

CITY OF YORK, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2015

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet - Modified Accrual Basis - Governmental Funds	16
Reconciliation of the Balance Sheet - Modified Accrual Basis - Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Accrual Basis - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Accrual Basis - Governmental Funds to the Statement of Activities	19
Statement of Fund Net Position - Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22
Notes to Financial Statements	24
SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules - Cash Basis	
General Fund	61
Street Fund	62
Aviation Fund	63
Debt Service Fund	64
Note to Supplementary Information	65
Combining Balance Sheet - Modified Accrual Basis - Nonmajor Governmental Funds	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Accrual Basis - Nonmajor Governmental Funds	67
Combining Statement of Revenues and Expenditures - Modified Accrual Basis - General Fund Departments	68
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	69



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2015, 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.

Auditors' 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 auditors' 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

SHAREHOLDERS

Robert D. Almquist
Phillip D. Maltzahn
Terry T. Galloway
Marcy J. Luth
Heidi A. Ashby
Christine R. Shenk
Michael E. Hoback
Joseph P. Stump

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, 2015, 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 management's discussion and analysis, budgetary comparison schedules, nonmajor governmental funds combining statements, and statement of general fund departmental revenue and expenditures 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 is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2016, 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 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 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.

Amsquist, Malthealm.
Galloway & Luth, P.C.

Grand Island, Nebraska
February 5, 2016

**CITY OF YORK, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2015**

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, 2015.

Financial Highlights

- The assets of the City of York exceeded its liabilities at the close of the most recent fiscal year by \$52,208,566 (*net position*). Of this amount, \$15,106,425 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of York's governmental funds reported combined ending net position of \$27,283,231, with an unrestricted net position balance of \$7,671,367.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,586,414, 39.1 percent of total General Fund expenditures for the year ended September 30, 2015.

Overview of the Financial Statements

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

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

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

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

CITY OF YORK, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015

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 York Community Redevelopment Authority and Municipal Facilities Corporation for which the City of York is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 14 and 15.

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 twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Street Fund, Aviation and Debt Service Fund, all of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual

CITY OF YORK, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015

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

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

The governmental fund financial statements can be found on pages 16-19 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 20-23 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 24-60 of this report.

Other information. In addition to the financial statements and accompanying notes, this report also presents certain *supplementary information* concerning the City of York's budgetary comparison schedules, combining nonmajor statements, and general fund departmental revenue and expenses. Supplementary information can be found on pages 61-68 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 \$52,208,566 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, 2015

Summary Statements of Net Position

	2015	2014	Increase (Decrease)
Current and Other Assets	\$ 21,278,774	\$ 21,290,123	\$ (11,349)
Capital Assets	51,356,516	51,484,789	(128,273)
Total Assets	72,635,290	72,774,912	(139,622)
Long-term Liabilities	17,324,353	19,236,701	(1,912,348)
Other Liabilities	3,102,371	3,077,860	24,511
Total Liabilities	20,426,724	22,314,561	(1,887,837)
 Net Position:			
Net Investment in Capital Assets	34,965,207	31,878,006	3,087,201
Restricted	2,136,934	5,123,642	(2,986,708)
Unrestricted	15,106,425	13,458,703	1,647,722
Total Net Position	\$ 52,208,566	\$ 50,460,351	\$ 1,748,215

A large portion of the City of York's net position (67.0 percent) reflects its investment in capital assets (land, infrastructure, buildings, distribution systems, vehicles, and equipment), net of any related debt used to acquire those assets that is still outstanding. The City of York uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of York's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of York's net position (4.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$15,106,425) 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, 2015

Expenses and Program Revenues – Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2015</u>		<u>Year Ended September 30, 2014</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 71,268	\$ 1,366,336	\$ 1,015,910	\$ 3,025,663
Economic Development	212,980	795,392	14,199	724,022
Public Safety	810,028	3,152,757	1,073,259	2,964,864
Public Works	54,381	1,627,693	11,475	1,578,454
Environment and Leisure	1,188,351	1,910,419	8,339,422	2,037,503
Airport	374,220	311,791	-	449,456
Interest and fees	-	175,248	92,832	271,743
Depreciation	-	1,527,669	-	1,417,180
Total	<u>\$ 2,711,228</u>	<u>\$ 10,867,305</u>	<u>\$ 10,547,097</u>	<u>\$ 12,468,885</u>

Revenues by Source – Governmental Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2015</u>		<u>Year Ended September 30, 2014</u>	
Charges for Services	\$ 1,255,780	10.97 %	\$ 908,494	4.61 %
Operating Grants and Contributions	463,626	4.05	102,420	0.52
Capital Grants and Contributions	991,822	8.66	9,536,183	48.41
Property Taxes	881,416	7.70	554,680	2.82
Motor Vehicle Taxes	175,283	1.53	234,892	1.19
Occupation/Franchise	2,303,526	20.12	2,076,775	10.54
Sales Tax	3,995,148	34.89	3,482,924	17.68
Special Assessments	10,765	0.09	-	-
TIF Proceeds	215,512	1.88	-	-
State Allocation	926,934	8.10	1,877,987	9.53
Keno Proceeds	29,082	0.25	-	-
Miscellaneous	127,022	1.11	883,985	4.49
Interest	41,757	0.37	38,742	0.20
Interfund Transfers	31,850	0.28	-	-
Total	<u>\$ 11,449,523</u>	<u>100.00 %</u>	<u>\$ 19,697,082</u>	<u>100.00 %</u>

Net position of the governmental funds increased \$582,218 during the year ended September 30, 2015.

Business-type activities. Business-type activities increased the City of York's net position by \$1,165,997. Key elements of this increase are as follows:

CITY OF YORK, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015

Expenses and Program Revenues – Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2015</u>		<u>Year Ended September 30, 2014</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Water	\$ 2,104,773	\$ 1,462,053	\$ 1,950,928	\$ 1,435,035
Sewer	1,212,866	1,033,788	1,145,889	1,002,764
Landfill	1,202,941	885,256	1,380,211	1,006,112
Total	4,520,580	3,381,097	4,477,028	3,443,911
Interfund Transfers	-	31,850	-	-
	<u>\$ 4,520,580</u>	<u>\$ 3,412,947</u>	<u>\$ 4,477,028</u>	<u>\$ 3,443,911</u>

Revenues by Source – Business-type Activities

<u>SOURCES OF REVENUE</u>	<u>Year Ended September 30, 2015</u>		<u>Year Ended September 30, 2014</u>	
Charges for Services	\$ 4,484,612	97.94 %	\$ 4,333,050	96.02 %
Capital Contributions and Grants	35,968	0.79	143,978	3.19
Interest	58,364	1.27	35,727	0.79
Total	<u>\$ 4,578,944</u>	<u>100.00 %</u>	<u>\$ 4,512,755</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 \$6,940,943. The unassigned fund balance is \$2,586,414, 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 street improvements (\$64,841), 2) restricted for federal programs (\$211,268), 3) restricted for debt service (\$601,145), 4) restricted for economic development (\$449,501), 5) restricted for

**CITY OF YORK, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015**

capital projects (\$160,801), 6) restricted for community betterment (\$31,439), 7) restricted for public safety (\$43,551), 8) assigned for budgetary stabilization (\$2,158,111), 9) assigned for other purposes (\$493,934) or 10) put into a nonspendable prepaid asset (\$139,938).

The General Fund is the chief operating fund of the City of York. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,586,414, or 39.1 percent of annual expenditures. Total General Fund balance was \$4,878,981, or 73.8 percent of annual General Fund expenditures.

The fund balance of the City of York's General Fund decreased by \$317,156 during the current fiscal year.

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

Unrestricted net position of the proprietary funds at the end of the year were as follows: Water Fund - \$4,861,452, Sewer Fund - \$2,551,697, and Landfill Fund - \$21,909. The growth in net position for the proprietary funds was as follows: Water Fund - \$657,684, Sewer Fund - \$174,983, and Landfill Fund - \$333,330. Other factors concerning the finances of these four funds have already been addressed in the discussion of the City of York's business-type activities.

General Fund Budgetary Highlights

The City amended its budget during the year ended September 30, 2015 to increase General Fund budgeted expenditures \$5,021 for police RAP dues, \$5,000 for grant funded defibrillators for parks, and \$31,000 for a sign for the convention center; increase LB357 Fund budgeted expenditures \$550,000 for capital projects; increase Capital Projects Fund budgeted expenditures \$103,739 for the Holthus Subdivision paving; and increased the Landfill Fund budgeted expenditures \$1,312,500 for the gas migration project.

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, 2015, amounts to \$51,356,516 (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 \$20,000) during the current fiscal year included the following:

- 2015 Ford Expedition and related equipment for police - \$44,298
- Sign for convention center - \$33,841
- Land for Industrial Park - \$379,729
- Construction costs on Holthus Street project - \$395,104

**CITY OF YORK, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015**

- Construction costs on 19th Street paving project, including state grant funding - \$987,891
- Construction in progress on Division Avenue paving - \$364,252
- Construction in progress on Blackburn Bridge project - \$53,136
- Construction in progress on Quiet Zone project - \$36,341
- Construction in progress on ball field complex - \$383,191
- Construction in progress on landfill gas migration project - \$229,025
- Construction in progress on wastewater treatment plant facilities - \$168,311
- South water tower rehab - \$474,715
- Water well fencing - \$24,385

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

	<u>Year Ended September 30, 2015</u>			<u>Year Ended September 30, 2014</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 1,945,229	\$ 305,336	\$ 2,250,565	\$ 1,565,500	\$ 305,336	\$ 1,870,836
Construction in Progress	1,056,442	467,023	1,523,465	1,714,220	328,609	2,042,829
Infrastructure	7,009,510	-	7,009,510	5,757,842	-	5,757,842
Buildings and Improvements	13,250,047	3,669,443	16,919,490	12,619,111	3,777,477	16,396,588
Distribution Systems	-	18,355,303	18,355,303	-	18,173,996	18,173,996
Equipment	1,138,167	2,101,191	3,239,358	1,260,152	2,250,829	3,510,981
Vehicles	2,016,887	41,938	2,058,825	2,269,739	54,811	2,324,550
Total	<u><u>\$ 26,416,282</u></u>	<u><u>\$24,940,234</u></u>	<u><u>\$51,356,516</u></u>	<u><u>\$25,186,564</u></u>	<u><u>\$ 24,891,058</u></u>	<u><u>\$ 50,077,622</u></u>

Additional information on the City of York's capital assets can be found in Note C5 on pages 49-51 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, 2015</u>			<u>Year Ended September 30, 2014</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Bonds Payable	\$ 8,175,000	\$ 6,085,000	\$14,260,000	\$ 8,910,000	\$ 6,880,000	\$15,790,000
Capital Lease	80,000	49,200	129,200	194,200	98,000	292,200
Notes Payable	111,964	1,890,145	2,002,109	124,238	1,993,219	2,117,457
Total	<u><u>\$ 8,366,964</u></u>	<u><u>\$ 8,024,345</u></u>	<u><u>\$16,391,309</u></u>	<u><u>\$ 9,228,438</u></u>	<u><u>\$ 8,971,219</u></u>	<u><u>\$ 18,199,657</u></u>

CITY OF YORK, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015

The City of York's total debt decreased by \$1,808,348 (9.9 percent) during the current fiscal year as scheduled principal payments were made.

The City of York does not have a bond rating.

Additional information on the City of York's long-term debt can be found in Note C6 on pages 52-55 of this report.

The following selected financial information is presented:

Total 2015 Taxable Valuation	\$479,622,560
Total General Obligation and Limited Tax Obligation Debt	8,366,964
Total Revenue Debt	8,024,345
Total Sales Tax Revenues	3,995,148

Economic Factors and Next Year's Budgets and Rates

- Property tax asking for the year ending September 30, 2016 of \$913,604 is \$67,354 (8.0 percent) higher than last year.
- The Landfill is working to fulfill a DEQ consent order regarding gas migration and improve operations to control future liabilities.
- The ethanol plant is currently closed and this could negatively impact future sewer revenues.
- The City plans to add two police officers during the next fiscal year.
- The City plans to increase water, sewer and landfill fees during the year ending September 30, 2016.
- The City has remaining contractual commitments of \$7,646,442 on the ballfield complex, which is expected to be completed by October 2016.

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, 2015

	Primary Government		Total	Component Unit (Accrual Basis)
	Governmental Activities (Modified Accrual Basis)	Business-type Activities (Accrual Basis)		
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,127,607	\$ 1,624,770	\$ 2,752,377	\$ 70,797
Certificates of deposit	4,736,120	6,523,396	11,259,516	1,042,303
County treasurer cash	54,177	-	54,177	-
Accounts receivable	167,512	297,175	464,687	-
Unbilled revenue	-	257,663	257,663	-
Special assessments receivable	170,760	-	170,760	-
Due from other governments	786,211	-	786,211	-
Current portion of notes receivable	307,091	-	307,091	-
Accrued interest receivable	3,775	4,894	8,669	3,192
Prepaid expenses	139,938	32,129	172,067	-
Inventory	24,584	23,988	48,572	-
Total current assets	<u>7,517,775</u>	<u>8,764,015</u>	<u>16,281,790</u>	<u>1,116,292</u>
Noncurrent assets:				
Restricted cash and cash equivalents	450,275	82,322	532,597	-
Restricted certificates of deposit	1,054,684	2,171,814	3,226,498	-
Noncurrent portion of notes receivable	1,237,889	-	1,237,889	-
Capital assets:				
Land	1,945,229	305,336	2,250,565	35,840
Construction in progress	1,056,442	467,023	1,523,465	-
Other capital assets, net of depreciation	23,414,611	24,167,875	47,582,486	-
Net capital assets	<u>26,416,282</u>	<u>24,940,234</u>	<u>51,356,516</u>	<u>35,840</u>
Total noncurrent assets	<u>29,159,130</u>	<u>27,194,370</u>	<u>56,353,500</u>	<u>35,840</u>
Total assets	<u>36,676,905</u>	<u>35,958,385</u>	<u>72,635,290</u>	<u>1,152,132</u>
LIABILITIES				
Current liabilities:				
Accounts payable	267,510	335,072	602,582	-
Claims incurred but not paid	54,000	-	54,000	-
Accrued wages and vacation	267,958	46,726	314,684	-
Accrued interest	59,408	49,711	109,119	-
Sales tax payable	694	16,899	17,593	-
Customer deposits	5,501	82,322	87,823	-
Unavailable special assessments	162,225	-	162,225	-
Current portion of long-term obligations	963,410	804,345	1,767,755	-
Total current liabilities	<u>1,780,706</u>	<u>1,335,075</u>	<u>3,115,781</u>	<u>-</u>
Noncurrent liabilities:				
Noncurrent compensated absences	209,414	25,756	235,170	-
Accrued closure/post-closure costs	-	2,452,219	2,452,219	-
Noncurrent portion of long-term obligations	7,403,554	7,220,000	14,623,554	-
Total noncurrent liabilities	<u>7,612,968</u>	<u>9,697,975</u>	<u>17,310,943</u>	<u>-</u>
Total liabilities	<u>9,393,674</u>	<u>11,033,050</u>	<u>20,426,724</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	18,049,318	16,915,889	34,965,207	-
Restricted for:				
Street improvements	64,841	-	64,841	-
Debt service	601,145	574,388	1,175,533	-
Federal programs	211,268	-	211,268	-
Economic development	449,501	-	449,501	-
Capital projects	160,801	-	160,801	-
Community betterment	31,439	-	31,439	-
Public safety	43,551	-	43,551	-
Unrestricted	7,671,367	7,435,058	15,106,425	1,152,132
Total net position	<u>\$ 27,283,231</u>	<u>\$ 24,925,335</u>	<u>\$ 52,208,566</u>	<u>\$ 1,152,132</u>

See notes to financial statements.

CITY OF YORK, NEBRASKA
STATEMENT OF ACTIVITIES
For the year ended September 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Primary government:			
Governmental activities			
(modified accrual basis):			
General government	\$ 1,366,336	\$ 70,587	\$ -
Economic development	795,392	76,229	136,751
Public safety	3,152,757	457,049	315,396
Public works	1,627,693	8,504	11,479
Environment and leisure	1,910,419	363,194	-
Airport	311,791	280,217	-
Interest and fees on long-term debt	175,248	-	-
Depreciation - unallocated	1,527,669	-	-
Total governmental activities	10,867,305	1,255,780	463,626
Business-type activities			
(accrual basis):			
Water	1,462,053	2,089,773	-
Sewer	1,033,788	1,192,866	-
Landfill	885,256	1,201,973	-
Total business-type activities	3,381,097	4,484,612	-
Total primary government	\$ 14,248,402	\$ 5,740,392	\$ 463,626
Component unit (accrual basis):			
Kilgore Library Foundation	\$ 1,550	\$ 308	\$ 11,200

See notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position				
Capital Grants and Contributions	Primary Government			Component Unit (Accrual Basis)
	Governmental Activities (Modified Accrual Basis)	Business-type Activities (Accrual Basis)	Total	
\$ 681	\$ (1,295,068)		\$ (1,295,068)	
-	(582,412)		(582,412)	
37,583	(2,342,729)		(2,342,729)	
34,398	(1,573,312)		(1,573,312)	
825,157	(722,068)		(722,068)	
94,003	62,429		62,429	
-	(175,248)		(175,248)	
-	(1,527,669)		(1,527,669)	
<u>991,822</u>	<u>(8,156,077)</u>	<u>\$ -</u>	<u>(8,156,077)</u>	
15,000	-	642,720	642,720	
20,000	-	179,078	179,078	
968	-	317,685	317,685	
<u>35,968</u>	<u>-</u>	<u>1,139,483</u>	<u>1,139,483</u>	
<u>\$ 1,027,790</u>	<u>(8,156,077)</u>	<u>1,139,483</u>	<u>(7,016,594)</u>	
<u>\$ -</u>				<u>\$ 9,958</u>
General revenues:				
Taxes:				
Property	881,416	-	881,416	-
Motor vehicle	175,283	-	175,283	-
Occupation/franchise	2,303,526	-	2,303,526	-
Sales tax	3,995,148	-	3,995,148	-
Special assessments	10,765	-	10,765	-
TIF proceeds	215,512	-	215,512	-
State allocation	926,934	-	926,934	-
Keno proceeds	29,082	-	29,082	-
Miscellaneous	127,022	-	127,022	-
Interest income	41,757	58,364	100,121	13,520
Interfund transfers	31,850	(31,850)	-	-
Total general revenues	<u>8,738,295</u>	<u>26,514</u>	<u>8,764,809</u>	<u>13,520</u>
Change in net position	582,218	1,165,997	1,748,215	23,478
Net position - September 30, 2014				
As originally reported	24,520,025	23,801,021	48,321,046	-
Restatement	2,180,988	(41,683)	2,139,305	1,128,654
As restated	<u>26,701,013</u>	<u>23,759,338</u>	<u>50,460,351</u>	<u>1,128,654</u>
Net position - September 30, 2015	<u>\$ 27,283,231</u>	<u>\$ 24,925,335</u>	<u>\$ 52,208,566</u>	<u>\$ 1,152,132</u>

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

September 30, 2015

	<u>General Fund</u>	<u>Street Fund</u>	<u>Aviation Fund</u>	<u>Debt Service Fund</u>
ASSETS				
Cash and cash equivalents	\$ 844,264	\$ 17,203	\$ 39,054	\$ 119,700
Certificates of deposit	3,540,493	76,450	173,562	531,971
County treasurer cash	54,177	-	-	-
Accounts receivable	154,837	3,572	9,103	-
Special assessments receivable	-	-	-	170,760
Due from other governments	539,012	46,880	-	-
Due from other funds	-	-	112,550	-
Accrued interest receivable	2,319	50	113	347
Inventory	-	-	24,584	-
Prepaid insurance	132,766	-	7,172	-
	<u>\$ 5,267,868</u>	<u>\$ 144,155</u>	<u>\$ 366,138</u>	<u>\$ 822,778</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 162,030	\$ 38,357	\$ 1,784	\$ -
Accrued interest payable	-	-	-	59,408
Accrued wages and vacation	220,662	40,957	6,339	-
Due to other funds	-	-	-	-
Customer deposits	5,501	-	-	-
Sales tax payable	694	-	-	-
Unavailable special assessments	-	-	-	162,225
	<u>388,887</u>	<u>79,314</u>	<u>8,123</u>	<u>221,633</u>
Fund balances:				
Nonspendable:				
Prepaid assets	132,766	-	7,172	-
Restricted for:				
Street improvements	-	64,841	-	-
Debt service	-	-	-	601,145
Federal programs	-	-	-	-
Economic development	-	-	-	-
Capital projects	-	-	-	-
Community betterment	-	-	-	-
Public safety	1,690	-	-	-
Assigned for:				
Budgetary stabilization	2,158,111	-	-	-
Other purposes	-	-	350,843	-
Unassigned	2,586,414	-	-	-
	<u>4,878,981</u>	<u>64,841</u>	<u>358,015</u>	<u>601,145</u>
Total fund balances	<u>\$ 4,878,981</u>	<u>\$ 64,841</u>	<u>\$ 358,015</u>	<u>\$ 601,145</u>
Total liabilities and fund balances	<u>\$ 5,267,868</u>	<u>\$ 144,155</u>	<u>\$ 366,138</u>	<u>\$ 822,778</u>

See notes to financial statements.

<u>Other Funds</u>	<u>Eliminations</u>	<u>Total Governmental Funds</u>
\$ 368,195	\$ -	\$ 1,388,416
626,304	-	4,948,780
-	-	54,177
-	-	167,512
-	-	170,760
200,319	-	786,211
-	(112,550)	-
397	-	3,226
-	-	24,584
-	-	139,938
<u>\$ 1,195,215</u>	<u>\$ (112,550)</u>	<u>\$ 7,683,604</u>
\$ 44,704	\$ -	\$ 246,875
-	-	59,408
-	-	267,958
112,550	(112,550)	-
-	-	5,501
-	-	694
-	-	162,225
<u>157,254</u>	<u>(112,550)</u>	<u>742,661</u>
-	-	139,938
-	-	64,841
-	-	601,145
211,268	-	211,268
449,501	-	449,501
160,801	-	160,801
31,439	-	31,439
41,861	-	43,551
-	-	2,158,111
143,091	-	493,934
-	-	2,586,414
<u>1,037,961</u>	<u>-</u>	<u>6,940,943</u>
<u>\$ 1,195,215</u>	<u>\$ (112,550)</u>	<u>\$ 7,683,604</u>

CITY OF YORK, NEBRASKA

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

September 30, 2015

Total fund balances - governmental funds \$ 6,940,943

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

Notes receivable are not financial resources and therefore are not reported as assets in the governmental funds. Notes receivable are reported as assets in the statement of net position. 1,544,980

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 \$37,225,438, and the accumulated depreciation is \$10,809,156. 26,416,282

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. 957,404

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	\$ (8,175,000)	
Note payable	(111,964)	
Capital lease payable	(80,000)	
Noncurrent compensated absences	(209,414)	(8,576,378)

Total net position - governmental activities \$ 27,283,231

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, 2015

	<u>General Fund</u>	<u>Street Fund</u>	<u>Aviation Fund</u>
REVENUES			
Taxes:			
Property	\$ 881,416	\$ -	\$ -
Motor vehicle	175,283	-	-
Special assessments	-	-	-
Occupation/franchise	2,303,526	-	-
Sales tax	3,163,468	251,288	-
Intergovernmental	329,005	924,804	-
Charges for services	877,177	8,504	280,217
Grants	33,494	-	78,102
Keno proceeds	-	-	-
Loan collections	-	-	-
Contributions	9,111	-	-
Interest income	26,869	5,825	892
Insurance proceeds	137,060	7,984	15,901
Other	14,446	12,202	-
Total revenues	7,950,855	1,210,607	375,112
EXPENDITURES			
General government	1,357,766	-	-
Economic development	-	-	-
Public safety	3,097,061	-	-
Public works	-	1,626,613	-
Environment and leisure	1,906,051	-	-
Airport	-	-	311,791
Capital outlay	134,167	-	15,527
Principal payments on debt	114,200	-	-
Interest on long-term debt	1,651	-	-
Bond fees	-	-	-
Total expenditures	6,610,896	1,626,613	327,318
Excess (deficiency) of revenues over expenses before transfers	1,339,959	(416,006)	47,794
INTERFUND TRANSFERS			
Transfer from (to) other funds	(1,657,115)	(1,137,835)	95,754
Net change in fund balances	(317,156)	(1,553,841)	143,548
Fund balances - September 30, 2014			
As originally reported	4,148,185	1,050,112	157,152
Restatement	1,047,952	568,570	57,315
As restated	5,196,137	1,618,682	214,467
Fund balances - September 30, 2015	\$ 4,878,981	\$ 64,841	\$ 358,015

See notes to financial statements.

<u>Debt Service Fund</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 881,416
-	-	175,283
10,766	-	10,766
-	-	2,303,526
-	580,392	3,995,148
-	297,230	1,551,039
-	30,232	1,196,130
-	163,165	274,761
-	29,082	29,082
-	263,659	263,659
-	-	9,111
778	2,000	36,364
-	-	160,945
-	18,656	45,304
<u>11,544</u>	<u>1,384,416</u>	<u>10,932,534</u>
-	11,989	1,369,755
-	934,391	934,391
-	72,842	3,169,903
-	-	1,626,613
-	-	1,906,051
-	-	311,791
-	1,923,937	2,073,631
735,000	12,274	861,474
169,328	-	170,979
2,500	-	2,500
<u>906,828</u>	<u>2,955,433</u>	<u>12,427,088</u>
(895,284)	(1,571,017)	(1,494,554)
<u>1,065,698</u>	<u>1,665,348</u>	<u>31,850</u>
170,414	94,331	(1,462,704)
491,278	3,793,159	9,639,886
(60,547)	(2,849,529)	(1,236,239)
<u>430,731</u>	<u>943,630</u>	<u>8,403,647</u>
<u>\$ 601,145</u>	<u>\$ 1,037,961</u>	<u>\$ 6,940,943</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, 2015

Total net change in fund balances - governmental funds	\$ (1,462,704)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Economic development loans made during the year are reported in the governmental funds as expenditures. However, in the statement of activities, the loan advances are reported as an increase to notes receivable.	139,000
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.	(204,012)
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 (\$2,757,387) exceeded depreciation expense (\$1,527,669) in the period. State grants paid for \$683,757 of the capital asset additions directly.	1,229,718
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.	25,818
The change in noncurrent compensated absences is reported as an expense in the statement of net position. Noncurrent compensated absences are not reported in the governmental funds.	(7,076)
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>861,474</u>
Change in net position of governmental activities	<u><u>\$ 582,218</u></u>

See notes to financial statements.

CITY OF YORK, NEBRASKA

STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS

September 30, 2015

	Enterprise Funds				Internal Service Fund
	Water Fund	Sewer Fund	Landfill Fund	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,004,457	\$ 436,969	\$ 183,344	\$ 1,624,770	\$ 189,466
Certificates of deposit	3,766,595	1,941,979	814,822	6,523,396	842,024
Accounts receivable	161,829	133,761	1,585	297,175	-
Unbilled revenue	169,618	88,045	-	257,663	-
Accrued interest receivable	2,589	1,315	990	4,894	549
Prepaid expenses	13,584	13,349	5,196	32,129	-
Inventory	23,988	-	-	23,988	-
Total current assets	5,142,660	2,615,418	1,005,937	8,764,015	1,032,039
Noncurrent assets:					
Restricted cash	82,322	-	-	82,322	-
Restricted certificates of deposit	468,000	106,388	1,597,426	2,171,814	-
Capital assets:					
Land	24,625	16,999	263,712	305,336	-
Construction in progress	44,967	193,031	229,025	467,023	-
Distribution systems	16,657,156	9,346,741	-	26,003,897	-
Buildings and improvements	234,450	-	5,120,650	5,355,100	-
Equipment	1,133,788	5,482,560	656,052	7,272,400	-
Vehicles	41,277	203,579	-	244,856	-
Less accumulated depreciation	(5,806,102)	(7,062,695)	(1,839,581)	(14,708,378)	-
Net capital assets	12,330,161	8,180,215	4,429,858	24,940,234	-
Total noncurrent assets	12,880,483	8,286,603	6,027,284	27,194,370	-
Total assets	18,023,143	10,902,021	7,033,221	35,958,385	1,032,039
LIABILITIES					
Current liabilities:					
Accounts payable	189,132	27,676	118,264	335,072	20,635
Claims incurred but not paid	-	-	-	-	54,000
Accrued wages and vacation	21,335	15,230	10,161	46,726	-
Accrued interest payable	46,093	2,808	810	49,711	-
Sales tax payable	9,666	7,233	-	16,899	-
Customer deposits	82,322	-	-	82,322	-
Current portion of long-term obligations	355,145	210,000	239,200	804,345	-
Total current liabilities	703,693	262,947	368,435	1,335,075	74,635
Noncurrent liabilities:					
Noncurrent compensated absences	14,982	10,774	-	25,756	-
Accrued closure/post-closure costs	-	-	2,452,219	2,452,219	-
Noncurrent portion of long-term obligations	5,935,000	640,000	645,000	7,220,000	-
Total noncurrent liabilities	5,949,982	650,774	3,097,219	9,697,975	-
Total liabilities	6,653,675	913,721	3,465,654	11,033,050	74,635
NET POSITION					
Net investment in capital assets	6,040,016	7,330,215	3,545,658	16,915,889	-
Restricted for debt service	468,000	106,388	-	574,388	-
Unrestricted	4,861,452	2,551,697	21,909	7,435,058	957,404
Total net position	\$11,369,468	\$9,988,300	\$ 3,567,567	\$24,925,335	\$ 957,404

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, 2015

	Enterprise Funds			Total	Internal Service Fund
	Water Fund	Sewer Fund	Landfill Fund		
Operating revenues:					
Sales	\$ 1,558,541	\$ 1,149,054	\$ 1,195,623	\$ 3,903,218	\$ -
Services charges	27,765	22,642	-	50,407	-
Tap fees	14,413	3,084	-	17,497	-
Rent income	430,692	-	4,200	434,892	-
Insurance proceeds	23,144	17,042	2,150	42,336	-
Health insurance premiums	-	-	-	-	1,058,636
Other revenue	35,218	1,044	-	36,262	-
Total operating revenues	<u>2,089,773</u>	<u>1,192,866</u>	<u>1,201,973</u>	<u>4,484,612</u>	<u>1,058,636</u>
Operating expenses:					
Personnel	298,479	345,838	262,815	907,132	-
Insurance	26,533	27,082	13,845	67,460	-
Professional fees	16,111	41,811	16,696	74,618	-
Meetings, seminars, and dues	1,244	423	571	2,238	-
Repairs and maintenance	246,372	96,613	98,928	441,913	-
Contract services	18,418	10,918	56,689	86,025	-
Transportation	7,468	10,522	53,368	71,358	-
Utilities and telephone	94,468	109,045	16,035	219,548	-
Supplies	15,309	25,247	8,000	48,556	-
Closure/post-closure costs	-	-	164,445	164,445	-
Farm rental expenses	178,547	-	-	178,547	-
Other expenses	19,138	13,267	5,128	37,533	-
Depreciation	381,826	343,690	162,899	888,415	-
Insurance claims/health premiums	-	-	-	-	1,038,211
Total operating expenses	<u>1,303,913</u>	<u>1,024,456</u>	<u>859,419</u>	<u>3,187,788</u>	<u>1,038,211</u>
Operating income	785,860	168,410	342,554	1,296,824	20,425
Nonoperating revenues (expenses):					
Interest income	28,797	13,922	15,645	58,364	5,393
Grant income	15,000	20,000	968	35,968	-
Interest expense	(137,964)	(8,832)	(25,337)	(172,133)	-
Bond/DEQ loan fees	(20,176)	(500)	(500)	(21,176)	-
Total nonoperating revenues (expenses)	<u>(114,343)</u>	<u>24,590</u>	<u>(9,224)</u>	<u>(98,977)</u>	<u>5,393</u>
Income before interfund transfers	671,517	193,000	333,330	1,197,847	25,818
Interfund transfers:					
Transfer to other funds	(13,833)	(18,017)	-	(31,850)	-
Change in net position	<u>657,684</u>	<u>174,983</u>	<u>333,330</u>	<u>1,165,997</u>	<u>25,818</u>
Net position - September 30, 2014					
As originally reported	10,588,397	9,703,352	3,509,272	23,801,021	-
Restatement	123,387	109,965	(275,035)	(41,683)	931,586
As restated	<u>10,711,784</u>	<u>9,813,317</u>	<u>3,234,237</u>	<u>23,759,338</u>	<u>931,586</u>
Net position - September 30, 2015	<u>\$ 11,369,468</u>	<u>\$ 9,988,300</u>	<u>\$ 3,567,567</u>	<u>\$ 24,925,335</u>	<u>\$ 957,404</u>

See notes to financial statements.

CITY OF YORK, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the year ended September 30, 2015

	<u>Water Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 2,099,321
Receipts from employees and other funds	-
Payments to suppliers	(522,992)
Payments to employees	(298,171)
Net cash provided by operating activities	<u>1,278,158</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer to other funds	(13,833)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of property and equipment	(528,631)
Grant funds received	15,000
Payment of loan administration fees	(20,176)
Principal payments on capital debt	(383,074)
Interest paid on capital debt	(114,959)
Net cash used by capital and related financing activities	<u>(1,031,840)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
(Increase) decrease in certificates of deposit	(20,843)
(Increase) decrease in restricted cash	(82,322)
Increase in restricted certificates of deposit	-
Interest received	26,208
Net cash used by investing activities	<u>(76,957)</u>
Increase (decrease) in cash and cash equivalents	155,528
Cash and cash equivalents - beginning of the year	<u>848,929</u>
Cash and cash equivalents - end of the year	<u><u>\$ 1,004,457</u></u>

Enterprise Funds			Internal Service Fund
Sewer Fund	Landfill Fund	Total	
\$ 1,191,401	\$ 1,206,469	\$ 4,497,191	\$ -
-	-	-	1,058,636
(361,561)	(179,715)	(1,064,268)	(1,006,576)
(346,378)	(263,352)	(907,901)	-
<u>483,462</u>	<u>763,402</u>	<u>2,525,022</u>	<u>52,060</u>
(18,017)	-	(31,850)	-
(179,936)	(229,026)	(937,593)	-
20,000	968	35,968	-
(500)	(500)	(21,176)	-
(205,000)	(358,800)	(946,874)	-
(9,092)	(25,551)	(149,602)	-
<u>(374,528)</u>	<u>(612,909)</u>	<u>(2,019,277)</u>	-
(48,597)	38,225	(31,215)	(29,989)
-	-	(82,322)	-
(106,388)	(190,259)	(296,647)	-
12,607	14,655	53,470	4,844
<u>(142,378)</u>	<u>(137,379)</u>	<u>(356,714)</u>	<u>(25,145)</u>
(51,461)	13,114	117,181	26,915
<u>488,430</u>	<u>170,230</u>	<u>1,507,589</u>	<u>162,551</u>
<u>\$ 436,969</u>	<u>\$ 183,344</u>	<u>\$ 1,624,770</u>	<u>\$ 189,466</u>

CITY OF YORK, NEBRASKA

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

For the year ended September 30, 2015

	<u>Water Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 785,860
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	381,826
Change in assets and liabilities:	
Accounts receivable and unbilled revenue	(43,056)
Prepaid expenses	(2,913)
Inventories	19,501
Accounts payable	138,985
Claims incurred but not paid	-
Accrued expenses	(1,846)
Accrued closure/post-closure costs	-
Sales tax payable	1,086
Customer deposits	(1,285)
Net cash provided by operating activities	<u>\$ 1,278,158</u>

See notes to financial statements.

<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
<u>Sewer Fund</u>	<u>Landfill Fund</u>	<u>Total</u>	
\$ 168,410	\$ 342,554	\$ 1,296,824	\$ 20,425
343,690	162,899	888,415	-
(2,085)	4,496	(40,645)	-
(1,745)	102	(4,556)	-
-	-	19,501	-
(24,888)	89,443	203,540	20,635
-	-	-	11,000
(540)	(537)	(2,923)	-
-	164,445	164,445	-
620	-	1,706	-
-	-	(1,285)	-
<u>\$ 483,462</u>	<u>\$ 763,402</u>	<u>\$ 2,525,022</u>	<u>\$ 52,060</u>

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

INDEX

	Page
NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	
1. Financial Reporting Entity	25
2. Basis of Presentation	26
3. Measurement Focus and Basis of Accounting	29
4. Assets, Liabilities, and Equity	31
5. Revenues, Expenditures, and Expenses	41
NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	
1. Fund Accounting Requirements	42
2. Deposit Laws and Regulations	42
3. Revenue Restrictions	43
4. Debt Restrictions and Covenants	43
5. Budgetary Data	43
NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS	
1. Cash and Certificates of Deposit	44
2. Restricted Assets	46
3. Accounts and Other Receivables	46
4. Notes Receivable	47
5. Capital Assets	49
6. Long-term Debt	52
7. Interfund Transactions and Balances	55
NOTE D – OTHER NOTES	
1. Retirement Benefits	56
2. Risk Management	57
3. Commitments and Contingencies	58
4. Interlocal Agreements	60
5. Related Party Transaction	60
6. CDBG Housing Loans	60
7. Subsequent Events	60

CITY OF YORK, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

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, 2015

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, 2015

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, 2015

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 provides goods and services to other funds, departments or agencies of the primary government on a cost-reimbursement basis.

Major and Nonmajor Funds

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

<u>Fund</u>	<u>Brief Description</u>
<i>Major:</i>	
Governmental:	
General Fund	See above for description.
Street Fund	The Street Fund is a Special Revenue Fund that accounts for the City's share of highway allocation from the State of Nebraska.
Aviation Fund	This fund is a Special Revenue Fund that accounts for airport operations.
Debt Service Fund	See above for description.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

<u>Fund</u>	<u>Brief Description</u>
<i>Major, continued:</i>	
Proprietary:	
Enterprise:	
Water, Sewer, and Landfill	See above for description.
<i>Nonmajor:</i>	
Governmental:	
Capital Projects Fund	See above for description.
CDBG Fund	This fund is a Special Revenue Fund that accounts for the City's share of the Community Development Block Grant Program.
Keno Fund	This is a Special Revenue Fund that accounts for keno proceeds held for community betterment.
Sinking Fund	This Special Revenue Fund accounts for the Industrial Park development.
RAP Fund	This Special Revenue Fund accounts for the Rural Apprehension Program.
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.
LB357 Care	This Special Revenue Fund accounts for the additional ½ cent sales tax restricted for capital 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, 2015

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, 2015

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, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Receivables, continued

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

Due from Other Governments

The total due from other governments consists of the following:

<u>Fund</u>	<u>Amount</u>	<u>Type of Revenue</u>
General	\$ 539,012	Sales Tax
Street	46,880	Sales Tax
CDBG	5,022	Federal Grant
LB357	195,297	Sales Tax
	<u>\$ 786,211</u>	

Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method.

Restricted Assets

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

Capital Assets

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

Government-wide Statements

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

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets, continued

Government-wide Statements, continued

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

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

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

Fund Financial Statements

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

Compensated Absences

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

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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 does not meet the definition of “restricted” or “net investment in capital assets.”

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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 16). 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, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Restatement

Net position and fund balances were restated as of September 30, 2014 as follows:

	Governmental	
	Net Position	Fund Balance
<u>General Fund</u>		
Sales tax payable was only reported as a government-wide item, but should have been included on the fund statements.	\$ -	\$ (812)
An insurance transfer to the internal service fund was recorded incorrectly in the prior period.	25,000	25,000
Accounts payable was misstated in the prior period.	5,871	5,871
Accrued wages were only reported as a government-wide item, but should have been included on the fund statements.	-	(132,849)
Accrued vacation was only reported as a government-wide item, but should have been included on the fund statements.	-	(124,001)
Prepaid insurance was omitted in the prior period.	169,487	169,487
Sales tax and hotel occupation tax receivable were only reported as a government-wide item, but should have been included on the fund statements.	-	638,093
Hotel occupation tax was overstated in the prior period.	(28,409)	(28,409)
The Fire/EMS department fund balance was reclassified from a separate special revenue fund to the General Fund.	-	171,153
The Library department fund balance was reclassified from a separate special revenue fund to the General Fund.	-	40
The Police and Fire Pension fund balance was reclassified from a separate special revenue fund to the General Fund.	-	324,379
Total General Fund restatement		\$ 1,047,952

CITY OF YORK, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Restatement, continued

Street Fund:

Accounts payable was misstated in the prior period.	(1,733)	\$ (1,733)
Accrued wages were only reported as a government-wide item, but should have been included on the fund statements.	-	(18,649)
Accrued vacation was only reported as a government-wide item, but should have been included on the fund statements.	-	(21,027)
Sales tax receivable was only reported as a government-wide item, but should have been included on the fund statements.	-	42,909
Accounts receivable were overstated in the prior period.	(26,670)	(26,670)
The Capital Projects Fund was reclassified from the Street Fund to a separate capital projects fund.		593,740
Total Street Fund restatement		<u>\$ 568,570</u>

Aviation Fund:

Grants receivable was misstated in the prior period.	29,038	\$ 29,038
Accounts payable was misstated in the prior period.	(391)	(391)
Accrued wages were only reported as a government-wide item, but should have been included on the fund statements.	-	(3,672)
Accrued vacation was only reported as a government-wide item, but should have been included on the fund statements.	-	(2,593)
Prepaid insurance was omitted in the prior period.	10,349	10,349
Fuel inventory was omitted in the prior period.	24,584	24,584
Total Aviation Fund restatement		<u>\$ 57,315</u>

CITY OF YORK, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Restatement, continued

Debt Service Fund:

Accrued interest was only reported as a government-wide item, but should have been included on the fund statements.	-	\$ (62,725)
Special assessments receivable were misstated in the prior period.	8,228	8,228
Accounts payable was misstated in the prior period.	(6,050)	<u>(6,050)</u>
Total Debt Service Fund restatement		<u><u>\$ (60,547)</u></u>

Capital Projects Fund:

The Capital Projects Fund was reclassified from the Street Fund to a separate capital projects fund.	-	<u><u>\$ (593,740)</u></u>
--	---	----------------------------

Sinking Fund:

TIF notes receivable and payable were reported on the fund statements in error. These items should only be reported on the government-wide statements.	-	<u><u>\$ (785,631)</u></u>
--	---	----------------------------

Restated Funds:

The Fire/EMS department fund balance was reclassified from a separate special revenue fund to the General Fund.	-	\$ (171,153)
The Library department fund balance was reclassified from a separate special revenue fund to the General Fund.	-	(40)
The Police and Fire Pension fund balance was reclassified from a separate special revenue fund to the General Fund.	-	(324,379)
The Insurance Fund was reclassified from a separate special revenue fund to an Internal Service Fund.	-	<u>(931,586)</u>
Total other governmental funds restatement		<u><u>\$ (1,427,158)</u></u>

CITY OF YORK, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Restatement, continued

Internal Service Fund:

Claims incurred but not paid were understated in the prior period.	(43,000)	\$ (43,000)
The Insurance Fund was reclassified from a separate special revenue fund to an Internal Service Fund.	-	<u>974,586</u>
Total Internal Service Fund restatement		<u><u>\$ 931,586</u></u>

Government-Wide Restatements:

Noncurrent compensated absences were omitted in the prior period.	(202,338)	
Capital lease obligations were omitted in the prior period.	(194,200)	
Two fire trucks and other equipment acquired in the prior period were omitted from capital assets.	1,586,904	
A CDBG notes receivable were omitted in the prior period.	700,121	
TIF notes receivable were understated in the prior period.	<u>124,197</u>	
Total governmental activities restatement		<u><u>\$ 2,180,988</u></u>

Business-Type
Net Position

Water Fund:

Unbilled revenue was omitted in the prior period.	\$ 134,352	
Accounts payable was misstated in the prior period.	(1,601)	
Noncurrent compensated absences were omitted in the prior period.	(13,962)	
Prepaid insurance was omitted in the prior period.	10,670	
Accounts receivable were overstated in the prior period.	<u>(6,072)</u>	
Total Water Fund restatement		<u>123,387</u>

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Restatement, continued

Sewer Fund:

Unbilled revenue was omitted in the prior period.	91,613
Accounts payable was misstated in the prior period.	(1,172)
Noncurrent compensated absences were omitted in the prior period.	(6,098)
Prepaid insurance was omitted in the prior period.	11,604
Accounts receivable were overstated in the prior period.	(3,325)
Construction in progress was understated in the prior period.	17,343
Total Sewer Fund restatement	109,965

Landfill Fund:

Accounts payable was misstated in the prior period.	(974)
Accrued landfill closure/post-closure costs were understated in the prior period.	(181,359)
Prepaid insurance was omitted in the prior period.	5,298
Capital lease obligations were omitted in the prior period.	(98,000)
Total Landfill Fund restatement	(275,035)
Total business-type activities restatement	\$ (41,683)

Component Unit
Net Position

Kilgore Library Foundation:

This component unit was omitted from the prior period.	\$ 1,128,654
--	--------------

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses

Property Taxes

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

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

Property taxes levied for 2014-2015 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, 2015

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, 2015

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 financial-related. These include covenants such as debt-service coverage requirements and required reserve account balances. The City is in compliance with the bond restrictions and covenants.

5. Budgetary Data

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

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

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.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data, continued

- c. Prior to September 20, the City Council adopts the budget, which is then filed with the appropriate state and county officials.
- d. Total expenditures may not legally exceed total appropriations. Appropriations lapse at year end and any revisions require board approval.
- e. The County Clerk certifies a preliminary property tax levy for each fund of the City which levied property taxes in the county the previous year based on the combined valuation and amount required for the City the prior year. The preliminary levy becomes the final levy unless the governing board passes, by a majority vote, a resolution setting the levy at a different amount.
- f. The property tax requirements resulting from the budget process are utilized by the County Assessor to establish the tax levy. Taxes are levied annually on or before October 15. Real property taxes and personal property taxes are due December 31 with the first half delinquent May 1 and the second half delinquent September 1.
- g. Appropriations lapse at the end of the fiscal year, except for capital improvement appropriations and certain encumbrances against operating budgets.
- h. The City of 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, 2015. The categories of collateral are defined as follows:

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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	\$ 18,942,989	\$ 1,935,647	\$ 17,004,849	\$ 2,493	\$ <u>18,884,088</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –

Unrestricted cash and cash equivalents	\$ 2,752,377
Unrestricted certificates of deposit	11,259,516
Restricted cash and cash equivalents	532,597
Restricted certificates of deposit	<u>3,226,498</u>
Total primary government	17,770,988

Component Unit –

Unrestricted cash and cash equivalents	70,797
Unrestricted certificates of deposit	<u>1,042,303</u>
Total component unit	<u>1,113,100</u>

Total	\$ <u>18,884,088</u>
-------	----------------------

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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

2. Restricted Assets

The restricted assets as of September 30, 2015, are as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>	<u>Component Units</u>
Type of Restricted Assets:				
Cash and cash equivalents	\$ 450,275	\$ 82,322	\$ 532,597	\$ -
Certificates of deposit	<u>1,054,684</u>	<u>2,171,814</u>	<u>3,226,498</u>	<u>-</u>
	<u>\$ 1,504,959</u>	<u>\$ 2,254,136</u>	<u>\$ 3,759,095</u>	<u>\$ -</u>

The governmental restricted assets consist of the following: \$1,690 in the General Fund for public safety, \$93,653 in the Street Fund for street improvements, \$651,671 in the Debt Service Fund for debt service, \$23,842 in the Capital Projects Fund for capital projects, \$211,268 in the CDBG Fund for federal programs, \$31,734 in the Keno Fund for community betterment, \$41,839 in the E911 Fund for public safety, and \$449,262 in the TIF Fund for economic development.

Restricted assets for business-type funds consist of \$82,322 restricted cash for customer deposits in the Water Fund, \$468,000 of Water Fund certificates of deposit restricted for debt service, \$106,388 of Sewer Fund certificates of deposit restricted for debt service, and \$1,597,426 of Landfill Fund certificates of deposit restricted for closure and post-closure costs.

3. Accounts and Other Receivables

Governmental receivables detail at September 30, 2015, is as follows:

	<u>Governmental Activities</u>
Accounts receivable - ambulance	\$ 104,599
Hotel occupation tax receivable	34,367
Other governmental accounts receivable	<u>28,546</u>
 Total governmental accounts receivable	 <u>\$ 167,512</u>

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

CITY OF YORK, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

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

4. Notes Receivable

Notes receivable at September 30, 2015, 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.	\$ 19,820
Note for \$250,000 to York Cold Storage dated March 31, 2009; due in monthly payments of \$2,083 through April 1, 2019; non-interest bearing.	89,584
Note for \$152,026 to York Cold Storage dated November 15, 2010; due in monthly installments of \$2,651 through February 15, 2016; bearing interest of 1.625 percent.	13,199
Note for \$116,770 to Advanced Agri-Direct dated May 15, 2010; due in monthly installments of \$1,472 through September 15, 2017; bearing interest of 1.625 percent.	34,705
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.	375,914
Note for \$50,000 to Beaver Creek Products, LLC dated June 19, 2014; due in monthly installments of \$855 through August 15, 2019; bearing interest of 1.625 percent.	<u>38,880</u>
Total CDBG notes receivable	572,102

Economic Development note:

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.	139,000
--	---------

TIF notes:

See notes described on next page.

	<u>833,878</u>
	<u>\$ 1,544,980</u>
Current portion	\$ 307,091
Noncurrent portion	<u>1,237,889</u>
Total	<u>\$ 1,544,980</u>

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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

4. Notes Receivable, continued

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, 2015, were as follows:

	<u>TIF Receivables</u>	<u>TIF Payables</u>
Scannell/Pioneer	\$ 677,439	\$ -
Nolan	44,475	-
United Farmers Coop	111,964	111,964 *
	<u>\$ 833,878</u>	<u>\$ 111,964</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, 2015

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

5. Capital Assets

Capital asset activity for the year ended September 30, 2015, was as follows:

	Balance at October 1, <u>2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2015</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 1,565,500	\$ 379,729	\$ -	\$ -	\$ 1,945,229
Construction in progress	<u>1,714,220</u>	<u>836,919</u>	<u>-</u>	<u>(1,494,697)</u>	<u>1,056,442</u>
Total capital assets not being depreciated	3,279,720	1,216,648	-	(1,494,697)	3,001,671
Other capital assets being depreciated:					
Infrastructure	7,484,879	1,382,995	-	374,217	9,242,091
Buildings and improvements	17,079,251	15,527	(5,000)	1,120,480	18,210,258
Equipment	2,793,987	97,919	(89,197)	-	2,802,709
Vehicles	<u>4,640,093</u>	<u>44,298</u>	<u>(715,682)</u>	<u>-</u>	<u>3,968,709</u>
Total other capital assets at historical cost	31,998,210	1,540,739	(809,879)	1,494,697	34,223,767
Less accumulated depreciation for:					
Infrastructure	(1,727,037)	(505,544)	-	-	(2,232,581)
Buildings and improvements	(4,460,140)	(505,071)	5,000	-	(4,960,211)
Equipment	(1,533,835)	(219,904)	89,197	-	(1,664,542)
Vehicles	<u>(2,370,354)</u>	<u>(297,150)</u>	<u>715,682</u>	<u>-</u>	<u>(1,951,822)</u>
Total accumulated depreciation	<u>(10,091,366)</u>	<u>(1,527,669) *</u>	<u>809,879</u>	<u>-</u>	<u>(10,809,156)</u>
Other capital assets, net	<u>21,906,844</u>	<u>13,070</u>	<u>-</u>	<u>1,494,697</u>	<u>23,414,611</u>
Governmental activities capital assets, net	<u><u>\$25,186,564</u></u>	<u><u>\$ 1,229,718</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 26,416,282</u></u>

*Depreciation expense was incurred by the following governmental activities:

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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

5. Capital Assets, continued

Governmental Activities, continued:

General Fund:

General government:

Administration \$ 25,944

Public safety:

Polic 49,269

Fire/EMS 289,146

Total public safety 338,415

Airport 61,106

Environment and leisure:

Auditorium 12,711

Community Center 15,477

Convention Center 247,283

Library 31,350

Park 84,001

Pool 167,599

Senior Center 11,337

Total environment and leisure 569,758

Total General Fund 995,223

Special Revenue Funds:

Street 532,446

Total Governmental Activities
depreciation expense \$ 1,527,669

Construction in progress at September 30, 2015, consists of \$473,960 of costs incurred on the Division Avenue paving project, \$102,873 of engineering on the Blackburn Bridge project, \$60,077 of engineering on the Peters Phase 2 project, \$36,341 of engineering on the Quiet Zone project, and \$383,191 of engineering on the ballfield complex project. See Note D3 for details of commitments in place on these projects as of September 30, 2015.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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

5. Capital Assets, continued

	Balance at October 1, <u>2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2015</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 305,336	\$ -	\$ -	\$ -	\$ 305,336
Construction in progress	328,609	411,367	-	(272,953)	467,023
Total capital assets not being depreciated	633,945	411,367	-	(272,953)	772,359
Other capital assets being depreciated:					
Distribution systems	25,244,604	486,340	-	272,953	26,003,897
Buildings and improvements	5,355,100	-	-	-	5,355,100
Equipment	7,511,277	39,884	(278,761)	-	7,272,400
Vehicles	429,006	-	(184,150)	-	244,856
Total other capital assets at historical cost	38,539,987	526,224	(462,911)	272,953	38,876,253
Less accumulated depreciation for:					
Distribution systems	(7,070,608)	(577,986)	-	-	(7,648,594)
Buildings and improvements	(1,577,623)	(108,034)	-	-	(1,685,657)
Equipment	(5,260,448)	(189,522)	278,761	-	(5,171,209)
Vehicles	(374,195)	(12,873)	184,150	-	(202,918)
Total accumulated depreciation	(14,282,874)	(888,415) *	462,911	-	(14,708,378)
Other capital assets, net	24,257,113	(362,191)	-	272,953	24,167,875
Business-type capital assets, net	\$24,891,058	\$ 49,176	\$ -	\$ -	\$ 24,940,234

*Depreciation expense was charged to functions as follows:

Water	\$ 381,826
Sewer	343,690
Natural Gas	<u>162,899</u>
Total Business-type Activities depreciation expense	<u>\$ 888,415</u>

Construction in progress at September 30, 2015, consists of \$229,025 of engineering on the landfill gas migration control project, \$193,031 of costs incurred on the wastewater treatment plant facilities, \$38,113 of engineering on the Interstate water main project, and \$6,854 of engineering on the North water tower rehab project. See Note D3 for details of commitments in place on these projects as of September 30, 2015.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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>2014</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>2015</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds payable	\$ 8,910,000	\$ -	\$ (735,000)	\$ 8,175,000	\$ 870,000
Notes payable	124,238	-	(12,274)	111,964	13,410
Capital lease obligation	194,200	-	(114,200)	80,000	80,000
Total	<u>\$ 9,228,438</u>	<u>\$ -</u>	<u>\$ (861,474)</u>	<u>\$ 8,366,964</u>	<u>\$ 963,410</u>
Business-type Activities:					
Bonds payable	\$ 6,880,000	\$ -	\$ (795,000)	\$ 6,085,000	\$ 650,000
Notes payable	1,993,219	-	(103,074)	1,890,145	105,145
Capital lease obligation	98,000	-	(48,800)	49,200	49,200
Total	<u>\$ 8,971,219</u>	<u>\$ -</u>	<u>\$ (946,874)</u>	<u>\$ 8,024,345</u>	<u>\$ 804,345</u>

The following is a summary of changes in long-term debt for the year ended September 30, 2015:

Governmental Activities

As of September 30, 2015, the governmental long-term liabilities consisted of the following:

Capital lease obligation:

Capital lease obligation to finance an ambulance, an ambulance remount, and park lighting dated December 9, 2013, with original issue amount of \$308,300, bearing interest of 0.85 percent, with final maturity on August 15, 2016. Payments are made by the General Fund. \$ 80,000

CITY OF YORK, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

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

6. Long-term Debt, continued

Governmental Activities, continued

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. 1,225,000

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. 535,000

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. 1,525,000

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. 2,660,000

Series 2010 General Obligation Refunding Bonds for \$4,250,000 dated October 15, 2010 issued for refunding 1999, 2003 and 2005 bonds. The bonds bear interest ranging from 0.70 to 3.40 percent with final maturity April 15, 2025. Payments are made by the Debt Service Fund. 2,230,000

Note payable:

See description of TIF note payable at Note C4. 111,964

Total governmental activities long-term debt \$ 8,366,964

Current portion \$ 963,410

Noncurrent portion 7,403,554

Total governmental long-term debt \$ 8,366,964

CITY OF YORK, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

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

6. Long-term Debt, continued

Business-type Activities

As of September 30, 2015, the long-term debt payable from proprietary fund resources consisted of the following:

Capital lease obligation:

Capital lease obligation to finance a track loader dated December 9, 2013, with original issue amount of \$146,900, bearing interest of 0.85 percent, with final maturity on August 15, 2016. Payments are made by the Landfill Fund. \$ 49,200

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 and administration fee of one percent are due commencing June 15, 2011 through December 15, 2030. 1,890,145

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. 4,400,000

Series 2014 Sewer Revenue Refunding Bonds for \$1,055,000 dated June 3, 2014, issued to pay off warrants on a sewer project. The bonds bear interest ranging from 0.35 to 1.45 percent with final maturity June 1, 2019. 850,000

Series 2010 Solid Waste Disposal Facilities Revenue Refunding Bonds for \$2,300,000 dated March 15, 2011, issued to refinance Series 2006 and 2002 bonds. The bonds bear interest ranging from 0.75 to 2.55 percent with final maturity September 15, 2018. 835,000

Total business-type activity notes and bonds payable \$ 8,024,345

Current portion \$ 804,345

Noncurrent portion 7,220,000

Total \$ 8,024,345

CITY OF YORK, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

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, 2015, are as follows:

<u>September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>
2016	\$ 963,410	\$ 177,287	\$ 804,345	\$ 170,773	\$ 18,640
2017	899,634	165,774	962,259	161,891	17,583
2018	900,942	152,643	904,415	147,828	16,505
2019	787,368	137,149	586,614	131,936	15,406
2020	688,912	123,186	373,857	122,675	14,284
2021-2025	2,876,698	371,406	1,994,549	492,659	53,788
2026-2030	1,250,000	78,661	2,327,798	206,068	22,164
2031-2035	-	-	70,508	705	353
	<u>\$ 8,366,964</u>	<u>\$ 1,206,106</u>	<u>\$8,024,345</u>	<u>\$ 1,434,535</u>	<u>\$158,723</u>

7. Interfund Transactions and Balances

Transfers consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
To Street	\$ -	\$ 526,039
To Aviation	-	95,754
To Debt Service	-	1,035,322
Total General Fund	-	1,657,115
Street Fund:		
From General	526,039	-
To Capital Projects Fund	-	1,663,874
Total Street Fund	526,039	1,663,874
Aviation Fund:		
From General	95,754	-
Debt Service:		
From General	1,035,322	-
Capital Projects	30,376	-
Total Debt Service Fund	1,065,698	-
Nonmajor Governmental Funds:	1,695,724	30,376
Water Fund:		
To Capital Projects	-	13,833
Sewer Fund:		
To Capital Projects	-	18,017
	<u>\$ 3,383,215</u>	<u>\$ 3,383,215</u>

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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

7. Interfund Transactions and Balances, continued

In 2013, 22.51 acres of Industrial Park land were sold to Scannell on an installment note for the Pioneer project. A payable of \$112,550 (\$5,000 per acre) was recorded as due to the Aviation Fund from the Sinking Fund at that time, as the land was originally purchased by the Aviation Fund. Payments on this non-interest bearing loan are due when the Sinking Fund has collected sufficient cash from Scannell to pay off this balance. This interfund loan was eliminated on page 16.

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 Clerk, respectively.

General City Employees – General city employees are covered by a defined contribution plan. Under the terms of the plan, an employee must be age 21 or older and have completed one year of service. Participating employees are required to contribute six percent of their earnings, and may make additional voluntary contributions to the plan. The City is required to match contributions to the plan up to six percent. Employees are 100 percent vested in the plan after they complete six years of service, reach normal retirement age (65), meet the requirements for early retirement date, become totally disabled, or die, whichever occurs first. The covered payroll was \$2,005,506, with the City contributing \$130,439 and the employees contributing \$130,622 for the year ended September 30, 2015.

Firefighters – Firefighters are covered by a defined contribution plan. Eligible employees are required to contribute 6 ½ percent of their monthly salary to the plan, to which the City then contributes with 13 percent of the participant's monthly salary. Employees are fully vested after seven years of service. Normal retirement benefit becomes nonforfeitable. A participant's normal retirement age is the date he or she attains age 50 and completes 21 years of service. Nebraska state statutes govern the coverage afforded to participants under this plan. The covered payroll was \$928,831 with the City contributing \$99,395 and the employees contributing \$49,698 for the year ended September 30, 2015.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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 6.5 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 \$849,213. Both the City's contribution of \$55,526 and the matching employees' contributions were made for the year ended September 30, 2015.

City Clerk – The City Clerk is covered by a defined contribution retirement plan. The City Clerk's contribution to the plan is voluntary, with the City contributing 11 percent of covered payroll. The City Clerk's account is fully vested. Contributions totaled \$13,462 for the City on \$114,596 of covered payroll.

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, 2015, 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, 2015

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

<u>Maturities by Month</u>	<u>Amount</u>
October 2015	\$ 1,209,583
November 2015	429,399
December 2015	856,407
January 2016	435,864
February 2016	1,825,297
March 2016	3,284,418
April 2016	780,153
June 2016	411,272
July 2016	835,735
August 2016	881,289
September 2016	3,430,209
June 2017	<u>106,388</u>
	<u>\$ 14,486,014</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, 2015, the City’s certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Cornerstone Bank	\$ 10,237,999
Heritage Bank	<u>4,248,015</u>
	<u>\$ 14,486,014</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, 2015.

3. Commitments and Contingencies

Lease Commitments

The City had the following lease commitments at September 30, 2015:

<u>Leased Property</u>	<u>Term of Lease</u>	<u>Lease Payment/Period</u>
Copier	9/18/14 – 9/18/18	\$ 197/month
Copier	9/9/12 – 9/9/17	\$ 68/month
Copier	11/20/12 – 11/20/17	\$ 68/month

CITY OF YORK, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Lease Commitments, continued

The lease expense for the year ended September 30, 2015, was \$4,000.

Remaining lease commitments as of September 30, 2015, were as follows:

<u>Year ending September 30,</u>	<u>Lease Amount</u>
2016	\$ 4,000
2017	4,000
2018	<u>136</u>
	<u>\$ 8,136</u>

Contractual Commitments

At September 30, 2015, the City had the following commitments for capital assets:

	<u>Contract Amount</u>	<u>Paid as of September 30, 2015</u>	<u>Remaining Commitment</u>	<u>Expected Completion</u>
<u>Quiet zone project:</u>				
Engineering	\$ 47,000	\$ 36,341	\$ 10,659	September 2016
<u>Ballfield complex:</u>				
Engineering	326,395	31,466	294,929	
Contractor	<u>7,351,513</u>	<u>-</u>	<u>7,351,513</u>	
Total	7,677,908	31,466	7,646,442	October 2016
<u>Gas migration control project:</u>				
Engineering	346,546	196,070	150,476	January 2016
<u>Wastewater treatment plant project:</u>				
Engineering	280,200	154,477	125,723	September 2019
<u>Interstate water main project:</u>				
Engineering	46,561	37,904	8,657	August 2016
<u>North water tower rehab project:</u>				
Engineering	38,252	3,854	34,398	
Contractor	<u>534,069</u>	<u>-</u>	<u>534,069</u>	
Total	<u>572,321</u>	<u>3,854</u>	<u>568,467</u>	September 2016
	<u>\$ 8,970,536</u>	<u>\$ 460,112</u>	<u>\$8,510,424</u>	

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

4. Interlocal Agreements

The City had the following interlocal agreements in effect as of September 30, 2015:

<u>Party to Agreement</u>	<u>Term of Agreement</u>	<u>Description</u>
York County	Continuous	Ambulance Services
York County	Continuous	York Area Solid Waste Agency (YASWA)
Law Enforcement Agencies in the following counties in Nebraska: Nuckolls, Saline, Fillmore, Hamilton, Jefferson, Merrick, Polk, Saunders, Seward, Thayer, Webster and York	2014-2015	Rural Apprehension Program (RAP)
York Public School District	Life of sales tax	LB 357, 1/2% Sales Tax for Infrastructure

5. Related Party Transaction

On May 8, 2015, the City purchased 32 acres of land for the Industrial Park from Charles Harris, City Mayor, for \$379,729. The mayor had acquired the land at auction and resold the land to the City at his cost.

6. CDBG Housing Loans

At September 30, 2015, the City has four outstanding CDBG Housing Rehab loans totaling \$14,610. These loans are forgiven over time. The City also has 16 outstanding CDBG Downpayment Assistance (DPA) loans totaling \$196,900. The DPA loans are due when the related property sells. None of these loans are recorded as assets of the City.

7. Subsequent Events

Management has evaluated subsequent events through February 5, 2016, the date on which the financial statements were available for issue.

On October 20, 2015, the City issued \$7,680,000 of Series 2015A Limited Sales and Property Tax Supported Infrastructure Bonds to provide financing for the ballfield complex. The bonds bear interest ranging from 0.55 to 3.85 percent, with final maturity October 1, 2035.

SUPPLEMENTARY INFORMATION

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

Year ended September 30, 2015

	<u>Budget</u> <u>(Original)</u>	<u>Budget</u> <u>(Final)</u>	<u>Actual</u>	<u>Variances -</u> <u>Actual Over</u> <u>(Under) Final</u> <u>Budget</u>
RESOURCES (INFLOWS)				
Taxes:				
Property	\$ 837,871	\$ 837,871	\$ 881,416	\$ 43,545
Motor vehicle	150,000	150,000	175,283	25,283
Occupation/franchise	2,185,000	2,185,000	2,307,942	122,942
Sales tax	3,000,000	3,000,000	3,204,189	204,189
Intergovernmental	279,834	279,834	329,005	49,171
Charges for services	982,203	977,103	939,253	(37,850)
Grants	35,800	40,800	33,494	(7,306)
Contributions	16,000	16,000	9,111	(6,889)
Interest income	22,045	22,045	24,550	2,505
Insurance proceeds	-	-	137,060	137,060
Other	14,000	14,000	14,446	446
	<hr/>	<hr/>	<hr/>	<hr/>
Total resources	7,522,753	7,522,653	8,055,749	533,096
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Administrative	1,463,461	1,463,461	1,815,379	351,918
Public safety:				
Police	1,668,470	1,673,491	1,558,371	(115,120)
Fire/EMS	1,509,995	1,509,995	1,386,527	(123,468)
Police pension	55,967	55,967	53,836	(2,131)
Fire pension	184,126	184,126	147,042	(37,084)
Total public safety	<hr/>	<hr/>	<hr/>	<hr/>
	3,418,558	3,423,579	3,145,776	(277,803)
Environment and leisure:				
Auditorium	152,990	152,990	98,264	(54,726)
Parks	463,332	468,332	396,129	(72,203)
Community center	519,938	519,938	448,085	(71,853)
Aquatic center	306,103	306,103	209,262	(96,841)
Senior center	14,071	14,071	20,785	6,714
Convention center	330,912	361,912	344,413	(17,499)
Library	490,451	490,451	488,742	(1,709)
Total environment and leisure	<hr/>	<hr/>	<hr/>	<hr/>
	2,277,797	2,313,797	2,005,680	(308,117)
Total charges to appropriations	<hr/>	<hr/>	<hr/>	<hr/>
	7,159,816	7,200,837	6,966,835	(234,002)
Excess (deficiency) of revenues over charges to appropriations before transfers	362,937	321,816	1,088,914	767,098
TRANSFERS FROM OTHER FUNDS	<hr/>	<hr/>	<hr/>	<hr/>
	(1,657,115)	(1,657,115)	(1,657,115)	-
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	<hr/>	<hr/>	<hr/>	<hr/>
	\$ (1,294,178)	\$ (1,335,299)	\$ (568,201)	\$ 767,098

CITY OF YORK, NEBRASKA

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

Year ended September 30, 2015

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Sales tax	\$ 250,000	\$ 247,317	\$ (2,683)
Intergovernmental	900,979	924,804	23,825
Charges for services	10,000	8,504	(1,496)
Interest income	4,750	5,775	1,025
Insurance proceeds	-	7,984	7,984
Other	10,000	12,202	2,202
	<hr/>	<hr/>	<hr/>
Total resources	1,175,729	1,206,586	30,857
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Street operations and maintenance	1,359,008	1,631,526	272,518
Capital outlay	342,760	-	(342,760)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	1,701,768	1,631,526	(70,242)
Excess (deficiency) of revenues over charges to appropriations before transfers	(526,039)	(424,940)	101,099
TRANSFERS FROM (TO) OTHER FUNDS	526,039	(1,137,835)	(1,663,874)
	<hr/>	<hr/>	<hr/>
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	\$ -	\$ (1,562,775)	\$ (1,562,775)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF YORK, NEBRASKA

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

Year ended September 30, 2015

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Charges for services	\$ 296,760	\$ 284,947	\$ (11,813)
Grants	-	78,102	78,102
Interest income	300	779	479
Insurance proceeds	-	15,901	15,901
	<hr/>	<hr/>	<hr/>
Total resources	297,060	379,729	82,669
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Airport	392,814	406,578	13,764
Capital outlay	-	15,527	15,527
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	392,814	422,105	29,291
Excess of revenues over charges to appropriations before transfers	(95,754)	(42,376)	53,378
TRANSFERS TO OTHER FUNDS	95,754	95,754	-
	<hr/>	<hr/>	<hr/>
RESOURCES OVER CHARGES TO APPROPRIATIONS	\$ -	\$ 53,378	\$ 53,378
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF YORK, NEBRASKA

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

Year ended September 30, 2015

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Special assessments	\$ 9,095	\$ 10,766	\$ 1,671
Interest income	-	431	431
	<hr/>	<hr/>	<hr/>
Total resources	9,095	11,197	2,102
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Principal payments	880,000	735,000	(145,000)
Interest expense	248,999	172,644	(76,355)
Bond fees	2,500	2,500	-
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	1,131,499	910,144	(221,355)
Excess (deficiency) of revenues over charges to appropriations before transfers	(1,122,404)	(898,947)	223,457
TRANSFERS TO OTHER FUNDS	<hr/>	<hr/>	<hr/>
	1,035,322	1,065,698	30,376
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	<hr/>	<hr/>	<hr/>
	\$ (87,082)	\$ 166,751	\$ 253,833
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF YORK, NEBRASKA

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

Year ended September 30, 2015

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

	<u>General Fund</u>	<u>Street Fund</u>	<u>Aviation Fund</u>	<u>Debt Service Fund</u>
Sources/inflows of resources:				
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 8,055,749	\$ 1,206,586	\$ 379,729	\$ 11,197
Differences - budget to MAB:				
Cash to MAB adjustments	<u>(104,894)</u>	<u>4,021</u>	<u>(4,617)</u>	<u>347</u>
Total revenues as reported on the statement of revenues, expen- ditures, and changes in fund balances - governmental funds	<u><u>\$ 7,950,855</u></u>	<u><u>\$ 1,210,607</u></u>	<u><u>\$ 375,112</u></u>	<u><u>\$ 11,544</u></u>
Uses/outflows of resources:				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 6,966,835	\$ 1,631,526	\$ 422,105	\$ 910,144
Differences - budget to MAB:				
Cash to MAB adjustments	<u>(355,939)</u>	<u>(4,913)</u>	<u>(94,787)</u>	<u>(3,316)</u>
Total expenditures as reported on the statement of revenues, expen- ditures, and changes in fund balances - governmental funds	<u><u>\$ 6,610,896</u></u>	<u><u>\$ 1,626,613</u></u>	<u><u>\$ 327,318</u></u>	<u><u>\$ 906,828</u></u>

CITY OF YORK, NEBRASKA

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

September 30, 2015

	Capital	Special Revenue Funds			
	Projects Fund	CDBG Fund	Keno Fund	Sinking Fund	RAP Fund
ASSETS					
Cash and cash equivalents	\$ 4,379	\$ 211,268	\$ 5,829	\$ 56,847	\$ 18,636
Certificates of deposit	19,463	-	25,905	180,041	-
Due from other governments	-	5,022	-	-	-
Accrued interest receivable	12	-	17	117	-
Total assets	\$ 23,854	\$ 216,290	\$ 31,751	\$ 237,005	\$ 18,636
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 23,802	\$ 5,022	\$ 312	\$ -	\$ -
Due to other funds	-	-	-	112,550	-
	23,802	5,022	312	112,550	-
Fund balances:					
Restricted for:					
Economic development	-	-	-	-	-
Federal programs	-	211,268	-	-	-
Capital projects	52	-	-	-	-
Community betterment	-	-	31,439	-	-
Public safety	-	-	-	-	-
Assigned for:					
RAP operations	-	-	-	-	18,636
Industrial Park development	-	-	-	124,455	-
Total fund balances	52	211,268	31,439	124,455	18,636
Total liabilities and fund balances	\$ 23,854	\$ 216,290	\$ 31,751	\$ 237,005	\$ 18,636

Special Revenue Funds				Total Nonmajor Governmental Funds
E911 Fund	TIF Fund	LB357 Fund	Restated Funds	
\$ 7,685	\$ 82,521	\$ (18,970)	\$ -	\$ 368,195
34,154	366,741	-	-	626,304
-	-	195,297	-	200,319
22	239	(10)	-	397
<u>\$ 41,861</u>	<u>\$ 449,501</u>	<u>\$ 176,317</u>	<u>\$ -</u>	<u>\$ 1,195,215</u>
\$ -	\$ -	\$ 15,568	\$ -	\$ 44,704
-	-	-	-	112,550
-	-	15,568	-	157,254
-	449,501	-	-	449,501
-	-	-	-	211,268
-	-	160,749	-	160,801
-	-	-	-	31,439
41,861	-	-	-	41,861
-	-	-	-	18,636
-	-	-	-	124,455
<u>41,861</u>	<u>449,501</u>	<u>160,749</u>	<u>-</u>	<u>1,037,961</u>
<u>\$ 41,861</u>	<u>\$ 449,501</u>	<u>\$ 176,317</u>	<u>\$ -</u>	<u>\$ 1,195,215</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, 2015

	Capital	Special Revenue Funds			
	Projects Fund	CDBG Fund	Keno Fund	Sinking Fund	RAP Fund
REVENUES					
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	81,718
Charges for services	-	-	-	16,581	-
Grants	26,414	136,751	-	-	-
Keno proceeds	-	-	29,082	-	-
Loan collections	-	149,799	-	113,860	-
Interest income	-	117	166	1,900	-
Other income	18,656	-	-	-	-
Total revenues	45,070	286,667	29,248	132,341	81,718
EXPENDITURES					
General government	-	-	11,989	-	-
Economic development	-	174,464	-	8,660	-
Public safety	-	-	-	-	72,842
Capital outlay	1,116,626	-	8,050	379,729	-
Principal payments	-	-	-	12,274	-
Total expenditures	1,116,626	174,464	20,039	400,663	72,842
Excess of revenues over expenses before transfers	(1,071,556)	112,203	9,209	(268,322)	8,876
INTERFUND TRANSFERS					
Transfer from other funds	1,665,348	-	-	-	-
Net change in fund balances	593,792	112,203	9,209	(268,322)	8,876
Fund balances - September 30, 2014					
As originally reported	-	99,065	22,230	1,178,408	9,760
Restatement	(593,740)	-	-	(785,631)	-
As restated	(593,740)	99,065	22,230	392,777	9,760
Fund balances - September 30, 2015	\$ 52	\$ 211,268	\$ 31,439	\$ 124,455	\$ 18,636

Special Revenue Funds				Total Nonmajor Governmental Funds
E911 Fund	TIF Fund	LB357 Fund	Restated Funds	
\$ -	\$ -	\$ 580,392	\$ -	\$ 580,392
-	215,512	-	-	297,230
13,651	-	-	-	30,232
-	-	-	-	163,165
-	-	-	-	29,082
-	-	-	-	263,659
196	(328)	(51)	-	2,000
-	-	-	-	18,656
<u>13,847</u>	<u>215,184</u>	<u>580,341</u>	<u>-</u>	<u>1,384,416</u>
-	-	-	-	11,989
-	751,207	60	-	934,391
-	-	-	-	72,842
-	-	419,532	-	1,923,937
-	-	-	-	12,274
<u>-</u>	<u>751,207</u>	<u>419,592</u>	<u>-</u>	<u>2,955,433</u>
13,847	(536,023)	160,749	-	(1,571,017)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,665,348</u>
13,847	(536,023)	160,749	-	94,331
28,014	985,524	-	1,470,158	3,793,159
-	-	-	(1,470,158)	(2,849,529)
<u>28,014</u>	<u>985,524</u>	<u>-</u>	<u>-</u>	<u>943,630</u>
<u>\$ 41,861</u>	<u>\$ 449,501</u>	<u>\$ 160,749</u>	<u>\$ -</u>	<u>\$ 1,037,961</u>

CITY OF YORK, NEBRASKA

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

Year ended September 30, 2015

	<u>General</u>	<u>Auditorium</u>	<u>Parks</u>	<u>Police</u>	<u>Community Center</u>
REVENUES					
Taxes:					
General property tax	\$ 881,416	\$ -	\$ -	\$ -	\$ -
Motor vehicle tax	175,283	-	-	-	-
Sales tax	3,163,468	-	-	-	-
Occupation/franchise	2,303,526	-	-	-	-
Intergovernmental revenue:					
State assistance	13,609	-	-	-	-
County funding	-	-	-	-	-
Rural fire district	-	-	-	-	-
Charges for services	70,586	16,883	990	3,174	86,288
Grants	-	-	11,854	7,000	500
Contributions	-	-	621	-	3,154
Interest income	24,815	-	-	-	-
Insurance proceeds	681	-	46,985	17,693	2,371
Other revenues	7,087	-	2,100	1,122	760
Total revenues	<u>6,640,471</u>	<u>16,883</u>	<u>62,550</u>	<u>28,989</u>	<u>93,073</u>
EXPENDITURES					
Personnel services:					
Salaries and benefits	533,791	37,462	198,247	1,415,416	266,197
Operating expenses:					
Insurance	444,272	-	-	-	-
Advertising/publicity	109,261	-	-	-	6,469
Contract labor/outside services	9,319	4,830	-	18,117	10,163
Professional fees	30,635	-	-	-	-
Meetings, seminars, and dues	32,559	-	210	14,147	4,510
Repairs and maintenance	42,992	2,124	104,585	62,391	40,139
Printing, postage, and publications	10,084	-	-	-	-
Transportation	-	-	5,953	21,045	-
Utilities and telephone	46,334	39,096	18,853	17,205	50,505
Total operating expenses	<u>725,456</u>	<u>46,050</u>	<u>129,601</u>	<u>132,905</u>	<u>111,786</u>
Supplies	13,654	5,407	13,204	6,817	32,430
Other expenses	84,865	4,082	12,795	12,556	21,911
Capital outlay	-	5,263	7,186	53,438	15,761
Principal on long-term debt	-	-	34,800	-	-
Interest on long-term debt	-	-	296	-	-
Total expenditures	<u>1,357,766</u>	<u>98,264</u>	<u>396,129</u>	<u>1,621,132</u>	<u>448,085</u>
Excess (deficiency) of revenues over expenditures before transfers	5,282,705	(81,381)	(333,579)	(1,592,143)	(355,012)
TRANSFERS (TO) FROM OTHER FUNDS	<u>(5,687,025)</u>	<u>82,478</u>	<u>338,999</u>	<u>1,635,797</u>	<u>365,201</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AFTER TRANSFERS	<u>\$ (404,320)</u>	<u>\$ 1,097</u>	<u>\$ 5,420</u>	<u>\$ 43,654</u>	<u>\$ 10,189</u>

Aquatic Center	Senior Center	Convention Center	Fire/EMS	Library	Police Pension	Fire Pension	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 881,416
-	-	-	-	-	-	-	175,283
-	-	-	-	-	-	-	3,163,468
-	-	-	-	-	-	-	2,303,526
-	-	-	-	-	-	-	13,609
-	-	-	254,500	-	-	-	254,500
-	-	-	60,896	-	-	-	60,896
92,291	-	151,403	440,223	15,339	-	-	877,177
250	-	2,516	11,374	-	-	-	33,494
-	-	-	1,330	4,006	-	-	9,111
-	-	-	206	2	790	1,056	26,869
-	9,662	-	186	59,482	-	-	137,060
65	-	100	889	2,323	-	-	14,446
<u>92,606</u>	<u>9,662</u>	<u>154,019</u>	<u>769,604</u>	<u>81,152</u>	<u>790</u>	<u>1,056</u>	<u>7,950,855</u>
110,064	163	144,440	1,122,740	318,596	53,836	148,447	4,349,399
-	-	-	-	-	-	-	444,272
299	-	-	-	-	-	-	116,029
5,272	-	20,267	61,626	24,541	-	-	154,135
-	-	-	-	-	-	-	30,635
435	-	650	17,877	3,517	-	-	73,905
10,867	11,212	9,106	41,756	40,470	-	-	365,642
-	-	-	-	1,754	-	-	11,838
-	-	-	18,261	-	-	-	45,259
42,706	9,410	78,066	22,614	16,732	-	-	341,521
<u>59,579</u>	<u>20,622</u>	<u>108,089</u>	<u>162,134</u>	<u>87,014</u>	<u>-</u>	<u>-</u>	<u>1,583,236</u>
33,331	-	33,463	30,992	15,607	-	-	184,905
6,288	-	16,757	11,219	72,865	-	-	243,338
-	-	41,664	10,855	-	-	-	134,167
-	-	-	79,400	-	-	-	114,200
-	-	-	1,355	-	-	-	1,651
<u>209,262</u>	<u>20,785</u>	<u>344,413</u>	<u>1,418,695</u>	<u>494,082</u>	<u>53,836</u>	<u>148,447</u>	<u>6,610,896</u>
(116,656)	(11,123)	(190,394)	(649,091)	(412,930)	(53,046)	(147,391)	1,339,959
<u>117,365</u>	<u>11,123</u>	<u>192,325</u>	<u>626,553</u>	<u>421,021</u>	<u>55,483</u>	<u>183,565</u>	<u>(1,657,115)</u>
<u>\$ 709</u>	<u>\$ -</u>	<u>\$ 1,931</u>	<u>\$ (22,538)</u>	<u>\$ 8,091</u>	<u>\$ 2,437</u>	<u>\$ 36,174</u>	<u>\$ (317,156)</u>



**INDEPENDENT AUDITORS' 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, 2015, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated February 5, 2016. Our report on the financial statements disclosed that, as described in Note A to the financial statements, the City of York, Nebraska, prepares its financial statements for the governmental funds on the modified accrual basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

SHAREHOLDERS

Robert D. Almquist
Phillip D. Maltzahn
Terry T. Galloway
Marcy J. Luth
Heidi A. Ashby
Christine R. Shenk
Michael E. Hoback
Joseph P. Stump

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 below that we consider to be significant deficiencies.

Segregation of Duties

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

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 the following instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

- Bank balances at one financial institution exceeded FDIC coverage by \$2,493 at September 30, 2015.
- Actuarial reports on the Pre – 84 Police and Fire pension benefits are due to be conducted every four years. The last one was prepared January 1, 2011; therefore it is past due.

City of York's Response to Findings

The City of York's response to the findings identified in our audit is that due to the small size of the City, it is impractical to further segregate duties. The City will monitor bank balances to ensure all deposits are adequately collateralized in the future. Also, the City plans to have an actuarial report prepared. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

Grand Island, Nebraska
February 5, 2016