements lapse at year-end and any revisions require a public hearing and any revisions require council approval.
6. The property tax requirement resulting from the budget process is utilized to establish the tax levy in accordance with state statutes, which attaches as an enforceable lien on property within the City as of January 1.

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CITY OF YORK, NEBRASKA
BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2011

	CDBG Fund	Sinking Fund	Aviation Fund	Fire/EMS Fund	Library Fund
<u>Assets</u>					
Cash and cash equivalents	\$ 67,031.02	\$ 468,211.13	\$ 106,721.86	\$ 15,372.44	\$ 28,042.95
Investments					
Accounts receivable		235,351.33	55,366.20	372,460.13	
Total Assets	67,031.02	703,562.46	162,088.06	387,832.57	28,042.95
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts Payable		45,000.00	2,023.71	15,667.02	27,993.73
Notes Payable			10,000.00		
Total Liabilities	-	45,000.00	12,023.71	15,667.02	27,993.73
Fund Balances:					
Restricted:					
Pension					
Economic development					
Aviation projects			8,011.90		
Assigned	67,031.02	658,562.46	142,052.45	372,165.55	49.22
Total Fund Balances	67,031.02	658,562.46	150,064.35	372,165.55	49.22
Total Liabilities and Fund Balances	\$ 67,031.02	\$ 703,562.46	\$ 162,088.06	\$ 387,832.57	\$ 28,042.95

RAP Fund	911 Surcharge Fund	TIF Fund	Insurance Fund	Pension Fund	Total Non-Major Governmental Funds
\$ 25,323.84	\$ 5,933.61	\$ 645,888.41 532,883.78	\$ 579,240.87 488,783.05	\$ 246,406.83	\$ 2,188,172.96 1,021,666.83 663,177.66
<u>25,323.84</u>	<u>\$ 5,933.61</u>	<u>1,178,772.19</u>	<u>1,068,023.92</u>	<u>246,406.83</u>	<u>3,873,017.45</u>
				134.10	90,818.56 10,000.00
-	-	-	-	134.10	100,818.56
				246,272.73	246,272.73 1,178,772.19 8,011.90 2,339,142.07
<u>25,323.84</u>	<u>5,933.61</u>	<u>1,178,772.19</u>	<u>1,068,023.92</u>	<u>246,272.73</u>	<u>3,772,198.89</u>
<u>\$ 25,323.84</u>	<u>\$ 5,933.61</u>	<u>\$ 1,178,772.19</u>	<u>\$ 1,068,023.92</u>	<u>\$ 246,406.83</u>	<u>\$ 3,873,017.45</u>

CITY OF YORK, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2011

	CDBG Fund	Sinking Fund	Aviation Fund	Fire/EMS Fund	Library Fund
Revenues					
Taxes					
Intergovernmental				\$ 195,106.00	\$ 60,000.00
Operational revenues	\$ 83,909.20				
Charges for services			\$ 275,468.74	558,443.37	10,590.47
Grants and contributions			191,742.47	1,505.00	4,215.15
Interest income	115.64	\$ 5,067.96	1,842.82		39.34
Miscellaneous		4,368.28	300.00	4,055.12	2,146.49
Total Revenues	84,024.84	9,436.24	469,354.03	759,109.49	76,991.45
Expenditures					
General government			564,162.08		
Public safety				1,016,615.49	
Culture and recreation					392,787.48
Economic development	125,000.00				
Total Expenditures	125,000.00	-	564,162.08	1,016,615.49	392,787.48
Excess (deficiency) of revenues over expenditures	(40,975.16)	9,436.24	(94,808.05)	(257,506.00)	(315,796.03)
Other Financing Sources (Uses)					
Transfers in (out)			45,846.96	345,474.00	315,835.37
Total Other Financing Sources (Uses)	-	-	45,846.96	345,474.00	315,835.37
Net Change in Fund Balance	(40,975.16)	9,436.24	(48,961.09)	87,968.00	39.34
Fund Balance, Beginning	108,006.18	649,126.22	199,025.44	284,197.55	9.88
Fund Balance, Ending	\$ 67,031.02	\$ 658,562.46	\$ 150,064.35	\$ 372,165.55	\$ 49.22

RAP Fund	911 Surcharge Fund	TIF Fund	Insurance Fund	Pension Fund	Total Non-Major Governmental Funds
	\$ 20,295.71	\$ 452,064.06			\$ 472,359.77
\$ 133,324.50		26,010.53	\$ 909,787.64		255,106.00
			10,791.54	\$ 2,258.98	1,153,031.87
					844,502.58
					197,462.62
					20,116.28
					10,869.89
<u>133,324.50</u>	<u>20,295.71</u>	<u>478,074.59</u>	<u>920,579.18</u>	<u>2,258.98</u>	<u>2,953,449.01</u>
			830,629.70	143,802.37	1,538,594.15
143,120.22	124.59				1,159,860.30
		352,107.33			392,787.48
					477,107.33
<u>143,120.22</u>	<u>124.59</u>	<u>352,107.33</u>	<u>830,629.70</u>	<u>143,802.37</u>	<u>3,568,349.26</u>
(9,795.72)	20,171.12	125,967.26	89,949.48	(141,543.39)	(614,900.25)
				196,476.96	903,633.29
-	-	-	-	196,476.96	903,633.29
(9,795.72)	20,171.12	125,967.26	89,949.48	54,933.57	288,733.04
35,119.56	(14,237.51)	1,052,804.93	978,074.44	191,339.16	3,483,465.85
<u>\$ 25,323.84</u>	<u>\$ 5,933.61</u>	<u>\$ 1,178,772.19</u>	<u>\$ 1,068,023.92</u>	<u>\$ 246,272.73</u>	<u>\$ 3,772,198.89</u>

CITY OF YORK, NEBRASKA
BALANCE SHEET - SOLID WASTE FUND

September 30, 2011

With Comparative Figures For September 30, 2010

<u>Assets</u>	2011	2010
Current Assets:		
Cash in bank	\$ 511,221.23	\$ 479,270.87
Accounts receivable	7,398.00	3,017.00
Total Current Assets	518,619.23	482,287.87
Restricted Assets:		
Cash in bank - closure	808,303.89	735,865.11
Cash in bank - post closure	693,074.43	644,318.86
Cash in bank - closure of construction & demolition site	22,863.28	18,020.72
Cash in bank - post closure of construction & demolition site	4,689.35	3,637.50
Cash in bank - old landfill	11,034.53	10,904.89
Total Restricted Assets	1,539,965.48	1,412,747.08
Fixed Assets:		
Land	263,712.44	263,712.44
Landfill & buildings	5,120,649.76	5,120,649.76
Equipment	542,525.35	542,525.35
Construction in progress		
	5,926,887.55	5,926,887.55
Less: Accumulated depreciation	1,494,075.17	1,349,441.18
Total Fixed Assets	4,432,812.38	4,577,446.37
Total Assets	\$ 6,491,397.09	\$ 6,472,481.32
<u>Liabilities and Equity</u>		
Current Liabilities:		
Accounts payable	\$ 12,446.47	\$ 15,591.15
Accrued interest payable	1,423.97	3,007.46
Accrued wages and compensated absences	8,356.55	8,536.68
Current maturities of long-term debt	290,000.00	230,000.00
Total Current Liabilities	312,226.99	257,135.29
Long-Term Liabilities:		
Accrued compensated absences	822.72	
Accrued closure and post-closure costs	1,579,296.66	1,494,049.55
Bonds and notes payable net of current portion	1,735,000.00	1,990,000.00
Total Long-Term Liabilities	3,315,119.38	3,484,049.55
City of York Solid Waste Fund:		
Retained earnings	2,864,050.72	2,731,296.48
Total Liabilities and Equity	\$ 6,491,397.09	\$ 6,472,481.32

CITY OF YORK, NEBRASKA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
SOLID WASTE FUND

For the Year Ended September 30, 2011
 With Comparative Figures For The Year Ended September 30, 2010

	2011	2010
<u>Operating Revenues</u>		
Solid waste receipts	\$ 1,043,329.06	\$ 829,135.05
Land rent	1,890.00	
	<hr/>	<hr/>
Total Operating Revenue	1,045,219.06	829,135.05
	<hr/>	<hr/>
<u>Operating Expenses</u>		
Wages	188,902.26	190,382.16
Payroll taxes	14,497.32	14,312.60
Pension plan	7,962.33	8,965.57
Employee insurance	52,708.33	48,257.12
Compensated absences	822.72	
Dues and subscriptions	366.00	
Equipment leases		42,991.42
Fiscal fees	2,200.00	1,000.00
Gasoline	50,535.77	49,238.87
Insurance	14,096.33	14,501.85
Legal & accounting	6,850.00	2,250.00
Licensing fees	36,953.14	33,232.51
Maintenance	14,193.94	9,980.52
Miscellaneous expense	3,905.65	9,367.45
Planning & engineering	60,451.01	98,577.46
Power	13,694.07	11,912.61
Recycling costs	28,211.99	
Repairs - labor	12,292.69	14,052.65
Repairs - parts	50,414.00	30,543.65
Supplies	2,320.43	
Testing	950.11	
Tire disposal	25,162.08	963.09
Tool expense		5,250.00
Utilities	620.44	
Depreciation	144,633.99	150,139.77
	<hr/>	<hr/>
Total Operating Expenses	732,744.60	735,919.30
	<hr/>	<hr/>
Net Operating Income	312,474.46	93,215.75
	<hr/>	<hr/>
<u>Other Income</u>		
Interest income	24,810.35	48,898.43
	<hr/>	<hr/>
Total Other Income	24,810.35	48,898.43
	<hr/>	<hr/>

CITY OF YORK, NEBRASKA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
SOLID WASTE FUND

For the Year Ended September 30, 2011
 With Comparative Figures For The Year Ended September 30, 2010

	2011	2010
<u>Other Expenses</u>		
Landfill closure and post-closure costs	\$ 85,247.11	\$ 125,583.56
Bond fees	73,335.91	
Interest expense	45,947.55	100,259.77
Total Other Expenses	204,530.57	225,843.33
Net Revenue	132,754.24	(83,729.15)
Retained Earnings, Beginning of Year	2,731,296.48	2,815,025.63
Retained Earnings, End of Year	\$ 2,864,050.72	\$ 2,731,296.48

CITY OF YORK, NEBRASKA
STATEMENT OF CASH FLOWS - SOLID WASTE FUND

For the Year Ended September 30, 2011

With Comparative Figures For The Year Ended September 30, 2010

	2011	2010
<u>Cash Flows From Operating Activities</u>		
Cash received from customers for services	\$ 1,040,838.06	\$ 827,569.05
Payments to suppliers for goods and services	(326,362.33)	(320,566.86)
Payments to employees for services	(264,250.37)	(267,143.10)
	450,225.36	239,859.09
<u>Cash Flows From Investing Activities</u>		
Interest on cash and investments	24,810.35	48,898.43
	24,810.35	48,898.43
<u>Cash Flows From Capital and Related Financing Activities</u>		
Proceeds from bonded debt	2,300,000.00	2,230,000.00
Retirement of debt	(2,495,000.00)	(2,475,000.00)
Bond refinancing fees	(73,335.91)	
Interest paid on bonds	(47,531.04)	(105,777.50)
	(315,866.95)	(350,777.50)
Net Increase in Cash and Cash Equivalents	159,168.76	(62,019.98)
Balance, Beginning of Year	1,892,017.95	1,954,037.93
Balance, End of Year	\$ 2,051,186.71	\$ 1,892,017.95
<u>Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities</u>		
Net operating income	\$ 312,474.46	\$ 93,215.75
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation expense	144,633.99	150,139.77
(Increase) decrease in other receivables	(4,381.00)	(1,566.00)
Increase (decrease) in other liabilities	(2,502.09)	(1,930.43)
	137,750.90	146,643.34
Total Adjustments	137,750.90	146,643.34
Net Cash Provided by Operating Activities	\$ 450,225.36	\$ 239,859.09

CITY OF YORK, NEBRASKA
BALANCE SHEET - WATER FUND

September 30, 2011

With Comparative Figures For September 30, 2010

<u>Assets</u>	2011	2010
Current Assets:		
Cash and cash equivalents	\$ 1,310,133.41	\$ 2,523,002.95
Investments	5,093,633.88	
Investments - debt service reserve	670,291.24	661,318.16
Accounts receivable	174,562.79	181,245.24
Inventory - materials and supplies	34,134.14	47,681.14
	7,282,755.46	3,413,247.49
Fixed Assets:		
Land	24,625.00	24,625.00
Buildings	234,450.11	234,450.11
Pumping equipment	643,503.06	643,503.06
Distribution system	11,837,195.65	7,572,125.29
Consumers meter to keep	947,387.11	825,972.66
Office furniture	76,539.96	76,539.96
Trucks and automobiles	157,726.94	133,015.98
Tools	307,197.11	236,200.24
Construction in progress	3,157,276.74	6,976,897.37
	17,385,901.68	16,723,329.67
Less: Accumulated depreciation	4,545,823.40	4,251,533.74
Total Fixed Assets	12,840,078.28	12,471,795.93
Total Assets	\$ 20,122,833.74	\$ 15,885,043.42
<u>Liabilities and Equity</u>		
Current Liabilities:		
Customer deposits	\$ 76,001.52	\$ 77,066.52
Accounts payable	54,096.65	27,374.20
Accrued interest payable	73,329.22	83,179.23
Accrued wages	12,512.58	12,660.79
Other current liabilities	9,511.01	8,768.04
Current maturities of long-term debt	376,291.56	340,000.00
Total Current Liabilities	601,742.54	549,048.78
Long-Term Liabilities:		
Accrued compensated absences	12,681.98	11,640.33
Bonds and notes payable	7,533,313.44	5,555,000.00
Total Long-Term Liabilities	7,545,995.42	5,566,640.33
City of York Water Fund:		
Retained earnings	11,975,095.78	9,769,354.31
Total Liabilities and Equity	\$ 20,122,833.74	\$ 15,885,043.42

CITY OF YORK, NEBRASKA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
WATER FUND

For the Year Ended September 30, 2011
 With Comparative Figures For The Year Ended September 30, 2010

	2011	2010
<u>Operating Revenues</u>		
Sales of water	\$ 1,549,403.20	\$ 1,408,029.57
Sundry sales - materials	5,664.25	864.19
Water main assessments		1,341.59
Wastewater collection cost	25,000.08	25,000.08
Other income	9,569.17	14,338.81
	<hr/>	<hr/>
Total Operating Revenues	1,589,636.70	1,449,574.24
<u>Operating Expenses</u>		
Plant salaries	250,927.60	231,340.41
Supervision and office salaries	46,557.70	45,429.26
Payroll taxes	21,198.46	20,130.71
Pension plan	17,750.13	16,939.56
Employee insurance	45,819.02	53,058.60
Compensated absences	429.79	611.86
Accounting and legal	2,250.00	2,250.00
Dues and subscriptions	1,536.50	1,538.00
Education and training	916.47	1,381.90
Fiscal fees	1,000.00	1,750.00
Gasoline	12,419.19	
Insurance	23,446.78	21,894.57
Inventory expense	19,224.37	
Maintenance - building	3,204.44	2,588.72
Maintenance - distribution system	7,593.75	10,898.73
Maintenance - equipment	38,608.40	17.76
Maintenance - trucks	345.36	5,813.30
Miscellaneous expense	8,764.54	6,338.71
Office supplies	3,811.04	1,470.50
Postage	4,468.52	5,602.54
Power	78,091.49	75,093.02
Publicity	1,085.60	10,635.29
Repairs	15,069.70	
Sales tax	5,315.06	
Telephone	10,996.49	814.58
Testing	4,296.40	7,583.00
Tool expense	3,100.56	6,554.32
Depreciation	294,289.66	208,923.30
	<hr/>	<hr/>
Total Operating Expenses	922,517.02	738,658.64
	<hr/>	<hr/>
Net Operating Income	667,119.68	710,915.60

CITY OF YORK, NEBRASKA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
WATER FUND

For the Year Ended September 30, 2011

With Comparative Figures For The Year Ended September 30, 2010

	2011	2010
<u>Other Income</u>		
Federal grant income	\$ 1,736,185.00	\$ 2,049,999.00
Other grant incomes	24,113.00	
Wellfield farm income	115,987.88	363,727.43
Transfers from other funds		221,156.03
Interest income	38,750.15	81,346.47
	<hr/>	<hr/>
Total Other Income	1,915,036.03	2,716,228.93
	<hr/>	<hr/>
<u>Other Expenses</u>		
Wellfield farm expense	77,776.21	111,664.74
Bond refinancing fees	9,629.68	
Interest expense	289,008.35	279,142.78
	<hr/>	<hr/>
Total Other Expense	376,414.24	390,807.52
	<hr/>	<hr/>
Net Revenue	2,205,741.47	3,036,337.01
Retained Earnings, Beginning of Year	9,769,354.31	6,733,017.30
	<hr/>	<hr/>
Retained Earnings, End of Year	<u>\$ 11,975,095.78</u>	<u>\$ 9,769,354.31</u>

CITY OF YORK, NEBRASKA
STATEMENT OF CASH FLOWS - WATER FUND

For the Year Ended September 30, 2011

With Comparative Figures For The Year Ended September 30, 2010

	2011	2010
<u>Cash Flows From Operating Activities</u>		
Cash received from customers for services	\$ 1,596,319.15	\$ 1,422,964.07
Payments to suppliers for goods and services	(205,597.24)	(158,166.91)
Payments to employees for services	(381,789.26)	(365,840.06)
	1,008,932.65	898,957.10
<u>Cash Flows From Investing Activities</u>		
Interest on cash and investments	38,750.15	81,346.47
Gain (loss) on wellfield farm	38,211.67	252,062.69
	76,961.82	333,409.16
<u>Cash Flows From Capital and Related Financing Activities</u>		
Acquisition and construction of capital assets	(662,572.01)	(2,551,321.08)
Proceeds from capital grant	1,760,298.00	2,049,999.00
Proceeds from bonded debt	2,334,605.00	
Retirement of debt	(320,000.00)	(340,000.00)
Bond refinancing fees	(9,629.68)	
Interest paid on bonds	(298,858.36)	(291,882.34)
	2,803,842.95	(1,133,204.42)
Net Cash Provided (Used) by Capital and Related Financing Activities	2,803,842.95	(1,133,204.42)
Net Increase (Decrease) in Cash and Cash Equivalents	3,889,737.42	99,161.84
Balance, Beginning of Year	3,184,321.11	3,085,159.27
Balance, End of Year	\$ 7,074,058.53	\$ 3,184,321.11
<u>Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities</u>		
Net operating income	\$ 667,119.68	\$ 710,915.60
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation expense	294,289.66	208,923.30
(Increase) decrease in accounts receivable	6,682.45	(26,610.17)
(Increase) decrease in inventory	13,547.00	(15,513.18)
Increase (decrease) in customer deposits	(1,065.00)	2,731.52
Increase (decrease) in other liabilities	28,358.86	18,510.03
Total Adjustments	341,812.97	188,041.50
Net Cash Provided by Operating Activities	\$ 1,008,932.65	\$ 898,957.10

CITY OF YORK, NEBRASKA
BALANCE SHEET - WASTERWATER FUND

September 30, 2011

With Comparative Figures For September 30, 2010

<u>Assets</u>	2011	2010
Current Assets:		
Cash and cash equivalents	\$ 510,383.65	\$ 1,136,475.11
Investments	1,011,866.66	
Accounts receivable	138,941.09	133,970.51
Total Current Assets	1,661,191.40	1,270,445.62
Fixed Assets:		
Land	16,998.55	16,998.55
Vehicles	271,279.35	271,279.35
Office equipment	23,018.37	23,018.37
Plant equipment	5,459,541.95	5,459,541.95
Collection system	7,055,730.74	7,055,730.74
Construction in progress	676,106.36	654,391.01
	13,502,675.32	13,480,959.97
Less: Accumulated depreciation	5,994,471.54	5,727,771.67
Total Fixed Assets	7,508,203.78	7,753,188.30
Total Assets	\$ 9,169,395.18	\$ 9,023,633.92
 <u>Liabilities and Equity</u>		
Current Liabilities:		
Accounts payable	\$ 14,962.87	\$ 13,656.05
Accrued wages	10,506.11	10,373.44
Other current liabilities	6,730.94	6,001.97
Total Current Liabilities	32,199.92	30,031.46
Long-Term Liabilities:		
Accrued compensated absences	7,238.98	6,145.19
Total Long-Term Liabilities	7,238.98	6,145.19
City of York Wastewater Fund:		
Retained earnings	5,223,293.18	5,080,794.17
Contributions	3,906,663.10	3,906,663.10
Total Equity	9,129,956.28	8,987,457.27
Total Liabilities and Equity	\$ 9,169,395.18	\$ 9,023,633.92

CITY OF YORK, NEBRASKA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
WASTEWATER FUND

For the Year Ended September 30, 2011

With Comparative Figures For The Year Ended September 30, 2010

	2011	2010
<u>Operating Revenues</u>		
Sales of service	\$ 864,755.83	\$ 807,502.03
Sales of service - industrial	155,573.33	164,798.15
Wastewater main assessments		9,357.67
Other income	1,998.11	301.93
Total Operating Revenues	<u>1,022,327.27</u>	<u>981,959.78</u>
<u>Operating Expenses</u>		
Wages	175,004.58	177,933.21
Supervision and office wages	46,557.90	45,429.26
Payroll taxes	15,972.94	16,327.80
Pension plan expense	13,492.63	13,943.09
Employee insurance	53,558.24	62,452.66
Compensated absences	(467.10)	1,560.89
Accounting and legal	2,250.00	2,250.00
Collection and billing	25,000.08	25,000.08
Dues and subscriptions	1,028.50	981.00
Education and training	2,540.59	
Equipment purchases	10,554.96	
Gasoline	13,452.55	
Insurance	26,368.53	26,854.22
Laboratory expense	3,120.42	3,393.49
Maintenance - building	11,427.99	22,252.80
Maintenance - collection system	4,262.22	5,156.66
Maintenance - equipment	43,526.47	34,263.93
Maintenance - vehicles	1,196.56	10,253.19
Miscellaneous expense	15,460.78	28,324.67
Office supplies	3,534.05	1,435.75
Planning and engineering	48,207.74	
Postage	4,405.43	5,430.91
Power	88,404.94	76,729.32
Publicity		9,583.29
Repairs - labor	7,213.48	
Repairs - parts	4,603.67	
Telephone	637.14	734.43
Testing	642.90	1,036.97
Tool expense	1,379.82	7,139.83
Water	4,455.25	3,380.85
Depreciation	266,699.87	273,557.45
Total Operating Expenses	<u>894,493.13</u>	<u>855,405.75</u>
Net Operating Income	<u>127,834.14</u>	<u>126,554.03</u>

CITY OF YORK, NEBRASKA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
WASTEWATER FUND

For the Year Ended September 30, 2011
 With Comparative Figures For The Year Ended September 30, 2010

	2011	2010
<u>Other Income</u>		
Transfers from other funds		\$ 788,768.12
Interest income	\$ 14,664.87	52,160.55
	14,664.87	840,928.67
<u>Other Expenses</u>		
Interest expense	-	23,252.86
	142,499.01	944,229.84
Retained Earnings, Beginning of Year	5,080,794.17	4,136,564.33
Retained Earnings, End of Year	\$ 5,223,293.18	\$ 5,080,794.17

CITY OF YORK, NEBRASKA
STATEMENT OF CASH FLOWS - WASTEWATER FUND

For the Year Ended September 30, 2011

With Comparative Figures For The Year Ended September 30, 2010

	2011	2010
<u>Cash Flows from Operating Activities</u>		
Cash received from customers for services	\$ 1,017,356.69	\$ 962,816.07
Payments to suppliers for goods and services	(321,638.28)	(270,892.28)
Payments to employees for services	(302,892.73)	(315,038.12)
	392,825.68	376,885.67
Net Cash Provided (Used) by Operating Activities		
<u>Cash Flows from Investing Activities</u>		
Interest on cash and investments	14,664.87	52,160.55
	14,664.87	52,160.55
Net Cash Provided (Used) by Investing Activities		
<u>Cash Flows from Capital and Related Financing Activities</u>		
Acquisition and construction of capital assets	(21,715.35)	(694,268.15)
Retirement of debt		(1,550,000.00)
Interest paid on bonds		(46,909.85)
	(21,715.35)	(2,291,178.00)
Net Cash Provided (Used) by Capital and Related Financing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	385,775.20	(1,862,131.78)
Balance, Beginning of Year	1,136,475.11	2,998,606.89
Balance, End of Year	\$ 1,522,250.31	\$ 1,136,475.11
<u>Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities</u>		
Net operating income	\$ 127,834.14	\$ 126,554.03
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation expense	266,699.87	273,557.45
(Increase) decrease in accounts receivable	(4,970.58)	(19,143.71)
Increase (decrease) in other liabilities	3,262.25	(4,082.10)
	264,991.54	250,331.64
Total Adjustments		
Net Cash Provided by Operating Activities	\$ 392,825.68	\$ 376,885.67

CITY OF YORK, NEBRASKA
York, Nebraska
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2010

<u>Federal Grantor/Pass- Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Disbursements</u>	
<u>U.S. Department of Transportation</u>			
Passed through State Department of Roads: Federal Highway Aid Program	20.205	\$ 1,370,808.35	*
Passed through State Department of Aeronautics: Airport Improvement Program	20.106	191,742.47	
<u>U.S. Department of Environmental Protection Agency</u>			
Passed through State Department of Environmental Quality: ARRA federal SRF loan funds and forgiveness	66.468	684,877.00	*
TOTAL FEDERAL ASSISTANCE		<u>\$ 2,247,427.82</u>	

* Major Program

NOTE: BASIS OF PRESENTATION OF EXPENDITURES OF FEDERAL AWARDS

The preceding schedule of expenditures of federal awards includes the federal grant activity of the City of York, Nebraska and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, Audits of States, Local Governments and Non-profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Mierau & Co., P.C.

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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

Honorable Mayor and Members
of the City Council
City of York
York, Nebraska

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of York (the City), as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon, dated March 31, 2012. Our report disclosed that, as described in Note A to the financial statements, the City prepared its governmental financial statements on the basis of modified cash receipts and disbursements, that demonstrates compliance with the modified cash basis and budget laws of Nebraska, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 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.

Our consideration of the 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 over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control of financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting as item 2011-1. A *significant deficiency* is a deficiency, or 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the city council, management, the Auditor of Public Accounts, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Muirau & Co., P.C.

York, Nebraska
March 31, 2012

Mierau & Co., P.C.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and Members
of the City Council
City of York
York, Nebraska

Compliance

We have audited the City of York, Nebraska's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Our consideration of the 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Mayor, City Council, management, the Auditor of Public Accounts, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Muirau & Co., A.C.

York, Nebraska
March 31, 2012

CITY OF YORK, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

September 30, 2011

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expressed an unqualified opinion on the financial statements of the City of York.
2. One significant deficiency was disclosed during our audit of the financial statements of the City of York.
3. No instances of noncompliance material to the financial statements of the City of York were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs were disclosed during the audit.
5. The auditor's report on compliance for the major federal award programs for the City of York expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for the City of York are reported in Part C of this schedule.
7. The programs tested as major programs include:

Highway Planning & Construction	20.205
Capitalization Grants for Drinking Water/ State Revolving Funds	66.468
8. The threshold for distinguishing Types A and B programs was \$300,000.00.
9. The City of York was determined to be a low risk auditee.

B. FINDINGS

SIGNIFICANT DEFICIENCY

2011-1 Internal Controls Over GASB 34 Model Financial Reporting

Condition: Due to limited knowledge, training and experience of City personnel and management to produce financial statements including footnote disclosures under the GASB 34 model, the City has engaged its independent auditor to produce draft GASB 34 model financial statements. The City is unable to produce GASB 34 model financial statements without the assistance of its independent auditor.

Criteria: The City is required to produce financial statements using the GASB 34 reporting model. Generally accepted auditing standards do not permit an independent auditor to be considered as part of the City's internal controls over financial reporting regarding drafting of financial statements.

Recommendation: Presently, there are significant costs associated with any alternative method of drafting GASB 34 model financial statements, with minimal benefit. Consequently, unless those costs could be reduced in the future, the City is using the most cost-effective process to produce GASB 34 model financial statements.

Response: We concur with the finding. We understand that our personnel and/or management do not have the required knowledge, training or experience to produce the required GASB 34 model financial statements including footnote disclosures. We have made all management decisions regarding the reporting, approved the draft and retained responsibility for the GASB 34 financial statements prepared with the assistance of our independent auditor.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

CITY OF YORK, NEBRASKA
SCHEDULE OF PRIOR YEAR FINDINGS

September 30, 2011

2010-1 FINDING

Internal Controls Over GASB 34 Model Financial Reporting

Condition: Due to limited knowledge, training and experience of City personnel and management to produce financial statements including footnote disclosures under the GASB 34 model, the City has engaged its independent auditor to produce draft GASB 34 model financial statements. The City is unable to produce GASB 34 model financial statements without the assistance of its independent auditor.

Criteria: The City is required to produce financial statements using the GASB 34 reporting model. Generally accepted auditing standards do not permit an independent auditor to be considered as part of the City's internal controls over financial reporting regarding drafting of financial statements.

Recommendation: There are significant costs associated with any alternative method of drafting GASB 34 model financial statements, with minimal benefit. Consequently, unless those costs could be reduced, the City is using the most cost-effective process to produce GASB 34 model financial statements.

Current Status: See Finding 2011-1.