

CITY OF YORK, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2019

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	62
Street Fund	63
Aviation Fund	64
Debt Service Fund	65
LB 357 Fund	66
Note to Supplementary Information	67
Combining Balance Sheet - Modified Accrual Basis - Nonmajor Governmental Funds	68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Accrual Basis - Nonmajor Governmental Funds	69
Combining Statement of Revenues and Expenditures - Modified Accrual Basis - General Fund Departments	70

TABLE OF CONTENTS, Continued

	Page
SINGLE AUDIT REPORTS	
Schedule of Expenditures of Federal Awards	71
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>	72
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	74
Schedule of Findings and Questioned Costs	77
Summary Schedule of Prior Audit Findings	80

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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, 2019, 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, 2019, 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 29, 2020, 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.

AMGL, PC.

Grand Island, Nebraska
January 29, 2020

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

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, 2019.

Financial Highlights

- The assets of the City of York exceeded its liabilities at the close of the most recent fiscal year by \$63,373,575 (*net position*). Of this amount, \$14,613,337 (*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 \$29,919,643, with an unrestricted net position balance of \$6,303,885.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,965,440, 41.0 percent of total General Fund expenditures for the year ended September 30, 2019.

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, 2019

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, 2019

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 25-61 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 62-70 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 \$63,373,575 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, 2019

Summary Statements of Net Position

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Current and Other Assets	\$ 25,240,980	\$ 23,258,687	\$ 1,982,293
Capital Assets	<u>85,253,578</u>	<u>83,475,389</u>	<u>1,778,189</u>
Total Assets	<u>110,494,558</u>	<u>106,734,076</u>	<u>3,760,482</u>
Long-term Liabilities	42,470,172	42,838,296	(368,124)
Other Liabilities	<u>4,650,811</u>	<u>4,723,287</u>	<u>(72,476)</u>
Total Liabilities	<u>47,120,983</u>	<u>47,561,583</u>	<u>(440,600)</u>
Net Position:			
Net Investment in Capital Assets	42,897,328	41,599,665	1,297,663
Restricted	5,862,910	5,002,728	860,182
Unrestricted	<u>14,613,337</u>	<u>12,570,100</u>	<u>2,043,237</u>
Total Net Position	<u>\$ 63,373,575</u>	<u>\$ 59,172,493</u>	<u>\$ 4,201,082</u>

A large portion of the City of York's net position (67.7 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 (9.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$14,613,337) 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, 2019

Expenses and Program Revenues – Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2019</u>		<u>Year Ended September 30, 2018</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 61,180	\$ 900,201	\$ 62,733	\$ 999,030
Economic Development	732,341	694,137	141,361	321,787
Public Safety	917,377	3,826,787	814,870	3,572,464
Public Works	180,030	1,290,806	167,007	1,507,375
Environment and Leisure	778,803	2,525,164	690,254	2,819,431
Airport	369,193	372,681	702,466	372,502
Interest and fees	-	391,176	-	397,620
Depreciation	-	2,460,960	-	2,438,651
Total	<u>\$ 3,038,924</u>	<u>\$ 12,461,912</u>	<u>\$ 2,578,691</u>	<u>\$ 12,428,860</u>

Revenues by Source – Governmental Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2019</u>		<u>Year Ended September 30, 2018</u>	
Charges for Services	\$ 1,757,181	12.38 %	\$ 1,594,129	12.09 %
Operating Grants and Contributions	991,712	6.99	381,764	2.90
Capital Grants and Contributions	290,031	2.04	602,798	4.57
Property Taxes	1,612,735	11.36	1,115,234	8.46
Motor Vehicle Taxes	190,728	1.34	174,965	1.33
Occupation/Franchise	2,864,511	20.18	2,537,213	19.25
Sales Tax	4,925,602	34.70	4,837,768	36.70
Special Assessments	32,081	0.23	427,098	3.24
TIF Proceeds	220,649	1.55	196,823	1.49
State Allocation	1,073,637	7.56	997,687	7.57
Keno Proceeds	12,521	0.09	17,235	0.13
Gain on Sale of Capital Assets	-	-	209,554	1.59
Miscellaneous	52,848	0.37	28,478	0.22
Interest	171,871	1.21	61,387	0.46
Total	<u>\$ 14,196,107</u>	<u>100.00 %</u>	<u>\$ 13,182,133</u>	<u>100.00 %</u>

Net position of the governmental funds increased \$1,734,195 during the year ended September 30, 2019.

Business-type activities. Business-type activities increased the City of York's net position by \$2,466,887. Key elements of this increase are as follows:

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

Expenses and Program Revenues – Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2019</u>		<u>Year Ended September 30, 2018</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Water	\$ 2,369,058	\$ 1,605,918	\$ 2,342,477	\$ 1,591,038
Sewer	2,440,236	1,458,271	2,124,908	1,162,393
Landfill	1,610,626	1,093,515	1,452,008	1,035,748
Total	<u>\$ 6,419,920</u>	<u>\$ 4,157,704</u>	<u>\$ 5,919,393</u>	<u>\$ 3,789,179</u>

Revenues by Source – Business-type Activities

<u>SOURCES OF REVENUE</u>	<u>Year Ended September 30, 2019</u>		<u>Year Ended September 30, 2018</u>	
Charges for Services	\$ 6,088,480	91.91 %	\$ 5,819,692	95.12 %
Capital Contributions and Grants	331,440	5.00	99,701	1.63
Special Assessments	-	-	180	-
Gain on Sale of Assets	12	-	78,427	1.28
Interest	204,659	3.09	120,553	1.97
Total	<u>\$ 6,624,591</u>	<u>100.00 %</u>	<u>\$ 6,118,553</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 \$10,145,061. The unassigned fund balance is \$2,965,440, 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 (\$760,077), 2) restricted for debt service (\$420,464), 3) restricted for economic development (\$516,542), 4) restricted for capital projects (\$2,947,885), 5) restricted for

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

community betterment (\$47,849), 6) restricted for public safety (\$55,658), 7) restricted for street improvements (\$372,350), 8) restricted for ambulance equipment (\$60,555), 9) assigned for other purposes (\$1,853,861) or 10) put into a nonspendable prepaid asset (\$144,380).

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 \$2,965,440, or 41.0 percent of annual expenditures. Total General Fund balance was \$3,147,001, or 43.5 percent of annual General Fund expenditures.

The fund balance of the City of York's General Fund increased by \$1,584,432 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 – \$3,985,809, Sewer Fund – \$3,001,934, and Landfill Fund – \$1,321,709. The growth in net position for the proprietary funds was as follows: Water Fund – \$765,699, Sewer Fund – \$1,116,626, and Landfill Fund – \$584,562. 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, 2019.

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, 2019, amounts to \$85,253,578 (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:

- Automatic doors at Convention Center - \$12,945
- 2019 Bobcat wheel saw - \$15,718
- Construction in progress on Quiet Zone project - \$402,955
- Final construction costs on airport markings project - \$56,997
- Computer aided dispatch software for police - \$17,742
- Ambulance suspension upgrade - \$12,150
- Landfill windscreens - \$27,000
- Final costs on lift station pump - \$19,098

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

- Florida Avenue sewer line - \$147,484
- Grasshopper 725 diesel mower for sewer department - \$14,250
- Construction in progress on wastewater treatment facility - \$2,519,849
- Valve maintenance trailer - \$33,863
- 2019 Chevy pickup - \$47,794
- Construction in progress on Lincoln Avenue water main - \$2,104,902

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

	<u>Year Ended September 30, 2019</u>			<u>Year Ended September 30, 2018</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	\$ 1,953,552	\$ 632,667	\$ 2,586,219	\$ 1,947,052	\$ 632,667	\$ 2,579,719
Construction in Progress	930,721	29,027,850	29,958,571	1,222,779	24,422,196	25,644,975
Infrastructure	7,516,800	-	7,516,800	7,561,708	-	7,561,708
Buildings and Improvements	18,492,399	3,244,349	21,736,748	19,427,779	3,350,372	22,778,151
Distribution Systems	-	16,985,185	16,985,185	-	17,582,300	17,582,300
Equipment	1,607,733	2,787,169	4,394,902	1,862,238	2,992,527	4,854,765
Vehicles	1,589,195	485,958	2,075,153	1,966,485	507,286	2,473,771
Total	<u>\$ 32,090,400</u>	<u>\$ 53,163,178</u>	<u>\$ 85,253,578</u>	<u>\$ 33,988,041</u>	<u>\$ 49,487,348</u>	<u>\$ 83,475,389</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, 2019</u>			<u>Year Ended September 30, 2018</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	\$ 13,430,000	\$ 3,310,000	\$ 16,740,000	\$ 14,615,000	\$ 3,570,000	\$ 18,185,000
Capital Lease	-	611,826	611,826	-	784,929	784,929
Notes Payable	226,022	24,778,402	25,004,424	282,895	22,622,900	22,905,795
Total	<u>\$ 13,656,022</u>	<u>\$ 28,700,228</u>	<u>\$ 42,356,250</u>	<u>\$ 14,897,895</u>	<u>\$ 26,977,829</u>	<u>\$ 41,875,724</u>

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

The City of York's total debt increased by \$480,526 (1.1 percent) during the current fiscal year as advances of \$2,329,980 were drawn on the DEQ sewer note payable and scheduled principal payments were made.

The City of York does not have a bond rating.

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 2019 Taxable Valuation	\$565,918,753
Total General Obligation and Limited Tax Obligation Debt	13,656,022
Total Revenue Debt	28,700,228
Total Sales Tax Revenues	4,925,602

Economic Factors and Next Year's Budgets and Rates

- Property tax asking for the year ending September 30, 2020 of \$1,867,532 is \$371,200 (24.8 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, 2020.
- The City has remaining contractual commitments of \$526,799 on the Quiet Zone project, which is expected to be completed by March 2020.
- The City has remaining contractual commitments of \$198,575 on the wastewater treatment facility, which is expected to be completed by December 2019.
- The City has remaining contractual commitments of \$574,796 on the Lincoln Avenue water main project, which is expected to be completed by September 2020. DEQ has made a commitment for up to \$4.3 million of financing for the water project (\$3,655,000 loan and \$645,000 of loan forgiveness). The City had not drawn any advances on the DEQ note as of September 30, 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, 2019

	Primary Government		Total	Component Unit (Accrual Basis)
	Governmental Activities (Modified Accrual Basis)	Business-type Activities (Accrual Basis)		
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,291,913	\$ 1,892,418	\$ 3,184,331	\$ 62,525
Certificates of deposit	3,755,344	5,711,197	9,466,541	1,096,331
County treasurer cash	141,913	-	141,913	-
Accounts receivable	290,242	437,110	727,352	-
Unbilled revenue	-	402,214	402,214	-
Special assessments receivable	685,236	-	685,236	-
Due from other governments	898,434	390,591	1,289,025	-
Current portion of notes receivable	242,981	-	242,981	-
Accrued interest receivable	72,566	78,577	151,143	6,680
Prepaid expenses	144,380	44,128	188,508	-
Inventory	251,235	108,055	359,290	-
Total current assets	<u>7,774,244</u>	<u>9,064,290</u>	<u>16,838,534</u>	<u>1,165,536</u>
Noncurrent assets:				
Restricted cash and cash equivalents	1,714,450	92,645	1,807,095	-
Restricted certificates of deposit	3,209,102	3,001,159	6,210,261	-
Noncurrent portion of notes receivable	385,090	-	385,090	-
Capital assets:				
Land	1,953,552	632,667	2,586,219	35,840
Construction in progress	930,721	29,027,850	29,958,571	-
Other capital assets, net of depreciation	29,206,127	23,502,661	52,708,788	-
Net capital assets	<u>32,090,400</u>	<u>53,163,178</u>	<u>85,253,578</u>	<u>35,840</u>
Total noncurrent assets	<u>37,399,042</u>	<u>56,256,982</u>	<u>93,656,024</u>	<u>35,840</u>
Total assets	<u>45,173,286</u>	<u>65,321,272</u>	<u>110,494,558</u>	<u>1,201,376</u>
LIABILITIES				
Current liabilities:				
Accounts payable	262,572	226,118	488,690	-
Claims incurred but not paid	102,939	-	102,939	-
Accrued wages and vacation	191,735	32,480	224,215	-
Payroll withholding	39,328	10,965	50,293	-
Accrued interest	166,732	57,098	223,830	-
Sales tax payable	747	23,605	24,352	-
Customer deposits	1,775	92,645	94,420	-
Unavailable special assessments	649,445	-	649,445	-
Current portion of long-term obligations	1,145,214	1,647,413	2,792,627	-
Total current liabilities	<u>2,560,487</u>	<u>2,090,324</u>	<u>4,650,811</u>	<u>-</u>
Noncurrent liabilities:				
Noncurrent compensated absences	182,348	10,831	193,179	-
Accrued closure/post-closure costs	-	2,713,370	2,713,370	-
Noncurrent portion of long-term obligations	12,510,808	27,052,815	39,563,623	-
Total noncurrent liabilities	<u>12,693,156</u>	<u>29,777,016</u>	<u>42,470,172</u>	<u>-</u>
Total liabilities	<u>15,253,643</u>	<u>31,867,340</u>	<u>47,120,983</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	18,434,378	24,462,950	42,897,328	-
Restricted for:				
Street improvements	372,350	-	372,350	-
Debt service	420,464	681,530	1,101,994	-
Federal programs	760,077	-	760,077	-
Economic development	516,542	-	516,542	-
Capital projects	2,947,885	-	2,947,885	-
Community betterment	47,849	-	47,849	-
Ambulance equipment	60,555	-	60,555	-
Public safety	55,658	-	55,658	-
Unrestricted	<u>6,303,885</u>	<u>8,309,452</u>	<u>14,613,337</u>	<u>1,201,376</u>
Total net position	<u>\$ 29,919,643</u>	<u>\$ 33,453,932</u>	<u>\$ 63,373,575</u>	<u>\$ 1,201,376</u>

See notes to financial statements.

CITY OF YORK, NEBRASKA
STATEMENT OF ACTIVITIES
For the year ended September 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Primary government:			
Governmental activities			
(modified accrual basis):			
General government	\$ 900,201	\$ 61,180	\$ -
Economic development	694,137	58,794	673,547
Public safety	3,826,787	560,107	291,388
Public works	1,290,806	14,386	9,277
Environment and leisure	2,525,164	740,740	17,500
Airport	372,681	321,974	-
Interest and fees on long-term debt	391,176	-	-
Depreciation - unallocated	2,460,960	-	-
Total governmental activities	12,461,912	1,757,181	991,712
Business-type activities			
(accrual basis):			
Water	1,605,918	2,037,618	-
Sewer	1,458,271	2,440,236	-
Landfill	1,093,515	1,610,626	-
Total business-type activities	4,157,704	6,088,480	-
Total primary government	\$ 16,619,616	\$ 7,845,661	\$ 991,712
Component unit (accrual basis):			
Kilgore Library Foundation	\$ 3,008	\$ 832	\$ 5,000

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	
\$ -	\$ (839,021)		\$ (839,021)	
-	38,204		38,204	
65,882	(2,909,410)		(2,909,410)	
156,367	(1,110,776)		(1,110,776)	
20,563	(1,746,361)		(1,746,361)	
47,219	(3,488)		(3,488)	
-	(391,176)		(391,176)	
-	(2,460,960)		(2,460,960)	
<u>290,031</u>	<u>(9,422,988)</u>	<u>\$ -</u>	<u>(9,422,988)</u>	
331,440	-	763,140	763,140	
-	-	981,965	981,965	
-	-	517,111	517,111	
<u>331,440</u>	<u>-</u>	<u>2,262,216</u>	<u>2,262,216</u>	
<u>\$ 621,471</u>	<u>(9,422,988)</u>	<u>2,262,216</u>	<u>(7,160,772)</u>	
<u>\$ -</u>				\$ 2,824
General revenues:				
Taxes:				
Property	1,612,735	-	1,612,735	-
Motor vehicle	190,728	-	190,728	-
Occupation/franchise	2,864,511	-	2,864,511	-
Sales tax	4,925,602	-	4,925,602	-
Special assessments	32,081	-	32,081	-
TIF proceeds	220,649	-	220,649	-
State allocation	1,073,637	-	1,073,637	-
Keno proceeds	12,521	-	12,521	-
Gain on sale of capital assets	-	12	12	-
Miscellaneous	52,848	-	52,848	-
Interest income	171,871	204,659	376,530	22,272
Total general revenues	<u>11,157,183</u>	<u>204,671</u>	<u>11,361,854</u>	<u>22,272</u>
Change in net position	1,734,195	2,466,887	4,201,082	25,096
Net position - September 30, 2018	<u>28,185,448</u>	<u>30,987,045</u>	<u>59,172,493</u>	<u>1,176,280</u>
Net position - September 30, 2019	<u>\$ 29,919,643</u>	<u>\$ 33,453,932</u>	<u>\$ 63,373,575</u>	<u>\$ 1,201,376</u>

CITY OF YORK, NEBRASKA

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

September 30, 2019

	<u>General Fund</u>	<u>Street Fund</u>	<u>Aviation Fund</u>	<u>Debt Service Fund</u>
ASSETS				
Cash and cash equivalents	\$ 631,029	\$ 100,959	\$ 173,866	\$ 116,957
Certificates of deposit	1,662,792	292,419	503,586	338,754
County treasurer cash	141,913	-	-	-
Accounts receivable	269,119	13,209	7,914	-
Special assessments receivable	-	538,530	-	146,706
Due from other governments	594,922	41,863	-	-
Accrued interest receivable	17,575	3,061	5,271	3,546
Inventory	-	-	39,276	-
Prepaid insurance	118,993	19,184	6,203	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 3,436,343	\$ 1,009,225	\$ 736,116	\$ 605,963
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 99,890	\$ 69,575	\$ 28,417	\$ -
Accrued interest payable	-	1,787	-	41,729
Accrued wages and vacation	152,284	36,975	2,476	-
Payroll withholding	34,646	3,679	1,003	-
Customer deposits	1,775	-	-	-
Sales tax payable	747	-	-	-
Unavailable special assessments	-	505,675	-	143,770
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	289,342	617,691	31,896	185,499
Fund balances:				
Nonspendable:				
Prepaid assets	118,993	19,184	6,203	-
Restricted for:				
Street improvements	-	372,350	-	-
Debt service	-	-	-	420,464
Federal programs	-	-	-	-
Economic development	-	-	-	-
Capital projects	-	-	-	-
Community betterment	-	-	-	-
Ambulance equipment	60,555	-	-	-
Public safety	2,013	-	-	-
Assigned for:				
Other purposes	-	-	698,017	-
Unassigned	2,965,440	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	3,147,001	391,534	704,220	420,464
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total liabilities and fund balances	\$ 3,436,343	\$ 1,009,225	\$ 736,116	\$ 605,963

See notes to financial statements.

<u>LB 357 Fund</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ 581,522	\$ 1,147,225	\$ 2,751,558
1,684,320	1,744,558	6,226,429
-	-	141,913
-	-	290,242
-	-	685,236
212,261	49,388	898,434
17,630	17,758	64,841
-	211,959	251,235
-	-	144,380
<u>\$ 2,495,733</u>	<u>\$ 3,170,888</u>	<u>\$ 11,454,268</u>
\$ 18,081	\$ 43,482	\$ 259,445
123,216	-	166,732
-	-	191,735
-	-	39,328
-	-	1,775
-	-	747
-	-	649,445
<u>141,297</u>	<u>43,482</u>	<u>1,309,207</u>
-	-	144,380
-	-	372,350
-	-	420,464
-	760,077	760,077
-	516,542	516,542
2,354,436	593,449	2,947,885
-	47,849	47,849
-	-	60,555
-	53,645	55,658
-	1,155,844	1,853,861
-	-	2,965,440
<u>2,354,436</u>	<u>3,127,406</u>	<u>10,145,061</u>
<u>\$ 2,495,733</u>	<u>\$ 3,170,888</u>	<u>\$ 11,454,268</u>

CITY OF YORK, NEBRASKA

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

September 30, 2019

Total fund balances - governmental funds \$ 10,145,061

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. 628,071

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 \$50,014,714, and the accumulated depreciation is \$17,924,314. 32,090,400

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. 894,481

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	\$ (13,430,000)	
Note payable	(226,022)	
Noncurrent compensated absences	(182,348)	(13,838,370)

Total net position - governmental activities \$ 29,919,643

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, 2019

	<u>General Fund</u>	<u>Street Fund</u>	<u>Aviation Fund</u>
REVENUES			
Taxes:			
Property	\$ 1,612,735	\$ -	\$ -
Motor vehicle	190,728	-	-
Special assessments	-	28,772	-
Occupation/franchise	2,864,511	-	-
Sales tax	3,428,694	265,507	-
TIF proceeds	-	-	-
Intergovernmental	308,788	1,082,915	-
Charges for services	1,352,178	14,386	321,974
Grants	16,371	-	47,219
Keno proceeds	-	-	-
Loan collections	-	-	-
Contributions	70,174	-	-
Interest income	80,375	8,081	12,639
Other	13,888	30,256	-
Total revenues	9,938,442	1,429,917	381,832
EXPENDITURES			
General government	895,407	-	-
Economic development	-	-	-
Public safety	3,891,562	-	-
Public works	-	1,278,552	-
Environment and leisure	2,412,159	-	-
Airport	-	-	372,680
Capital outlay	37,594	15,718	56,997
Principal payments on debt	-	39,563	-
Interest on long-term debt	-	8,483	-
Bond fees	-	-	-
Total expenditures	7,236,722	1,342,316	429,677
Excess (deficiency) of revenues over expenses before transfers	2,701,720	87,601	(47,845)
INTERFUND TRANSFERS			
Transfer from (to) other funds	(1,117,288)	148,043	90,915
Net change in fund balances	1,584,432	235,644	43,070
Fund balances - September 30, 2018	1,562,569	155,890	661,150
Fund balances - September 30, 2019	\$ 3,147,001	\$ 391,534	\$ 704,220

See notes to financial statements.

Debt Service <u>Fund</u>	LB 357 <u>Fund</u>	Other <u>Funds</u>	Total Governmental <u>Funds</u>
\$ -	\$ -	\$ -	\$ 1,612,735
-	-	-	190,728
3,309	-	-	32,081
-	-	-	2,864,511
-	1,231,401	-	4,925,602
-	-	220,649	220,649
-	-	-	1,391,703
-	-	30,371	1,718,909
-	-	840,904	904,494
-	-	12,521	12,521
-	-	247,455	247,455
-	-	27,161	97,335
3,142	15,608	32,782	152,627
-	-	-	44,144
<u>6,451</u>	<u>1,247,009</u>	<u>1,411,843</u>	<u>14,415,494</u>
-	-	2,253	897,660
-	-	676,828	676,828
-	-	-	3,891,562
-	-	11,895	1,290,447
-	117,602	-	2,529,761
-	-	-	372,680
-	428,768	24,242	563,319
770,000	415,000	17,310	1,241,873
127,134	246,432	5,627	387,676
2,500	1,000	-	3,500
<u>899,634</u>	<u>1,208,802</u>	<u>738,155</u>	<u>11,855,306</u>
(893,183)	38,207	673,688	2,560,188
904,080	-	(25,750)	-
<u>10,897</u>	<u>38,207</u>	<u>647,938</u>	<u>2,560,188</u>
409,567	2,316,229	2,479,468	7,584,873
<u>\$ 420,464</u>	<u>\$ 2,354,436</u>	<u>\$ 3,127,406</u>	<u>\$ 10,145,061</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, 2019

Total net change in fund balances - governmental funds	\$ 2,560,188
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
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.	(250,884)
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 (\$563,319) was exceeded by depreciation expense (\$2,460,960) in the period.	(1,897,641)
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.	58,881
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.	21,778
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>1,241,873</u>
Change in net position of governmental activities	<u><u>\$ 1,734,195</u></u>

See notes to financial statements.

CITY OF YORK, NEBRASKA

STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS

September 30, 2019

	Enterprise Funds				Internal
	Water	Sewer	Landfill		Service
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Total</u>	<u>Fund</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 765,307	\$ 668,231	\$ 458,880	\$ 1,892,418	\$ 254,805
Certificates of deposit	2,446,636	1,935,462	1,329,099	5,711,197	738,017
Accounts receivable	167,844	269,266	-	437,110	-
Unbilled revenue	196,774	205,440	-	402,214	-
Due from other governments	390,591	-	-	390,591	-
Accrued interest receivable	26,138	21,183	31,256	78,577	7,725
Prepaid expenses	13,015	23,544	7,569	44,128	-
Inventory	108,055	-	-	108,055	-
Total current assets	4,114,360	3,123,126	1,826,804	9,064,290	1,000,547
Noncurrent assets:					
Restricted cash	92,645	-	-	92,645	-
Restricted certificates of deposit	568,917	112,613	2,319,629	3,001,159	-
Capital assets:					
Land	24,625	344,330	263,712	632,667	-
Construction in progress	2,765,639	25,988,236	273,975	29,027,850	-
Distribution systems	17,527,287	9,556,187	-	27,083,474	-
Buildings and improvements	206,867	-	5,120,650	5,327,517	-
Equipment	1,155,327	5,201,260	1,650,505	8,007,092	-
Vehicles	120,816	651,117	-	771,933	-
Less accumulated depreciation	(7,214,995)	(7,990,099)	(2,482,261)	(17,687,355)	-
Net capital assets	14,585,566	33,751,031	4,826,581	53,163,178	-
Total noncurrent assets	15,247,128	33,863,644	7,146,210	56,256,982	-
Total assets	19,361,488	36,986,770	8,973,014	65,321,272	1,000,547
LIABILITIES					
Current liabilities:					
Accounts payable	55,341	81,988	88,789	226,118	3,127
Claims incurred but not paid	-	-	-	-	102,939
Accrued wages and vacation	13,667	11,982	6,831	32,480	-
Payroll withholding	3,219	4,984	2,762	10,965	-
Accrued interest payable	39,867	4,259	12,972	57,098	-
Sales tax payable	10,401	13,204	-	23,605	-
Customer deposits	92,645	-	-	92,645	-
Current portion of long-term obligations	373,857	1,061,598	211,958	1,647,413	-
Total current liabilities	588,997	1,178,015	323,312	2,090,324	106,066
Noncurrent liabilities:					
Noncurrent compensated absences	6,056	4,775	-	10,831	-
Accrued closure/post-closure costs	-	-	2,713,370	2,713,370	-
Noncurrent portion of long-term obligations	4,392,855	22,260,091	399,869	27,052,815	-
Total noncurrent liabilities	4,398,911	22,264,866	3,113,239	29,777,016	-
Total liabilities	4,987,908	23,442,881	3,436,551	31,867,340	106,066
NET POSITION					
Net investment in capital assets	9,818,854	10,429,342	4,214,754	24,462,950	-
Restricted for debt service	568,917	112,613	-	681,530	-
Unrestricted	3,985,809	3,001,934	1,321,709	8,309,452	894,481
Total net position	\$14,373,580	\$13,543,889	\$ 5,536,463	\$33,453,932	\$ 894,481

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, 2019

	Enterprise Funds			Total	Internal Service Fund
	Water Fund	Sewer Fund	Landfill Fund		
Operating revenues:					
Sales	\$ 1,792,134	\$ 2,401,738	\$ 1,467,743	\$ 5,661,615	\$ -
Services charges	33,431	25,289	-	58,720	-
Tap fees	195	180	-	375	-
Rent income	172,442	-	142,883	315,325	-
Health insurance premiums	-	-	-	-	1,266,880
Other revenue	39,416	13,029	-	52,445	-
Total operating revenues	2,037,618	2,440,236	1,610,626	6,088,480	1,266,880
Operating expenses:					
Personnel	359,321	471,521	330,717	1,161,559	-
Insurance	24,486	41,812	18,717	85,015	-
Professional fees	60,305	45,321	97,527	203,153	-
Meetings, seminars, and dues	584	249	446	1,279	-
Repairs and maintenance	178,311	148,930	98,489	425,730	-
Contract services	10,681	19,665	41,823	72,169	-
Transportation	10,588	7,470	58,821	76,879	-
Utilities and telephone	92,821	207,140	23,114	323,075	-
Supplies	14,014	34,342	7,521	55,877	-
Closure/post-closure costs	-	-	129,157	129,157	-
Farm rental expenses	105,963	-	-	105,963	-
Other expenses	55,906	24,951	3,929	84,786	-
Depreciation	550,164	443,713	261,921	1,255,798	-
Insurance claims/health premiums	-	-	-	-	1,227,243
Total operating expenses	1,463,144	1,445,114	1,072,182	3,980,440	1,227,243
Operating income	574,474	995,122	538,444	2,108,040	39,637
Nonoperating revenues (expenses):					
Interest income	85,072	52,136	67,451	204,659	19,244
Grant income	331,440	-	-	331,440	-
Gain on sale of assets	-	12	-	12	-
Interest expense	(126,868)	(13,157)	(21,333)	(161,358)	-
Bond/DEQ loan fees	(15,906)	-	-	(15,906)	-
Total nonoperating revenues (expenses)	273,738	38,991	46,118	358,847	19,244
Income before interfund transfers	848,212	1,034,113	584,562	2,466,887	58,881
Interfund transfers:					
Transfer from (to) other funds	(82,513)	82,513	-	-	-
Change in net position	765,699	1,116,626	584,562	2,466,887	58,881
Net position - September 30, 2018	13,607,881	12,427,263	4,951,901	30,987,045	835,600
Net position - September 30, 2019	\$ 14,373,580	\$ 13,543,889	\$ 5,536,463	\$ 33,453,932	\$ 894,481

See notes to financial statements.

CITY OF YORK, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the year ended September 30, 2019

	<u>Water Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 2,082,562
Receipts from employees and other funds	-
Payments to suppliers	(582,777)
Payments to employees	(364,926)
Net cash provided by operating activities	<u>1,134,859</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of property and equipment	(2,384,277)
Proceeds from sale of assets	-
Increase in accrued closure/post-closure costs	-
Increase in grant funds receivable	(59,151)
Payment of loan administration fees	(15,906)
Loan proceeds received on issuance of notes payable	-
Principal payments on capital debt	(371,614)
Interest paid on capital debt	(128,819)
Net cash used by capital and related financing activities	<u>(2,959,767)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
(Increase) decrease in certificates of deposit	515,691
Increase in restricted cash	(7,200)
Increase in restricted certificates of deposit	(16,862)
Interest received	64,139
Net cash provided (used) by investing activities	<u>555,768</u>
Decrease in cash and cash equivalents	(1,269,140)
Cash and cash equivalents - beginning of the year	<u>2,034,447</u>
Cash and cash equivalents - end of the year	<u><u>\$ 765,307</u></u>

Enterprise Funds			Internal Service Fund
Sewer Fund	Landfill Fund	Total	
\$ 2,324,032	\$ 1,610,626	\$ 6,017,220	\$ -
-	-	-	1,266,880
(581,165)	(422,723)	(1,586,665)	(1,165,383)
(493,196)	(334,814)	(1,192,936)	-
<u>1,249,671</u>	<u>853,089</u>	<u>3,237,619</u>	<u>101,497</u>
(3,465,433)	(36,988)	(5,886,698)	-
12	-	12	-
-	129,157	129,157	-
-	-	(59,151)	-
-	-	(15,906)	-
2,329,980	-	2,329,980	-
(62,865)	(173,102)	(607,581)	-
(14,121)	(24,383)	(167,323)	-
<u>(1,212,427)</u>	<u>(105,316)</u>	<u>(4,277,510)</u>	-
(437,177)	(642,633)	(564,119)	(218,533)
-	-	(7,200)	-
(2,723)	(186,046)	(205,631)	-
33,918	38,253	136,310	12,304
<u>(405,982)</u>	<u>(790,426)</u>	<u>(640,640)</u>	<u>(206,229)</u>
(368,738)	(42,653)	(1,680,531)	(104,732)
<u>1,036,969</u>	<u>501,533</u>	<u>3,572,949</u>	<u>359,537</u>
<u>\$ 668,231</u>	<u>\$ 458,880</u>	<u>\$ 1,892,418</u>	<u>\$ 254,805</u>

CITY OF YORK, NEBRASKA

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

For the year ended September 30, 2019

	<u>Water Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 574,474
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	550,164
Change in assets and liabilities:	
Accounts receivable and unbilled revenue	39,332
Prepaid expenses	867
Inventories	(16,325)
Accounts payable	(13,660)
Claims incurred but not paid	-
Accrued expenses	(5,605)
Sales tax payable	(1,588)
Customer deposits	7,200
Net cash provided by operating activities	<u>\$ 1,134,859</u>
<u>Supplementary cash flow disclosures:</u>	
Capital assets transferred between funds	<u>\$ (82,513)</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>	
\$ 995,122	\$ 538,444		\$ 2,108,040	\$ 39,637
443,713	261,921		1,255,798	-
(117,769)	-		(78,437)	-
(9,207)	1,229		(7,111)	-
-	-		(16,325)	-
(42,078)	55,592		(146)	(312)
-	-		-	62,172
(21,675)	(4,097)		(31,377)	-
1,565	-		(23)	-
-	-		7,200	-
<u>\$ 1,249,671</u>	<u>\$ 853,089</u>		<u>\$ 3,237,619</u>	<u>\$ 101,497</u>
<u>\$ 82,513</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</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	53
8. Interfund Transactions and Balances	54
NOTE D – OTHER NOTES	
1. Retirement Benefits	55
2. Risk Management	57
3. Commitments and Contingencies	58
4. Interlocal Agreements	60
5. CDBG Housing Loans	60
6. Tax Abatements	60
7. Subsequent Events	61

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

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, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Blended Component Units

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

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The 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, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fund Financial Statements

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and 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, 2019

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 page 28 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 page 28 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, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

<u>Fund</u>	<u>Brief Description</u>
<i>Major, continued:</i>	
Proprietary:	
Enterprise:	
Water, Sewer, and Landfill	See page 29 for description.
<i>Nonmajor:</i>	
Governmental:	
Capital Projects Fund	See page 29 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, 2019

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, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Basis of Accounting, continued

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting 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, 2019

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 in the governmental funds consists of the following:

<u>Fund</u>	<u>Amount</u>	<u>Type of Revenue</u>
General	\$ 594,922	Sales Tax
Street	41,863	Sales Tax
LB357	212,261	Sales Tax
CDBG	49,388	Federal Grant
	<u>\$ 898,434</u>	

Due from other governments in the Water Fund consists of DEQ grants receivable of \$390,591.

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. Rehab houses held for resale are valued at cost plus the cost of major improvements.

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 \$5,000 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, 2019

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 and sick time permit employees to accumulate earned but unused 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, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Long-term Debt

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

Government-wide Statements

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable and 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, 2019

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, 2019

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 2018-2019 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, 2019

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, 2019

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, 2019

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, 2019. The categories of collateral are defined as follows:

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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	\$ 21,958,252	\$ 1,566,210	\$ 20,392,042	\$ -	\$ <u>21,827,084</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –

Unrestricted cash and cash equivalents	\$ 3,184,331
Unrestricted certificates of deposit	9,466,541
Restricted cash and cash equivalents	1,807,095
Restricted certificates of deposit	<u>6,210,261</u>
Total primary government	20,668,228

Component Unit –

Unrestricted cash and cash equivalents	62,525
Unrestricted certificates of deposit	<u>1,096,331</u>
Total component unit	<u>1,158,856</u>

Total	\$ <u>21,827,084</u>
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CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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

2. Restricted Assets

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

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>	<u>Component Unit</u>
Type of Restricted Assets:				
Cash and cash equivalents	\$ 1,714,450	\$ 92,645	\$ 1,807,095	\$ -
Certificates of deposit	<u>3,209,102</u>	<u>3,001,159</u>	<u>6,210,261</u>	<u>-</u>
	<u>\$ 4,923,552</u>	<u>\$ 3,093,804</u>	<u>\$ 8,017,356</u>	<u>\$ -</u>

The governmental restricted assets consist of the following: \$2,013 in the General Fund for public safety, \$60,555 in the General Fund for ambulance equipment, \$393,378 in the Street Fund for street improvements, \$455,711 in the Debt Service Fund for debt service, \$2,265,842 in the LB 357 Fund for capital projects, \$543,921 in the CDBG Fund for federal programs, \$47,480 in the Keno Fund for community betterment, \$53,231 in the E911 Fund for public safety, \$588,867 in the Capital Projects Fund for capital projects, and \$512,554 in the TIF Fund for economic development.

Restricted assets for business-type funds consist of \$92,645 restricted cash for customer deposits in the Water Fund, \$568,917 of Water Fund certificates of deposit restricted for debt service, \$112,613 of Sewer Fund certificates of deposit restricted for debt service, and \$2,319,629 of Landfill Fund certificates of deposit restricted for closure and post-closure costs.

3. Accounts and Other Receivables

Governmental receivables detail at September 30, 2019, is as follows:

	<u>Governmental Activities</u>
Accounts receivable - ambulance	\$ 195,836
Hotel occupation tax receivable	56,641
Other governmental accounts receivable	<u>37,765</u>
 Total governmental accounts receivable	 <u>\$ 290,242</u>

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

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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

4. Notes Receivable

Notes receivable at September 30, 2019, 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.	\$ 12,473
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.	<u>194,081</u>
Total CDBG notes receivable	206,554

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.	84,953
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.	50,838
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.	4,105
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>4,105</u>
Total Economic Development notes receivable	144,001

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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

4. Notes Receivable, continued

TIF notes:

See notes described below.

	<u>277,516</u>
	\$ <u>628,071</u>
Current portion	\$ 242,981
Noncurrent portion	<u>385,090</u>
Total	\$ <u>628,071</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, 2019, were as follows:

	<u>TIF</u> <u>Receivables</u>	<u>TIF</u> <u>Payables</u>
Scannell/Pioneer	\$ 213,181	\$ -
Nolan	13,597	-
United Farmers Coop	<u>50,738</u>	<u>50,738</u> *
	<u>\$ 277,516</u>	<u>\$ 50,738</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, 2019

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

5. Capital Assets

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

	Balance at October 1, <u>2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2019</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 1,947,052	\$ 6,500	\$ -	\$ -	\$ 1,953,552
Construction in progress	1,222,779	402,955	-	(695,013)	930,721
Total capital assets not being depreciated	3,169,831	409,455	-	(695,013)	2,884,273
Other capital assets being depreciated:					
Infrastructure	11,871,161	56,997	-	695,013	12,623,171
Buildings and improvements	26,485,734	-	(132,000)	-	26,353,734
Equipment	3,900,674	84,717	(14,190)	-	3,971,201
Vehicles	4,170,185	12,150	-	-	4,182,335
Total other capital assets at historical cost	46,427,754	153,864	(146,190)	695,013	47,130,441
Less accumulated depreciation for:					
Infrastructure	(4,309,453)	(796,918)	-	-	(5,106,371)
Buildings and improvements	(7,057,955)	(935,380)	132,000	-	(7,861,335)
Equipment	(2,038,436)	(339,222)	14,190	-	(2,363,468)
Vehicles	(2,203,700)	(389,440)	-	-	(2,593,140)
Total accumulated depreciation	(15,609,544)	(2,460,960) *	146,190	-	(17,924,314)
Other capital assets, net	30,818,210	(2,307,096)	-	695,013	29,206,127
Governmental activities capital assets, net	<u>\$ 33,988,041</u>	<u>\$ (1,897,641)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,090,400</u>

*Depreciation expense was incurred by the following governmental activities:

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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

5. Capital Assets, continued

Governmental Activities, continued:

General Fund:

General government:

Administration \$ 20,457

Public safety:

Police 49,511

Fire/EMS 277,155

Total public safety 326,666

Environment and leisure:

Auditorium 13,173

Ball Field Complex 490,774

Community Center 15,768

Convention Center 257,907

Library 28,597

Park 83,666

Pool 161,449

Senior Center 11,337

Total environment and leisure 1,062,671

Total General Fund 1,409,794

Special Revenue Funds:

Airport 118,282

Street 932,884

Total Governmental Activities
depreciation expense \$ 2,460,960

Construction in progress at September 30, 2019, consists of \$118,157 of engineering on the Blackburn Bridge project, and \$812,563 of engineering and construction costs on the Quiet Zone project. See Note D3 for details of commitments in place on these projects as of September 30, 2019.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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

5. Capital Assets, continued

	Balance at October 1, <u>2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2019</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 632,667	\$ -	\$ -	\$ -	\$ 632,667
Construction in progress	24,422,196	4,624,752	-	(19,098)	29,027,850
Total capital assets not being depreciated	25,054,863	4,624,752	-	(19,098)	29,660,517
Other capital assets being depreciated:					
Distribution systems	27,209,456	147,484	(273,466)	-	27,083,474
Buildings and improvements	5,355,100	-	(27,583)	-	5,327,517
Equipment	8,647,904	111,598	(771,508)	19,098	8,007,092
Vehicles	785,062	47,794	(60,923)	-	771,933
Total other capital assets at historical cost	41,997,522	306,876	(1,133,480)	19,098	41,190,016
Less accumulated depreciation for:					
Distribution systems	(9,627,156)	(744,599)	273,466	-	(10,098,289)
Buildings and improvements	(2,004,728)	(106,023)	27,583	-	(2,083,168)
Equipment	(5,655,377)	(336,054)	771,508	-	(5,219,923)
Vehicles	(277,776)	(69,122)	60,923	-	(285,975)
Total accumulated depreciation	(17,565,037)	(1,255,798) *	1,133,480	-	(17,687,355)
Other capital assets, net	24,432,485	(948,922)	-	19,098	23,502,661
Business-type capital assets, net	<u>\$ 49,487,348</u>	<u>\$ 3,675,830</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,163,178</u>

*Depreciation expense was charged to functions as follows:

Water	\$ 550,164
Sewer	443,713
Landfill	<u>261,921</u>
Total Business-type Activities depreciation expense	<u>\$ 1,255,798</u>

Construction in progress at September 30, 2019, consists of \$273,975 of engineering on the landfill gas migration control project, \$25,988,236 of costs incurred on the wastewater treatment plant facilities, and \$2,765,639 of costs incurred on the Lincoln Avenue water main project. See Note D3 for details of commitments in place on these projects as of September 30, 2019.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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, 2018	<u>Additions</u>	<u>Deductions</u>	Balance September 30, 2019	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds payable	\$ 14,615,000	\$ -	\$ (1,185,000)	\$ 13,430,000	\$ 1,085,000
Notes payable	282,895	-	(56,873)	226,022	60,214
Total	<u>\$ 14,897,895</u>	<u>\$ -</u>	<u>\$ (1,241,873)</u>	<u>\$ 13,656,022</u>	<u>\$ 1,145,214</u>
Business-type Activities:					
Bonds payable	\$ 3,570,000	\$ -	\$ (260,000)	\$ 3,310,000	\$ 260,000
Notes payable	22,622,900	2,329,980	(174,478)	24,778,402	1,175,455
Capital lease obligation	784,929	-	(173,103)	611,826	211,958
Total	<u>\$ 26,977,829</u>	<u>\$ 2,329,980</u>	<u>\$ (607,581)</u>	<u>\$ 28,700,228</u>	<u>\$ 1,647,413</u>

The following is a summary of changes in long-term debt for the year ended September 30, 2019:

Governmental Activities

As of September 30, 2019, 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.

\$ 445,000

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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

6. Long-term Debt, continued

Governmental Activities, continued

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. 6,765,000

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. 1,900,000

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. 235,000

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. 1,160,000

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. 1,905,000

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

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

6. Long-term Debt, continued

Governmental Activities, continued

Bonds payable, continued:

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. 1,020,000

Notes payable:

Note payable of \$214,847 issued through York State Bank to finance the purchase of a street sweeper, bearing interest of 4.08 percent and due in five annual principal and interest installments of \$48,450 commencing July 6, 2019 through July 6, 2023. 175,284

See description of TIF note payable at Note C4. 50,738

Total governmental activities long-term debt \$ 13,656,022

Current portion \$ 1,145,214

Noncurrent portion 12,510,808

Total governmental long-term debt \$ 13,656,022

Business-type Activities

As of September 30, 2019, the long-term debt payable from proprietary fund resources consisted of the following:

Capital lease obligations:

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. \$ 87,872

Capital lease obligation to finance a trash compacter dated December 29, 2017, with original issue amount of \$785,250, bearing interest of 3.25 percent, with final maturity on December 29, 2022. Payments are made by the Landfill Fund. 523,955

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

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

6. Long-term Debt, continued

Business-type Activities, continued

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. 1,456,712

Sewer note payable to the Nebraska Department of Environmental Quality, dated December 2009, with maximum available amount of \$24,000,000, bearing interest of 1.5 percent. Principal of \$2,329,980 was drawn on this note during the year ended September 30, 2019. Semi-annual principal and interest payments of \$696,724 plus an administration fee of 0.70 percent are due commencing June 15, 2020 through December 15, 2039. 23,043,162

Note payable of \$341,392 issued through York State Bank to finance the purchase of a sewer vac truck, bearing interest of 4.08 percent and due in five annual principal and interest installments of \$76,987 commencing May 18, 2019 through May 18, 2023. 278,527

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. 3,310,000

Total business-type activity lease, note and bonds payable \$ 28,700,228

Current portion \$ 1,647,413

Noncurrent portion 27,052,815

Total \$ 28,700,228

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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, 2019, are as follows:

<u>September 30.</u>	<u>Governmental Activities</u>				
	<u>Other Debt Issues</u>		<u>Direct Placement Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2020	\$ 1,085,000	\$ 362,583	\$ 60,214	\$ 11,173	
2021	1,100,000	341,925	63,601	7,786	
2022	1,120,000	318,370	55,957	4,190	
2023	1,070,000	292,834	46,250	1,882	
2024	915,000	265,584	-	-	
2025-2029	3,935,000	984,366	-	-	
2030-2034	2,935,000	467,156	-	-	
2035-2039	1,270,000	45,365	-	-	
	<u>\$ 13,430,000</u>	<u>\$ 3,078,183</u>	<u>\$ 226,022</u>	<u>\$ 25,031</u>	

<u>September 30.</u>	<u>Business-type Activities</u>				
	<u>Other Debt Issues</u>		<u>Direct Placement Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>
2020	\$ 260,000	\$ 94,108	\$ 1,387,413	\$ 400,081	\$ 159,566
2021	265,000	89,427	1,323,536	374,885	152,568
2022	270,000	83,995	1,348,043	350,377	145,464
2023	280,000	77,785	1,375,454	325,346	138,254
2024	285,000	70,785	1,180,608	299,710	130,935
2025-2029	1,950,000	224,830	6,184,862	1,216,730	540,981
2030-2034	-	-	6,168,706	734,398	340,758
2035-2039	-	-	6,421,606	267,860	125,001
	<u>\$ 3,310,000</u>	<u>\$ 640,930</u>	<u>\$ 25,390,228</u>	<u>\$ 3,969,387</u>	<u>\$ 1,733,527</u>

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

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

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 \$1,629,994, with postclosure care costs of \$894,636, for a total of \$2,524,630 as of September 30, 2019, which is based on 79.21 percent usage of the landfill, with a remaining estimated life of 7.4 years for Phases 1-5 and 37.1 years for Phases 6-10. The estimated liability for construction and demolition landfill closure is \$172,836, with postclosure care costs of \$15,904 for a total of \$188,740 as of September 30, 2019.

It is estimated that an additional \$991,179 and \$286,600, 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 \$3,991,149 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2019. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

At September 30, 2019, restricted funds of \$2,319,629 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.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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

8. Interfund Transactions and Balances

Transfers consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
To Street	\$ -	\$ 148,043
To Aviation	-	65,165
To Debt Service	-	904,080
Total General Fund	-	1,117,288
Street Fund:		
From General	148,043	-
Aviation Fund:		
From General	65,165	-
From Sinking Fund	25,750	-
Total Aviation Fund	90,915	-
Debt Service:		
From General	904,080	-
Nonmajor Governmental Funds:	-	25,750
Water Fund:		
To Sewer	-	82,513
Sewer Fund:		
To Water	82,513	-
	\$ 1,225,551	\$ 1,225,551

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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 6.5 percent of their earnings, and may make additional voluntary contributions to the plan. The City is required to match the 6.5 percent contributions to the plan. 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 \$2,358,195, with the City contributing \$153,283 and the employees contributing \$178,315 for the year ended September 30, 2019.

Firefighters – Firefighters are covered by a defined contribution plan. Eligible employees are required to contribute 6.5 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 \$1,044,146 with the City contributing \$109,995 and the employees contributing \$56,038 for the year ended September 30, 2019.

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

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 \$939,972. Both the City's contribution of \$65,798 and the employees' contributions of \$65,798 were made for the year ended September 30, 2019.

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 \$46,435 (\$12,713 employer and \$33,722 employee) on \$275,402 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, 2019

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, 2019	\$ 10,241
Benefit obligation estimated at January 1, 2016	<u>80,582</u>
Funded Status	\$ <u>(70,341)</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, 2019, 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, 2019

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 2019	\$ 1,245,824
November 2019	474,766
December 2019	1,000,000
March 2020	4,076,103
April 2020	816,018
June 2020	545,351
July 2020	881,110
August 2020	930,232
September 2020	<u>5,707,398</u>
	<u>\$ 15,676,802</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, 2019, the City’s certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Cornerstone Bank	\$ 11,599,519
York State Bank	31,756
Henderson State Bank	<u>4,045,527</u>
	<u>\$ 15,676,802</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, 2019.

3. Commitments and Contingencies

Lease Commitments

The City had the following lease commitments at September 30, 2019:

<u>Leased Property</u>	<u>Term of Lease</u>	<u>Lease Payment/Period</u>
Copier	05/10/18 – 05/10/22	\$ 175/month
Copier	09/18/17 – 09/18/22	\$ 68/month
Copier	09/20/16 – 09/20/21	\$ 68/month

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

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Lease Commitments, continued

The lease expense for the year ended September 30, 2019, was \$3,736.

Remaining lease commitments as of September 30, 2019, were as follows:

<u>Year ending September 30,</u>	<u>Lease Amount</u>
2020	\$ 3,736
2021	3,667
2022	<u>1,975</u>
	<u>\$ 9,378</u>

Contractual Commitments

At September 30, 2019, the City had the following commitments for capital assets:

	<u>Contract Amount</u>	<u>Paid as of September 30, 2019</u>	<u>Remaining Commitment</u>	<u>Expected Completion</u>
<u>Quiet zone project:</u>				
Engineering	\$ 83,325	\$ 45,856	\$ 37,469	
Contractor	489,330	-	489,330	
Total	<u>572,655</u>	<u>45,856</u>	<u>526,799</u>	March 2020
<u>Wastewater treatment facility:</u>				
Engineering	1,700,000	1,520,786	179,214	
Contractor	21,693,477	21,674,116	19,361	
Total	<u>23,393,477</u>	<u>23,194,902</u>	<u>198,575</u>	December 2019
<u>Lincoln Avenue water main:</u>				
Engineering	558,817	443,814	115,003	
Contractor	2,851,290	2,391,497	459,793	
Total	<u>3,410,107</u>	<u>2,835,311</u>	<u>574,796</u>	September 2020
	<u>\$ 27,376,239</u>	<u>\$ 26,076,069</u>	<u>\$ 1,300,170</u>	

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

NOTE D – OTHER NOTES, continued

4. Interlocal Agreements

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

<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)
York County	Continuous	Combined communications
Law Enforcement Agencies in the following counties in Nebraska: Nuckolls, Saline, Fillmore, Hamilton, and York	2017-2018	Rural Apprehension Program (RAP)
York Public School District	Life of sales tax	LB 357, 1/2% Sales Tax for Infrastructure
York Rural Fire District	Continuous	Fire protection

5. CDBG Housing Loans

At September 30, 2019, the City has one outstanding CDBG Housing Rehab loan totaling \$4,625. This loan is forgiven over time. The City also has 14 outstanding CDBG Downpayment Assistance (DPA) loans totaling \$175,900. 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, 2019

NOTE D – OTHER NOTES, continued

6. Tax Abatements, continued

Information relevant to the abatements granted by the CDA for the year ended September 30, 2019 is as follows:

<u>TIF Project:</u>	<u>Years Remaining on TIF Agreements</u>	<u>2019 TIF Valuation</u>	<u>TIF Proceeds Received during the year 9-30-2019</u>
Scannell/Pioneer	4	\$ 9,003,978	\$ 167,185
Nolan	0	503,076	9,226
United Farmers Coop	3	1,704,009	30,176
Levander	14	337,164	5,887
Beaver Creek	14	460,638	<u>8,175</u>
			\$ <u>220,649</u>

7. Subsequent Events

Management has evaluated subsequent events through January 29, 2020, the date on which the financial statements were available for issue.

SUPPLEMENTARY INFORMATION

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

Year ended September 30, 2019

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 1,568,817	\$ 1,612,735	\$ 43,918
Motor vehicle	165,000	190,728	25,728
Occupation/franchise	2,523,800	2,864,511	340,711
Sales tax	3,300,000	3,413,235	113,235
Intergovernmental	348,336	308,788	(39,548)
Charges for services	1,373,275	1,301,320	(71,955)
Grants	15,500	16,371	871
Contributions	8,500	70,174	61,674
Interest income	26,390	63,649	37,259
Other	12,300	13,888	1,588
	9,341,918	9,855,399	513,481
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Administrative	991,337	888,390	(102,947)
Public safety:			
Police	2,128,928	1,987,646	(141,282)
Fire/EMS	2,046,758	1,860,444	(186,314)
Police pension	67,071	15,001	(52,070)
Fire pension	171,345	159,712	(11,633)
Total public safety	4,414,102	4,022,803	(391,299)
Environment and leisure:			
Auditorium	150,941	113,084	(37,857)
Parks	454,837	344,073	(110,764)
Community center	493,915	452,643	(41,272)
Aquatic center	311,112	253,107	(58,005)
Ball park	375,096	375,302	206
Senior center	12,749	15,496	2,747
Convention center	471,994	448,133	(23,861)
Library	423,243	425,920	2,677
Total environment and leisure	2,693,887	2,427,758	(266,129)
Total charges to appropriations	8,099,326	7,338,951	(760,375)
Excess of revenues over charges to appropriations before transfers	1,242,592	2,516,448	1,273,856
TRANSFERS TO OTHER FUNDS	(1,208,520)	(1,117,288)	91,232
RESOURCES OVER CHARGES TO APPROPRIATIONS	\$ 34,072	\$ 1,399,160	\$ 1,365,088

CITY OF YORK, NEBRASKA

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

Year ended September 30, 2019

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Special assessments	\$ 21,167	\$ 14,480	\$ (6,687)
Sales tax	240,000	267,807	27,807
Intergovernmental	1,083,277	1,082,915	(362)
Charges for services	6,000	5,251	(749)
Grants	4,687	-	(4,687)
Interest income	8,000	5,173	(2,827)
Other	20,000	30,256	10,256
	<hr/>	<hr/>	<hr/>
Total resources	1,383,131	1,405,882	22,751
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Street operations and maintenance	1,451,724	1,241,230	(210,494)
Capital outlay	79,450	15,718	(63,732)
Principal payments on debt	-	39,563	39,563
Interest expense	-	8,887	8,887
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	1,531,174	1,305,398	(225,776)
Excess (deficiency) of revenues over charges to appropriations before transfers	(148,043)	100,484	248,527
TRANSFERS FROM OTHER FUNDS	148,043	148,043	-
	<hr/>	<hr/>	<hr/>
RESOURCES OVER CHARGES TO APPROPRIATIONS	\$ -	\$ 248,527	\$ 248,527
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF YORK, NEBRASKA

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

Year ended September 30, 2019

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Charges for services	\$ 250,500	\$ 325,089	\$ 74,589
Grants	-	58,338	58,338
Interest income	4,800	7,819	3,019
	<hr/>	<hr/>	<hr/>
Total resources	255,300	391,246	135,946
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Airport	405,697	364,074	(41,623)
Capital outlay	6,000	56,997	50,997
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	411,697	421,071	9,374
Excess (deficiency) of revenues over charges to appropriations before transfers	(156,397)	(29,825)	126,572
TRANSFERS FROM OTHER FUNDS	156,397	90,915	(65,482)
	<hr/>	<hr/>	<hr/>
RESOURCES OVER CHARGES TO APPROPRIATIONS	\$ -	\$ 61,090	\$ 61,090
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF YORK, NEBRASKA

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

Year ended September 30, 2019

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Special assessments	\$ -	\$ 3,310	\$ 3,310
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Principal payments	770,000	770,000	-
Interest expense	131,580	131,580	-
Bond fees	2,500	2,500	-
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	904,080	904,080	-
	<hr/>	<hr/>	<hr/>
Deficiency of revenues over charges to appropriations before transfers	(904,080)	(900,770)	3,310
	<hr/>	<hr/>	<hr/>
TRANSFERS FROM OTHER FUNDS	904,080	904,080	-
	<hr/>	<hr/>	<hr/>
RESOURCES OVER CHARGES TO APPROPRIATIONS	<u>\$ -</u>	<u>\$ 3,310</u>	<u>\$ 3,310</u>

CITY OF YORK, NEBRASKA

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

Year ended September 30, 2019

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Sales tax	\$ 1,150,000	\$ 1,227,015	\$ 77,015
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Environment and leisure	117,655	132,592	14,937
Capital outlay	1,255,000	428,768	(826,232)
Principal payments	415,000	415,000	-
Interest expense	248,923	248,922	(1)
Bond fees	500	1,000	500
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	2,037,078	1,226,282	(810,796)
	<hr/>	<hr/>	<hr/>
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	\$ (887,078)	\$ 733	\$ 887,811
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF YORK, NEBRASKA

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

Year ended September 30, 2019

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	\$ 9,855,399	\$ 1,405,882	\$ 391,246	\$ 3,310	\$ 1,227,015
Differences - budget to MAB:					
Cash to MAB adjustments	<u>83,043</u>	<u>24,035</u>	<u>(9,414)</u>	<u>3,141</u>	<u>19,994</u>
Total revenues as reported on the statement of revenues, expen- ditures, and changes in fund balances - governmental funds	<u><u>\$ 9,938,442</u></u>	<u><u>\$ 1,429,917</u></u>	<u><u>\$ 381,832</u></u>	<u><u>\$ 6,451</u></u>	<u><u>\$ 1,247,009</u></u>
Uses/outflows of resources:					
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 7,338,951	\$ 1,305,398	\$ 421,071	\$ 904,080	\$ 1,226,282
Differences - budget to MAB:					
Cash to MAB adjustments	<u>(102,229)</u>	<u>36,918</u>	<u>8,606</u>	<u>(4,446)</u>	<u>(17,480)</u>
Total expenditures as reported on the statement of revenues, expen- ditures, and changes in fund balances - governmental funds	<u><u>\$ 7,236,722</u></u>	<u><u>\$ 1,342,316</u></u>	<u><u>\$ 429,677</u></u>	<u><u>\$ 899,634</u></u>	<u><u>\$ 1,208,802</u></u>

CITY OF YORK, NEBRASKA

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

September 30, 2019

	Capital Projects Fund	CDBG Fund	Special Revenue Funds	
			Keno Fund	Sinking Fund
ASSETS				
Cash and cash equivalents	\$ 151,131	\$ 543,921	\$ 12,186	\$ 294,781
Certificates of deposit	437,736	-	35,294	850,949
Due from other governments	-	49,388	-	-
Inventory	-	210,420	-	1,539
Accrued interest receivable	4,582	(170)	369	8,575
	Total assets	\$ 803,559	\$ 47,849	\$ 1,155,844
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 43,482	\$ -	\$ -
Fund balances:				
Restricted for:				
Economic development	-	-	-	-
Federal programs	-	760,077	-	-
Capital projects	593,449	-	-	-
Community betterment	-	-	47,849	-
Public safety	-	-	-	-
Assigned for:				
Industrial Park development	-	-	-	1,155,844
	Total fund balances	760,077	47,849	1,155,844
	Total liabilities and fund balances	\$ 803,559	\$ 47,849	\$ 1,155,844

<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
<u>E911 Fund</u>	<u>TIF Fund</u>	
\$ 13,661	\$ 131,545	\$ 1,147,225
39,570	381,009	1,744,558
-	-	49,388
-	-	211,959
414	3,988	17,758
<u>\$ 53,645</u>	<u>\$ 516,542</u>	<u>\$ 3,170,888</u>
\$ -	\$ -	\$ 43,482
-	516,542	516,542
-	-	760,077
-	-	593,449
-	-	47,849
53,645	-	53,645
<u>-</u>	<u>-</u>	<u>1,155,844</u>
<u>53,645</u>	<u>516,542</u>	<u>3,127,406</u>
<u>\$ 53,645</u>	<u>\$ 516,542</u>	<u>\$ 3,170,888</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, 2019

	Capital Projects Fund	CDBG Fund	Special Revenue Funds Keno Fund	Sinking Fund
REVENUES				
TIF proceeds	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	20,523
Grants	170,129	670,775	-	-
Contributions	-	-	-	-
Keno proceeds	-	-	12,521	-
Loan collections	-	87,841	-	159,614
Interest income	4,197	1,368	905	21,688
Total revenues	<u>174,326</u>	<u>759,984</u>	<u>13,426</u>	<u>201,825</u>
EXPENDITURES				
General government	-	-	2,253	-
Economic development	-	484,882	-	17,250
Public works	11,895	-	-	-
Capital outlay	-	-	-	6,500
Principal payments on debt	-	-	-	-
Interest on long-term debt	-	-	-	-
Total expenditures	<u>11,895</u>	<u>484,882</u>	<u>2,253</u>	<u>23,750</u>
Excess (deficiency) of revenues over expenditures before transfers	162,431	275,102	11,173	178,075
INTERFUND TRANSFERS				
Transfer to other funds	-	-	-	(25,750)
Net change in fund balances	162,431	275,102	11,173	152,325
Fund balances - September 30, 2018	<u>431,018</u>	<u>484,975</u>	<u>36,676</u>	<u>1,003,519</u>
Fund balances - September 30, 2019	<u>\$ 593,449</u>	<u>\$ 760,077</u>	<u>\$ 47,849</u>	<u>\$ 1,155,844</u>

Special Revenue Funds		Total Nonmajor Governmental Funds
E911 Fund	TIF Fund	
\$ -	\$ 220,649	\$ 220,649
9,848	-	30,371
-	-	840,904
-	27,161	27,161
-	-	12,521
-	-	247,455
1,064	3,560	32,782
<u>10,912</u>	<u>251,370</u>	<u>1,411,843</u>
-	-	2,253
-	174,696	676,828
-	-	11,895
17,742	-	24,242
-	17,310	17,310
-	5,627	5,627
<u>17,742</u>	<u>197,633</u>	<u>738,155</u>
(6,830)	53,737	673,688
-	-	(25,750)
(6,830)	53,737	647,938
<u>60,475</u>	<u>462,805</u>	<u>2,479,468</u>
<u>\$ 53,645</u>	<u>\$ 516,542</u>	<u>\$ 3,127,406</u>

CITY OF YORK, NEBRASKA

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

Year ended September 30, 2019

	<u>General</u>	<u>Auditorium</u>	<u>Parks</u>	<u>Police</u>	<u>Community Center</u>
REVENUES					
Taxes:					
General property tax	\$ 1,612,735	\$ -	\$ -	\$ -	\$ -
Motor vehicle tax	190,728	-	-	-	-
Sales tax	3,428,694	-	-	-	-
Occupation/franchise	2,864,511	-	-	-	-
Intergovernmental revenue:					
County funding	-	-	-	-	-
Rural fire district	-	-	-	-	-
Charges for services	61,179	20,686	-	3,024	98,736
Grants	-	-	-	5,027	-
Contributions	-	-	2,595	100	5,127
Interest income	69,941	-	-	7	-
Other revenues	5,098	-	1,867	2,293	1,244
Total revenues	<u>8,232,886</u>	<u>20,686</u>	<u>4,462</u>	<u>10,451</u>	<u>105,107</u>
EXPENDITURES					
Personnel services:					
Salaries and benefits	442,296	42,605	221,798	1,472,521	300,775
Operating expenses:					
Insurance	71,809	-	21,756	29,784	5,490
Advertising/publicity	110,038	-	-	-	2,201
Contract labor/outside services	41,103	6,689	-	14,823	12,086
Professional fees	53,913	-	-	-	-
Meetings, seminars, and dues	41,329	-	130	17,706	1,488
Repairs and maintenance	5,452	10,477	33,843	64,442	30,045
Printing, postage, and publications	3,341	-	-	-	-
Transportation	-	-	5,059	21,687	-
Utilities and telephone	39,298	39,744	28,262	227,190	47,765
Total operating expenses	<u>366,283</u>	<u>56,910</u>	<u>89,050</u>	<u>375,632</u>	<u>99,075</u>
Supplies	11,016	13,406	16,167	8,085	38,957
Other expenses	75,813	163	17,058	12,316	13,836
Capital outlay	9,845	-	-	-	-
Total expenditures	<u>905,253</u>	<u>113,084</u>	<u>344,073</u>	<u>1,868,554</u>	<u>452,643</u>
Excess (deficiency) of revenues over expenditures before transfers	7,327,633	(92,398)	(339,611)	(1,858,103)	(347,536)
TRANSFERS (TO) FROM OTHER FUNDS	<u>(6,519,976)</u>	<u>124,441</u>	<u>452,637</u>	<u>2,068,380</u>	<u>381,815</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AFTER TRANSFERS	<u>\$ 807,657</u>	<u>\$ 32,043</u>	<u>\$ 113,026</u>	<u>\$ 210,277</u>	<u>\$ 34,279</u>

Aquatic Center	Ball Park	Senior Center	Convention Center	Fire/EMS	Library	Police Pension	Fire Pension	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,612,735
-	-	-	-	-	-	-	-	190,728
-	-	-	-	-	-	-	-	3,428,694
-	-	-	-	-	-	-	-	2,864,511
-	-	-	-	222,750	17,500	-	-	240,250
-	-	-	-	68,538	-	-	-	68,538
80,531	183,107	-	351,911	547,235	5,769	-	-	1,352,178
-	-	-	11,344	-	-	-	-	16,371
-	-	-	-	60,855	1,497	-	-	70,174
-	98	-	-	1,183	(144)	3,818	5,472	80,375
330	208	-	37	219	2,592	-	-	13,888
<u>80,861</u>	<u>183,413</u>	<u>-</u>	<u>363,292</u>	<u>900,780</u>	<u>27,214</u>	<u>3,818</u>	<u>5,472</u>	<u>9,938,442</u>
140,460	159,877	-	229,171	1,284,728	317,119	15,001	159,712	4,786,063
11,224	11,099	-	11,443	99,447	4,086	-	-	266,138
1,346	656	-	-	-	-	-	-	114,241
7,683	13,843	-	25,022	78,274	20,767	-	-	220,290
-	-	-	-	-	-	-	-	53,913
3,216	800	-	979	9,753	40	-	-	75,441
13,238	35,998	3,853	40,786	41,120	12,029	-	-	291,283
-	-	-	-	-	2,595	-	-	5,936
-	4,202	-	-	20,622	-	-	-	51,570
44,045	41,986	11,643	74,625	243,939	19,318	-	-	817,815
<u>80,752</u>	<u>108,584</u>	<u>15,496</u>	<u>152,855</u>	<u>493,155</u>	<u>58,835</u>	<u>-</u>	<u>-</u>	<u>1,896,627</u>
26,486	82,037	-	26,644	64,380	9,947	-	-	297,125
5,409	9,204	-	39,463	6,032	40,019	-	-	219,313
-	15,600	-	-	12,149	-	-	-	37,594
<u>253,107</u>	<u>375,302</u>	<u>15,496</u>	<u>448,133</u>	<u>1,860,444</u>	<u>425,920</u>	<u>15,001</u>	<u>159,712</u>	<u>7,236,722</u>
(172,246)	(191,889)	(15,496)	(84,841)	(959,664)	(398,706)	(11,183)	(154,240)	2,701,720
<u>203,087</u>	<u>225,096</u>	<u>12,749</u>	<u>138,744</u>	<u>1,164,220</u>	<u>396,993</u>	<u>65,681</u>	<u>168,845</u>	<u>(1,117,288)</u>
<u>\$ 30,841</u>	<u>\$ 33,207</u>	<u>\$ (2,747)</u>	<u>\$ 53,903</u>	<u>\$ 204,556</u>	<u>\$ (1,713)</u>	<u>\$ 54,498</u>	<u>\$ 14,605</u>	<u>\$ 1,584,432</u>

SINGLE AUDIT REPORTS

CITY OF YORK, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2019

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Expenditures</u>
<u>U.S. Department of Transportation</u>			
Passed Through Nebraska Department of Transportation:			
Airport Improvement Program	20.106	3-31-0104-013	\$ 48,147
Highway Safety Cluster:			
National Priority Safety Programs	20.616	405D-19-51	<u>919</u>
Total passed through Nebraska Department of Transportation			49,066
<u>Environmental Protection Agency</u>			
Passed Through the Nebraska Department of Environmental Quality:			
Capitalization Grants for Clean Water-SRF	66.458	47-6006423	1,631,214
Capitalization Grants for Drinking Water-SRF	66.468	47-6006423	<u>2,104,902</u> *
Total passed through Nebraska Department of Environmental Quality			3,736,116
<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>684,640</u> *
Total Expenditures of Federal Awards			<u><u>\$ 4,469,822</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, 2019, and the related notes to the financial statements, which collectively comprise the City’s financial statements, and have issued our report thereon dated January 29, 2020. 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.

SHAREHOLDERS:
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A PROFESSIONAL
CORPORATION

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

AMGL, P.C.

Grand Island, Nebraska
January 29, 2020

**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, 2019. 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.

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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, 2019.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2019-002 and 2019-003 that we consider to be material weaknesses.

The City of York, Nebraska's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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.

DMGL, PC.

Grand Island, Nebraska
January 29, 2020

CITY OF YORK, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended September 30, 2019

1. A summary of auditor's results:

- (i) Unmodified opinions were issued on all opinion units of the City of York, Nebraska, as of September 30, 2019.
- (ii) One significant deficiency disclosed during the audit of the financial statements is reported in the "Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*." The deficiency is not reported as a material weakness.
- (iii) The audit did not disclose any instances of noncompliance which are material to the financial statements of the City of York, Nebraska.
- (iv) The audit disclosed two material weaknesses 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 disclosed two audit findings which are required to be reported under 2 CFR section 200.516(a).
- (vii) Major Program: CFDA #66.468 – Capitalization Grants for Clean Drinking Water SRF and #14.228 – Community Development Block Grants.
- (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.

2019-001

Condition: There is not adequate segregation of duties.

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

Cause: There are a limited number of accounting personnel.

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

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

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

CITY OF YORK, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued

Year ended September 30, 2019

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

2019-002 (CFDA #66.468 – Material Weakness over Reporting)

Condition: The City failed to establish a well-defined process for financial reporting relating to Federal awards that properly oversaw the tracking, reporting, and submission of grant/loan drawdown requests.

Criteria: Management is responsible for establishing a well-defined process for financial reporting relating to Federal awards that properly oversees the tracking, reporting, and submission of the grant/loan drawdown requests.

Cause: The City had staffing turnover that led to a failure to ensure that procedures and reporting were taken over by the proper responsible parties in the interim.

Effect: The delay in submitting grant/loan drawdown requests resulted in the reissuance of the September 30, 2018 Single Audit due to the change in character of \$435,767 of DEQ loan proceeds from State to Federal source which occurred over two years after the initial project expenditures.

Recommendation: We recommend that all grant/loan drawdown requests be made timely in order to ensure proper identification of Federal awards and reestablish a well-defined process for reporting in relation to Federal awards.

Views of Responsible Officials and Planned Corrective Actions: The City relied on an employee who is no longer with the City. The City is committed to establishing a well-defined process for reporting in relation to Federal awards. In addition, the City submitted a request for fiscal year 2018 and 2019 expenses on December 26, 2019 and plans to timely submit future requests in the future in order to ensure proper identification of Federal Awards. The City will also implement procedures to ensure that multiple individuals work together overseeing the grant reports.

2019-003 (CFDA #14.228 – Material Weakness over Reporting)

Condition: The City failed to establish a well-defined process for financial reporting relating to Federal awards that properly oversaw the tracking, reporting, and submission of grant expenses to Southeast Nebraska Development District (SENDD).

Criteria: Management is responsible for establishing a well-defined process for financial reporting relating to Federal awards that properly oversees the tracking, reporting, and submission of the grant expenses to SENDD.

Cause: The City started a new CDBG Buy-Rehab-Sell grant during the 2018 fiscal year, but activity increased significantly during the 2019 fiscal year and the City did not to properly track expenses and ensure that all expenses were submitted to SENDD for proper reporting and reimbursement.

CITY OF YORK, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued

Year ended September 30, 2019

Effect: This resulted in the City underreporting Federal expenses for fiscal year 2019 due to improper tracking and has the potential to create compliance issues in future years with program income if the City continues to improperly track and report expenditures to SENDD.

Recommendation: We recommend that the City create a process or tracking system to ensure all Buy-Rehab-Sell expenses are being reported to SENDD and claimed as expenses on grant drawdowns or program income. We also recommend due to the complexities of this program, that the City designate multiple individuals to oversee the project in order to ensure that all documentation being submitted to SENDD is appropriate and accurate and that expenditures of Federal awards are properly identified.

Views of Responsible Officials and Planned Corrective Actions: The City is and always has been committed to doing things right. There has never been a deficiency in reporting of past or current CDBG programs prior to this new program, of which the City was the pilot City. The City acknowledges this was a learning experience for all parties involved (the City, SENDD, and DED). The City is implementing additional procedures for this grant in order to ensure that multiple individuals work together in grant oversight to ensure accurate reporting in the future.

CITY OF YORK, NEBRASKA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended September 30, 2019

Status of audit findings for the year ended September 30, 2018:

2018-002 (CFDA #66.468 Material Weakness over Reporting)

Condition: This finding was a material weakness reported on the reissued Single Audit for the year ended September 30, 2018, stating that the City had failed to establish a well-defined process for financial reporting relating to Federal awards that properly oversaw the tracking, reporting, and submission of grant/loan drawdown requests.

Recommendation: The auditor recommended that all grant/loan drawdown requests be made timely in order to ensure proper identification of Federal awards and reestablish a well-defined process for reporting in relation to Federal awards.

Current Status: The same finding was noted in the 2019 audit. The recommendation was adopted in December 2019 and the City submitted a request for fiscal year 2018 and 2019 expenses on December 26, 2019.