

CITY OF YORK, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2017

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Balance Sheet - Modified Accrual Basis - Governmental Funds	17
Reconciliation of the Balance Sheet - Modified Accrual Basis - Governmental Funds to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Accrual Basis - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Accrual Basis - Governmental Funds to the Statement of Activities	20
Statement of Fund Net Position - Proprietary Funds	21
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	23
Notes to Financial Statements	25
SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules - Cash Basis	
General Fund	61
Street Fund	62
Aviation Fund	63
Debt Service Fund	64
LB 357 Fund	65
Note to Supplementary Information	66
Combining Balance Sheet - Modified Accrual Basis - Nonmajor Governmental Funds	67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Accrual Basis - Nonmajor Governmental Funds	68
Combining Statement of Revenues and Expenditures - Modified Accrual Basis - General Fund Departments	69

TABLE OF CONTENTS, Continued

	Page
SINGLE AUDIT REPORTS	
Schedule of Expenditures of Federal Awards	70
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	71
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	73
Schedule of Findings and Questioned Costs	75
Summary Schedule of Prior Audit Findings	76



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities – modified accrual basis, the business-type activities – accrual basis, the aggregate discretely presented component unit – accrual basis, each major fund – modified accrual basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information – modified accrual basis for the governmental funds of the City of York, Nebraska, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified accrual and accrual bases of accounting described in Note A; this includes determining that the modified accrual and accrual bases of accounting are acceptable bases for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

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and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities – modified accrual basis, the business-type activities – accrual basis, the aggregate discretely presented component unit – accrual basis, each major fund – modified accrual basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information – modified accrual basis for the governmental funds of the City of York, Nebraska, as of September 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with the basis of accounting as described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting for the governmental activities and governmental funds. The governmental financial statements are prepared on the modified accrual basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of York, Nebraska's financial statements. The management's discussion and analysis and supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The management's discussion and analysis, budgetary comparison schedules, nonmajor governmental funds combining statements, statement of general fund departmental revenue and expenditures, and the schedule of expenditures of federal awards are the responsibility of

management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information 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 supplementary information described in the first sentence of this paragraph and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2018, on our consideration of the City of York, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of York, Nebraska's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of York, Nebraska's internal control over financial reporting and compliance.

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

Grand Island, Nebraska
January 24, 2018

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights

- The assets of the City of York exceeded its liabilities at the close of the most recent fiscal year by \$56,089,846 (*net position*). Of this amount, \$10,640,722 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of York's governmental funds reported combined ending net position of \$27,432,175, with an unrestricted net position balance of \$4,714,442.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,357,602, 17.0 percent of total General Fund expenditures for the year ended September 30, 2017.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the City of York's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of York is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

Both of the government-wide financial statements distinguish functions of the City of York that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of York include general government, public safety, highways and streets, public works, and culture and recreation. The business-type activities of the City of York include the Water, Sewer, and Landfill Enterprise Funds.

The government-wide financial statements include not only the City of York itself (known as the *primary government*), but also the Kilgore Library Foundation for which the City of York is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 15 and 16.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of York, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of York can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of York maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Street Fund, Aviation Fund, Debt Service Fund, and LB 357 Fund, all of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated

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

presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of *combining statements* elsewhere in this report.

The City of York adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General, Street, Aviation, Debt Service, and LB 357 Funds to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 17-20 of this report.

Proprietary funds. The City of York maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of York uses enterprise funds to account for its Water, Sewer, and Landfill Funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of York's various functions. The City of York uses an internal service fund to account for its employee health insurance. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, and Landfill Funds, all of which are considered to be major funds of the City of York.

The proprietary fund financial statements can be found on pages 21-24 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-60 of this report.

Other information. In addition to the financial statements and accompanying notes, this report also presents certain *supplementary information* concerning the City of York's budgetary comparison schedules, combining nonmajor statements, and general fund departmental revenue and expenditures. Supplementary information can be found on pages 61-69 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of York, assets exceeded liabilities by \$56,089,846 at the close of the most recent fiscal year.

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

Summary Statements of Net Position

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>
Current and Other Assets	\$ 20,489,492	\$ 23,211,340	\$ (2,721,848)
Capital Assets	<u>68,207,297</u>	<u>60,729,911</u>	<u>7,477,386</u>
Total Assets	<u>88,696,789</u>	<u>83,941,251</u>	<u>4,755,538</u>
Long-term Liabilities	27,909,306	24,714,166	3,195,140
Other Liabilities	<u>4,697,637</u>	<u>4,986,424</u>	<u>(288,787)</u>
Total Liabilities	<u>32,606,943</u>	<u>29,700,590</u>	<u>2,906,353</u>
Net Position:			
Net Investment in Capital Assets	40,941,741	37,014,026	3,927,715
Restricted	4,507,383	5,533,969	(1,026,586)
Unrestricted	<u>10,640,722</u>	<u>11,692,666</u>	<u>(1,051,944)</u>
Total Net Position	<u>\$ 56,089,846</u>	<u>\$ 54,240,661</u>	<u>\$ 1,849,185</u>

A large portion of the City of York's net position (73.0 percent) reflects its investment in capital assets (land, infrastructure, buildings, distribution systems, vehicles, and equipment), net of any related debt used to acquire those assets that is still outstanding. The City of York uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of York's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of York's net position (8.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$10,640,722) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of York is able to report positive balances in all three categories of net position for the government as a whole as well as for its separate governmental and business-type activities.

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

Expenses and Program Revenues – Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2017</u>		<u>Year Ended September 30, 2016</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 55,465	\$ 1,197,989	\$ 61,973	\$ 1,134,220
Economic Development	405,591	584,300	350,091	439,386
Public Safety	929,862	3,814,494	805,287	3,909,911
Public Works	168,402	1,477,203	1,387,624	1,614,317
Environment and Leisure	643,661	2,757,738	484,534	2,729,411
Airport	511,979	322,656	207,581	293,180
Interest and fees	-	410,621	-	543,400
Depreciation	-	2,021,007	-	1,679,549
Total	<u>\$ 2,714,960</u>	<u>\$ 12,586,008</u>	<u>\$ 3,297,090</u>	<u>\$ 12,343,374</u>

Revenues by Source – Governmental Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2017</u>		<u>Year Ended September 30, 2016</u>	
Charges for Services	\$ 1,607,568	13.17 %	\$ 1,343,281	10.46 %
Operating Grants and Contributions	642,757	5.26	540,349	4.21
Capital Grants and Contributions	464,635	3.81	1,413,460	11.01
Property Taxes	1,011,080	8.28	941,266	7.33
Motor Vehicle Taxes	182,347	1.49	181,274	1.41
Occupation/Franchise	2,284,915	18.71	2,324,117	18.10
Sales Tax	4,659,870	38.17	4,685,660	36.50
Special Assessments	12,731	0.10	10,779	0.08
TIF Proceeds	200,980	1.65	216,288	1.69
State Allocation	972,212	7.96	933,816	7.27
Keno Proceeds	10,529	0.09	11,648	0.09
Gain on Sale of Capital Assets	83,089	0.68	49,355	0.39
Miscellaneous	34,144	0.28	130,708	1.02
Interest	42,307	0.35	55,735	0.44
Total	<u>\$ 12,209,164</u>	<u>100.00 %</u>	<u>\$ 12,837,736</u>	<u>100.00 %</u>

Net position of the governmental funds decreased \$376,844 during the year ended September 30, 2017.

Business-type activities. Business-type activities increased the City of York's net position by \$2,226,029. Key elements of this increase are as follows:

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

Expenses and Program Revenues – Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2017</u>		<u>Year Ended September 30, 2016</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Water	\$ 2,247,447	\$ 1,503,510	\$ 2,022,105	\$ 1,453,147
Sewer	1,949,995	1,091,140	1,567,572	1,012,149
Landfill	1,321,841	769,755	1,168,560	833,675
Total	<u>\$ 5,519,283</u>	<u>\$ 3,364,405</u>	<u>\$ 4,758,237</u>	<u>\$ 3,298,971</u>

Revenues by Source – Business-type Activities

<u>SOURCES OF REVENUE</u>	<u>Year Ended September 30, 2017</u>		<u>Year Ended September 30, 2016</u>	
Charges for Services	\$ 5,519,283	98.73 %	\$ 4,738,237	98.60 %
Capital Contributions and Grants	-	-	20,000	0.42
Interest	71,151	1.27	47,041	0.98
Total	<u>\$ 5,590,434</u>	<u>100.00 %</u>	<u>\$ 4,805,278</u>	<u>100.00 %</u>

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of York's governmental funds reported combined ending fund balances of \$7,027,478. The unassigned fund balance is \$977,203, indicating resources available for spending at the government's discretion. The remainder of fund balances is not available for new spending because it has already been 1) restricted for federal programs (\$407,843), 2) restricted for debt service (\$659,147), 3) restricted for economic development (\$454,254), 4) restricted for capital projects (\$2,241,898), 5) restricted for

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

community betterment (\$31,516), 6) restricted for public safety (\$52,008), 7) assigned for budgetary stabilization (\$670,102), 8) assigned for other purposes (\$1,374,105) or 9) put into a nonspendable prepaid asset (\$159,402).

The General Fund is the chief operating fund of the City of York. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,357,602, or 17.0 percent of annual expenditures. Total General Fund balance was \$2,164,796, or 27.1 percent of annual General Fund expenditures.

The fund balance of the City of York's General Fund decreased by \$1,746,025 during the current fiscal year.

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

Unrestricted net position of the proprietary funds at the end of the year were as follows: Water Fund – \$4,799,251, Sewer Fund – \$594,679, and Landfill Fund – \$532,350. The growth in net position for the proprietary funds was as follows: Water Fund – \$776,460, Sewer Fund – \$872,402, and Landfill Fund – \$577,167. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of York's business-type activities.

General Fund Budgetary Highlights

The City did not amend its budget during the year ended September 30, 2017.

Capital Asset and Debt Administration

Capital Assets. The City of York's investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounts to \$68,207,297 (net of accumulated depreciation). This investment in capital assets includes land, building and system improvements, vehicles and equipment, and streets.

Major capital asset events (individually greater than \$30,000) during the current fiscal year included the following:

- 2016 Bobcat T595 compact track loader for ballfield complex - \$48,148
- Network, security system and wiring for ballfield complex - \$96,934
- Ford F-450 ambulance mount - \$136,124
- Defibrillators – \$80,513
- John Deere 524K loader for street department - \$169,289
- Two 2018 International 7400 trucks for street department - \$357,550
- Construction in progress on 35th Street paving project - \$475,026
- Final construction costs on ballfield complex - \$1,547,918

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

- Construction in progress on airport markings project - \$255,384
- Inspection camera trailer for water and sewer departments - \$126,171
- 2017 Ford F-250 for sewer department - \$33,308
- Construction in progress on wastewater treatment facility - \$6,509,833
- Construction in progress on Lincoln Avenue water main - \$140,598

City of York's Capital Assets
(net of depreciation)

	<u>Year Ended September 30, 2017</u>			<u>Year Ended September 30, 2016</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Land	\$ 1,945,229	\$ 632,667	\$ 2,577,896	\$ 1,945,229	\$ 632,667	\$ 2,577,896
Construction in Progress	902,269	8,607,126	9,509,395	6,730,512	1,956,695	8,687,207
Infrastructure	7,657,701	-	7,657,701	8,386,180	-	8,386,180
Buildings and Improvements	20,265,212	3,456,394	23,721,606	12,714,747	3,562,416	16,277,163
Distribution Systems	-	18,199,560	18,199,560	-	18,863,453	18,863,453
Equipment	2,240,217	2,357,534	4,597,751	1,755,069	2,355,249	4,110,318
Vehicles	1,854,388	89,000	1,943,388	1,768,471	59,223	1,827,694
Total	<u><u>\$ 34,865,016</u></u>	<u><u>\$33,342,281</u></u>	<u><u>\$68,207,297</u></u>	<u><u>\$33,300,208</u></u>	<u><u>\$ 27,429,703</u></u>	<u><u>\$ 60,729,911</u></u>

Additional information on the City of York's capital assets can be found in Note C5 on pages 45-47 of this report.

Long-term debt. At the end of the current fiscal year, the City of York had the following long-term debt outstanding:

City of York's Outstanding Debt

	<u>Year Ended September 30, 2017</u>			<u>Year Ended September 30, 2016</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Bonds Payable	\$ 15,910,000	\$ 4,150,000	\$20,060,000	\$16,795,000	\$ 4,795,000	\$21,590,000
Capital Lease	-	192,252	192,252	-	242,331	242,331
Notes Payable	83,949	6,929,355	7,013,304	98,554	1,785,000	1,883,554
Total	<u><u>\$ 15,993,949</u></u>	<u><u>\$11,271,607</u></u>	<u><u>\$27,265,556</u></u>	<u><u>\$16,893,554</u></u>	<u><u>\$ 6,822,331</u></u>	<u><u>\$ 23,715,885</u></u>

The City of York's total debt increased by \$3,549,671 (15.0 percent) during the current fiscal year as advances of \$5,251,614 were drawn on the DEQ sewer note payable.

The City of York does not have a bond rating.

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

Additional information on the City of York's long-term debt can be found in Note C6 on pages 48-52 of this report.

The following selected financial information is presented:

Total 2017 Taxable Valuation	\$531,288,863
Total General Obligation and Limited Tax Obligation Debt	15,993,949
Total Revenue Debt	11,271,607
Total Sales Tax Revenues	4,659,870

Economic Factors and Next Year's Budgets and Rates

- Property tax asking for the year ending September 30, 2018 of \$1,012,020 is \$75,391 (8.0 percent) higher than last year.
- The Landfill is working to fulfill a DEQ consent order regarding gas migration and improve operations to control future liabilities.
- The City plans to increase water, sewer and landfill rates during the year ending September 30, 2018.
- The City has remaining contractual commitments of \$17,071,399 on the wastewater treatment facility, which is expected to be completed by April 2019.

Request for Information

This financial report is designed to provide a general overview of the City of York's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Treasurer, City of York, P.O. Box 276, York, NE 68467.

CITY OF YORK, NEBRASKA
STATEMENT OF NET POSITION
September 30, 2017

	Primary Government		Total	Component Unit (Accrual Basis)
	Governmental Activities (Modified Accrual Basis)	Business-type Activities (Accrual Basis)		
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,140,859	\$ 2,102,655	\$ 3,243,514	\$ 62,453
Certificates of deposit	2,266,149	4,734,797	7,000,946	1,049,192
County treasurer cash	55,062	-	55,062	-
Accounts receivable	294,375	421,751	716,126	-
Unbilled revenue	-	349,209	349,209	-
Special assessments receivable	151,927	-	151,927	-
Due from other governments	992,091	-	992,091	-
Current portion of notes receivable	248,192	-	248,192	-
Accrued interest receivable	5,451	6,833	12,284	2,745
Prepaid expenses	159,402	36,913	196,315	-
Inventory	17,006	106,847	123,853	-
Total current assets	<u>5,330,514</u>	<u>7,759,005</u>	<u>13,089,519</u>	<u>1,114,390</u>
Noncurrent assets:				
Restricted cash and cash equivalents	1,473,043	84,380	1,557,423	-
Restricted certificates of deposit	2,367,390	2,596,113	4,963,503	-
Noncurrent portion of notes receivable	879,047	-	879,047	-
Capital assets:				
Land	1,945,229	632,667	2,577,896	35,840
Construction in progress	902,269	8,607,126	9,509,395	-
Other capital assets, net of depreciation	32,017,518	24,102,488	56,120,006	-
Net capital assets	<u>34,865,016</u>	<u>33,342,281</u>	<u>68,207,297</u>	<u>35,840</u>
Total noncurrent assets	<u>39,584,496</u>	<u>36,022,774</u>	<u>75,607,270</u>	<u>35,840</u>
Total assets	<u>44,915,010</u>	<u>43,781,779</u>	<u>88,696,789</u>	<u>1,150,230</u>
LIABILITIES				
Current liabilities:				
Accounts payable	468,095	1,163,686	1,631,781	-
Claims incurred but not paid	114,369	-	114,369	-
Accrued wages and vacation	347,872	55,547	403,419	-
Accrued interest	178,941	44,217	223,158	-
Sales tax payable	902	22,828	23,730	-
Customer deposits	15,993	84,380	100,373	-
Unavailable special assessments	148,991	-	148,991	-
Current portion of long-term obligations	1,310,942	740,874	2,051,816	-
Total current liabilities	<u>2,586,105</u>	<u>2,111,532</u>	<u>4,697,637</u>	<u>-</u>
Noncurrent liabilities:				
Noncurrent compensated absences	213,723	29,624	243,347	-
Accrued closure/post-closure costs	-	2,452,219	2,452,219	-
Noncurrent portion of long-term obligations	14,683,007	10,530,733	25,213,740	-
Total noncurrent liabilities	<u>14,896,730</u>	<u>13,012,576</u>	<u>27,909,306</u>	<u>-</u>
Total liabilities	<u>17,482,835</u>	<u>15,124,108</u>	<u>32,606,943</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	18,871,067	22,070,674	40,941,741	-
Restricted for:				
Debt service	659,147	660,717	1,319,864	-
Federal programs	407,843	-	407,843	-
Economic development	454,254	-	454,254	-
Capital projects	2,241,898	-	2,241,898	-
Community betterment	31,516	-	31,516	-
Public safety	52,008	-	52,008	-
Unrestricted	4,714,442	5,926,280	10,640,722	1,150,230
Total net position	<u>\$ 27,432,175</u>	<u>\$ 28,657,671</u>	<u>\$ 56,089,846</u>	<u>\$ 1,150,230</u>

See notes to financial statements.

CITY OF YORK, NEBRASKA
STATEMENT OF ACTIVITIES
For the year ended September 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Primary government:			
Governmental activities			
(modified accrual basis):			
General government	\$ 1,197,989	\$ 54,865	\$ -
Economic development	584,300	98,806	306,785
Public safety	3,814,494	554,223	311,604
Public works	1,477,203	9,678	9,277
Environment and leisure	2,757,738	607,485	15,091
Airport	322,656	282,511	-
Interest and fees on long-term debt	410,621	-	-
Depreciation - unallocated	2,021,007	-	-
Total governmental activities	12,586,008	1,607,568	642,757
Business-type activities			
(accrual basis):			
Water	1,503,510	2,247,447	-
Sewer	1,091,140	1,949,995	-
Landfill	769,755	1,321,841	-
Total business-type activities	3,364,405	5,519,283	-
Total primary government	\$ 15,950,413	\$ 7,126,851	\$ 642,757
Component unit (accrual basis):			
Kilgore Library Foundation	\$ 40,656	\$ 528	\$ 8,100

See notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position				
Capital Grants and Contributions	Primary Government			Component Unit (Accrual Basis)
	Governmental Activities (Modified Accrual Basis)	Business-type Activities (Accrual Basis)	Total	
\$ 600	\$ (1,142,524)		\$ (1,142,524)	
-	(178,709)		(178,709)	
64,035	(2,884,632)		(2,884,632)	
149,447	(1,308,801)		(1,308,801)	
21,085	(2,114,077)		(2,114,077)	
229,468	189,323		189,323	
-	(410,621)		(410,621)	
-	(2,021,007)		(2,021,007)	
<u>464,635</u>	<u>(9,871,048)</u>	\$ -	<u>(9,871,048)</u>	
-	-	743,937	743,937	
-	-	858,855	858,855	
-	-	552,086	552,086	
-	-	<u>2,154,878</u>	<u>2,154,878</u>	
<u>\$ 464,635</u>	<u>(9,871,048)</u>	<u>2,154,878</u>	<u>(7,716,170)</u>	
<u>\$ -</u>				\$ (32,028)
General revenues:				
Taxes:				
Property	1,011,080	-	1,011,080	-
Motor vehicle	182,347	-	182,347	-
Occupation/franchise	2,284,915	-	2,284,915	-
Sales tax	4,659,870	-	4,659,870	-
Special assessments	12,731	-	12,731	-
TIF proceeds	200,980	-	200,980	-
State allocation	972,212	-	972,212	-
Keno proceeds	10,529	-	10,529	-
Gain on sale of capital assets	83,089	-	83,089	-
Miscellaneous	34,144	-	34,144	-
Interest income	42,307	71,151	113,458	12,378
Total general revenues	<u>9,494,204</u>	<u>71,151</u>	<u>9,565,355</u>	<u>12,378</u>
Change in net position	(376,844)	2,226,029	1,849,185	(19,650)
Net position - September 30, 2016	<u>27,809,019</u>	<u>26,431,642</u>	<u>54,240,661</u>	<u>1,169,880</u>
Net position - September 30, 2017	<u>\$ 27,432,175</u>	<u>\$ 28,657,671</u>	<u>\$ 56,089,846</u>	<u>\$ 1,150,230</u>

CITY OF YORK, NEBRASKA
BALANCE SHEET - MODIFIED ACCRUAL BASIS -
GOVERNMENTAL FUNDS

September 30, 2017

	<u>General Fund</u>	<u>Street Fund</u>	<u>Aviation Fund</u>	<u>Debt Service Fund</u>
ASSETS				
Cash and cash equivalents	\$ 677,145	\$ (1,216)	\$ 116,054	\$ 219,739
Certificates of deposit	888,996	-	257,315	487,202
County treasurer cash	55,062	-	-	-
Accounts receivable	275,073	11,096	8,206	-
Special assessments receivable	-	-	-	151,927
Due from other governments	584,634	44,362	161,763	-
Due from other funds	17,695	-	112,550	-
Accrued interest receivable	1,259	(1)	305	577
Inventory	-	-	17,006	-
Prepaid insurance	135,397	17,074	6,931	-
	<u>\$ 2,635,261</u>	<u>\$ 71,315</u>	<u>\$ 680,130</u>	<u>\$ 859,445</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 166,018	\$ 22,352	\$ 76,271	\$ -
Accrued interest payable	-	-	-	51,307
Accrued wages and vacation	283,237	58,884	5,751	-
Due to other funds	4,315	-	-	-
Customer deposits	15,993	-	-	-
Sales tax payable	902	-	-	-
Unavailable special assessments	-	-	-	148,991
	<u>470,465</u>	<u>81,236</u>	<u>82,022</u>	<u>200,298</u>
Fund balances:				
Nonspendable:				
Prepaid assets	135,397	17,074	6,931	-
Restricted for:				
Debt service	-	-	-	659,147
Federal programs	-	-	-	-
Economic development	-	-	-	-
Capital projects	-	-	-	-
Community betterment	-	-	-	-
Public safety	1,695	-	-	-
Assigned for:				
Budgetary stabilization	670,102	-	-	-
Other purposes	-	-	591,177	-
Unassigned	1,357,602	(26,995)	-	-
	<u>2,164,796</u>	<u>(9,921)</u>	<u>598,108</u>	<u>659,147</u>
Total liabilities and fund balances	<u>\$ 2,635,261</u>	<u>\$ 71,315</u>	<u>\$ 680,130</u>	<u>\$ 859,445</u>

See notes to financial statements.

LB 357 Fund	Other Funds	Eliminations	Total Governmental Funds
\$ 676,015	\$ 698,052	\$ -	\$ 2,385,789
1,498,852	995,403	-	4,127,768
-	-	-	55,062
-	-	-	294,375
-	-	-	151,927
201,332	-	-	992,091
-	4,315	(134,560)	-
1,775	937	-	4,852
-	-	-	17,006
-	-	-	159,402
\$ 2,377,974	\$ 1,698,707	\$ (134,560)	\$ 8,188,272
\$ 8,442	\$ 195,012	\$ -	\$ 468,095
127,634	-	-	178,941
-	-	-	347,872
-	130,245	(134,560)	-
-	-	-	15,993
-	-	-	902
-	-	-	148,991
136,076	325,257	(134,560)	1,160,794
-	-	-	159,402
-	-	-	659,147
-	407,843	-	407,843
-	454,254	-	454,254
2,241,898	-	-	2,241,898
-	31,516	-	31,516
-	50,313	-	52,008
-	-	-	670,102
-	782,928	-	1,374,105
-	(353,404)	-	977,203
2,241,898	1,373,450	-	7,027,478
\$ 2,377,974	\$ 1,698,707	\$ (134,560)	\$ 8,188,272

CITY OF YORK, NEBRASKA

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

September 30, 2017

Total fund balances - governmental funds \$ 7,027,478

Amounts reported for *governmental activities* in the statement of net position are different because:

Notes receivable are not financial resources and therefore are not reported as assets in the governmental funds. Notes receivable are reported as assets in the statement of net position. 1,127,239

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of the assets is \$49,237,810, and the accumulated depreciation is \$14,372,794. 34,865,016

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 620,114

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds payable	\$ (15,910,000)	
Note payable	(83,949)	
Noncurrent compensated absences	(213,723)	(16,207,672)

Total net position - governmental activities \$ 27,432,175

See notes to financial statements.

CITY OF YORK, NEBRASKA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED ACCRUAL BASIS - GOVERNMENTAL FUNDS**

For the year ended September 30, 2017

	<u>General Fund</u>	<u>Street Fund</u>	<u>Aviation Fund</u>
REVENUES			
Taxes:			
Property	\$ 1,011,080	\$ -	\$ -
Motor vehicle	182,347	-	-
Special assessments	-	-	-
Occupation/franchise	2,284,915	-	-
Sales tax	3,251,388	243,514	-
Intergovernmental	286,604	981,489	-
Charges for services	1,211,309	9,678	282,510
Grants	50,528	4,671	229,468
Keno proceeds	-	-	-
Loan collections	-	-	-
Contributions	105,283	-	-
Interest income	30,908	3,116	2,576
Sale of property	-	14,438	-
Insurance proceeds	600	-	-
Other	18,189	16,114	-
Total revenues	8,433,151	1,273,020	514,554
EXPENDITURES			
General government	1,204,662	-	-
Economic development	-	-	-
Public safety	3,743,379	-	-
Public works	-	1,461,153	-
Environment and leisure	2,704,574	-	-
Airport	-	-	322,656
Capital outlay	345,952	578,847	255,384
Principal payments on debt	-	-	-
Interest on long-term debt	-	-	-
Bond fees	-	-	-
Total expenditures	7,998,567	2,040,000	578,040
Excess (deficiency) of revenues over expenses before transfers	434,584	(766,980)	(63,486)
INTERFUND TRANSFERS			
Transfer from (to) other funds	(2,180,609)	822,845	184,156
Net change in fund balances	(1,746,025)	55,865	120,670
Fund balances - September 30, 2016	3,910,821	(65,786)	477,438
Fund balances - September 30, 2017	\$ 2,164,796	\$ (9,921)	\$ 598,108

See notes to financial statements.

Debt Service <u>Fund</u>	LB 357 <u>Fund</u>	Other <u>Funds</u>	Total Governmental <u>Funds</u>
\$ -	\$ -	\$ -	\$ 1,011,080
-	-	-	182,347
12,731	-	-	12,731
-	-	-	2,284,915
-	1,164,968	-	4,659,870
-	-	200,980	1,469,073
-	-	34,544	1,538,041
-	-	418,695	703,362
-	-	10,529	10,529
-	-	270,535	270,535
-	-	19,264	124,547
(406)	(4,667)	6,007	37,534
-	-	68,651	83,089
-	-	-	600
-	-	(160)	34,143
<u>12,325</u>	<u>1,160,301</u>	<u>1,029,045</u>	<u>12,422,396</u>
-	-	1,963	1,206,625
-	-	632,095	632,095
-	-	9,996	3,753,375
-	-	-	1,461,153
-	62,088	-	2,766,662
-	-	-	322,656
-	1,917,576	488,056	3,585,815
885,000	-	14,605	899,605
153,048	254,573	-	407,621
2,500	500	-	3,000
<u>1,040,548</u>	<u>2,234,737</u>	<u>1,146,715</u>	<u>15,038,607</u>
(1,028,223)	(1,074,436)	(117,670)	(2,616,211)
<u>1,044,973</u>	<u>(66,000)</u>	<u>194,635</u>	<u>-</u>
16,750	(1,140,436)	76,965	(2,616,211)
642,397	3,382,334	1,296,485	9,643,689
<u>\$ 659,147</u>	<u>\$ 2,241,898</u>	<u>\$ 1,373,450</u>	<u>\$ 7,027,478</u>

CITY OF YORK, NEBRASKA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - MODIFIED ACCRUAL BASIS -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the year ended September 30, 2017

Total net change in fund balances - governmental funds	\$ (2,616,211)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Economic development loans made during the year are reported in the governmental funds as expenditures. However, in the statement of activities, the loan advances are reported as an increase to notes receivable.	62,400
Loan collections on notes receivable are reported as revenue in the governmental funds. However, the collection of loan principal is reported as a reduction to notes receivable in the statement of activities.	(232,611)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay (\$3,585,815) exceeded depreciation expense (\$2,021,007) in the period.	1,564,808
Internal service funds are used by management to charge the costs of employee insurance to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities in the statement of activities.	(62,817)
The change in noncurrent compensated absences is reported as an expense in the statement of net position. Noncurrent compensated absences are not reported in the governmental funds.	7,982
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	<u>899,605</u>
Change in net position of governmental activities	<u><u>\$ (376,844)</u></u>

See notes to financial statements.

CITY OF YORK, NEBRASKA

STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS

September 30, 2017

	Enterprise Funds			Total	Internal Service Fund
	Water Fund	Sewer Fund	Landfill Fund		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,357,343	\$ 405,946	\$ 339,366	\$ 2,102,655	\$ 228,113
Certificates of deposit	3,082,243	900,115	752,439	4,734,797	505,771
Accounts receivable	177,318	244,433	-	421,751	-
Unbilled revenue	196,415	152,794	-	349,209	-
Accrued interest receivable	3,939	1,128	1,766	6,833	599
Due from (to) other funds	-	(10,748)	10,748	-	-
Prepaid expenses	12,701	17,819	6,393	36,913	-
Inventory	106,847	-	-	106,847	-
Total current assets	4,936,806	1,711,487	1,110,712	7,759,005	734,483
Noncurrent assets:					
Restricted cash	84,380	-	-	84,380	-
Restricted certificates of deposit	552,000	108,717	1,935,396	2,596,113	-
Capital assets:					
Land	24,625	344,330	263,712	632,667	-
Construction in progress	140,598	8,192,553	273,975	8,607,126	-
Distribution systems	17,781,061	9,361,422	-	27,142,483	-
Buildings and improvements	234,450	-	5,120,650	5,355,100	-
Equipment	1,344,501	5,576,959	794,535	7,715,995	-
Vehicles	73,022	253,542	-	326,564	-
Less accumulated depreciation	(6,708,385)	(7,756,648)	(1,972,621)	(16,437,654)	-
Net capital assets	12,889,872	15,972,158	4,480,251	33,342,281	-
Total noncurrent assets	13,526,252	16,080,875	6,415,647	36,022,774	-
Total assets	18,463,058	17,792,362	7,526,359	43,781,779	734,483
LIABILITIES					
Current liabilities:					
Accounts payable	44,445	1,069,769	49,472	1,163,686	-
Claims incurred but not paid	-	-	-	-	114,369
Accrued wages and vacation	20,361	23,903	11,283	55,547	-
Accrued interest payable	43,433	-	784	44,217	-
Sales tax payable	11,056	11,772	-	22,828	-
Customer deposits	84,380	-	-	84,380	-
Current portion of long-term obligations	364,415	-	376,459	740,874	-
Total current liabilities	568,090	1,105,444	437,998	2,111,532	114,369
Noncurrent liabilities:					
Noncurrent compensated absences	18,260	11,364	-	29,624	-
Accrued closure/post-closure costs	-	-	2,452,219	2,452,219	-
Noncurrent portion of long-term obligations	5,138,326	5,251,614	140,793	10,530,733	-
Total noncurrent liabilities	5,156,586	5,262,978	2,593,012	13,012,576	-
Total liabilities	5,724,676	6,368,422	3,031,010	15,124,108	114,369
NET POSITION					
Net investment in capital assets	7,387,131	10,720,544	3,962,999	22,070,674	-
Restricted for debt service	552,000	108,717	-	660,717	-
Unrestricted	4,799,251	594,679	532,350	5,926,280	620,114
Total net position	\$12,738,382	\$11,423,940	\$4,495,349	\$28,657,671	\$620,114

See notes to financial statements.

CITY OF YORK, NEBRASKA

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

For the year ended September 30, 2017

	Enterprise Funds			Total	Internal Service Fund
	Water Fund	Sewer Fund	Landfill Fund		
Operating revenues:					
Sales	\$ 1,911,452	\$ 1,924,720	\$ 1,311,801	\$ 5,147,973	\$ -
Services charges	29,717	21,958	-	51,675	-
Tap fees	2,513	-	-	2,513	-
Rent income	260,572	-	10,040	270,612	-
Health insurance premiums	-	-	-	-	1,020,871
Other revenue	43,193	3,317	-	46,510	-
Total operating revenues	<u>2,247,447</u>	<u>1,949,995</u>	<u>1,321,841</u>	<u>5,519,283</u>	<u>1,020,871</u>
Operating expenses:					
Personnel	329,557	393,235	266,042	988,834	-
Insurance	28,480	36,458	17,334	82,272	-
Professional fees	11,842	39,240	61,298	112,380	-
Meetings, seminars, and dues	620	332	-	952	-
Repairs and maintenance	165,116	115,962	80,431	361,509	-
Contract services	3,022	12,194	63,559	78,775	-
Transportation	10,211	6,667	39,660	56,538	-
Utilities and telephone	109,742	101,453	19,971	231,166	-
Supplies	16,851	23,370	12,705	52,926	-
Farm rental expenses	147,300	-	-	147,300	-
Other expenses	18,172	10,618	9,480	38,270	-
Depreciation	507,192	351,411	177,257	1,035,860	-
Insurance claims/health premiums	-	-	-	-	1,088,462
Total operating expenses	<u>1,348,105</u>	<u>1,090,940</u>	<u>747,737</u>	<u>3,186,782</u>	<u>1,088,462</u>
Operating income (loss)	899,342	859,055	574,104	2,332,501	(67,591)
Nonoperating revenues (expenses):					
Interest income	32,523	13,547	25,081	71,151	4,774
Interest expense	(137,322)	-	(21,518)	(158,840)	-
Bond/DEQ loan fees	(18,083)	(200)	(500)	(18,783)	-
Total nonoperating revenues (expenses)	<u>(122,882)</u>	<u>13,347</u>	<u>3,063</u>	<u>(106,472)</u>	<u>4,774</u>
Change in net position	<u>776,460</u>	<u>872,402</u>	<u>577,167</u>	<u>2,226,029</u>	<u>(62,817)</u>
Net position - September 30, 2016	<u>11,961,922</u>	<u>10,551,538</u>	<u>3,918,182</u>	<u>26,431,642</u>	<u>682,931</u>
Net position - September 30, 2017	<u>\$ 12,738,382</u>	<u>\$ 11,423,940</u>	<u>\$ 4,495,349</u>	<u>\$ 28,657,671</u>	<u>\$ 620,114</u>

See notes to financial statements.

CITY OF YORK, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the year ended September 30, 2017

	<u>Water Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 2,262,116
Receipts from employees and other funds	-
Payments to suppliers	(591,273)
Payments to employees	(331,086)
Net cash provided (used) by operating activities	<u>1,339,757</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
(Increase) decrease in due from other funds	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of property and equipment	(265,206)
Payment of loan administration fees	(18,083)
Loan proceeds received on issuance of note payable	-
Principal payments on capital debt	(432,259)
Interest paid on capital debt	(138,869)
Net cash used by capital and related financing activities	<u>(854,417)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
(Increase) decrease in certificates of deposit	(830,676)
(Increase) decrease in restricted cash	(1,768)
Increase in restricted certificates of deposit	(84,000)
Interest received	30,486
Net cash provided (used) by investing activities	<u>(885,958)</u>
Increase (decrease) in cash and cash equivalents	(400,618)
Cash and cash equivalents - beginning of the year	<u>1,757,961</u>
Cash and cash equivalents - end of the year	<u>\$ 1,357,343</u>

Enterprise Funds			Internal Service Fund
Sewer Fund	Landfill Fund	Total	
\$ 1,869,444	\$ 1,321,841	\$ 5,453,401	\$ -
-	-	-	1,020,871
(381,283)	(293,736)	(1,266,292)	(1,087,473)
(390,380)	(268,241)	(989,707)	-
<u>1,097,781</u>	<u>759,864</u>	<u>3,197,402</u>	<u>(66,602)</u>
10,748	(10,748)	-	22,684
(5,824,974)	(29,037)	(6,119,217)	-
(200)	(500)	(18,783)	-
5,251,614	-	5,251,614	-
-	(370,079)	(802,338)	-
-	(21,939)	(160,808)	-
<u>(573,560)</u>	<u>(421,555)</u>	<u>(1,849,532)</u>	-
(476,743)	(235,524)	(1,542,943)	(74,707)
-	-	(1,768)	-
(1,205)	(187,335)	(272,540)	-
12,800	24,272	67,558	4,506
<u>(465,148)</u>	<u>(398,587)</u>	<u>(1,749,693)</u>	<u>(70,201)</u>
69,821	(71,026)	(401,823)	(114,119)
<u>336,125</u>	<u>410,392</u>	<u>2,504,478</u>	<u>342,232</u>
<u>\$ 405,946</u>	<u>\$ 339,366</u>	<u>\$ 2,102,655</u>	<u>\$ 228,113</u>

CITY OF YORK, NEBRASKA

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

For the year ended September 30, 2017

	<u>Water Fund</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 899,342
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	507,192
Change in assets and liabilities:	
Accounts receivable and unbilled revenue	13,359
Prepaid expenses	(2,953)
Inventories	15,229
Accounts payable	(92,193)
Claims incurred but not paid	-
Accrued expenses	(1,529)
Sales tax payable	(458)
Customer deposits	1,768
Net cash provided (used) by operating activities	<u>\$ 1,339,757</u>

See notes to financial statements.

<u>Enterprise Funds</u>				<u>Internal Service Fund</u>
<u>Sewer Fund</u>	<u>Landfill Fund</u>		<u>Total</u>	
\$ 859,055	\$ 574,104		\$ 2,332,501	\$ (67,591)
351,411	177,257		1,035,860	-
(82,806)	-		(69,447)	-
(7,449)	(1,806)		(12,208)	-
-	-		15,229	-
(27,540)	12,508		(107,225)	(380)
-	-		-	1,369
2,855	(2,199)		(873)	-
2,255	-		1,797	-
-	-		1,768	-
<u>\$ 1,097,781</u>	<u>\$ 759,864</u>		<u>\$ 3,197,402</u>	<u>\$ (66,602)</u>

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

INDEX

	Page
NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	
1. Financial Reporting Entity	26
2. Basis of Presentation	27
3. Measurement Focus and Basis of Accounting	30
4. Assets, Liabilities, and Equity	32
5. Revenues, Expenditures, and Expenses	37
NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	
1. Fund Accounting Requirements	38
2. Deposit Laws and Regulations	38
3. Revenue Restrictions	39
4. Debt Restrictions and Covenants	39
5. Budgetary Data	39
NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS	
1. Cash and Certificates of Deposit	40
2. Restricted Assets	42
3. Accounts and Other Receivables	42
4. Notes Receivable	43
5. Capital Assets	45
6. Long-term Debt	48
7. Landfill Closure and Post-closure Care Costs	52
8. Interfund Transactions and Balances	53
NOTE D – OTHER NOTES	
1. Retirement Benefits	54
2. Risk Management	56
3. Commitments and Contingencies	57
4. Interlocal Agreements	59
5. CDBG Housing Loans	59
6. Tax Abatements	59
7. Subsequent Events	60

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of York, Nebraska (City) are prepared in accordance with the modified accrual basis of accounting for governmental funds and the accrual basis for the proprietary funds and the discretely presented component unit. The City’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

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

1. Financial Reporting Entity

The City of York, Nebraska, was incorporated in 1883. The City operates under a City Council form of government with an elected chief executive, Mayor, and an elected legislative body, Council, composed of four members. The Mayor is elected at large for a four-year term, and the four members of the City Council are elected on four-year terms. The administration of the City government is performed under the direction of the Mayor by the City Clerk. Services provided to residents include public safety; highways and streets; parks; recreation; electric, gas, water, and sanitary sewer systems; and general administrative services.

The City’s financial reporting entity comprises the following:

Primary Government:	City of York
Discretely Presented Component Unit:	Kilgore Library Foundation

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 61, and has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable, and, as such, should be included within the City’s financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization’s governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Blended Component Units

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

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The following is the discretely presented component unit:

Brief Description of Activities
and Relationship to the City

Kilgore Library Foundation	Created to provide for book purchases for the library.
----------------------------	--

2. Basis of Presentation

Government-wide Financial Statements

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

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fund Financial Statements

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Debt Service Fund

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Governmental Funds, continued

Capital Projects Fund

The Capital Projects Fund is used to account for resources restricted for the acquisition or construction of specific capital projects.

Proprietary Funds

Enterprise Funds

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

Internal Service Fund

The Internal Service Fund accounts for activities that provide goods and services to other funds, departments or agencies of the primary government on a cost-reimbursement basis.

Major and Nonmajor Funds

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

<u>Fund</u>	<u>Brief Description</u>
<i>Major:</i>	
Governmental:	
General Fund	See above for description.
Street Fund	This Special Revenue Fund accounts for the City's share of highway allocation from the State of Nebraska.
Aviation Fund	This Special Revenue Fund accounts for airport operations.
Debt Service Fund	See above for description.
LB357 Fund	This Special Revenue Fund accounts for the additional ½ cent sales tax restricted for capital projects.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

<u>Fund</u>	<u>Brief Description</u>
<i>Major, continued:</i>	
Proprietary:	
Enterprise:	
Water, Sewer, and Landfill	See above for description.
<i>Nonmajor:</i>	
Governmental:	
Capital Projects Fund	See above for description.
CDBG Fund	This Special Revenue Fund accounts for the City’s share of the Community Development Block Grant Program.
Keno Fund	This Special Revenue Fund accounts for keno proceeds held for community betterment.
Sinking Fund	This Special Revenue Fund accounts for the Industrial Park development.
E911 Fund	This Special Revenue Fund accounts for revenues and expenses related to the 911 surcharge.
TIF Fund	This Special Revenue Fund accounts for Tax Increment Financing projects.

3. Measurement Focus and Basis of Accounting

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

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Measurement Focus

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

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

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

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, except for property tax. Property tax revenue is recorded when the tax is received by the County Treasurer.

Business-type activities and the discretely presented component unit are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Basis of Accounting, continued

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting using a flow of current financial resources measurement focus. Proceeds from issuance of long-term debt are recognized as revenue when received and payment of long-term debt principal is reported as an expenditure when paid. Capital asset purchases are recorded as expenditures and depreciation is not recognized.

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

4. Assets, Liabilities, and Equity

Estimates

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

Cash and Certificates of Deposit

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

Certificates of deposit are carried at cost, which approximates fair market value. Additional cash and certificate of deposit disclosures are presented in Notes B2, C1, and D2.

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

Receivables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Business-type activities report utility billings as their major receivables.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Receivables, continued

In the fund financial statements, governmental and proprietary fund receivables consist of all revenues earned at year end and not yet received. Utility accounts receivable compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Due from Other Governments

The total due from other governments consists of the following:

<u>Fund</u>	<u>Amount</u>	<u>Type of Revenue</u>
General	\$ 559,634	Sales Tax
General	25,000	State Grant
Street	44,362	Sales Tax
Aviation	161,763	Federal Grant
LB357	201,332	Sales Tax
	<u>\$ 992,091</u>	

Inventory

Inventories of parts and supplies are valued at cost using the first-in/first-out (FIFO) method. Unharvested grain inventory is valued at the cost of inputs.

Restricted Assets

Restricted assets include cash and investments that are legally restricted as to their use. The primary restricted assets are related to cash and certificates of deposit that are restricted for debt service, federal programs, economic development, capital outlay, community betterment and other purposes.

Capital Assets

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

Government-wide Statements

In the government-wide financial statements, property and equipment are accounted for as capital assets. The City has a \$1,000 capitalization threshold. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. The City has elected the depreciation approach for reporting infrastructure.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets, continued

Government-wide Statements, continued

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

Infrastructure	15-30 years
Distribution Systems	10-50 years
Buildings and Improvements	10-50 years
Equipment	5-10 years
Vehicles	5-10 years

Prior to July 1, 1980, governmental funds' infrastructure assets were not capitalized. These assets (back to July 1, 1980) have been valued at estimated historical cost. The cost of normal maintenance, preservation, and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Compensated Absences

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

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable and bonds payable.

Fund Financial Statements

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

Equity Classifications

Government-wide Statements

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

Fund Financial Statements

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

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

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

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

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

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

Unassigned—All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 17). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the City Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses

Property Taxes

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

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

Property taxes levied for 2016-2017 are recorded as revenue when received by the County.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. They also include all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – by Character and Function

Proprietary Fund – by Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to the use of economic resources.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Fund Accounting Requirements

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

2. Deposit Laws and Regulations

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

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

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

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

3. Revenue Restrictions

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

4. Debt Restrictions and Covenants

Bonds Payable

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

5. Budgetary Data

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

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

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

- a. On or before August 1, the City prepares a budget for the fiscal year commencing October 1. The budget includes proposed expenditures and resources available.
- b. The budget is published with subsequent public hearings to obtain taxpayer comments.
- c. Prior to September 20, the City Council adopts the budget, which is then filed with the appropriate state and county officials.
- d. Total expenditures may not legally exceed total appropriations. Appropriations lapse at year end and any revisions require board approval.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data, continued

- e. The County Clerk certifies a preliminary property tax levy for each fund of the City which levied property taxes in the county the previous year based on the combined valuation and amount required for the City the prior year. The preliminary levy becomes the final levy unless the governing board passes, by a majority vote, a resolution setting the levy at a different amount.
- f. The property tax requirements resulting from the budget process are utilized by the County Assessor to establish the tax levy. Taxes are levied annually on or before October 15. Real property taxes and personal property taxes are due December 31 with the first half delinquent May 1 and the second half delinquent September 1.
- g. Appropriations lapse at the end of the fiscal year, except for capital improvement appropriations and certain encumbrances against operating budgets.
- h. The City of York adopts a budget by resolution for all funds.

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

1. Cash and Certificates of Deposit

Deposits

The City's policies regarding deposits of cash are discussed in Note A4. The table presented below is designed to disclose how its deposits were insured or secured with collateral at September 30, 2017. The categories of collateral are defined as follows:

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

1. Cash and Certificates of Deposit, continued

Deposits, continued

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

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

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

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits and certificates of deposit	\$ 19,192,312	\$ 1,785,055	\$ 9,667,477	\$ 7,739,780	\$ <u>17,877,031</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –

Unrestricted cash and cash equivalents	\$ 3,243,514
Unrestricted certificates of deposit	7,000,946
Restricted cash and cash equivalents	1,557,423
Restricted certificates of deposit	<u>4,963,503</u>
Total primary government	16,765,386

Component Unit –

Unrestricted cash and cash equivalents	62,453
Unrestricted certificates of deposit	<u>1,049,192</u>
Total component unit	<u>1,111,645</u>

Total	\$ <u>17,877,031</u>
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CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

2. Restricted Assets

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

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>	<u>Component Unit</u>
Type of Restricted Assets:				
Cash and cash equivalents	\$ 1,473,043	\$ 84,380	\$ 1,557,423	\$ -
Certificates of deposit	<u>2,367,390</u>	<u>2,596,113</u>	<u>4,963,503</u>	<u>-</u>
	<u>\$ 3,840,433</u>	<u>\$ 2,680,493</u>	<u>\$ 6,520,926</u>	<u>\$ -</u>

The governmental restricted assets consist of the following: \$1,695 in the General Fund for public safety, \$706,941 in the Debt Service Fund for debt service, \$2,174,867 in the LB 357 Fund for capital projects, \$403,604 in the CDBG Fund for federal programs, \$31,490 in the Keno Fund for community betterment, \$50,272 in the E911 Fund for public safety, and \$471,564 in the TIF Fund for economic development.

Restricted assets for business-type funds consist of \$84,380 restricted cash for customer deposits in the Water Fund, \$552,000 of Water Fund certificates of deposit restricted for debt service, \$108,717 of Sewer Fund certificates of deposit restricted for debt service, and \$1,935,396 of Landfill Fund certificates of deposit restricted for closure and post-closure costs.

3. Accounts and Other Receivables

Governmental receivables detail at September 30, 2017, is as follows:

	<u>Governmental Activities</u>
Accounts receivable - ambulance	\$ 183,662
Hotel occupation tax receivable	51,555
Other governmental accounts receivable	<u>59,158</u>
 Total governmental accounts receivable	 <u>\$ 294,375</u>

Accounts receivable of the business-type activities consist of utilities receivables.

CITY OF YORK, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

4. Notes Receivable

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

CDBG notes:

Note for \$35,000 to York Place Crown, Ltd. dated December 13, 2005; due in monthly installments of \$177 through December 1, 2025; bearing interest of 2.0 percent.	\$ 16,296
Note for \$250,000 to York Cold Storage dated March 31, 2009; due in monthly payments of \$2,083 through April 1, 2019; non-interest-bearing.	39,584
Note for \$450,000 to Cyclonaire dated May 15, 2013; due in monthly installments of \$4,178 through June 15, 2023; bearing interest of 1.625 percent.	286,474
Note for \$50,000 to Beaver Creek Products, LLC dated June 19, 2014; due in monthly installments of \$855 through August 15, 2019; bearing interest of 1.625 percent.	<u>19,321</u>
Total CDBG notes receivable	361,675

Economic Development notes:

Note for \$139,000 to York Urgent Care dated September 4, 2015; due in monthly installments of \$1,256 through September 1, 2025; bearing interest of 1.625 percent.	111,873
Note for \$62,400 to Cindy Weber dated December 2016; due in annual installments of \$6,848 through December 2026; bearing interest of 1.875 percent.	62,400

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

4. Notes Receivable, continued

Economic Development notes, continued:

Note for \$10,000 to Greg Weber dated July 1, 2016; due in semi-annual installments of \$1,049 through July 1, 2021; bearing interest of 1.75 percent.	8,069
Note for \$10,000 to Hair Benders dated September 1, 2016; due in semi-annual installments of \$1,049 through September 1, 2021; bearing interest of 1.75 percent.	<u>8,069</u>
Total Economic Development notes receivable	190,411

TIF notes:

See notes described on next page.

	<u>575,153</u>
	<u>\$ 1,127,239</u>
Current portion	\$ 248,192
Noncurrent portion	<u>879,047</u>
Total	<u>\$ 1,127,239</u>

The City of York has undertaken a program for the redevelopment of blighted areas in the City. Under the program, various projects agree to create a minimum taxable valuation for real estate tax assessment purposes. The City receives the incremental real estate taxes paid by the projects. Estimated future receivables and payables under TIF agreements as of September 30, 2017, were as follows:

	<u>TIF</u> <u>Receivables</u>	<u>TIF</u> <u>Payables</u>
Scannell/Pioneer	\$ 461,256	\$ -
Nolan	29,948	-
United Farmers Coop	<u>83,949</u>	<u>83,949</u> *
	<u>\$ 575,153</u>	<u>\$ 83,949</u>

*On August 17, 2007, the City borrowed \$176,000 from Cornerstone Bank to finance the United Farmers Coop TIF Project. The note bears interest of 8.75 percent and is due in semi-annual principal and interest payments of \$11,468 through December 15, 2021.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

5. Capital Assets

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

	Balance at October 1, <u>2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2017</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 1,945,229	\$ -	\$ -	\$ -	\$ 1,945,229
Construction in progress	<u>6,730,512</u>	<u>755,069</u>	<u>-</u>	<u>(6,583,312)</u>	<u>902,269</u>
Total capital assets not being depreciated	8,675,741	755,069	-	(6,583,312)	2,847,498
Other capital assets being depreciated:					
Infrastructure	11,220,603	-	-	-	11,220,603
Buildings and improvements	18,210,258	1,599,327	-	6,583,312	26,392,897
Equipment	3,657,118	819,604	(21,790)	-	4,454,932
Vehicles	<u>4,025,193</u>	<u>411,815</u>	<u>(115,128)</u>	<u>-</u>	<u>4,321,880</u>
Total other capital assets at historical cost	37,113,172	2,830,746	(136,918)	6,583,312	46,390,312
Less accumulated depreciation for:					
Infrastructure	(2,834,423)	(728,479)	-	-	(3,562,902)
Buildings and improvements	(5,495,511)	(632,174)	-	-	(6,127,685)
Equipment	(1,902,049)	(334,456)	21,790	-	(2,214,715)
Vehicles	<u>(2,256,722)</u>	<u>(325,898)</u>	<u>115,128</u>	<u>-</u>	<u>(2,467,492)</u>
Total accumulated depreciation	<u>(12,488,705)</u>	<u>(2,021,007) *</u>	<u>136,918</u>	<u>-</u>	<u>(14,372,794)</u>
Other capital assets, net	<u>24,624,467</u>	<u>809,739</u>	<u>-</u>	<u>6,583,312</u>	<u>32,017,518</u>
Governmental activities capital assets, net	<u><u>\$33,300,208</u></u>	<u><u>\$ 1,564,808</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 34,865,016</u></u>

*Depreciation expense was incurred by the following governmental activities:

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

5. Capital Assets, continued

Governmental Activities, continued:

General Fund:

General government:

Administration \$ 26,251

Public safety:

Police 59,363

Fire/EMS 293,473

Total public safety 352,836

Airport 93,215

Environment and leisure:

Auditorium 13,172

Ball Field Complex 174,878

Community Center 17,523

Convention Center 251,453

Library 31,868

Park 84,553

Pool 169,626

Senior Center 11,337

Total environment and leisure 754,410

Total General Fund 1,226,712

Special Revenue Funds:

Street 794,295

Total Governmental Activities
depreciation expense \$ 2,021,007

Construction in progress at September 30, 2017, consists of \$115,904 of engineering on the Blackburn Bridge project, \$55,955 of engineering on the Quiet Zone project, \$255,384 of engineering and construction costs on the airport markings project, and \$475,026 of engineering and construction costs on the 35th Street paving project. See Note D3 for details of commitments in place on these projects as of September 30, 2017.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

5. Capital Assets, continued

	Balance at October 1, <u>2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2017</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 632,667	\$ -	\$ -	\$ -	\$ 632,667
Construction in progress	1,956,695	6,650,431	-	-	8,607,126
Total capital assets not being depreciated	2,589,362	6,650,431	-	-	9,239,793
Other capital assets being depreciated:					
Distribution systems	27,121,703	20,780	-	-	27,142,483
Buildings and improvements	5,355,100	-	-	-	5,355,100
Equipment	7,488,731	227,264	-	-	7,715,995
Vehicles	276,601	49,963	-	-	326,564
Total other capital assets at historical cost	40,242,135	298,007	-	-	40,540,142
Less accumulated depreciation for:					
Distribution systems	(8,258,250)	(684,673)	-	-	(8,942,923)
Buildings and improvements	(1,792,684)	(106,022)	-	-	(1,898,706)
Equipment	(5,133,482)	(224,979)	-	-	(5,358,461)
Vehicles	(217,378)	(20,186)	-	-	(237,564)
Total accumulated depreciation	(15,401,794)	(1,035,860) *	-	-	(16,437,654)
Other capital assets, net	24,840,341	(737,853)	-	-	24,102,488
Business-type capital assets, net	<u>\$27,429,703</u>	<u>\$ 5,912,578</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,342,281</u>

*Depreciation expense was charged to functions as follows:

Water	\$ 507,192
Sewer	351,411
Landfill	<u>177,257</u>
Total Business-type Activities depreciation expense	<u>\$ 1,035,860</u>

Construction in progress at September 30, 2017, consists of \$273,975 of engineering on the landfill gas migration control project, \$8,192,553 of costs incurred on the wastewater treatment plant facilities, and \$140,598 of engineering on the Lincoln Avenue water main project. See Note D3 for details of commitments in place on these projects as of September 30, 2017.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

6. Long-term Debt

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

Changes in Long-term Debt

<u>Type of Debt</u>	Balance October 1, 2016	<u>Additions</u>	<u>Deductions</u>	Balance September 30, 2017	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds payable	\$ 16,795,000	\$ -	\$ (885,000)	\$ 15,910,000	\$ 1,295,000
Notes payable	98,554	-	(14,605)	83,949	15,942
Total	<u>\$ 16,893,554</u>	<u>\$ -</u>	<u>\$ (899,605)</u>	<u>\$ 15,993,949</u>	<u>\$ 1,310,942</u>
Business-type Activities:					
Bonds payable	\$ 4,795,000	\$ -	\$ (645,000)	\$ 4,150,000	\$ 580,000
Notes payable	1,785,000	5,251,614	(107,259)	6,929,355	109,415
Capital lease obligation	242,331	-	(50,079)	192,252	51,459
Total	<u>\$ 6,822,331</u>	<u>\$ 5,251,614</u>	<u>\$ (802,338)</u>	<u>\$ 11,271,607</u>	<u>\$ 740,874</u>

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

Governmental Activities

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

Bonds payable:

Series 2014 Highway Allocation Refunding Bonds for \$1,265,000 dated September 25, 2014 issued for refunding Series 2009 bonds. The bonds bear interest ranging from 0.30 to 2.45 percent with final maturity December 15, 2023. Payments are made by the Debt Service Fund.

\$ 840,000

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

6. Long-term Debt, continued

Governmental Activities, continued

Bonds payable, continued:

Series 2015A Limited Sales Tax Supported Infrastructure Bonds for \$7,680,000 dated September 25, 2015 issued for financing the ballfield complex. The bonds bear interest ranging from 0.55 to 3.85 percent with final maturity October 1, 2035. Payments are made by the LB 357 Fund. 7,425,000

Series 2016A Limited Sales Tax Supported Infrastructure Bonds for \$2,235,000 dated January 28, 2016 issued for financing the ballfield complex. The bonds bear interest ranging from 0.70 to 3.40 percent with final maturity October 1, 2035. Payments are made by the LB 357 Fund. 2,065,000

Series 2014 General Obligation Refunding Bonds for \$610,000 dated September 25, 2014 issued for refunding Series 2009 bonds. The bonds bear interest ranging from 0.35 to 2.15 percent with final maturity March 1, 2022. Payments are made by the Debt Service Fund. 385,000

Series 2014 Public Safety Equipment Tax Anticipation Bonds for \$1,525,000 dated May 20, 2014 issued for financing ladder and pumper trucks. The bonds bear interest ranging from 0.40 to 3.45 percent with final maturity December 1, 2029. Payments are made by the Debt Service Fund. 1,345,000

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

6. Long-term Debt, continued

Governmental Activities, continued

Bonds payable, continued:

Series 2012 General Obligation Highway Allocation Bonds for \$3,025,000 dated November 21, 2012 issued for financing street projects. The bonds bear interest ranging from 0.40 to 3.0 percent with final maturity December 15, 2027. Payments are made by the Debt Service Fund. 2,285,000

Series 2010 General Obligation Refunding Bonds for \$4,250,000 dated October 15, 2010 issued for refunding 1999, 2003 and 2005 bonds. The bonds bear interest ranging from 0.70 to 3.40 percent with final maturity April 15, 2025. Payments are made by the Debt Service Fund. 1,565,000

Note payable:

See description of TIF note payable at Note C4. 83,949

Total governmental activities long-term debt \$ 15,993,949

Current portion \$ 1,310,942

Noncurrent portion 14,683,007

Total governmental long-term debt \$ 15,993,949

Business-type Activities

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

Capital lease obligation:

Capital lease obligation to finance a Cat 950 loader dated February 22, 2016, with original issue amount of \$295,050, bearing interest of 2.737 percent, with final maturity on February 22, 2020. Payments are made by the Landfill Fund. \$ 192,252

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

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

6. Long-term Debt, continued

Business-type Activities, continued

Notes payable:

Water note payable to the Nebraska Department of Environmental Quality, dated December 2009, with original issue amount of \$2,334,605, bearing interest of 2.0 percent. Semi-annual principal and interest payments of \$71,213 plus an administration fee of one percent are due commencing June 15, 2011 through December 15, 2030. 1,677,741

Sewer note payable to the Nebraska Department of Environmental Quality, dated December 2009, with maximum available amount of \$19,255,000, bearing interest of 1.5 percent. Principal of \$5,251,614 was drawn on this note during the year ended September 30, 2017. Semi-annual principal and interest payments of \$561,870 plus an administration fee of one percent are due commencing December 15, 2018 through June 15, 2038. 5,251,614

Bonds payable:

Series 2014 Water System Revenue Refunding Bonds for \$4,680,000 dated September 15, 2014, issued for refunding Series 2008 and 2009 bonds. The bonds bear interest ranging from 0.40 to 3.45 percent with final maturity June 1, 2029. 3,825,000

Series 2010 Solid Waste Disposal Facilities Revenue Refunding Bonds for \$2,300,000 dated March 15, 2011, issued to refinance Series 2006 and 2002 bonds. The bonds bear interest ranging from 0.75 to 2.55 percent with final maturity September 15, 2018. 325,000

Total business-type activity lease, note and bonds payable \$ 11,271,607

Current portion \$ 740,874

Noncurrent portion 10,530,733

Total \$ 11,271,607

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

6. Long-term Debt, continued

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

<u>September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>
2018	\$ 1,310,942	\$ 405,983	\$ 740,874	\$ 172,435	\$ 66,984
2019	1,202,368	386,071	651,475	210,239	67,356
2020	1,103,912	366,610	692,176	198,387	63,956
2021	1,120,612	344,250	615,017	186,746	60,499
2022	1,131,115	318,852	625,872	175,458	56,985
2023-2027	4,450,000	1,218,927	3,335,757	678,230	230,109
2028-2032	3,220,000	660,634	2,867,125	267,005	134,051
2033-2037	2,455,000	175,744	1,441,797	82,754	55,169
2038-2042	-	-	301,514	3,396	2,264
	<u>\$ 15,993,949</u>	<u>\$ 3,877,071</u>	<u>\$ 11,271,607</u>	<u>\$ 1,974,650</u>	<u>\$ 737,373</u>

7. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the City of York to place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities at the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount the landfill used during the year. The estimated liability for landfill closure is \$1,466,649, with postclosure care costs of \$818,604, for a total of \$2,285,253 as of September 30, 2017, which is based on 74.12 percent usage of the landfill, with a remaining estimated life of 8.6 years for Phases 1-5 and 45.7 years for Phases 6-10. The estimated liability for construction and demolition landfill closure is \$154,152, with postclosure care costs of \$12,814 for a total of \$166,966 as of September 30, 2017.

It is estimated that an additional \$1,060,386 and \$331,688, respectively, will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and postclosure care of \$3,844,293 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2017. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

7. Landfill Closure and Postclosure Care Costs, continued

At September 30, 2017, restricted funds of \$1,935,396 are set aside to finance closure and postclosure care of the City’s landfill. It is anticipated that future inflation costs will be financed in part from earnings on funds reserved by the City. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

8. Interfund Transactions and Balances

Transfers consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
To Street	\$ -	\$ 822,845
To Aviation	-	184,156
To Debt Service	-	1,044,973
To Sinking Fund	-	194,635
From LB 357 Fund	66,000	-
Total General Fund	66,000	2,246,609
Street Fund:		
From General	822,845	-
Aviation Fund:		
From General	184,156	-
Debt Service:		
From General	1,044,973	-
LB 357 Fund:		
To General Fund	-	66,000
Nonmajor Governmental Funds:	194,635	-
	<u>\$ 2,312,609</u>	<u>\$ 2,312,609</u>

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

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

8. Interfund Transactions and Balances, continued

In 2013, 22.51 acres of Industrial Park land were sold to Scannell on an installment note for the Pioneer project. A payable of \$112,550 (\$5,000 per acre) was recorded as due to the Aviation Fund from the Sinking Fund at that time, as the land was originally purchased by the Aviation Fund. Payments on this non-interest-bearing loan are due when the Sinking Fund has collected sufficient cash from Scannell to pay off this balance. This interfund loan was eliminated on page 17.

Also at September 30, 2017, the General Fund owed \$4,315 to the CDBG Fund, the TIF Fund owed \$17,695 to the General Fund, and the Sewer Fund owed \$10,748 to the Landfill Fund. These interfund loans will be repaid during the next fiscal year and were eliminated on pages 17 and 21.

NOTE D – OTHER NOTES

1. Retirement Benefits

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

General City Employees – General city employees are covered by a defined contribution plan. Under the terms of the plan, an employee must be age 21 or older and have completed one year of service. Participating employees are required to contribute six percent of their earnings, and may make additional voluntary contributions to the plan. The City is required to match contributions to the plan up to six percent. Employees are 100 percent vested in the plan after they complete six years of service, reach normal retirement age (65), meet the requirements for early retirement date, become totally disabled, or die, whichever occurs first. The covered payroll was \$2,432,080, with the City contributing \$158,085 and the employees contributing \$158,242 for the year ended September 30, 2017.

Firefighters – Firefighters are covered by a defined contribution plan. Eligible employees are required to contribute 6 ½ percent of their monthly salary to the plan, to which the City then contributes with 13 percent of the participant's monthly salary. Employees are fully vested after seven years of service. Normal retirement benefit becomes nonforfeitable. A participant's normal retirement age is the date he or she attains age 50 and completes 21 years of service. Nebraska state statutes govern the coverage afforded to participants under this plan. The covered payroll was \$1,027,644 with the City contributing \$101,555 and the employees contributing \$50,778 for the year ended September 30, 2017.

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

NOTE D – OTHER NOTES, continued

1. Retirement Benefits, continued

Police Officers - Under Nebraska statutes, the City is required to maintain a retirement plan for City policemen. The total contributions under this plan are deposited under a money purchase retirement plan. This plan requires that covered employees and the City contribute an amount equal to 7.0 percent of the employee's monthly salary until such employee becomes eligible for regular retirement, at which time contributions shall cease. Total covered payroll was \$987,990. Both the City's contribution of \$69,159 and the matching employees' contributions were made for the year ended September 30, 2017.

City Administration – The City clerk, attorney and administrator are covered by a defined contribution retirement plan. The employees' contribution to the plan is voluntary, with the City contributing 11 percent of covered payroll. The participants accounts are fully vested. Contributions totaled \$23,647 (\$11,957 employer and \$11,689 employee) on \$189,738 of covered payroll.

Police and Firefighters Plan (Pre-1984)

The City of York, Nebraska Police Pension (Police Plan) is administered as follows:

- (1) Employees who were hired prior to January 1, 1984, the date at which the Police Plan was amended from a defined benefit plan to its current status as a defined contribution plan, were assured of receiving retirement benefits under the new plan at least as great as those under the old defined benefit plan.
- (2) Employees hired after January 1, 1984, are covered by the defined contribution plan, which is administered by a third party.

The employees hired prior to January 1, 1984, participate in both plans and will receive either their benefit from the defined contribution plan or defined benefit plan, whichever is greater. The City has funded its portion of the respective Plan, in addition to the employee's portion, with the assets being held by a third party administrator of the current defined contribution plan. These assets are included in the total plan assets for the Police Retirement Plan when determining the pension benefit obligation.

Based on the actuarial valuation, it is anticipated that the participant accounts and unallocated/forfeiture account are sufficient to provide the minimum defined benefits for the remaining pre-1984 hires. Therefore, it is anticipated that no additional contribution will be required.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE D – OTHER NOTES, continued

1. Retirement Benefits, continued

Funding Status of Defined Benefit Plan

The projected retirement benefits at January 1, 2016, were determined through an actuarial valuation. The actuarial valuation was performed using the Aggregate Actuarial Cost Method, which determines the total cost of the projected pension benefits to all employees combined. This total cost is then spread over the average future remaining years to retirement for the employees. The cost is spread as a level percentage of compensation.

Significant actuarial assumptions used in the valuation included (a) a rate of return of five percent for pre-retirement and four percent for post-retirement per annum, and (b) projected annual salary increases of four percent.

The pension benefit obligation, a standardized disclosure measure of the present value of pension benefits, intended to help assess the funding status of pensions, is as follows:

Fair value of plan assets at September 30, 2017	\$ 57,041
Benefit obligation estimated at January 1, 2016	<u>80,582</u>
Funded Status	\$ <u>(23,541)</u>

2. 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. The City purchases commercial insurance to minimize the effect of possible exposure to these risks. There have been no significant reductions in insurance coverage from coverage in the prior year. During the past three fiscal years, there have been no settlements exceeding the amount of the City's insurance coverage.

Deposits and Investments

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City's investments at September 30, 2017, are held by banks in the name of the City. The City's investments consist of only certificates of deposit.

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

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

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

Interest Rate Risk, continued

<u>Maturities by Month</u>	<u>Amount</u>
October 2017	\$ 1,226,513
November 2017	459,989
March 2018	1,935,397
April 2018	792,056
May 2018	6,991
June 2018	526,482
July 2018	847,557
August 2018	893,719
September 2018	3,558,172
March 2019	<u>1,717,573</u>
	<u>\$ 11,964,449</u>

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

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

<u>Financial Institution</u>	<u>Amount</u>
Cornerstone Bank	\$ 9,246,251
Midwest Bank	847,557
York State Bank	31,529
Henderson State Bank	<u>1,839,112</u>
	<u>\$ 11,964,449</u>

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

3. Commitments and Contingencies

Lease Commitments

The City had the following lease commitments at September 30, 2017:

<u>Leased Property</u>	<u>Term of Lease</u>	<u>Lease Payment/Period</u>
Copier	09/18/14 – 09/18/18	\$ 197/month
Copier	09/09/12 – 09/09/17	\$ 68/month
Copier	11/20/12 – 11/20/17	\$ 68/month
Copier	09/20/16 – 09/20/21	\$ 68/month

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

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Lease Commitments, continued

The lease expense for the year ended September 30, 2017, was \$4,817.

Remaining lease commitments as of September 30, 2017, were as follows:

<u>Year ending September 30,</u>	<u>Lease Amount</u>
2018	\$ 3,939
2019	1,636
2020	1,636
2021	1,567
2022	<u>750</u>
	\$ <u>9,528</u>

Contractual Commitments

At September 30, 2017, the City had the following commitments for capital assets:

	<u>Contract Amount</u>	<u>Paid as of September 30, 2017</u>	<u>Remaining Commitment</u>	<u>Expected Completion</u>
<u>Quiet zone project:</u>				
Engineering	\$ 59,000	\$ 10,337	\$ 48,663	September 2018
<u>35th Street paving project</u>				
Engineering	138,778	112,288	26,490	
Contractor	498,156	362,738	135,418	
Total	<u>636,934</u>	<u>475,026</u>	<u>161,908</u>	January 2018
<u>Blackburn bridge project:</u>				
Engineering	112,700	110,446	2,254	January 2018
<u>Airport markings project:</u>				
Engineering	137,305	85,527	51,778	
Contractor	603,709	169,857	433,852	
Total	<u>741,014</u>	<u>255,384</u>	<u>485,630</u>	April 2019
<u>Wastewater treatment facility:</u>				
Engineering	1,700,000	501,146	1,198,854	
Contractor	21,637,728	5,765,243	15,872,485	
Total	<u>23,337,728</u>	<u>6,266,389</u>	<u>17,071,339</u>	March 2019
<u>Lincoln Avenue water main:</u>				
Engineering	165,637	121,126	44,511	April 2019
	<u>\$ 25,053,013</u>	<u>\$ 7,238,708</u>	<u>\$ 17,814,305</u>	

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

NOTE D – OTHER NOTES, continued

4. Interlocal Agreements

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

<u>Party to Agreement</u>	<u>Term of Agreement</u>	<u>Description</u>
York County	Continuous	Ambulance Services
York County	Continuous	York Area Solid Waste Agency (YASWA)
Law Enforcement Agencies in the following counties in Nebraska: Nuckolls, Saline, Fillmore, Hamilton, Jefferson, Merrick, Polk, Saunders, Seward, Thayer, Webster and York	2017-2018	Rural Apprehension Program (RAP)
York Public School District	Life of sales tax	LB 357, ½% Sales Tax for Infrastructure

5. CDBG Housing Loans

At September 30, 2017, the City has two outstanding CDBG Housing Rehab loans totaling \$4,571. These loans are forgiven over time. The City also has 12 outstanding CDBG Downpayment Assistance (DPA) loans totaling \$149,500. The DPA loans are due when the related property sells. None of these loans are recorded as assets of the City.

6. Tax Abatements

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

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

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE D – OTHER NOTES, continued

6. Tax Abatements, continued

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

<u>TIF Project:</u>	<u>Years Remaining on TIF Agreements</u>	<u>2017 TIF Valuation</u>	<u>TIF Proceeds Received during the year 9-30-2017</u>
Scannell/Pioneer	6	\$ 9,459,502	\$ 162,868
Nolan	1	521,717	8,983
United Farmers Coop	5	1,691,862	29,129
Levander	15	100,051	-
Beaver Creek	15	460,638	-
			<u>\$ 200,980</u>

7. Subsequent Events

Management has evaluated subsequent events through January 24, 2018, the date on which the financial statements were available for issue.

On December 21, 2017, the Council approved the lease-purchase of a \$785,000 Caterpillar 826K compactor for the landfill. The annual lease-purchase payments will be \$141,000 with interest at 3.25 percent.

On December 21, 2017, the Council approved a \$350,000 CDBG economic development block grant contract for a downtown revitalization project with the matching funds being the construction of a water main in downtown York for \$87,500. Council also approved a \$350,000 CDBG block grant contract for low/moderate housing development with the matching funds being the improvement of various streets for \$78,750. This grant will be used for the purchase/rehab and resale of properties with a cap of \$25,000 per property.

SUPPLEMENTARY INFORMATION

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

Year ended September 30, 2017

	<u>Budget</u> (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 966,629	\$ 1,011,080	\$ 44,451
Motor vehicle	150,000	182,347	32,347
Occupation/franchise	2,415,000	2,284,915	(130,085)
Sales tax	3,116,000	3,251,388	135,388
Intergovernmental	271,604	286,604	15,000
Charges for services	1,136,582	1,091,302	(45,280)
Grants	83,000	130,318	47,318
Contributions	37,000	105,283	68,283
Interest income	23,400	31,161	7,761
Insurance proceeds	-	600	600
Other	18,500	18,189	(311)
	<hr/>	<hr/>	<hr/>
Total resources	8,217,715	8,393,187	175,472
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Administrative	1,396,251	1,199,749	(196,502)
Public safety:			
Police	1,942,224	1,945,230	3,006
Fire/EMS	1,803,774	1,850,621	46,847
Police pension	70,393	69,159	(1,234)
Fire pension	182,286	152,997	(29,289)
Total public safety	<hr/>	<hr/>	<hr/>
	3,998,677	4,018,007	19,330
Environment and leisure:			
Auditorium	165,665	149,956	(15,709)
Parks	521,881	441,997	(79,884)
Community center	612,915	550,742	(62,173)
Aquatic center	424,393	282,601	(141,792)
Ball park	275,801	494,876	219,075
Senior center	14,087	18,437	4,350
Convention center	471,696	477,530	5,834
Library	539,901	528,409	(11,492)
Total environment and leisure	<hr/>	<hr/>	<hr/>
	3,026,339	2,944,548	(81,791)
Total charges to appropriations	<hr/>	<hr/>	<hr/>
	8,421,267	8,162,304	(258,963)
Excess (deficiency) of revenues over charges to appropriations before transfers	(203,552)	230,883	434,435
TRANSFERS FROM OTHER FUNDS	<hr/>	<hr/>	<hr/>
	(2,051,974)	(2,180,609)	(128,635)
RESOURCES OVER (UNDER)			
CHARGES TO APPROPRIATIONS	<hr/>	<hr/>	<hr/>
	\$ (2,255,526)	\$ (1,949,726)	\$ 305,800

CITY OF YORK, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE - CASH BASIS -
STREET FUND**

Year ended September 30, 2017

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Sales tax	\$ 250,000	\$ 243,514	\$ (6,486)
Intergovernmental	960,808	981,489	20,681
Charges for services	15,400	1,323	(14,077)
Grants	-	4,671	4,671
Interest income	1,500	3,137	1,637
Sale of property	-	14,438	14,438
Other	10,000	16,114	6,114
	<hr/>	<hr/>	<hr/>
Total resources	1,237,708	1,264,686	26,978
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Street operations and maintenance	1,401,953	1,561,210	159,257
Capital outlay	658,600	578,847	(79,753)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	2,060,553	2,140,057	79,504
Deficiency of revenues over charges to appropriations before transfers	(822,845)	(875,371)	(52,526)
TRANSFERS FROM (TO) OTHER FUNDS	822,845	822,845	-
	<hr/>	<hr/>	<hr/>
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	\$ -	\$ (52,526)	\$ (52,526)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF YORK, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE - CASH BASIS -
AVIATION FUND**

Year ended September 30, 2017

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Charges for services	\$ 276,060	\$ 282,430	\$ 6,370
Grants	774,270	229,468	(544,802)
Interest income	450	2,420	1,970
	<hr/>	<hr/>	<hr/>
Total resources	1,050,780	514,318	(536,462)
 CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Airport	544,136	311,110	(233,026)
Capital outlay	690,800	200,639	(490,161)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	1,234,936	511,749	(723,187)
 Excess (deficiency) of revenues over charges to appropriations before transfers	(184,156)	2,569	186,725
 TRANSFERS TO OTHER FUNDS	184,156	184,156	-
	<hr/>	<hr/>	<hr/>
 RESOURCES OVER CHARGES TO APPROPRIATIONS	\$ -	\$ 186,725	\$ 186,725
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF YORK, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE - CASH BASIS -
DEBT SERVICE FUND**

Year ended September 30, 2017

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Special assessments	\$ -	\$ 17,793	\$ 17,793
Interest income	-	(688)	(688)
	<hr/>	<hr/>	<hr/>
Total resources	-	17,105	17,105
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Principal payments	885,000	885,000	-
Interest expense	157,471	157,472	1
Bond fees	2,500	2,500	-
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	1,044,971	1,044,972	1
Deficiency of revenues over charges to appropriations before transfers	(1,044,971)	(1,027,867)	17,104
TRANSFERS TO OTHER FUNDS	<hr/>	<hr/>	<hr/>
	1,044,973	1,044,973	-
RESOURCES OVER CHARGES TO APPROPRIATIONS	<hr/>	<hr/>	<hr/>
	\$ 2	\$ 17,106	\$ 17,104
	<hr/>	<hr/>	<hr/>

CITY OF YORK, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE - CASH BASIS -
LB 357 FUND**

Year ended September 30, 2017

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Sales tax	\$ 1,100,000	\$ 1,201,600	\$ 101,600
Interest income	-	(4,506)	(4,506)
Loan/bond proceeds	3,366,260	-	(3,366,260)
	<hr/>	<hr/>	<hr/>
Total resources	4,466,260	1,197,094	(3,269,166)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Environment and leisure	-	62,088	62,088
Capital outlay	3,365,760	3,288,953	(76,807)
Principal payments	425,000	-	(425,000)
Interest expense	261,903	126,939	(134,964)
Bond fees	500	500	-
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	4,053,163	3,478,480	(574,683)
Excess (deficiency) of revenues over charges to appropriations before transfers	413,097	(2,281,386)	(2,694,483)
TRANSFERS TO OTHER FUNDS	<hr/>	<hr/>	<hr/>
	(66,000)	(66,000)	-
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	<hr/>	<hr/>	<hr/>
	\$ 347,097	\$ (2,347,386)	\$ (2,694,483)

CITY OF YORK, NEBRASKA

**BUDGETARY COMPARISON SCHEDULES - CASH BASIS
NOTE TO SUPPLEMENTARY INFORMATION**

Year ended September 30, 2017

Note A - Explanation of Differences between Budgetary Inflows and Outflows and Modified Accrual Basis (MAB) Revenue and Expenditures

	<u>General Fund</u>	<u>Street Fund</u>	<u>Aviation Fund</u>	<u>Debt Service Fund</u>	<u>LB 357 Fund</u>
Sources/inflows of resources:					
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 8,393,187	\$ 1,264,686	\$ 514,318	\$ 17,105	\$ 1,197,094
Differences - budget to MAB:					
Cash to MAB adjustments	<u>39,964</u>	<u>8,334</u>	<u>236</u>	<u>(4,780)</u>	<u>(36,793)</u>
Total revenues as reported on the statement of revenues, expen- ditures, and changes in fund balances - governmental funds	<u><u>\$ 8,433,151</u></u>	<u><u>\$ 1,273,020</u></u>	<u><u>\$ 514,554</u></u>	<u><u>\$ 12,325</u></u>	<u><u>\$ 1,160,301</u></u>
Uses/outflows of resources:					
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 8,162,304	\$ 2,140,057	\$ 511,749	\$ 1,044,972	\$ 3,478,480
Differences - budget to MAB:					
Cash to MAB adjustments	<u>(163,737)</u>	<u>(100,057)</u>	<u>66,291</u>	<u>(4,424)</u>	<u>(1,243,743)</u>
Total expenditures as reported on the statement of revenues, expen- ditures, and changes in fund balances - governmental funds	<u><u>\$ 7,998,567</u></u>	<u><u>\$ 2,040,000</u></u>	<u><u>\$ 578,040</u></u>	<u><u>\$ 1,040,548</u></u>	<u><u>\$ 2,234,737</u></u>

CITY OF YORK, NEBRASKA

**COMBINING BALANCE SHEET - MODIFIED ACCRUAL BASIS -
NONMAJOR GOVERNMENTAL FUNDS**

September 30, 2017

	Capital Projects Fund	CDBG Fund	Special Revenue Funds Keno Fund	Sinking Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ (158,263)	\$ 403,604	\$ 9,788	\$ 280,721
Certificates of deposit	-	-	21,702	614,067
Due from other funds	-	4,315	-	-
Accrued interest receivable	<u>(129)</u>	<u>(76)</u>	<u>26</u>	<u>690</u>
Total assets	<u><u>\$ (158,392)</u></u>	<u><u>\$ 407,843</u></u>	<u><u>\$ 31,516</u></u>	<u><u>\$ 895,478</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 195,012	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,550</u>
	195,012	-	-	112,550
Fund balances:				
Restricted for:				
Economic development	-	-	-	-
Federal programs	-	407,843	-	-
Community betterment	-	-	31,516	-
Public safety	-	-	-	-
Assigned for:				
Industrial Park development	-	-	-	782,928
Unassigned	<u>(353,404)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>(353,404)</u>	<u>407,843</u>	<u>31,516</u>	<u>782,928</u>
Total liabilities and fund balances	<u><u>\$ (158,392)</u></u>	<u><u>\$ 407,843</u></u>	<u><u>\$ 31,516</u></u>	<u><u>\$ 895,478</u></u>

Special Revenue Funds		Total Nonmajor Governmental Funds
E911 Fund	TIF Fund	
\$ 15,626	\$ 146,576	\$ 698,052
34,646	324,988	995,403
-	-	4,315
41	385	937
<u>\$ 50,313</u>	<u>\$ 471,949</u>	<u>\$ 1,698,707</u>
\$ -	\$ -	\$ 195,012
-	17,695	130,245
<u>-</u>	<u>17,695</u>	<u>325,257</u>
-	454,254	454,254
-	-	407,843
-	-	31,516
50,313	-	50,313
-	-	782,928
<u>-</u>	<u>-</u>	<u>(353,404)</u>
<u>50,313</u>	<u>454,254</u>	<u>1,373,450</u>
<u>\$ 50,313</u>	<u>\$ 471,949</u>	<u>\$ 1,698,707</u>

CITY OF YORK, NEBRASKA

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

Year ended September 30, 2017

	Capital Projects Fund	CDBG Fund	Special Revenue Funds Keno Fund	Sinking Fund
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	29,280
Grants	144,777	273,918	-	-
Contributions	-	-	-	-
Keno proceeds	-	-	10,529	-
Loan collections	-	110,921	-	159,614
Interest income	-	600	192	5,196
Sale of property	-	-	-	68,651
Other	(160)	-	-	-
Total revenues	<u>144,617</u>	<u>385,439</u>	<u>10,721</u>	<u>262,741</u>
EXPENDITURES				
General government	-	-	1,963	-
Economic development	-	362,851	-	38,899
Public safety	9,996	-	-	-
Capital outlay	488,056	-	-	-
Principal payments on debt	-	-	-	-
Total expenditures	<u>498,052</u>	<u>362,851</u>	<u>1,963</u>	<u>38,899</u>
Excess (deficiency) of revenues over expenditures before transfers	(353,435)	22,588	8,758	223,842
INTERFUND TRANSFERS				
Transfer from other funds	-	-	-	194,635
Net change in fund balances	(353,435)	22,588	8,758	418,477
Fund balances - September 30, 2016	<u>31</u>	<u>385,255</u>	<u>22,758</u>	<u>364,451</u>
Fund balances - September 30, 2017	<u>\$ (353,404)</u>	<u>\$ 407,843</u>	<u>\$ 31,516</u>	<u>\$ 782,928</u>

Special Revenue Funds		Total Nonmajor Governmental Funds
E911 Fund	TIF Fund	
\$ -	\$ 200,980	\$ 200,980
5,264	-	34,544
-	-	418,695
-	19,264	19,264
-	-	10,529
-	-	270,535
317	(298)	6,007
-	-	68,651
-	-	(160)
<u>5,581</u>	<u>219,946</u>	<u>1,029,045</u>
-	-	1,963
-	230,345	632,095
-	-	9,996
-	-	488,056
-	14,605	14,605
<u>-</u>	<u>244,950</u>	<u>1,146,715</u>
5,581	(25,004)	(117,670)
<u>-</u>	<u>-</u>	<u>194,635</u>
5,581	(25,004)	76,965
<u>44,732</u>	<u>479,258</u>	<u>1,296,485</u>
<u>\$ 50,313</u>	<u>\$ 454,254</u>	<u>\$ 1,373,450</u>

CITY OF YORK, NEBRASKA

**COMBINING STATEMENT OF REVENUES AND EXPENDITURES -
MODIFIED ACCRUAL BASIS - GENERAL FUND DEPARTMENTS**

Year ended September 30, 2017

	<u>General</u>	<u>Auditorium</u>	<u>Parks</u>	<u>Police</u>	<u>Community Center</u>
REVENUES					
Taxes:					
General property tax	\$ 1,011,080	\$ -	\$ -	\$ -	\$ -
Motor vehicle tax	182,347	-	-	-	-
Sales tax	3,251,388	-	-	-	-
Occupation/franchise	2,284,915	-	-	-	-
Intergovernmental revenue:					
State assistance	-	-	-	-	-
County funding	-	-	-	-	-
Rural fire district	-	-	-	-	-
Charges for services	54,864	18,334	650	4,147	96,558
Grants	30,600	-	-	-	2,658
Contributions	-	-	695	40,000	6,358
Interest income	28,386	-	-	34	-
Insurance proceeds	600	-	-	-	-
Other revenues	5,397	-	3,617	1,630	3,204
Total revenues	<u>6,849,577</u>	<u>18,334</u>	<u>4,962</u>	<u>45,811</u>	<u>108,778</u>
EXPENDITURES					
Personnel services:					
Salaries and benefits	622,035	61,955	262,580	1,593,869	321,780
Operating expenses:					
Insurance	97,881	-	35,345	44,349	6,437
Advertising/publicity	113,097	-	-	-	8,082
Contract labor/outside services	35,493	5,495	-	44,209	13,727
Professional fees	29,631	-	-	-	-
Meetings, seminars, and dues	44,922	-	235	30,906	3,064
Repairs and maintenance	130,489	27,418	69,843	138,261	74,202
Printing, postage, and publications	8,116	-	-	-	-
Transportation	-	-	6,342	18,902	-
Utilities and telephone	45,984	39,529	34,673	11,707	53,220
Total operating expenses	<u>505,613</u>	<u>72,442</u>	<u>146,438</u>	<u>288,334</u>	<u>158,732</u>
Supplies	11,810	15,452	16,584	10,248	48,724
Other expenses	65,205	107	8,900	27,641	21,506
Capital outlay	-	-	7,495	21,531	-
Total expenditures	<u>1,204,663</u>	<u>149,956</u>	<u>441,997</u>	<u>1,941,623</u>	<u>550,742</u>
Excess (deficiency) of revenues over expenditures before transfers	5,644,914	(131,622)	(437,035)	(1,895,812)	(441,964)
TRANSFERS (TO) FROM OTHER FUNDS	<u>(7,756,039)</u>	<u>145,665</u>	<u>510,881</u>	<u>1,923,624</u>	<u>508,915</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AFTER TRANSFERS					
	<u>\$ (2,111,125)</u>	<u>\$ 14,043</u>	<u>\$ 73,846</u>	<u>\$ 27,812</u>	<u>\$ 66,951</u>

Aquatic Center	Ball Park	Senior Center	Convention Center	Fire/EMS	Library	Police Pension	Fire Pension	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,011,080
-	-	-	-	-	-	-	-	182,347
-	-	-	-	-	-	-	-	3,251,388
-	-	-	-	-	-	-	-	2,284,915
-	-	-	-	-	15,000	-	-	15,000
-	-	-	-	207,000	-	-	-	207,000
-	-	-	-	64,604	-	-	-	64,604
91,579	97,647	-	288,148	544,813	14,569	-	-	1,211,309
-	6,416	-	-	10,854	-	-	-	50,528
-	-	-	-	53,181	5,049	-	-	105,283
-	-	-	-	(64)	(4)	930	1,626	30,908
-	-	-	-	-	-	-	-	600
-	-	-	944	924	2,473	-	-	18,189
<u>91,579</u>	<u>104,063</u>	<u>-</u>	<u>289,092</u>	<u>881,312</u>	<u>37,087</u>	<u>930</u>	<u>1,626</u>	<u>8,433,151</u>
138,579	116,088	144	204,563	1,200,896	366,735	69,159	152,997	5,111,380
15,896	5,173	2,646	8,390	183,917	4,321	-	-	404,355
1,371	1,232	-	-	-	-	-	-	123,782
7,650	13,871	-	22,399	75,959	24,226	-	-	243,029
-	-	-	-	-	-	-	-	29,631
1,733	1,461	-	804	16,631	7,264	-	-	107,020
18,441	34,379	2,945	72,273	50,223	16,788	-	-	635,262
-	-	-	-	-	2,083	-	-	10,199
-	864	-	-	16,422	-	-	-	42,530
45,810	39,403	12,702	89,687	23,272	21,991	-	-	417,978
<u>90,901</u>	<u>96,383</u>	<u>18,293</u>	<u>193,553</u>	<u>366,424</u>	<u>76,673</u>	<u>-</u>	<u>-</u>	<u>2,013,786</u>
31,987	84,853	-	25,377	25,545	8,782	-	-	279,362
5,258	2,927	-	32,059	8,265	76,219	-	-	248,087
15,876	29,581	-	21,978	249,491	-	-	-	345,952
<u>282,601</u>	<u>329,832</u>	<u>18,437</u>	<u>477,530</u>	<u>1,850,621</u>	<u>528,409</u>	<u>69,159</u>	<u>152,997</u>	<u>7,998,567</u>
(191,022)	(225,769)	(18,437)	(188,438)	(969,309)	(491,322)	(68,229)	(151,371)	434,584
<u>321,893</u>	<u>210,801</u>	<u>14,087</u>	<u>229,214</u>	<u>967,170</u>	<u>491,901</u>	<u>69,793</u>	<u>181,486</u>	<u>(2,180,609)</u>
<u>\$ 130,871</u>	<u>\$ (14,968)</u>	<u>\$ (4,350)</u>	<u>\$ 40,776</u>	<u>\$ (2,139)</u>	<u>\$ 579</u>	<u>\$ 1,564</u>	<u>\$ 30,115</u>	<u>\$ (1,746,025)</u>

SINGLE AUDIT REPORTS

CITY OF YORK, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Expenditures</u>
<u>U.S. Department of Transportation</u>			
Passed Through Nebraska Department of Transportation: Airport Improvement Program	20.106	3-31-0104-013	\$ 233,231
<u>Environmental Protection Agency</u>			
Passed Through the Nebraska Department of Environmental Quality: Capitalization Grants for Clean Water-SRF	66.458	47-6006423	2,453,225 *
<u>U.S. Department of Housing and Urban Development</u>			
Passed Through the Nebraska Department of Economic Development: Community Development Block Grants	14.228	47-6006423	<u>360,963</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,047,419</u></u>

* Major program

NOTE A - BASIS OF PRESENTATION

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

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



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities – modified accrual basis, the business-type activities – accrual basis, the aggregate discretely presented component unit – accrual basis, each major fund – modified accrual basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information – modified accrual basis for the governmental funds of the City of York, Nebraska, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated January 24, 2018. Our report on the financial statements disclosed that, as described in Note A to the financial statements, the City of York, Nebraska, prepares its financial statements for the governmental funds on the modified accrual basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

Wealth Management, LLC Registered Investment Advisor, is affiliated with Almquist, Maltzahn, Galloway & Luth, P.C.
and offers wealth management and investment advisory services.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2017-001 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, described in the accompanying schedule of findings and questioned costs as 2017-002.

City of York's Response to Findings

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

Purpose of this Report

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

Amquist, Mathyhn,
Galloway & Luth, PC

Grand Island, Nebraska
January 24, 2018



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of York, Nebraska's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2017. The City of York, Nebraska's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Wealth Management, LLC Registered Investment Advisor, is affiliated with Almquist, Maltzahn, Galloway & Luth, P.C.
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Opinion on Each Major Federal Program

In our opinion, the City of York, Nebraska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

Report on Internal Control over Compliance

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

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

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

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

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

Grand Island, Nebraska
January 24, 2018

CITY OF YORK, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2017

1. A summary of auditor's results:
 - (i) Unmodified opinions were issued on all opinion units of the City of York, Nebraska, as of September 30, 2017.
 - (ii) One significant deficiency disclosed during the audit of the financial statements is reported in the "Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*." The deficiency is not reported as a material weakness.
 - (iii) The audit disclosed one instance of noncompliance which is material to the financial statements of the City of York, Nebraska.
 - (iv) The audit did not disclose any significant deficiencies in the internal control over major programs for the City of York, Nebraska.
 - (v) An unmodified opinion was issued on compliance for major programs.
 - (vi) The audit did not disclose any audit findings which are required to be reported under 2 CFR section 200.516(a).
 - (vii) Major Program: CFDA #66.458 – Capitalization Grants for Clean Water SRF.
 - (viii) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
 - (ix) The City of York, Nebraska, did not qualify as a low-risk auditee.
2. Findings relating to the financial statements which are required to be reported in accordance with GAGAS.

2017-001 Due to a limited number of personnel, there is not adequate segregation of duties to ensure internal control over cash receipts, disbursements, and recording of transactions.

Management's Response – It is impractical to further segregate duties due to the limited number of accounting personnel.

2017-002 Bank balances at three financial institutions exceeded FDIC coverage and pledged securities by a total of \$7,739,780.

Management's Response – Bank balances and collateral will be closely monitored in the future to ensure all bank balances are fully secured.
3. Findings and questioned costs for Federal awards which shall include audit findings as defined in 2 CFR section 200.516(a).

None

CITY OF YORK, NEBRASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended September 30, 2017

There were no prior audit findings for the year ended September 30, 2016.