

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of York for the year ended September 30, 2020, and have issued our report thereon dated December 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 17, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of York are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2020. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the collectability of accounts receivable is based on historical utility revenues, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the collectability of accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

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Management's estimate of the depreciation of capital assets is based on the estimated useful life of the capital asset. We evaluated the key factors and assumptions used to develop the depreciation of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Twelve audit adjustments increased the governmental fund balances by \$45,426. Fifteen audit adjustments decreased the net position of the business-type funds by \$3,475,895. Three audit adjustments decreased the net position of the component unit by \$5,029. The following material misstatements detected as a result of audit procedures were corrected by management:

1. Grants receivable and revenue were both decreased \$24,505 to adjust the CDBG grant receivable.
2. Inventory was increased and expenses decreased \$97,000 on the CDBG Fund.
3. Grain inventory was decreased and farm expenses increased \$60,280 on the Water Fund.
4. Grants receivable and revenue were both decreased \$282,751 on the Water Fund to adjust the DEQ water grant receivable.
5. Bonds payable were increased and revenue decreased \$2,213,351 to adjust the Water Fund DEQ loan proceeds to a liability.
6. Accrued interest payable and interest expense were increased \$104,142 on the business-type funds.
7. Unbilled revenue and revenue were both increased \$94,385 on the business-type funds.
8. The liability for landfill closure/post-closure costs was increased \$149,141 with a corresponding increase to expense.
9. Hotel occupation tax receivable and revenue were both decreased \$25,413 on the General Fund.

10. Ambulance accounts receivable and revenue were both decreased \$20,254 to adjust the uncollectible accounts to estimate.
11. The liability for health insurance claims incurred but not paid was decreased \$39,265 with a corresponding decrease to expense on the internal service fund.
12. Capital assets were increased and expenses were decreased \$1,306,952 to capitalize assets on the utility funds.
13. Depreciation expense of \$2,099,483 was recorded on the utility funds.
14. Kilgore Library Foundation equity was increased \$17,862, with an increase of \$6,680 to accrued interest receivable and a decrease of \$11,182 to revenue.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 30, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In connection with our audit of the financial statements of the City of York as of September 30, 2020, we noted certain matters that we believe you should consider. Our observations were

formed as a by-product of our audit procedures, which did not include a comprehensive review for the purpose of submitting detailed recommendations.

1. During the year ended September 30, 2020, an Agency Fund was established at the York Community Foundation for the benefit of the City's Parks and Recreation Department. The account had a value of \$1,004.31 at September 30, 2020, but was not recorded on the City's books. The value of this Agency Fund should be recorded as an asset of the City's General Fund.
2. At September 30, 2020, bank balances at York State Bank exceeded FDIC coverage by \$9,760 for the Kilgore Library Foundation. We recommend requesting the bank to assign additional collateral or transferring excess cash to another financial institution.
3. During our audit, we noted the CD balances are being updated correctly for interest as it is paid by the bank. However, accrued interest receivable was not recorded at September 30, 2020. We recommend obtaining a report from the bank each month to calculate accrued interest that has not yet been paid by the bank on CD balances.
4. During our authorized check signers test, we noted all checks were being signed by Jean Thiele, and Jean was also stamping the Mayor's signature. This process eliminates the control of having dual signatures on checks. We recommend having the Mayor physically sign the checks to make the dual signature control effective.
5. During our audit, we noted there was no documentation for the 5 percent increase in wages to employees for working outside their departments when needed. We recommend adding this policy to the personnel manual.
6. During our audit of detailed payroll, we noticed that one employee selected for testing did not have documentation of his wage rate. We recommend documenting rates of pay for all employees.
7. During our audit, we noticed that per control policies, department heads and Jean are supposed to review timecards. We recommend having the department heads and Jean initial and date the timecards to document this review control was performed.

Other Matters

We were engaged to report on the nonmajor governmental funds combining statements, statement of general fund departmental revenue and expenditures, and schedule of expenditures of federal awards which accompany the financial statements but are not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the

supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the management's discussion and analysis and budgetary comparison schedules, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the City Council and management of the City of York and is not intended to be and should not be used by anyone other than these specified parties.

AMGL, P.C.

Grand Island, Nebraska
December 30, 2020

CITY OF YORK, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2020

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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, 2020, 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, 2020, 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 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.

The management's discussion and analysis and budgetary comparison schedules, which are the responsibility of management, have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 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
December 30, 2020

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

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, 2020.

Financial Highlights

- The assets of the City of York exceeded its liabilities at the close of the most recent fiscal year by \$66,345,606 (*net position*). Of this amount, \$18,870,210 (*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 \$31,764,743, with an unrestricted net position balance of \$7,861,616.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,503,751, 56.0 percent of total General Fund expenditures for the year ended September 30, 2020.

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 and other 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, 2020

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, CDBG 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 presentation.

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

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, CDBG, 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 and other information* concerning the City of York's budgetary comparison schedules, combining nonmajor statements, and general fund departmental revenue and expenditures. Supplementary and other 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 \$66,345,606 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, 2020

Summary Statements of Net Position

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Current and Other Assets	\$ 30,603,986	\$ 25,240,980	\$ 5,363,006
Capital Assets	<u>83,734,535</u>	<u>85,253,578</u>	<u>(1,519,043)</u>
Total Assets	114,338,521	110,494,558	3,843,963
Long-term Liabilities	41,938,860	42,470,172	(531,312)
Other Liabilities	<u>6,054,055</u>	<u>4,650,811</u>	<u>1,403,244</u>
Total Liabilities	<u>47,992,915</u>	<u>47,120,983</u>	<u>871,932</u>
Net Position:			
Net Investment in Capital Assets	41,957,167	42,897,328	(940,161)
Restricted	5,518,229	5,862,910	(344,681)
Unrestricted	<u>18,870,210</u>	<u>14,613,337</u>	<u>4,256,873</u>
Total Net Position	<u>\$ 66,345,606</u>	<u>\$ 63,373,575</u>	<u>\$ 2,972,031</u>

A large portion of the City of York's net position (63.2 percent) reflects its investment in capital assets (land, infrastructure, buildings, distribution systems, vehicles, and equipment), net of any related debt used to acquire those assets that is still outstanding. The City of York uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of York's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of York's net position (8.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$18,870,210) 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, 2020

Expenses and Program Revenues – Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2020</u>		<u>Year Ended September 30, 2019</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 54,826	\$ 833,386	\$ 61,180	\$ 900,201
Economic Development	1,129,491	1,264,896	732,341	694,137
Public Safety	937,617	3,784,910	917,377	3,826,787
Public Works	183,929	1,574,430	180,030	1,290,806
Environment and Leisure	771,792	2,194,218	778,803	2,525,164
Airport	281,403	316,712	369,193	372,681
Interest and fees	-	369,225	-	391,176
Depreciation	-	2,475,577	-	2,460,960
Total	<u>\$ 3,359,058</u>	<u>\$ 12,813,354</u>	<u>\$ 3,038,924</u>	<u>\$ 12,461,912</u>

Revenues by Source – Governmental Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2020</u>			<u>Year Ended September 30, 2019</u>		
Charges for Services	\$ 1,244,906	8.49	%	\$ 1,757,181	12.38	%
Operating Grants and Contributions	1,501,582	10.24		991,712	6.99	
Capital Grants and Contributions	612,570	4.18		290,031	2.04	
Property Taxes	1,962,886	13.39		1,612,735	11.36	
Motor Vehicle Taxes	202,071	1.38		190,728	1.34	
Occupation/Franchise	2,361,298	16.11		2,864,511	20.18	
Sales Tax	5,195,695	35.45		4,925,602	34.70	
Special Assessments	104,811	0.71		32,081	0.23	
TIF Proceeds	257,878	1.76		220,649	1.55	
State Allocation	1,067,778	7.28		1,073,637	7.56	
Keno Proceeds	4,153	0.03		12,521	0.09	
Loss on Sale of Capital Assets	(14,601)	(0.10)		-	-	
Miscellaneous	14,365	0.10		52,848	0.37	
Interest	143,062	0.98		171,871	1.21	
Total	<u>\$ 14,658,454</u>	<u>100.00</u>	<u>%</u>	<u>\$ 14,196,107</u>	<u>100.00</u>	<u>%</u>

Net position of the governmental funds increased \$1,845,100 during the year ended September 30, 2020.

Business-type activities. Business-type activities increased the City of York's net position by \$1,126,931. Key elements of this increase are as follows:

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

Expenses and Program Revenues – Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2020</u>		<u>Year Ended September 30, 2019</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Water	\$ 2,580,966	\$ 1,718,296	\$ 2,369,058	\$ 1,605,918
Sewer	2,692,030	2,921,333	2,440,236	1,458,271
Landfill	1,464,115	1,186,560	1,610,626	1,093,515
Total	<u>\$ 6,737,111</u>	<u>\$ 5,826,189</u>	<u>\$ 6,419,920</u>	<u>\$ 4,157,704</u>

Revenues by Source – Business-type Activities

<u>SOURCES OF REVENUE</u>	<u>Year Ended September 30, 2020</u>		<u>Year Ended September 30, 2019</u>	
Charges for Services	\$ 6,629,271	95.34 %	\$ 6,088,480	91.91 %
Capital Contributions and Grants	107,840	1.55	331,440	5.00
Gain on Sale of Assets	27,404	0.40	12	-
Interest	188,605	2.71	204,659	3.09
Total	<u>\$ 6,953,120</u>	<u>100.00 %</u>	<u>\$ 6,624,591</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 \$11,516,277. The unassigned fund balance is \$4,503,751, 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 (\$313,987), 2) restricted for debt service (\$435,507), 3) restricted for economic development (\$565,862), 4) restricted for capital projects (\$2,700,974), 5) restricted for

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

community betterment (\$44,175), 6) restricted for public safety (\$54,778), 7) restricted for street improvements (\$934,946), 8) assigned for other purposes (\$1,801,881) or 9) put into a nonspendable prepaid asset (\$160,416).

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 \$4,503,751, or 56.0 percent of annual expenditures. Total General Fund balance was \$4,635,621, or 57.6 percent of annual General Fund expenditures.

The fund balance of the City of York's General Fund increased by \$1,488,620 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 – \$6,683,760, Sewer Fund – \$3,061,612, and Landfill Fund – \$1,263,222. The change in net position for the proprietary funds was as follows: Water Fund – increase of \$990,148, Sewer Fund – decrease of \$(191,638), and Landfill Fund – increase of \$328,421. 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, 2020.

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, 2020, amounts to \$83,734,535 (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:

- 2020 Chevy Tahoe for police - \$49,546
- 2020 Case Farmall 120C tractor - \$31,000
- Three Stryker MTS power load cots - \$97,941
- 2019 Bobcat excavator – \$49,690
- Construction costs on Quiet Zone - \$685,781
- Construction in progress on auditorium remodeling project - \$803,690
- 2019 Cat dozer for landfill - \$456,249

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

- Storage building at wastewater treatment plant - \$47,280
- Construction in progress on Lincoln Avenue water main - \$728,754

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

	<u>Year Ended September 30, 2020</u>			<u>Year Ended September 30, 2019</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Land	\$ 1,918,694	\$ 632,667	\$ 2,551,361	\$ 1,953,552	\$ 632,667	\$ 2,586,219
Construction in Progress	928,995	3,768,368	4,697,363	930,721	29,027,850	29,958,571
Infrastructure	8,172,397	-	8,172,397	7,516,800	-	7,516,800
Buildings and Improvements	17,557,551	3,138,764	20,696,315	18,492,399	3,244,349	21,736,748
Distribution Systems	-	41,449,188	41,449,188	-	16,985,185	16,985,185
Equipment	1,524,477	2,965,983	4,490,460	1,607,733	2,787,169	4,394,902
Vehicles	1,261,774	415,677	1,677,451	1,589,195	485,958	2,075,153
Total	<u>\$ 31,363,888</u>	<u>\$ 52,370,647</u>	<u>\$ 83,734,535</u>	<u>\$ 32,090,400</u>	<u>\$ 53,163,178</u>	<u>\$ 85,253,578</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, 2020</u>			<u>Year Ended September 30, 2019</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Bonds Payable	\$ 12,345,000	\$ 3,050,000	\$ 15,395,000	\$ 13,430,000	\$ 3,310,000	\$ 16,740,000
Capital Lease	-	399,869	399,869	-	611,826	611,826
Notes Payable	165,990	25,816,509	25,982,499	226,022	24,778,402	25,004,424
Total	<u>\$ 12,510,990</u>	<u>\$ 29,266,378</u>	<u>\$ 41,777,368</u>	<u>\$ 13,656,022</u>	<u>\$ 28,700,228</u>	<u>\$ 42,356,250</u>

The City of York's total debt decreased by \$578,882 (1.4 percent) during the current fiscal year as advances of \$2,213,351 were drawn on the DEQ water note payable and scheduled principal payments were made.

The City of York does not have a bond rating.

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

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 2020 Taxable Valuation	\$581,312,904
Total General Obligation and Limited Tax Obligation Debt	12,510,990
Total Revenue Debt	29,266,378
Total Sales Tax Revenues	5,195,695

Economic Factors and Next Year’s Budgets and Rates

- Property tax asking for the year ending September 30, 2021 of \$1,918,333 is \$50,801 (2.7 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 conduct rate studies to determine increases to the water, sewer and landfill rates during the year ending September 30, 2021.
- A \$70,000 feasibility study will begin in January 2021 to identify potential flood risk reduction and mitigation measures in and around York.
- The City has remaining contractual commitments of \$2,766,108 on the auditorium remodeling project, which is expected to be completed by February 2021, and \$1,443,054 on the Community Center remodeling project which is expected to be completed by June 2021. The City expects to issue limited tax obligation bonds, which will be paid by future LB357 tax collections, to finance these projects.
- The City has remaining contractual commitments of \$596,408 on the Lincoln Avenue water main project, which is expected to be completed by December 2020.

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, 2020

	Primary Government			Component Unit (Accrual Basis)
	Governmental Activities (Modified Accrual Basis)	Business-type Activities (Accrual Basis)	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,115,953	\$ 3,256,777	\$ 5,372,730	\$ 88,028
Certificates of deposit	5,058,386	7,640,748	12,699,134	1,099,915
County treasurer cash	78,222	-	78,222	-
Accounts receivable	296,681	434,655	731,336	-
Unbilled revenue	-	496,600	496,600	-
Special assessments receivable	632,186	-	632,186	-
Due from other governments	1,503,329	107,840	1,611,169	-
Current portion of notes receivable	169,430	-	169,430	-
Accrued interest receivable	7,656	7,365	15,021	3,073
Prepaid expenses	160,416	37,394	197,810	-
Inventory	126,089	40,877	166,966	-
Total current assets	<u>10,148,348</u>	<u>12,022,256</u>	<u>22,170,604</u>	<u>1,191,016</u>
Noncurrent assets:				
Restricted cash and cash equivalents	1,624,915	100,945	1,725,860	-
Restricted certificates of deposit	3,493,460	2,998,366	6,491,826	-
Noncurrent portion of notes receivable	215,696	-	215,696	-
Capital assets:				
Land	1,918,694	632,667	2,551,361	35,840
Construction in progress	928,995	3,768,368	4,697,363	-
Other capital assets, net of depreciation	28,516,199	47,969,612	76,485,811	-
Net capital assets	<u>31,363,888</u>	<u>52,370,647</u>	<u>83,734,535</u>	<u>35,840</u>
Total noncurrent assets	<u>36,697,959</u>	<u>55,469,958</u>	<u>92,167,917</u>	<u>35,840</u>
Total assets	<u>46,846,307</u>	<u>67,492,214</u>	<u>114,338,521</u>	<u>1,226,856</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,308,800	434,142	1,742,942	-
Claims incurred but not paid	63,674	-	63,674	-
Accrued wages and vacation	234,558	32,420	266,978	-
Accrued interest	158,519	161,240	319,759	-
Sales tax payable	616	28,070	28,686	-
Customer deposits	1,000	100,945	101,945	-
Unavailable special assessments	610,681	-	610,681	-
Current portion of long-term obligations	1,163,601	1,755,789	2,919,390	-
Total current liabilities	<u>3,541,449</u>	<u>2,512,606</u>	<u>6,054,055</u>	<u>-</u>
Noncurrent liabilities:				
Noncurrent compensated absences	192,726	25,645	218,371	-
Accrued closure/post-closure costs	-	2,862,511	2,862,511	-
Noncurrent portion of long-term obligations	11,347,389	27,510,589	38,857,978	-
Total noncurrent liabilities	<u>11,540,115</u>	<u>30,398,745</u>	<u>41,938,860</u>	<u>-</u>
Total liabilities	<u>15,081,564</u>	<u>32,911,351</u>	<u>47,992,915</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	18,852,898	23,104,269	41,957,167	-
Restricted for:				
Street improvements	934,946	-	934,946	-
Debt service	435,507	468,000	903,507	-
Federal programs	313,987	-	313,987	-
Economic development	565,862	-	565,862	-
Capital projects	2,700,974	-	2,700,974	-
Community betterment	44,175	-	44,175	-
Public safety	54,778	-	54,778	-
Unrestricted	7,861,616	11,008,594	18,870,210	1,226,856
Total net position	<u>\$ 31,764,743</u>	<u>\$ 34,580,863</u>	<u>\$ 66,345,606</u>	<u>\$ 1,226,856</u>

See notes to financial statements.

CITY OF YORK, NEBRASKA
STATEMENT OF ACTIVITIES
For the year ended September 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Primary government:			
Governmental activities			
(modified accrual basis):			
General government	\$ 833,386	\$ 54,826	\$ -
Economic development	1,264,896	48,460	1,081,031
Public safety	3,784,910	482,402	390,664
Public works	1,574,430	11,516	12,387
Environment and leisure	2,194,218	413,774	17,500
Airport	316,712	233,928	-
Interest and fees on long-term debt	369,225	-	-
Depreciation - unallocated	2,475,577	-	-
Total governmental activities	12,813,354	1,244,906	1,501,582
Business-type activities			
(accrual basis):			
Water	1,718,296	2,473,126	-
Sewer	2,921,333	2,692,030	-
Landfill	1,186,560	1,464,115	-
Total business-type activities	5,826,189	6,629,271	-
Total primary government	\$ 18,639,543	\$ 7,874,177	\$ 1,501,582
Component unit (accrual basis):			
Kilgore Library Foundation	\$ 4,138	\$ 506	\$ 7,000

See notes to financial statements.

	Net (Expenses) Revenues and Changes in Net Position			
	Primary Government			Component Unit (Accrual Basis)
	Governmental Activities (Modified Accrual Basis)	Business-type Activities (Accrual Basis)	Total	
Capital Grants and Contributions				
\$ -	\$ (778,560)		\$ (778,560)	
-	(135,405)		(135,405)	
64,551	(2,847,293)		(2,847,293)	
160,026	(1,390,501)		(1,390,501)	
340,518	(1,422,426)		(1,422,426)	
47,475	(35,309)		(35,309)	
-	(369,225)		(369,225)	
-	(2,475,577)		(2,475,577)	
<u>612,570</u>	<u>(9,454,296)</u>	<u>\$ -</u>	<u>(9,454,296)</u>	
107,840	-	862,670	862,670	
-	-	(229,303)	(229,303)	
-	-	277,555	277,555	
<u>107,840</u>	<u>-</u>	<u>910,922</u>	<u>910,922</u>	
<u>\$ 720,410</u>	<u>(9,454,296)</u>	<u>910,922</u>	<u>(8,543,374)</u>	
<u>\$ -</u>				\$ 3,368
General revenues:				
Taxes:				
Property	1,962,886	-	1,962,886	-
Motor vehicle	202,071	-	202,071	-
Occupation/franchise	2,361,298	-	2,361,298	-
Sales tax	5,195,695	-	5,195,695	-
Special assessments	104,811	-	104,811	-
TIF proceeds	257,878	-	257,878	-
State allocation	1,067,778	-	1,067,778	-
Keno proceeds	4,153	-	4,153	-
Gain (loss) on sale of capital assets	(14,601)	27,404	12,803	-
Miscellaneous	14,365	-	14,365	-
Interest income	143,062	188,605	331,667	22,112
Total general revenues	<u>11,299,396</u>	<u>216,009</u>	<u>11,515,405</u>	<u>22,112</u>
Change in net position	1,845,100	1,126,931	2,972,031	25,480
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>
Net position - September 30, 2020	<u>\$ 31,764,743</u>	<u>\$ 34,580,863</u>	<u>\$ 66,345,606</u>	<u>\$ 1,226,856</u>

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

September 30, 2020

	<u>General Fund</u>	<u>Street Fund</u>	<u>CDBG Fund</u>	<u>Debt Service Fund</u>
ASSETS				
Cash and cash equivalents	\$ 1,213,055	\$ 346,349	\$ 111,467	\$ 145,333
Certificates of deposit	2,935,225	810,021	81,014	324,218
County treasurer cash	78,222	-	-	-
Accounts receivable	266,703	9,416	-	-
Special assessments receivable	-	488,622	-	143,564
Due from other governments	1,198,186	53,330	24,883	-
Accrued interest receivable	2,637	728	72	292
Inventory	-	-	97,000	-
Prepaid insurance	129,855	23,889	-	-
	<u>\$ 5,823,883</u>	<u>\$ 1,732,355</u>	<u>\$ 314,436</u>	<u>\$ 613,407</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 995,261	\$ 263,165	\$ 449	\$ -
Accrued interest payable	-	1,365	-	36,946
Accrued wages and vacation	191,385	39,263	-	-
Customer deposits	1,000	-	-	-
Sales tax payable	616	-	-	-
Unavailable special assessments	-	469,727	-	140,954
	<u>1,188,262</u>	<u>773,520</u>	<u>449</u>	<u>177,900</u>
Fund balances:				
Nonspendable:				
Prepaid assets	129,855	23,889	-	-
Restricted for:				
Street improvements	-	934,946	-	-
Debt service	-	-	-	435,507
Federal programs	-	-	313,987	-
Economic development	-	-	-	-
Capital projects	-	-	-	-
Community betterment	-	-	-	-
Public safety	2,015	-	-	-
Assigned for:				
Other purposes	-	-	-	-
Unassigned	4,503,751	-	-	-
	<u>4,635,621</u>	<u>958,835</u>	<u>313,987</u>	<u>435,507</u>
Total fund balances	<u>\$ 4,635,621</u>	<u>\$ 958,835</u>	<u>\$ 313,987</u>	<u>\$ 435,507</u>
Total liabilities and fund balances	<u>\$ 5,823,883</u>	<u>\$ 1,732,355</u>	<u>\$ 314,436</u>	<u>\$ 613,407</u>

See notes to financial statements.

<u>LB 357</u> <u>Fund</u>	<u>Other</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
\$ 567,316	\$ 977,180	\$ 3,360,700
1,265,589	2,246,668	7,662,735
-	-	78,222
-	20,562	296,681
-	-	632,186
226,930	-	1,503,329
1,137	1,991	6,857
-	29,089	126,089
-	6,672	160,416
<hr/>	<hr/>	<hr/>
<u>\$ 2,060,972</u>	<u>\$ 3,282,162</u>	<u>\$ 13,827,215</u>
\$ -	\$ 46,689	\$ 1,305,564
120,208	-	158,519
-	3,910	234,558
-	-	1,000
-	-	616
-	-	610,681
<hr/>	<hr/>	<hr/>
120,208	50,599	2,310,938
-	6,672	160,416
-	-	934,946
-	-	435,507
-	-	313,987
-	565,862	565,862
1,940,764	760,210	2,700,974
-	44,175	44,175
-	52,763	54,778
-	1,801,881	1,801,881
-	-	4,503,751
<hr/>	<hr/>	<hr/>
<u>1,940,764</u>	<u>3,231,563</u>	<u>11,516,277</u>
<u>\$ 2,060,972</u>	<u>\$ 3,282,162</u>	<u>\$ 13,827,215</u>

CITY OF YORK, NEBRASKA

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

September 30, 2020

Total fund balances - governmental funds \$ 11,516,277

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. 385,126

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 \$51,622,382 and the accumulated depreciation is \$20,258,494. 31,363,888

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. 1,203,168

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	\$ (12,345,000)	
Note payable	(165,990)	
Noncurrent compensated absences	(192,726)	(12,703,716)

Total net position - governmental activities \$ 31,764,743

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, 2020

	<u>General Fund</u>	<u>Street Fund</u>	<u>CDBG Fund</u>
REVENUES			
Taxes:			
Property	\$ 1,962,886	\$ -	\$ -
Motor vehicle	202,071	-	-
Special assessments	-	98,001	-
Occupation/franchise	2,361,298	-	-
Sales tax	3,628,967	267,804	-
TIF proceeds	-	-	-
Intergovernmental	412,613	1,075,716	-
Charges for services	1,010,405	11,516	-
Grants	893,954	-	505,864
Keno proceeds	-	-	-
Loan collections	-	-	59,661
Contributions	54,568	-	-
Interest income	63,061	13,928	595
Sale of property	-	2,288	-
Insurance proceeds	27,275	-	-
Other	12,382	9,075	-
Total revenues	10,629,480	1,478,328	566,120
EXPENDITURES			
General government	852,965	-	-
Economic development	-	-	1,012,210
Public safety	3,989,879	-	-
Public works	-	1,537,749	-
Environment and leisure	2,226,306	-	-
Airport	-	-	-
Capital outlay	974,973	94,403	-
Principal payments on debt	-	41,157	-
Interest on long-term debt	-	6,872	-
Bond fees	-	-	-
Total expenditures	8,044,123	1,680,181	1,012,210
Excess (deficiency) of revenues over expenses before transfers	2,585,357	(201,853)	(446,090)
INTERFUND TRANSFERS			
Transfer from (to) other funds	(1,096,737)	769,154	-
Net change in fund balances	1,488,620	567,301	(446,090)
Fund balances - September 30, 2019	3,147,001	391,534	760,077
Fund balances - September 30, 2020	\$ 4,635,621	\$ 958,835	\$ 313,987

See notes to financial statements.

Debt Service <u>Fund</u>	LB 357 <u>Fund</u>	Other <u>Funds</u>	Total Governmental <u>Funds</u>
\$ -	\$ -	\$ -	\$ 1,962,886
-	-	-	202,071
6,810	-	-	104,811
-	-	-	2,361,298
-	1,298,924	-	5,195,695
-	-	257,878	257,878
-	-	-	1,488,329
-	-	264,698	1,286,619
-	-	190,026	1,589,844
-	-	4,153	4,153
-	-	164,004	223,665
-	-	28,246	82,814
3,449	9,681	35,833	126,547
-	-	46,949	49,237
-	-	17,475	44,750
-	-	-	21,457
<u>10,259</u>	<u>1,308,605</u>	<u>1,009,262</u>	<u>15,002,054</u>
-	-	8,461	861,426
-	-	233,811	1,246,021
-	-	-	3,989,879
-	-	7,390	1,545,139
-	110,639	-	2,336,945
-	-	324,268	324,268
-	685,781	57,746	1,812,903
670,000	415,000	18,875	1,145,032
114,376	240,415	4,062	365,725
2,500	1,000	-	3,500
<u>786,876</u>	<u>1,452,835</u>	<u>654,613</u>	<u>13,630,838</u>
(776,617)	(144,230)	354,649	1,371,216
<u>791,660</u>	<u>(269,442)</u>	<u>(194,635)</u>	<u>-</u>
15,043	(413,672)	160,014	1,371,216
<u>420,464</u>	<u>2,354,436</u>	<u>3,071,549</u>	<u>10,145,061</u>
<u>\$ 435,507</u>	<u>\$ 1,940,764</u>	<u>\$ 3,231,563</u>	<u>\$ 11,516,277</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, 2020

Total net change in fund balances - governmental funds	\$ 1,371,216
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.	(242,945)
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 (\$1,812,903) was exceeded by depreciation expense (\$2,475,577) in the period.	(662,674)
Basis remaining on capital assets that are disposed of is not reported in the governmental funds. However, the remaining basis reduces the gain on sale of capital assets on the statement of activities.	(63,838)
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.	308,687
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.	(10,378)
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>1,145,032</u>
Change in net position of governmental activities	<u><u>\$ 1,845,100</u></u>

See notes to financial statements.

CITY OF YORK, NEBRASKA

STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS

September 30, 2020

	Enterprise Funds			Total	Internal Service Fund
	Water Fund	Sewer Fund	Landfill Fund		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,933,819	\$ 826,819	\$ 496,139	\$ 3,256,777	\$ 380,168
Certificates of deposit	4,546,694	1,933,714	1,160,340	7,640,748	889,111
Accounts receivable	191,871	242,784	-	434,655	-
Unbilled revenue	260,260	236,340	-	496,600	-
Due from other governments	107,840	-	-	107,840	-
Accrued interest receivable	4,168	1,738	1,459	7,365	799
Prepaid expenses	13,256	16,536	7,602	37,394	-
Inventory	40,877	-	-	40,877	-
Total current assets	7,098,785	3,257,931	1,665,540	12,022,256	1,270,078
Noncurrent assets:					
Restricted cash	100,945	-	-	100,945	-
Restricted certificates of deposit	468,000	-	2,530,366	2,998,366	-
Capital assets:					
Land	24,625	344,330	263,712	632,667	-
Construction in progress	3,494,393	-	273,975	3,768,368	-
Distribution systems	17,527,287	35,570,751	-	53,098,038	-
Buildings and improvements	206,867	-	5,120,650	5,327,517	-
Equipment	1,165,582	5,260,779	2,126,244	8,552,605	-
Vehicles	104,250	651,117	-	755,367	-
Less accumulated depreciation	(7,704,830)	(9,276,035)	(2,783,050)	(19,763,915)	-
Net capital assets	14,818,174	32,550,942	5,001,531	52,370,647	-
Total noncurrent assets	15,387,119	32,550,942	7,531,897	55,469,958	-
Total assets	22,485,904	35,808,873	9,197,437	67,492,214	1,270,078
LIABILITIES					
Current liabilities:					
Accounts payable	313,557	67,812	52,773	434,142	3,236
Claims incurred but not paid	-	-	-	-	63,674
Accrued wages and vacation	15,787	8,980	7,653	32,420	-
Accrued interest payable	51,782	99,711	9,747	161,240	-
Sales tax payable	13,198	14,872	-	28,070	-
Customer deposits	100,945	-	-	100,945	-
Current portion of long-term obligations	548,399	1,079,271	128,119	1,755,789	-
Total current liabilities	1,043,668	1,270,646	198,292	2,512,606	66,910
Noncurrent liabilities:					
Noncurrent compensated absences	20,701	4,944	-	25,645	-
Accrued closure/post-closure costs	-	-	2,862,511	2,862,511	-
Noncurrent portion of long-term obligations	6,057,807	21,181,032	271,750	27,510,589	-
Total noncurrent liabilities	6,078,508	21,185,976	3,134,261	30,398,745	-
Total liabilities	7,122,176	22,456,622	3,332,553	32,911,351	66,910
NET POSITION					
Net investment in capital assets	8,211,968	10,290,639	4,601,662	23,104,269	-
Restricted for debt service	468,000	-	-	468,000	-
Unrestricted	6,683,760	3,061,612	1,263,222	11,008,594	1,203,168
Total net position	\$ 15,363,728	\$ 13,352,251	\$ 5,864,884	\$ 34,580,863	\$ 1,203,168

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, 2020

	Enterprise Funds			Total	Internal Service Fund
	Water Fund	Sewer Fund	Landfill Fund		
Operating revenues:					
Sales	\$ 2,029,434	\$ 2,656,066	\$ 1,453,435	\$ 6,138,935	\$ -
Services charges	29,163	19,538	-	48,701	-
Rent income	360,742	-	10,680	371,422	-
Health insurance premiums	-	-	-	-	1,332,058
Other revenue	53,787	16,426	-	70,213	-
Total operating revenues	<u>2,473,126</u>	<u>2,692,030</u>	<u>1,464,115</u>	<u>6,629,271</u>	<u>1,332,058</u>
Operating expenses:					
Personnel	366,224	438,811	337,174	1,142,209	-
Insurance	24,712	38,530	17,028	80,270	-
Professional fees	22,050	50,662	169,874	242,586	-
Meetings, seminars, and dues	668	249	669	1,586	-
Repairs and maintenance	268,633	119,424	88,562	476,619	-
Contract services	5,278	16,229	33,524	55,031	-
Transportation	7,366	6,702	43,337	57,405	-
Utilities and telephone	94,072	200,265	16,921	311,258	-
Supplies	14,253	32,206	10,115	56,574	-
Closure/post-closure costs	-	-	149,141	149,141	-
Farm rental expenses	167,678	-	-	167,678	-
Other expenses	68,052	21,606	4,374	94,032	-
Depreciation	506,401	1,292,293	300,789	2,099,483	-
Insurance claims/health premiums	-	-	-	-	1,039,886
Total operating expenses	<u>1,545,387</u>	<u>2,216,977</u>	<u>1,171,508</u>	<u>4,933,872</u>	<u>1,039,886</u>
Operating income	927,739	475,053	292,607	1,695,399	292,172
Nonoperating revenues (expenses):					
Interest income	100,074	37,665	50,866	188,605	16,515
Grant income	107,840	-	-	107,840	-
Gain on sale of assets	27,404	-	-	27,404	-
Interest expense	(152,420)	(544,790)	(15,052)	(712,262)	-
Bond/DEQ loan fees	(20,489)	(159,566)	-	(180,055)	-
Total nonoperating revenues (expenses)	<u>62,409</u>	<u>(666,691)</u>	<u>35,814</u>	<u>(568,468)</u>	<u>16,515</u>
Change in net position	990,148	(191,638)	328,421	1,126,931	308,687
Net position - September 30, 2019	<u>14,373,580</u>	<u>13,543,889</u>	<u>5,536,463</u>	<u>33,453,932</u>	<u>894,481</u>
Net position - September 30, 2020	<u>\$ 15,363,728</u>	<u>\$ 13,352,251</u>	<u>\$ 5,864,884</u>	<u>\$ 34,580,863</u>	<u>\$ 1,203,168</u>

See notes to financial statements.

CITY OF YORK, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the year ended September 30, 2020

	<u>Water Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 2,396,710
Receipts from employees and other funds	-
Payments to suppliers	(589,340)
Payments to employees	(352,678)
Net cash provided by operating activities	1,454,692
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of property and equipment	(497,278)
Proceeds from sale of assets	27,404
Increase in accrued closure/post-closure costs	-
Grant funds received	390,591
Payment of loan administration fees	(20,489)
Loan proceeds received on issuance of notes payable	2,213,351
Principal payments on capital debt	(373,857)
Interest paid on capital debt	(140,505)
Net cash provided (used) by capital and related financing activities	1,599,217
CASH FLOWS FROM INVESTING ACTIVITIES:	
(Increase) decrease in certificates of deposit	(2,100,058)
Increase in restricted cash	(8,300)
(Increase) decrease in restricted certificates of deposit	100,917
Interest received	122,044
Net cash provided (used) by investing activities	(1,885,397)
Increase (decrease) in cash and cash equivalents	1,168,512
Cash and cash equivalents - beginning of the year	765,307
Cash and cash equivalents - end of the year	\$ 1,933,819

Enterprise Funds			Internal Service Fund
Sewer Fund	Landfill Fund	Total	
\$ 2,689,280	\$ 1,464,115	\$ 6,550,105	\$ -
-	-	-	1,332,058
(493,041)	(569,594)	(1,651,975)	(1,079,042)
(446,628)	(339,114)	(1,138,420)	-
<u>1,749,611</u>	<u>555,407</u>	<u>3,759,710</u>	<u>253,016</u>
(92,204)	(475,740)	(1,065,222)	-
-	-	27,404	-
-	149,141	149,141	-
-	-	390,591	-
(159,566)	-	(180,055)	-
-	-	2,213,351	-
(1,061,386)	(211,957)	(1,647,200)	-
(449,338)	(18,277)	(608,120)	-
<u>(1,762,494)</u>	<u>(556,833)</u>	<u>(720,110)</u>	<u>-</u>
1,748	168,759	(1,929,551)	(151,094)
-	-	(8,300)	-
112,613	(210,737)	2,793	-
57,110	80,663	259,817	23,441
<u>171,471</u>	<u>38,685</u>	<u>(1,675,241)</u>	<u>(127,653)</u>
158,588	37,259	1,364,359	125,363
668,231	458,880	1,892,418	254,805
<u>\$ 826,819</u>	<u>\$ 496,139</u>	<u>\$ 3,256,777</u>	<u>\$ 380,168</u>

CITY OF YORK, NEBRASKA

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

For the year ended September 30, 2020

	<u>Water Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 927,739
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	506,401
Change in assets and liabilities:	
Accounts receivable and unbilled revenue	(87,513)
Prepaid expenses	(241)
Inventories	67,178
Accounts payable	16,485
Claims incurred but not paid	-
Accrued expenses	13,546
Sales tax payable	2,797
Customer deposits	8,300
Net cash provided by operating activities	<u>\$ 1,454,692</u>

See notes to financial statements.

<u>Enterprise Funds</u>				Internal
<u>Sewer</u>	<u>Landfill</u>		<u>Total</u>	<u>Service</u>
<u>Fund</u>	<u>Fund</u>			<u>Fund</u>
\$ 475,053	\$ 292,607		\$ 1,695,399	\$ 292,172
1,292,293	300,789		2,099,483	-
(4,418)	-		(91,931)	-
7,008	(33)		6,734	-
-	-		67,178	-
(14,176)	(36,016)		(33,707)	109
-	-		-	(39,265)
(7,817)	(1,940)		3,789	-
1,668	-		4,465	-
-	-		8,300	-
<u>\$ 1,749,611</u>	<u>\$ 555,407</u>		<u>\$ 3,759,710</u>	<u>\$ 253,016</u>

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

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CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

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, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Blended Component Units

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

Discretely Presented Component Units

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fund Financial Statements

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and 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, 2020

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.
CDBG Fund	This Special Revenue Fund accounts for the City's share of the Community Development Block Grant Program.
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, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

<u>Fund</u>	<u>Brief Description</u>
<i>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.
Aviation Fund	This Special Revenue Fund accounts for airport operations.
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, 2020

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, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Basis of Accounting, continued

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting 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, 2020

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	\$ 627,458	Sales Tax
General	570,728	Federal Grants
Street	53,330	Sales Tax
CDBG	24,883	Federal Grant
LB357	226,930	Sales Tax
	<u>\$1,503,329</u>	

Due from other governments in the Water Fund consists of DEQ grants receivable of \$107,840.

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, 2020

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, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Long-term Debt

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

Government-wide Statements

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable and 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, 2020

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, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses

Sales and Use Tax

The City presently levies a two cent sales tax on taxable sales within the City. The sales tax is collected by the Nebraska Department of Revenue and remitted to the City in the month following receipt. The Nebraska Department of Revenue receives the sales tax approximately one month after collection by vendors. Sales tax collected on the sale of motor vehicles is recorded in the Street Fund as required by LB904. The non-motor-vehicle sales tax is allocated as follows: 1.5 cents to General property tax relief and 0.5 cents to LB357 to capital projects.

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, attach as an enforceable lien, and become delinquent in two equal installments on May 1 and September 1. Personal property taxes are due in the same manner as real estate taxes. Delinquent taxes bear 14 percent interest.

Property taxes levied for 2019-2020 are recorded as revenue when 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, 2020

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, 2020

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, 2020

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

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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	\$ 27,504,727	\$ 1,920,289	\$ 25,574,678	\$ 9,760	\$ <u>27,477,493</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –

Unrestricted cash and cash equivalents	\$ 5,372,730
Unrestricted certificates of deposit	12,699,134
Restricted cash and cash equivalents	1,725,860
Restricted certificates of deposit	<u>6,491,826</u>
Total primary government	26,289,550

Component Unit –

Unrestricted cash and cash equivalents	88,028
Unrestricted certificates of deposit	<u>1,099,915</u>
Total component unit	<u>1,187,943</u>

Total	\$ <u>27,477,493</u>
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CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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

2. Restricted Assets

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

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>	<u>Component Unit</u>
Type of Restricted Assets:				
Cash and cash equivalents	\$ 1,624,915	\$ 100,945	\$ 1,725,860	\$ -
Certificates of deposit	<u>3,493,460</u>	<u>2,998,366</u>	<u>6,491,826</u>	<u>-</u>
	<u>\$ 5,118,375</u>	<u>\$ 3,099,311</u>	<u>\$ 8,217,686</u>	<u>\$ -</u>

The governmental restricted assets consist of the following: \$2,015 in the General Fund for public safety, \$1,156,370 in the Street Fund for street operations and improvements, \$192,481 in the CDBG Fund for federal programs, \$469,551 in the Debt Service Fund for debt service, \$1,832,905 in the LB 357 Fund for capital projects, \$44,153 in the Keno Fund for community betterment, \$57,831 in the E911 Fund for public safety, \$759,738 in the Capital Projects Fund for capital projects, and \$603,331 in the TIF Fund for economic development.

Restricted assets for business-type funds consist of \$100,945 restricted cash for customer deposits in the Water Fund, \$468,000 of Water Fund certificates of deposit restricted for debt service, and \$2,530,366 of Landfill Fund certificates of deposit restricted for closure and post-closure costs.

3. Accounts and Other Receivables

Governmental receivables detail at September 30, 2020, is as follows:

	<u>Governmental Activities</u>
Accounts receivable - ambulance	\$ 213,972
Hotel occupation tax receivable	31,228
Other governmental accounts receivable	<u>51,481</u>
Total governmental accounts receivable	<u>\$ 296,681</u>

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

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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

4. Notes Receivable

Notes receivable at September 30, 2020, 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. \$ 10,581

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. 146,748

Total CDBG notes receivable 157,329

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. 71,162

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. 44,892

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. 2,070

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. 2,070

Total Economic Development notes receivable 120,194

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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

4. Notes Receivable, continued

TIF notes:

See notes described below.

	<u>107,603</u>
	\$ <u>385,126</u>
Current portion	\$ 169,430
Noncurrent portion	<u>215,696</u>
Total	\$ <u>385,126</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, 2020, were as follows:

	<u>TIF</u> <u>Receivables</u>	<u>TIF</u> <u>Payables</u>
Scannell/Pioneer	\$ 75,741	\$ -
United Farmers Coop	<u>31,862</u>	<u>31,862</u> *
	<u>\$ 107,603</u>	<u>\$ 31,862</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, 2020

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

5. Capital Assets

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

	Balance at October 1, <u>2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2020</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 1,953,552	\$ 26,746	\$ (61,604)	\$ -	\$ 1,918,694
Construction in progress	930,721	810,837	-	(812,563)	928,995
Total capital assets not being depreciated	2,884,273	837,583	(61,604)	(812,563)	2,847,689
Other capital assets being depreciated:					
Infrastructure	12,623,171	685,782	-	812,563	14,121,516
Buildings and improvements	26,353,734	-	(32,556)	-	26,321,178
Equipment	3,971,201	239,993	(41,393)	-	4,169,801
Vehicles	4,182,335	49,545	(69,682)	-	4,162,198
Total other capital assets at historical cost	47,130,441	975,320	(143,631)	812,563	48,774,693
Less accumulated depreciation for:					
Infrastructure	(5,106,371)	(842,748)	-	-	(5,949,119)
Buildings and improvements	(7,861,335)	(932,614)	30,322	-	(8,763,627)
Equipment	(2,363,468)	(323,249)	41,393	-	(2,645,324)
Vehicles	(2,593,140)	(376,966)	69,682	-	(2,900,424)
Total accumulated depreciation	(17,924,314)	(2,475,577) *	141,397	-	(20,258,494)
Other capital assets, net	29,206,127	(1,500,257)	(2,234)	812,563	28,516,199
Governmental activities capital assets, net	<u>\$ 32,090,400</u>	<u>\$ (662,674)</u>	<u>\$ (63,838)</u>	<u>\$ -</u>	<u>\$ 31,363,888</u>

*Depreciation expense was incurred by the following governmental activities:

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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

5. Capital Assets, continued

Governmental Activities, continued:

General Fund:

General government:

Administration \$ 20,023

Public safety:

Police 42,150

Fire/EMS 273,448

Total public safety 315,598

Environment and leisure:

Auditorium 12,753

Ball Field Complex 491,491

Community Center 15,309

Convention Center 258,773

Library 28,597

Park 76,166

Pool 152,284

Senior Center 11,336

Total environment and leisure 1,046,709

Total General Fund 1,382,330

Special Revenue Funds:

Airport 132,108

Street 961,139

Total Governmental Activities
depreciation expense \$ 2,475,577

Construction in progress at September 30, 2020, consists of \$118,157 of engineering on the Blackburn Bridge project, \$803,690 of costs on the auditorium remodeling project, and \$7,148 of engineering on the Community Center remodeling project. See Note D3 for details of commitments in place on these projects as of September 30, 2020.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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

5. Capital Assets, continued

	Balance at October 1, <u>2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2020</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 632,667	\$ -	\$ -	\$ -	\$ 632,667
Construction in progress	29,027,850	728,754	-	(25,988,236)	3,768,368
Total capital assets not being depreciated	29,660,517	728,754	-	(25,988,236)	4,401,035
Other capital assets being depreciated:					
Distribution systems	27,083,474	26,328	-	25,988,236	53,098,038
Buildings and improvements	5,327,517	-	-	-	5,327,517
Equipment	8,007,092	551,870	(6,357)	-	8,552,605
Vehicles	771,933	-	(16,566)	-	755,367
Total other capital assets at historical cost	41,190,016	578,198	(22,923)	25,988,236	67,733,527
Less accumulated depreciation for:					
Distribution systems	(10,098,289)	(1,550,561)	-	-	(11,648,850)
Buildings and improvements	(2,083,168)	(105,585)	-	-	(2,188,753)
Equipment	(5,219,923)	(373,056)	6,357	-	(5,586,622)
Vehicles	(285,975)	(70,281)	16,566	-	(339,690)
Total accumulated depreciation	(17,687,355)	(2,099,483) *	22,923	-	(19,763,915)
Other capital assets, net	23,502,661	(1,521,285)	-	25,988,236	47,969,612
Business-type capital assets, net	<u>\$53,163,178</u>	<u>\$ (792,531)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,370,647</u>

*Depreciation expense was charged to functions as follows:

Water	\$ 506,401
Sewer	1,292,293
Landfill	<u>300,789</u>
Total Business-type Activities depreciation expense	<u>\$ 2,099,483</u>

Construction in progress at September 30, 2020, consists of \$273,975 of engineering on the landfill gas migration control project, and \$3,494,393 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, 2020.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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, <u>2019</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>2020</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds payable	\$ 13,430,000	\$ -	\$ (1,085,000)	\$ 12,345,000	\$ 1,100,000
Notes payable	226,022	-	(60,032)	165,990	63,601
Total	<u>\$ 13,656,022</u>	<u>\$ -</u>	<u>\$ (1,145,032)</u>	<u>\$ 12,510,990</u>	<u>\$ 1,163,601</u>
Business-type Activities:					
Bonds payable	\$ 3,310,000	\$ -	\$ (260,000)	\$ 3,050,000	\$ 265,000
Notes payable	24,778,402	2,213,351	(1,175,244)	25,816,509	1,362,670
Capital lease obligation	611,826	-	(211,957)	399,869	128,119
Total	<u>\$ 28,700,228</u>	<u>\$ 2,213,351</u>	<u>\$ (1,647,201)</u>	<u>\$ 29,266,378</u>	<u>\$ 1,755,789</u>

The following is a summary of changes in long-term debt for the year ended September 30, 2020:

Governmental Activities

As of September 30, 2020, 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.

\$ 360,000

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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

6. Long-term Debt, continued

Governmental Activities, continued

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. 6,350,000

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. 160,000

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. 1,065,000

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. 1,710,000

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

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

6. Long-term Debt, continued

Governmental Activities, continued

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. 800,000

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. 134,128

See description of TIF note payable at Note C4. 31,862

Total governmental activities long-term debt \$ 12,510,990

Current portion \$ 1,163,601

Noncurrent portion 11,347,389

Total governmental long-term debt \$ 12,510,990

Business-type Activities

As of September 30, 2020, the long-term debt payable from proprietary fund resources consisted of the following:

Capital lease obligation:

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. \$ 399,869

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

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

6. Long-term Debt, continued

Business-type Activities, continued

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. 1,342,855

Water note payable to the Nebraska Department of Environmental Quality, dated December 2009, with maximum available amount of \$3,655,000, bearing interest of 2.0 percent. Principal of \$2,213,351 was drawn on this note during the year ended September 30, 2020. Semi-annual principal and interest payments of \$109,442 plus an administration fee of one percent are due commencing December 15, 2020 through June 15, 2035. 2,213,351

Sewer note payable to the Nebraska Department of Environmental Quality, dated December 2009, with original issue amount of \$23,043,162, bearing interest of 1.5 percent. Semi-annual principal and interest payments of \$668,947 plus an administration fee of 0.70 percent are due commencing June 15, 2020 through June 15, 2039. 22,047,195

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. 213,108

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. 3,050,000

Total business-type activity lease, note and bonds payable \$ 29,266,378

Current portion \$ 1,755,789

Noncurrent portion 27,510,589

Total \$ 29,266,378

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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, 2020, are as follows:

<u>September 30,</u>	Governmental Activities				
	Other Debt Issues		Direct Placement Debt		
	Principal	Interest	Principal	Interest	
2021	\$ 1,100,000	\$ 341,925	\$ 63,601	\$ 7,786	
2022	1,120,000	318,370	55,992	4,190	
2023	1,070,000	292,834	46,397	1,882	
2024	915,000	265,584	-	-	
2025	845,000	243,130	-	-	
2026-2030	3,735,000	872,190	-	-	
2031-2035	2,915,000	370,085	-	-	
2036-2040	645,000	11,482	-	-	
	\$ 12,345,000	\$ 2,715,600	\$ 165,990	\$ 13,858	

<u>September 30,</u>	Business-type Activities				
	Other Debt Issues		Direct Placement Debt		
	Principal	Interest	Principal	Interest	Fees
2021	\$ 265,000	\$ 89,428	\$ 1,490,789	\$ 426,515	\$ 182,229
2022	270,000	83,995	1,514,611	402,693	174,178
2023	280,000	77,785	1,545,583	374,313	164,705
2024	285,000	70,785	1,353,940	345,262	155,079
2025	290,000	63,090	1,375,822	323,380	145,296
2026-2030	1,660,000	161,740	7,220,125	1,275,886	574,073
2031-2035	-	-	6,540,127	682,750	312,543
2036-2040	-	-	5,175,381	176,191	82,223
	\$ 3,050,000	\$ 546,823	\$ 26,216,378	\$ 4,006,990	\$ 1,790,326

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

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 \$1,715,471, with postclosure care costs of \$941,551, for a total of \$2,657,022 as of September 30, 2020, which is based on 81.93 percent usage of the landfill, with a remaining estimated life of 6.5 years for Phases 1-5 and 37.1 years for Phases 6-10. The estimated liability for construction and demolition landfill closure is \$188,174, with postclosure care costs of \$17,315 for a total of \$205,489 as of September 30, 2020.

It is estimated that an additional \$956,190 and \$260,783, respectively, will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and postclosure care of \$4,079,484 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2020. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

At September 30, 2020, restricted funds of \$2,530,366 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, 2020

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

8. Interfund Transactions and Balances

Transfers consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
To Street	\$ -	\$ 499,712
To Debt Service	-	791,660
From Sinking (nonmajor)	194,635	-
Total General Fund	194,635	1,291,372
Street Fund:		
From General	499,712	-
From LB357	269,442	-
Total Street Fund	769,154	-
LB357 Fund:		
To Street	-	269,442
Debt Service Fund:		
From General	791,660	-
Nonmajor Governmental Funds:	12,800	207,435
	\$ 1,768,249	\$ 1,768,249

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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 \$2,377,294, with the City contributing \$154,564 and the employees contributing \$170,204 for the year ended September 30, 2020.

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 \$1,039,402 with the City contributing \$108,744 and the employees contributing \$55,452 for the year ended September 30, 2020.

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

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 \$923,245. Both the City's contribution of \$64,627 and the employees' contributions of \$64,627 were made for the year ended September 30, 2020.

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 \$41,712 (\$13,583 employer and \$28,129 employee) on \$142,662 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, 2020

NOTE D – OTHER NOTES, continued

1. Retirement Benefits, continued

Funding Status of Defined Benefit Plan

The projected retirement benefits at January 1, 2020, 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.

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, 2020	\$ 8,899
Benefit obligation estimated at January 1, 2020	-
Funded Status	<u>\$ 8,899</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, 2020, 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, 2020

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 2020	\$ 1,306,608
November 2020	489,558
December 2020	1,051,104
March 2021	4,354,595
April 2021	841,431
May 2021	7,130
June 2021	3,568,427
July 2021	902,448
August 2021	953,070
September 2021	<u>5,716,589</u>
	<u>\$ 19,190,960</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, 2020, the City’s certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Cornerstone Bank	\$ 16,824,908
York State Bank	31,864
Henderson State Bank	<u>2,334,188</u>
	<u>\$ 19,190,960</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, 2020.

3. Commitments and Contingencies

Lease Commitments

The City had the following lease commitments at September 30, 2020:

<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, 2020

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Lease Commitments, continued

The lease expense for the year ended September 30, 2020, was \$4,485.

Remaining lease commitments as of September 30, 2020, were as follows:

<u>Year ending September 30,</u>	<u>Lease Amount</u>
2021	\$ 2,918
2022	<u>1,975</u>
	\$ <u>4,893</u>

Contractual Commitments

At September 30, 2020, the City had the following commitments for capital assets:

	<u>Contract Amount</u>	<u>Incurred as of September 30, 2020</u>	<u>Remaining Commitment</u>	<u>Expected Completion</u>
<u>Auditorium remodeling project:</u>				
Engineering	\$ 12,500	\$ 12,310	\$ 190	
Contractor	<u>3,557,298</u>	<u>791,380</u>	<u>2,765,918</u>	
Total	<u>3,569,798</u>	<u>803,690</u>	<u>2,766,108</u>	February 2021
<u>Community Center remodeling project:</u>				
Engineering	7,500	7,148	352	
Contractor	<u>1,442,702</u>	<u>-</u>	<u>1,442,702</u>	
Total	<u>1,450,202</u>	<u>7,148</u>	<u>1,443,054</u>	June 2021
<u>Lincoln Avenue water main:</u>				
Engineering	558,817	519,114	39,703	
Contractor	<u>3,686,483</u>	<u>3,129,778</u>	<u>556,705</u>	
Total	<u>4,245,300</u>	<u>3,648,892</u>	<u>596,408</u>	December 2020
	<u>\$ 9,265,300</u>	<u>\$ 4,459,730</u>	<u>\$ 4,805,570</u>	

Contingencies

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

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

NOTE D – OTHER NOTES, continued

4. Interlocal Agreements

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

<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
York County	Continuous	Snow removal agreement
Law Enforcement Agencies in the following counties in Nebraska: Nuckolls, Saline, Fillmore, Hamilton, and York	Continuous	Rural Apprehension Program (RAP)
York Public School District	Life of sales tax	LB 357, 1/2% Sales Tax for infrastructure and recreation
York Rural Fire District	Continuous	Fire protection

5. CDBG Housing Loans

At September 30, 2020, the City has one outstanding CDBG Housing Rehab loan totaling \$3,000. This loan is forgiven over time. The City also has 14 outstanding CDBG Downpayment Assistance (DPA) loans totaling \$182,898. 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, 2020

NOTE D – OTHER NOTES, continued

6. Tax Abatements, continued

Information relevant to the abatements granted by the CDA for the year ended September 30, 2020 is as follows:

<u>TIF Project:</u>	<u>Years Remaining on TIF Agreements</u>	<u>2020 TIF Valuation</u>	<u>TIF Proceeds Received during the year 9-30-2020</u>
Scannell/Pioneer	3	\$ 9,207,658	\$ 165,808
Nolan	0	-	8,763
United Farmers Coop	2	1,721,461	31,376
Levander	13	389,769	6,108
Beaver Creek	13	472,198	8,503
Nutrition Service	14	2,142,680	37,320
Creekside Apartments	15	1,608,682	-
Bukaska Builders	15	369,464	-
			<u>\$ 257,878</u>

7. Subsequent Events

Management has evaluated subsequent events through December 30, 2020, the date on which the financial statements were available for issue.

On October 15, 2020, Council approved the issuance of \$5,000,000 of Limited Sales and Property Tax interim financing for the City auditorium and Community Center remodeling projects through York State Bank at 1.7 percent interest.

On November 19, 2020, the City approved a solar facilities lease agreement with Sol Bundle, LLC for a 3.2 MW community solar facility to be built at the landfill site.

SUPPLEMENTARY AND OTHER INFORMATION

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

Year ended September 30, 2020

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 1,851,242	\$ 1,962,886	\$ 111,644
Motor vehicle	165,000	202,071	37,071
Occupation/franchise	2,538,600	2,361,298	(177,302)
Sales tax	3,375,000	3,596,431	221,431
Intergovernmental	337,094	412,613	75,519
Charges for services	1,267,850	1,011,915	(255,935)
Grants	274,750	323,226	48,476
Contributions	68,500	54,568	(13,932)
Interest income	41,600	77,999	36,399
Insurance proceeds	-	27,275	27,275
Other	10,501	12,382	1,881
	9,930,137	10,042,664	112,527
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Administrative	1,057,690	759,835	(297,855)
Public safety:			
Police	2,209,605	1,965,060	(244,545)
Fire/EMS	2,444,455	1,951,512	(492,943)
Police pension	70,942	56,153	(14,789)
Fire pension	196,984	160,185	(36,799)
Total public safety	4,921,986	4,132,910	(789,076)
Environment and leisure:			
Auditorium	151,081	113,185	(37,896)
Parks	475,020	363,713	(111,307)
Community center	507,972	403,324	(104,648)
Aquatic center	312,880	209,500	(103,380)
Ball park	421,110	261,743	(159,367)
Senior center	13,113	17,708	4,595
Convention center	527,665	467,824	(59,841)
Library	461,358	425,418	(35,940)
Total environment and leisure	2,870,199	2,262,415	(607,784)
Total charges to appropriations	8,849,875	7,155,160	(1,694,715)
Excess of revenues over charges to appropriations before transfers	1,080,262	2,887,504	1,807,242
TRANSFERS TO OTHER FUNDS	(1,096,738)	(1,096,737)	1
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	\$ (16,476)	\$ 1,790,767	\$ 1,807,243

CITY OF YORK, NEBRASKA

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

Year ended September 30, 2020

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Special assessments	\$ 21,167	\$ 111,961	\$ 90,794
Sales tax	250,000	256,337	6,337
Intergovernmental	1,252,408	1,075,716	(176,692)
Charges for services	23,577	15,309	(8,268)
Grants	87,500	-	(87,500)
Interest income	4,000	16,261	12,261
Sale of property	-	2,288	2,288
Other	40,000	9,075	(30,925)
	<hr/>	<hr/>	<hr/>
Total resources	1,678,652	1,486,947	(191,705)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Street operations and maintenance	1,754,914	1,350,255	(404,659)
Capital outlay	1,493,700	94,403	(1,399,297)
Principal payments on debt	-	41,157	41,157
Interest expense	-	7,294	7,294
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	3,248,614	1,493,109	(1,755,505)
Revenues under charges to appropriations before transfers	(1,569,962)	(6,162)	1,563,800
TRANSFERS FROM OTHER FUNDS	<hr/>	<hr/>	<hr/>
	999,712	769,154	(230,558)
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	<hr/>	<hr/>	<hr/>
	\$ (570,250)	\$ 762,992	\$ 1,333,242

CITY OF YORK, NEBRASKA

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

Year ended September 30, 2020

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Grants	\$ 700,000	\$ 530,369	\$ (169,631)
Loan collections	50,136	59,661	9,525
Interest income	1,000	353	(647)
Total resources	751,136	590,383	(160,753)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Economic development	1,202,868	941,523	(261,345)
RESOURCES UNDER CHARGES TO APPROPRIATIONS	<u>\$ (451,732)</u>	<u>\$ (351,140)</u>	<u>\$ 100,592</u>

CITY OF YORK, NEBRASKA

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

Year ended September 30, 2020

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Special assessments	\$ -	\$ 7,136	\$ 7,136
Interest income	-	6,703	6,703
	<hr/>	<hr/>	<hr/>
Total resources	-	13,839	13,839
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Principal payments	670,000	670,000	-
Interest expense	119,161	119,159	(2)
Bond fees	2,500	2,500	-
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	791,661	791,659	(2)
Revenues under charges to appropriations before transfers	(791,661)	(777,820)	13,841
TRANSFERS FROM OTHER FUNDS	<hr/>	<hr/>	<hr/>
	791,655	791,660	5
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	<hr/>	<hr/>	<hr/>
	\$ (6)	\$ 13,840	\$ 13,846
	<hr/>	<hr/>	<hr/>

CITY OF YORK, NEBRASKA

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

Year ended September 30, 2020

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Sales tax	\$ 1,150,000	\$ 1,284,255	\$ 134,255
Interest income	-	26,174	26,174
	<hr/>	<hr/>	<hr/>
Total resources	1,150,000	1,310,429	160,429
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Environment and leisure	-	128,720	128,720
Capital outlay	1,035,000	685,781	(349,219)
Principal payments	415,000	415,000	-
Interest expense	243,424	243,423	(1)
Bond fees	1,000	1,000	-
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	1,694,424	1,473,924	(220,500)
Revenues under charges to appropriations before transfers	(544,424)	(163,495)	380,929
TRANSFERS TO OTHER FUNDS	<hr/>	<hr/>	<hr/>
	(500,000)	(269,442)	230,558
RESOURCES UNDER CHARGES TO APPROPRIATIONS	<hr/>	<hr/>	<hr/>
	\$ (1,044,424)	\$ (432,937)	\$ 611,487

CITY OF YORK, NEBRASKA

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

Year ended September 30, 2020

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>CDBG 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	\$ 10,042,664	\$ 1,486,947	\$ 590,383	\$ 13,839	\$ 1,310,429
Differences - budget to MAB:					
Cash to MAB adjustments	<u>586,816</u>	<u>(8,619)</u>	<u>(24,263)</u>	<u>(3,580)</u>	<u>(1,824)</u>
Total revenues as reported on the statement of revenues, expen- ditures, and changes in fund balances - governmental funds	<u>\$ 10,629,480</u>	<u>\$ 1,478,328</u>	<u>\$ 566,120</u>	<u>\$ 10,259</u>	<u>\$ 1,308,605</u>
Uses/outflows of resources:					
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 7,155,160	\$ 1,493,109	\$ 941,523	\$ 791,659	\$ 1,473,924
Differences - budget to MAB:					
Cash to MAB adjustments	<u>888,963</u>	<u>187,072</u>	<u>70,687</u>	<u>(4,783)</u>	<u>(21,089)</u>
Total expenditures as reported on the statement of revenues, expen- ditures, and changes in fund balances - governmental funds	<u>\$ 8,044,123</u>	<u>\$ 1,680,181</u>	<u>\$ 1,012,210</u>	<u>\$ 786,876</u>	<u>\$ 1,452,835</u>

CITY OF YORK, NEBRASKA

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

September 30, 2020

	Capital Projects Fund	Aviation Fund	Special Revenue Funds Keno Fund	Sinking Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 235,149	\$ 183,000	\$ 13,225	\$ 341,745
Certificates of deposit	524,589	427,987	30,928	806,063
Accounts receivable	-	20,562	-	-
Inventory	-	21,198	-	7,891
Accrued interest receivable	472	384	27	696
Prepaid insurance	-	6,672	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 760,210</u></u>	<u><u>\$ 659,803</u></u>	<u><u>\$ 44,180</u></u>	<u><u>\$ 1,156,395</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 3,735	\$ 5	\$ -
Accrued wages and vacation	-	3,910	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	7,645	5	-
Fund balances:				
Nonspendable:				
Prepaid assets	-	6,672	-	-
Restricted for:				
Economic development	-	-	-	-
Capital projects	760,210	-	-	-
Community betterment	-	-	44,175	-
Public safety	-	-	-	-
Assigned for:				
Industrial Park development	-	645,486	-	1,156,395
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u><u>760,210</u></u>	<u><u>652,158</u></u>	<u><u>44,175</u></u>	<u><u>1,156,395</u></u>
	<u><u>\$ 760,210</u></u>	<u><u>\$ 659,803</u></u>	<u><u>\$ 44,180</u></u>	<u><u>\$ 1,156,395</u></u>

Special Revenue Funds		Total Nonmajor Governmental Funds
E911 Fund	TIF Fund	
\$ 17,321	\$ 186,740	\$ 977,180
40,510	416,591	2,246,668
-	-	20,562
-	-	29,089
37	375	1,991
-	-	6,672
<u>\$ 57,868</u>	<u>\$ 603,706</u>	<u>\$ 3,282,162</u>
\$ 5,105	\$ 37,844	\$ 46,689
-	-	3,910
<u>5,105</u>	<u>37,844</u>	<u>50,599</u>
-	-	6,672
-	565,862	565,862
-	-	760,210
-	-	44,175
52,763	-	52,763
<u>-</u>	<u>-</u>	<u>1,801,881</u>
<u>52,763</u>	<u>565,862</u>	<u>3,231,563</u>
<u>\$ 57,868</u>	<u>\$ 603,706</u>	<u>\$ 3,282,162</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, 2020

	Capital Projects Fund	Aviation Fund	Special Revenue Funds Keno Fund	Sinking Fund
REVENUES				
TIF proceeds	\$ -	\$ -	\$ -	\$ -
Charges for services	-	233,928	-	25,059
Grants	160,026	30,000	-	-
Contributions	-	-	-	-
Keno proceeds	-	-	4,153	-
Loan collections	-	-	-	164,004
Interest income	6,735	9,003	634	13,663
Sale of property	-	-	-	46,949
Insurance proceeds	-	17,475	-	-
Total revenues	<u>166,761</u>	<u>290,406</u>	<u>4,787</u>	<u>249,675</u>
EXPENDITURES				
General government	-	-	8,461	-
Economic development	-	-	-	14,943
Public works	-	-	-	-
Airport	-	324,268	-	-
Capital outlay	-	31,000	-	26,746
Principal payments on debt	-	-	-	-
Interest on long-term debt	-	-	-	-
Total expenditures	<u>-</u>	<u>355,268</u>	<u>8,461</u>	<u>41,689</u>
Excess (deficiency) of revenues over expenditures before transfers	166,761	(64,862)	(3,674)	207,986
INTERFUND TRANSFERS				
Transfer to other funds	<u>-</u>	<u>12,800</u>	<u>-</u>	<u>(207,435)</u>
Net change in fund balances	166,761	(52,062)	(3,674)	551
Fund balances - September 30, 2019	<u>593,449</u>	<u>704,220</u>	<u>47,849</u>	<u>1,155,844</u>
Fund balances - September 30, 2020	<u>\$ 760,210</u>	<u>\$ 652,158</u>	<u>\$ 44,175</u>	<u>\$ 1,156,395</u>

Special Revenue Funds		Total Nonmajor Governmental Funds
E911 Fund	TIF Fund	
\$ -	\$ 257,878	\$ 257,878
5,711	-	264,698
-	-	190,026
-	28,246	28,246
-	-	4,153
-	-	164,004
797	5,001	35,833
-	-	46,949
-	-	17,475
<u>6,508</u>	<u>291,125</u>	<u>1,009,262</u>
-	-	8,461
-	218,868	233,811
7,390	-	7,390
-	-	324,268
-	-	57,746
-	18,875	18,875
-	4,062	4,062
<u>7,390</u>	<u>241,805</u>	<u>654,613</u>
(882)	49,320	354,649
-	-	(194,635)
(882)	49,320	160,014
<u>53,645</u>	<u>516,542</u>	<u>3,071,549</u>
<u>\$ 52,763</u>	<u>\$ 565,862</u>	<u>\$ 3,231,563</u>

CITY OF YORK, NEBRASKA

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

Year ended September 30, 2020

	General	Capital Projects	Auditorium	Parks	Police	Community Center
REVENUES						
Taxes:						
General property tax	\$ 1,962,886	\$ -	\$ -	\$ -	\$ -	\$ -
Motor vehicle tax	202,071	-	-	-	-	-
Sales tax	3,628,967	-	-	-	-	-
Occupation/franchise	2,361,298	-	-	-	-	-
Intergovernmental revenue:						
State assistance	4,449	-	-	-	-	-
County funding	-	-	-	-	-	-
Seized property	-	-	-	-	62,320	-
Rural fire district	-	-	-	-	-	-
Charges for services	54,827	-	9,693	-	2,967	75,412
Grants	570,728	281,000	-	625	2,500	-
Contributions	-	-	-	10,367	-	5,012
Interest income	56,264	165	-	-	2	-
Insurance proceeds	-	-	-	-	-	-
Other revenues	8,514	-	-	-	1,139	120
Total revenues	<u>8,850,004</u>	<u>281,165</u>	<u>9,693</u>	<u>10,992</u>	<u>68,928</u>	<u>80,544</u>
EXPENDITURES						
Personnel services:						
Salaries and benefits	478,772	-	48,715	230,046	1,420,389	263,002
Operating expenses:						
Insurance	49,028	-	-	16,464	32,100	5,132
Advertising/publicity	109,200	-	-	-	-	2,348
Contract labor/outside services	23,685	-	4,054	-	46,056	14,675
Professional fees	42,229	-	-	-	-	-
Meetings, seminars, and dues	42,302	-	-	-	22,633	1,260
Repairs and maintenance	6,368	-	7,377	40,811	48,863	23,355
Printing and postage	10,382	-	-	-	-	-
Transportation	-	-	-	5,663	18,505	49
Utilities and telephone	24,595	-	27,948	31,860	241,852	40,942
Total operating expenses	<u>307,789</u>	<u>-</u>	<u>39,379</u>	<u>94,798</u>	<u>410,009</u>	<u>87,761</u>
Supplies	13,139	-	12,392	14,176	16,681	33,902
Other expenses	53,264	-	389	19,094	72,889	11,511
Capital outlay	-	810,838	-	5,599	49,546	-
Total expenditures	<u>852,964</u>	<u>810,838</u>	<u>100,875</u>	<u>363,713</u>	<u>1,969,514</u>	<u>396,176</u>
Excess (deficiency) of revenues over expenditures before transfers	7,997,040	(529,673)	(91,182)	(352,721)	(1,900,586)	(315,632)
TRANSFERS (TO) FROM OTHER FUNDS	<u>(6,923,253)</u>	<u>-</u>	<u>110,581</u>	<u>468,320</u>	<u>2,201,855</u>	<u>393,722</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AFTER TRANSFERS	<u>\$ 1,073,787</u>	<u>\$ (529,673)</u>	<u>\$ 19,399</u>	<u>\$ 115,599</u>	<u>\$ 301,269</u>	<u>\$ 78,090</u>

Aquatic Center	Ball Park	Senior Center	Convention Center	Fire/EMS	Library	Police Pension	Fire Pension	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,962,886
-	-	-	-	-	-	-	-	202,071
-	-	-	-	-	-	-	-	3,628,967
-	-	-	-	-	-	-	-	2,361,298
-	-	-	-	-	-	-	-	4,449
-	-	-	-	257,750	17,500	-	-	275,250
-	-	-	-	-	-	-	-	62,320
-	-	-	-	70,594	-	-	-	70,594
43,756	39,020	-	243,714	538,838	2,178	-	-	1,010,405
-	-	-	11,870	27,231	-	-	-	893,954
-	-	-	-	34,820	4,369	-	-	54,568
-	(90)	-	-	(959)	55	3,208	4,416	63,061
-	-	-	27,275	-	-	-	-	27,275
-	304	-	1	209	2,095	-	-	12,382
<u>43,756</u>	<u>39,234</u>	<u>-</u>	<u>282,860</u>	<u>928,483</u>	<u>26,197</u>	<u>3,208</u>	<u>4,416</u>	<u>10,629,480</u>
112,350	119,332	2,956	237,943	1,280,765	305,890	54,353	160,185	4,714,698
10,601	14,095	-	11,188	90,388	4,865	-	-	233,861
1,483	407	-	-	-	-	-	-	113,438
11,751	10,677	-	19,200	104,301	26,135	-	-	260,534
-	-	-	-	-	-	-	-	42,229
1,577	364	-	438	9,614	3,049	-	-	81,237
16,143	36,455	5,170	68,150	38,808	21,572	-	-	313,072
-	-	-	-	-	2,356	-	-	12,738
-	1,009	-	-	17,205	-	-	-	42,431
33,196	47,955	9,582	66,744	258,859	14,612	-	-	798,145
<u>74,751</u>	<u>110,962</u>	<u>14,752</u>	<u>165,720</u>	<u>519,175</u>	<u>72,589</u>	<u>-</u>	<u>-</u>	<u>1,897,685</u>
19,423	30,242	-	26,272	43,245	10,313	-	-	219,785
2,976	1,207	-	26,839	10,387	36,626	1,800	-	236,982
-	-	-	11,050	97,940	-	-	-	974,973
<u>209,500</u>	<u>261,743</u>	<u>17,708</u>	<u>467,824</u>	<u>1,951,512</u>	<u>425,418</u>	<u>56,153</u>	<u>160,185</u>	<u>8,044,123</u>
(165,744)	(222,509)	(17,708)	(184,964)	(1,023,029)	(399,221)	(52,945)	(155,769)	2,585,357
<u>205,880</u>	<u>254,110</u>	<u>13,113</u>	<u>175,415</u>	<u>1,306,336</u>	<u>432,858</u>	<u>69,842</u>	<u>194,484</u>	<u>(1,096,737)</u>
<u>\$ 40,136</u>	<u>\$ 31,601</u>	<u>\$ (4,595)</u>	<u>\$ (9,549)</u>	<u>\$ 283,307</u>	<u>\$ 33,637</u>	<u>\$ 16,897</u>	<u>\$ 38,715</u>	<u>\$ 1,488,620</u>

SINGLE AUDIT REPORTS

CITY OF YORK, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2020

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Expenditures</u>
<u>U.S. Department of Transportation</u>			
Passed Through Nebraska Department of Transportation: CARES Act - Airport Improvement Program	20.106	3-31-0104-014	\$ 30,000
<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	618,339 *
<u>U.S. Department of Health and Human Services</u>			
CARES Act - Provider Relief Fund	93.498	n/a	19,374
<u>U.S. Department of the Treasury:</u>			
Passed Through the Nebraska Emergency Management Association: CARES Act - Coronavirus Relief Fund	21.019	47-6006423	561,590
<u>Department of Homeland Security:</u>			
Passed Through the Nebraska Emergency Management Association: CARES Act - Disaster Grants - Public Assistance	97.036	147443	<u>6,988</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,236,291</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, 2020, and the related notes to the financial statements, which collectively comprise the City’s financial statements, and have issued our report thereon dated December 30, 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.

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



Grand Island, Nebraska
December 30, 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, 2020. 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, 2020.

Report on Internal Control over Compliance

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

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

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

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

AMGL, PC.

Grand Island, Nebraska
December 30, 2020

CITY OF YORK, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended September 30, 2020

1. A summary of auditor's results:

- (i) Unmodified opinions were issued on all opinion units of the City of York, Nebraska, as of September 30, 2020.
- (ii) One significant deficiency disclosed during the audit of the financial statements is reported in the "Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*." The deficiency is not reported as a material weakness.
- (iii) The audit did not disclose any instances of noncompliance which are material to the financial statements of the City of York, Nebraska.
- (iv) The audit did not disclose any significant deficiencies in the internal control over major programs for the City of York, Nebraska.
- (v) An unmodified opinion was issued on compliance for major programs.
- (vi) The audit did not disclose any audit findings which are required to be reported under 2 CFR section 200.516(a).
- (vii) Major Program: CFDA #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.

2020-001

Condition: There is not adequate segregation of duties.

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

Cause: There are a limited number of accounting personnel.

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

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

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

CITY OF YORK, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
Year ended September 30, 2020

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

None

CITY OF YORK, NEBRASKA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended September 30, 2020

Status of audit findings for the year ended September 30, 2019:

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.

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 City submitted a request for fiscal year 2018 and 2019 expenses on December 26, 2019. Also, current year grant/loan drawdown requests were made timely, so Federal awards could be properly identified and reported.

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).

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

Current Status: The City implemented procedures to ensure that multiple individuals work together in grant oversight to ensure accurate reporting. The reports submitted to SENDD during the September 30, 2020 fiscal year were complete and accurate.