

CITY OF YORK, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2016

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INDEPENDENT AUDITOR'S 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, 2016, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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
Kyle R. Overturf

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, 2016, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with the basis of accounting as described in Note A.

Basis of Accounting

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

Other Matters

Other Information

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

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

management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information described in the first sentence of this paragraph and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2017, 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.

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

Grand Island, Nebraska
February 10, 2017

**CITY OF YORK, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2016**

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, 2016.

Financial Highlights

- The assets of the City of York exceeded its liabilities at the close of the most recent fiscal year by \$54,240,661 (*net position*). Of this amount, \$11,692,666 (*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 \$27,809,019, with an unrestricted net position balance of \$6,443,908.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,768,818, 51.1 percent of total General Fund expenditures for the year ended September 30, 2016.

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, 2016

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

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

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

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

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

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

The City of York maintains 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 Fund, Debt Service Fund, and LB 357 Fund, all of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated

CITY OF YORK, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2016

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of York, assets exceeded liabilities by \$54,240,661 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, 2016

Summary Statements of Net Position

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
Current and Other Assets	\$ 23,211,340	\$ 21,310,200	\$ 1,901,140
Capital Assets	<u>60,729,911</u>	<u>51,356,516</u>	<u>9,373,395</u>
Total Assets	<u>83,941,251</u>	<u>72,666,716</u>	<u>11,274,535</u>
Long-term Liabilities	24,714,166	17,324,353	7,389,813
Other Liabilities	<u>4,986,424</u>	<u>3,102,371</u>	<u>1,884,053</u>
Total Liabilities	<u>29,700,590</u>	<u>20,426,724</u>	<u>9,273,866</u>
Net Position:			
Net Investment in Capital Assets	37,014,026	34,965,207	2,048,819
Restricted	5,533,969	2,136,934	3,397,035
Unrestricted	<u>11,692,666</u>	<u>15,137,851</u>	<u>(3,445,185)</u>
Total Net Position	<u>\$ 54,240,661</u>	<u>\$ 52,239,992</u>	<u>\$ 2,000,669</u>

A large portion of the City of York's net position (68.2 percent) reflects its investment in capital assets (land, infrastructure, buildings, distribution systems, vehicles, and equipment), net of any related debt used to acquire those assets that is still outstanding. The City of York uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of York's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of York's net position (10.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$11,692,666) 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, 2016

Expenses and Program Revenues – Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2016</u>		<u>Year Ended September 30, 2015</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 61,973	\$ 1,134,220	\$ 71,268	\$ 1,366,336
Economic Development	350,091	439,386	212,980	795,392
Public Safety	805,287	3,909,911	810,028	3,152,757
Public Works	1,387,624	1,614,317	54,381	1,627,693
Environment and Leisure	484,534	2,729,411	1,188,351	1,910,419
Airport	207,581	293,180	374,220	311,791
Interest and fees	-	543,400	-	175,248
Depreciation	-	1,679,549	-	1,527,669
Total	<u>\$ 3,297,090</u>	<u>\$ 12,343,374</u>	<u>\$ 2,711,228</u>	<u>\$ 10,867,305</u>

Revenues by Source – Governmental Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2016</u>		<u>Year Ended September 30, 2015</u>	
Charges for Services	\$ 1,343,281	10.46 %	\$ 1,255,780	10.97 %
Operating Grants and Contributions	540,349	4.21	463,626	4.05
Capital Grants and Contributions	1,413,460	11.01	991,822	8.66
Property Taxes	941,266	7.33	881,416	7.70
Motor Vehicle Taxes	181,274	1.41	175,283	1.53
Occupation/Franchise	2,324,117	18.10	2,303,526	20.12
Sales Tax	4,685,660	36.50	3,995,148	34.89
Special Assessments	10,779	0.08	10,765	0.09
TIF Proceeds	216,288	1.69	215,512	1.88
State Allocation	933,816	7.27	926,934	8.10
Keno Proceeds	11,648	0.09	29,082	0.25
Gain on Sale of Capital Assets	49,355	0.39	-	-
Miscellaneous	130,708	1.02	127,022	1.11
Interest	55,735	0.44	41,757	0.37
Interfund Transfers	-	-	31,850	0.28
Total	<u>\$ 12,837,736</u>	<u>100.00 %</u>	<u>\$ 11,449,523</u>	<u>100.00 %</u>

Net position of the governmental funds increased \$494,362 during the year ended September 30, 2016.

Business-type activities. Business-type activities increased the City of York's net position by \$1,506,307. Key elements of this increase are as follows:

CITY OF YORK, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2016

Expenses and Program Revenues – Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2016</u>		<u>Year Ended September 30, 2015</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Water	\$ 2,022,105	\$ 1,453,147	\$ 2,104,773	\$ 1,462,053
Sewer	1,567,572	1,012,149	1,212,866	1,033,788
Landfill	1,168,560	833,675	1,202,941	885,256
Total	4,758,237	3,298,971	4,520,580	3,381,097
Interfund Transfers	-	-	-	31,850
	<u>\$ 4,758,237</u>	<u>\$ 3,298,971</u>	<u>\$ 4,520,580</u>	<u>\$ 3,412,947</u>

Revenues by Source – Business-type Activities

<u>SOURCES OF REVENUE</u>	<u>Year Ended September 30, 2016</u>		<u>Year Ended September 30, 2015</u>	
Charges for Services	\$ 4,738,237	98.60 %	\$ 4,484,612	97.94 %
Capital Contributions and Grants	20,000	0.42	35,968	0.79
Interest	47,041	0.98	58,364	1.27
Total	<u>\$ 4,805,278</u>	<u>100.00 %</u>	<u>\$ 4,578,944</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 \$9,643,689. The unassigned fund balance is \$3,703,032, indicating resources available for spending at the government's discretion. The remainder of fund balances is not available for new spending because it has already been 1) restricted for federal programs (\$385,255), 2) restricted for debt service (\$642,397), 3) restricted for economic development (\$479,258), 4) restricted for capital projects (\$3,382,365), 5) restricted for

CITY OF YORK, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2016

community betterment (\$22,758), 6) restricted for public safety (\$46,424), 7) assigned for other purposes (\$835,186) or 8) put into a nonspendable prepaid asset (\$147,014).

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 \$3,768,818, or 51.1 percent of annual expenditures. Total General Fund balance was \$3,910,821, or 53.0 percent of annual General Fund expenditures.

The fund balance of the City of York's General Fund decreased by \$968,160 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 – \$4,297,064, Sewer Fund – \$774,652, and Landfill Fund – \$177,042. The growth in net position for the proprietary funds was as follows: Water Fund – \$592,454, Sewer Fund – \$563,238, and Landfill Fund – \$350,615. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of York's business-type activities.

General Fund Budgetary Highlights

The City did not amend its budget during the year ended September 30, 2016.

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, 2016, amounts to \$60,729,911 (net of accumulated depreciation). This investment in capital assets includes land, building and system improvements, vehicles and equipment, and streets.

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

- Ball field scoreboard - \$47,577
- Burke playground equipment - \$36,629
- Bleachers for the ball field - \$94,980
- Bleacher shade cover - \$34,307
- Communication conduit - \$46,451
- Construction in progress on ball field - \$6,200,121
- Fire alarm system at Community Center - \$58,282
- Groundsmaster 11' mower - \$60,656
- Beaver Creek Trail lighting - \$137,735

**CITY OF YORK, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2016**

- Final construction costs on 19th Street project - \$78,941
- Construction costs on Division Avenue paving - \$1,425,612
- Caterpillar 420 backhoe - \$100,350
- 2016 Chevy Silverado pickup for streets - \$30,320
- Cat loader acquired under a capital lease obligation - \$295,050
- Construction in progress on landfill gas migration project - \$44,950
- Land for wastewater treatment plant - \$327,332
- Construction in progress on wastewater treatment plant facilities - \$1,489,689
- North water tower rehab - \$537,459
- Water main on US-81 from Frontage Road to Naomi Road - \$565,666
- 2016 Ford F-250 pickup for water - \$31,745

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

	<u>Year Ended September 30, 2016</u>			<u>Year Ended September 30, 2015</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	\$ 632,667	\$ 2,577,896	\$ 1,945,229	\$ 305,336	\$ 2,250,565
Construction in Progress	6,730,512	1,956,695	8,687,207	1,056,442	467,023	1,523,465
Infrastructure	8,386,180	-	8,386,180	7,009,510	-	7,009,510
Buildings and Improvements	12,714,747	3,562,416	16,277,163	13,250,047	3,669,443	16,919,490
Distribution Systems	-	18,863,453	18,863,453	-	18,355,303	18,355,303
Equipment	1,755,069	2,355,249	4,110,318	1,138,167	2,101,191	3,239,358
Vehicles	1,768,471	59,223	1,827,694	2,016,887	41,938	2,058,825
Total	<u>\$ 33,300,208</u>	<u>\$27,429,703</u>	<u>\$60,729,911</u>	<u>\$26,416,282</u>	<u>\$ 24,940,234</u>	<u>\$ 51,356,516</u>

Additional information on the City of York's capital assets can be found in Note C5 on pages 46-48 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, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2016**

City of York's Outstanding Debt

	<u>Year Ended September 30, 2016</u>			<u>Year Ended September 30, 2015</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	\$ 16,795,000	\$ 4,795,000	\$21,590,000	\$ 8,175,000	\$ 6,085,000	\$ 14,260,000
Capital Lease	-	242,331	242,331	80,000	49,200	129,200
Notes Payable	98,554	1,785,000	1,883,554	111,964	1,890,145	2,002,109
Total	<u>\$ 16,893,554</u>	<u>\$ 6,822,331</u>	<u>\$23,715,885</u>	<u>\$ 8,366,964</u>	<u>\$ 8,024,345</u>	<u>\$ 16,391,309</u>

The City of York's total debt increased by \$7,324,576 (44.7 percent) during the current fiscal year as \$9,915,000 of limited sales tax bonds were issued.

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 49-53 of this report.

The following selected financial information is presented:

Total 2016 Taxable Valuation	\$491,710,734
Total General Obligation and Limited Tax Obligation Debt	16,893,554
Total Revenue Debt	6,822,331
Total Sales Tax Revenues	4,685,660

Economic Factors and Next Year's Budgets and Rates

- Property tax asking for the year ending September 30, 2017 of \$936,629 is \$23,025 (2.5 percent) higher than last year.
- The Landfill is working to fulfill a DEQ consent order regarding gas migration and improve operations to control future liabilities.
- The City plans to increase water, sewer and landfill fees during the year ending September 30, 2017.
- The City has remaining contractual commitments of \$1,546,014 on the ballfield complex, which is expected to be completed by April 2017.

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, 2016

	Primary Government		Total	Component Unit (Accrual Basis)
	Governmental Activities (Modified Accrual Basis)	Business-type Activities (Accrual Basis)		
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,313,167	\$ 2,504,478	\$ 4,817,645	\$ 88,861
Certificates of deposit	2,876,365	3,191,854	6,068,219	1,042,333
County treasurer cash	59,162	-	59,162	-
Accounts receivable	162,984	393,238	556,222	-
Unbilled revenue	-	308,275	308,275	-
Special assessments receivable	162,242	-	162,242	-
Due from other governments	1,065,470	-	1,065,470	-
Current portion of notes receivable	232,640	-	232,640	-
Accrued interest receivable	4,659	3,240	7,899	2,846
Prepaid expenses	147,014	24,705	171,719	-
Inventory	34,380	122,076	156,456	-
Total current assets	<u>7,058,083</u>	<u>6,547,866</u>	<u>13,605,949</u>	<u>1,134,040</u>
Noncurrent assets:				
Restricted cash and cash equivalents	2,912,392	82,612	2,995,004	-
Restricted certificates of deposit	3,222,004	2,323,573	5,545,577	-
Noncurrent portion of notes receivable	1,064,810	-	1,064,810	-
Capital assets:				
Land	1,945,229	632,667	2,577,896	35,840
Construction in progress	6,730,512	1,956,695	8,687,207	-
Other capital assets, net of depreciation	24,624,467	24,840,341	49,464,808	-
Net capital assets	<u>33,300,208</u>	<u>27,429,703</u>	<u>60,729,911</u>	<u>35,840</u>
Total noncurrent assets	<u>40,499,414</u>	<u>29,835,888</u>	<u>70,335,302</u>	<u>35,840</u>
Total assets	<u>47,557,497</u>	<u>36,383,754</u>	<u>83,941,251</u>	<u>1,169,880</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,941,599	441,690	2,383,289	-
Claims incurred but not paid	113,000	-	113,000	-
Accrued wages and vacation	354,699	59,715	414,414	-
Accrued interest	55,731	46,185	101,916	-
Sales tax payable	695	21,031	21,726	-
Customer deposits	13,251	82,612	95,863	-
Unavailable special assessments	154,244	-	154,244	-
Current portion of long-term obligations	899,634	802,338	1,701,972	-
Total current liabilities	<u>3,532,853</u>	<u>1,453,571</u>	<u>4,986,424</u>	<u>-</u>
Noncurrent liabilities:				
Noncurrent compensated absences	221,705	26,329	248,034	-
Accrued closure/post-closure costs	-	2,452,219	2,452,219	-
Noncurrent portion of long-term obligations	15,993,920	6,019,993	22,013,913	-
Total noncurrent liabilities	<u>16,215,625</u>	<u>8,498,541</u>	<u>24,714,166</u>	<u>-</u>
Total liabilities	<u>19,748,478</u>	<u>9,952,112</u>	<u>29,700,590</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	16,406,654	20,607,372	37,014,026	-
Restricted for:				
Debt service	642,397	575,512	1,217,909	-
Federal programs	385,255	-	385,255	-
Economic development	479,258	-	479,258	-
Capital projects	3,382,365	-	3,382,365	-
Community betterment	22,758	-	22,758	-
Public safety	46,424	-	46,424	-
Unrestricted	6,443,908	5,248,758	11,692,666	1,169,880
Total net position	<u>\$ 27,809,019</u>	<u>\$ 26,431,642</u>	<u>\$ 54,240,661</u>	<u>\$ 1,169,880</u>

See notes to financial statements.

CITY OF YORK, NEBRASKA
STATEMENT OF ACTIVITIES
For the year ended September 30, 2016

<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	\$ 1,134,220	\$ 61,973	\$ -
Economic development	439,386	103,741	246,350
Public safety	3,909,911	516,125	269,722
Public works	1,614,317	7,053	9,277
Environment and leisure	2,729,411	447,913	15,000
Airport	293,180	206,476	-
Interest and fees on long-term debt	543,400	-	-
Depreciation - unallocated	1,679,549	-	-
Total governmental activities	12,343,374	1,343,281	540,349
Business-type activities			
(accrual basis):			
Water	1,453,147	2,002,105	-
Sewer	1,012,149	1,567,572	-
Landfill	833,675	1,168,560	-
Total business-type activities	3,298,971	4,738,237	-
Total primary government	\$ 15,642,345	\$ 6,081,518	\$ 540,349
Component unit (accrual basis):			
Kilgore Library Foundation	\$ 2,735	\$ 419	\$ 8,100

See notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position				
Capital Grants and Contributions	Primary Government			Component Unit (Accrual Basis)
	Governmental Activities (Modified Accrual Basis)	Business-type Activities (Accrual Basis)	Total	
\$ -	\$ (1,072,247)		\$ (1,072,247)	
-	(89,295)		(89,295)	
19,440	(3,104,624)		(3,104,624)	
1,371,294	(226,693)		(226,693)	
21,621	(2,244,877)		(2,244,877)	
1,105	(85,599)		(85,599)	
-	(543,400)		(543,400)	
-	(1,679,549)		(1,679,549)	
<u>1,413,460</u>	<u>(9,046,284)</u>	<u>\$ -</u>	<u>(9,046,284)</u>	
20,000	-	568,958	568,958	
-	-	555,423	555,423	
-	-	334,885	334,885	
<u>20,000</u>	<u>-</u>	<u>1,459,266</u>	<u>1,459,266</u>	
<u>\$ 1,433,460</u>	<u>(9,046,284)</u>	<u>1,459,266</u>	<u>(7,587,018)</u>	
<u>\$ -</u>				\$ 5,784
General revenues:				
Taxes:				
Property	941,266	-	941,266	-
Motor vehicle	181,274	-	181,274	-
Occupation/franchise	2,324,117	-	2,324,117	-
Sales tax	4,685,660	-	4,685,660	-
Special assessments	10,779	-	10,779	-
TIF proceeds	216,288	-	216,288	-
State allocation	933,816	-	933,816	-
Keno proceeds	11,648	-	11,648	-
Gain on sale of capital assets	49,355	-	49,355	-
Miscellaneous	130,708	-	130,708	-
Interest income	55,735	47,041	102,776	11,964
Total general revenues	<u>9,540,646</u>	<u>47,041</u>	<u>9,587,687</u>	<u>11,964</u>
Change in net position	494,362	1,506,307	2,000,669	17,748
Net position - September 30, 2015				
As originally reported	27,283,231	24,925,335	52,208,566	1,152,132
Restatement	31,426	-	31,426	-
As restated	<u>27,314,657</u>	<u>24,925,335</u>	<u>52,239,992</u>	<u>1,152,132</u>
Net position - September 30, 2016	<u>\$ 27,809,019</u>	<u>\$ 26,431,642</u>	<u>\$ 54,240,661</u>	<u>\$ 1,169,880</u>

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

September 30, 2016

	<u>General Fund</u>	<u>Street Fund</u>	<u>Aviation Fund</u>	<u>Debt Service Fund</u>
ASSETS				
Cash and cash equivalents	\$ 1,597,097	\$ 20,448	\$ 154,192	\$ 305,295
Certificates of deposit	1,950,734	25,757	194,215	384,540
County treasurer cash	59,162	-	-	-
Accounts receivable	152,117	2,741	8,126	-
Special assessments receivable	-	-	-	162,242
Due from other governments	664,424	49,467	-	-
Due from other funds	-	-	112,550	-
Accrued interest receivable	1,512	20	149	295
Inventory	-	-	30,811	-
Prepaid insurance	140,311	-	6,703	-
	<u>\$ 4,565,357</u>	<u>\$ 98,433</u>	<u>\$ 506,746</u>	<u>\$ 852,372</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 331,062	\$ 104,146	\$ 21,526	\$ -
Accrued interest payable	-	-	-	55,731
Accrued wages and vacation	286,844	60,073	7,782	-
Due to other funds	22,684	-	-	-
Customer deposits	13,251	-	-	-
Sales tax payable	695	-	-	-
Unavailable special assessments	-	-	-	154,244
	<u>654,536</u>	<u>164,219</u>	<u>29,308</u>	<u>209,975</u>
Fund balances:				
Nonspendable:				
Prepaid assets	140,311	-	6,703	-
Restricted for:				
Debt service	-	-	-	642,397
Federal programs	-	-	-	-
Economic development	-	-	-	-
Capital projects	-	-	-	-
Community betterment	-	-	-	-
Public safety	1,692	-	-	-
Assigned for:				
Other purposes	-	-	470,735	-
Unassigned	3,768,818	(65,786)	-	-
	<u>3,910,821</u>	<u>(65,786)</u>	<u>477,438</u>	<u>642,397</u>
Total fund balances	<u>\$ 3,910,821</u>	<u>\$ (65,786)</u>	<u>\$ 477,438</u>	<u>\$ 642,397</u>
Total liabilities and fund balances	<u>\$ 4,565,357</u>	<u>\$ 98,433</u>	<u>\$ 506,746</u>	<u>\$ 852,372</u>

See notes to financial statements.

LB 357 Fund	Other Funds	Eliminations	Total Governmental Funds
\$ 2,001,382	\$ 804,913	\$ -	\$ 4,883,327
2,520,871	591,188	-	5,667,305
-	-	-	59,162
-	-	-	162,984
-	-	-	162,242
237,964	113,615	-	1,065,470
-	-	(112,550)	-
1,936	416	-	4,328
-	3,569	-	34,380
-	-	-	147,014
<u>\$ 4,762,153</u>	<u>\$ 1,513,701</u>	<u>\$ (112,550)</u>	<u>\$ 12,186,212</u>
\$ 1,379,819	\$ 104,666	\$ -	\$ 1,941,219
-	-	-	55,731
-	-	-	354,699
-	112,550	(112,550)	22,684
-	-	-	13,251
-	-	-	695
-	-	-	154,244
1,379,819	217,216	(112,550)	2,542,523
-	-	-	147,014
-	-	-	642,397
-	385,255	-	385,255
-	479,258	-	479,258
3,382,334	31	-	3,382,365
-	22,758	-	22,758
-	44,732	-	46,424
-	364,451	-	835,186
-	-	-	3,703,032
<u>3,382,334</u>	<u>1,296,485</u>	<u>-</u>	<u>9,643,689</u>
<u>\$ 4,762,153</u>	<u>\$ 1,513,701</u>	<u>\$ (112,550)</u>	<u>\$ 12,186,212</u>

CITY OF YORK, NEBRASKA

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

September 30, 2016

Total fund balances - governmental funds		\$ 9,643,689
Amounts reported for <i>governmental activities</i> 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.		
		1,297,450
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 \$45,788,913, and the accumulated depreciation is \$12,488,705.		
		33,300,208
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.		
		682,931
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	\$ (16,795,000)	
Note payable	(98,554)	
Noncurrent compensated absences	(221,705)	(17,115,259)
		<u>(17,115,259)</u>
Total net position - governmental activities		\$ 27,809,019
		<u><u>\$ 27,809,019</u></u>

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, 2016

	<u>General Fund</u>	<u>Street Fund</u>	<u>Aviation Fund</u>
REVENUES			
Taxes:			
Property	\$ 941,266	\$ -	\$ -
Motor vehicle	181,274	-	-
Special assessments	-	-	-
Occupation/franchise	2,324,116	-	-
Sales tax	3,240,494	273,751	-
Intergovernmental	290,520	937,295	-
Charges for services	1,023,009	7,053	206,476
Grants	24,764	4,404	1,105
Keno proceeds	-	-	-
Loan collections	-	-	-
Contributions	10,555	-	-
Interest income	5,677	9,417	1,245
Loan/bond proceeds	-	-	-
Sale of property	-	-	-
Insurance proceeds	5,742	-	-
Other	40,884	24,054	-
Total revenues	8,088,301	1,255,974	208,826
EXPENDITURES			
General government	1,133,922	-	-
Economic development	-	-	-
Public safety	3,540,259	-	-
Public works	-	1,545,704	-
Environment and leisure	2,226,175	-	-
Airport	-	-	293,180
Capital outlay	400,747	105,333	-
Principal payments on debt	80,000	-	-
Interest on long-term debt	680	-	-
Bond fees	-	-	-
Total expenditures	7,381,783	1,651,037	293,180
Excess (deficiency) of revenues over expenses before transfers	706,518	(395,063)	(84,354)
INTERFUND TRANSFERS			
Transfer from (to) other funds	(1,674,678)	264,436	203,777
Net change in fund balances	(968,160)	(130,627)	119,423
Fund balances - September 30, 2015			
As originally reported	4,878,981	64,841	358,015
Restatement	-	-	-
As restated	4,878,981	64,841	358,015
Fund balances - September 30, 2016	\$ 3,910,821	\$ (65,786)	\$ 477,438

See notes to financial statements.

Debt Service <u>Fund</u>	LB 357 <u>Fund</u>	Other <u>Funds</u>	Total Governmental <u>Funds</u>
\$ -	\$ -	\$ -	\$ 941,266
-	-	-	181,274
10,779	-	-	10,779
-	-	-	2,324,116
-	1,171,415	-	4,685,660
-	-	282,059	1,509,874
-	-	6,576	1,243,114
-	-	443,799	474,072
-	-	11,648	11,648
-	-	340,294	340,294
-	-	16,325	26,880
(451)	34,072	2,107	52,067
-	9,915,000	-	9,915,000
-	-	49,355	49,355
-	-	-	5,742
-	-	-	64,938
10,328	11,120,487	1,152,163	21,836,079
-	-	1,534	1,135,456
-	-	445,976	445,976
-	-	86,707	3,626,966
-	-	-	1,545,704
-	503,048	-	2,729,223
-	-	-	293,180
-	6,594,037	356,327	7,456,444
870,000	425,000	13,410	1,388,410
163,403	221,632	-	385,715
2,500	155,185	-	157,685
1,035,903	7,898,902	903,954	19,164,759
(1,025,575)	3,221,585	248,209	2,671,320
1,066,827	-	139,638	-
41,252	3,221,585	387,847	2,671,320
601,145	160,749	877,212	6,940,943
-	-	31,426	31,426
601,145	160,749	908,638	6,972,369
\$ 642,397	\$ 3,382,334	\$ 1,296,485	\$ 9,643,689

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, 2016

Total net change in fund balances - governmental funds	\$ 2,671,320
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.	20,000
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.	(267,530)
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 (\$8,623,552) exceeded depreciation expense (\$1,679,549) in the period. State grants paid for \$1,167,108 of the capital asset additions directly.	6,944,003
Basis remaining on capital assets that are disposed of is not reported in the governmental funds. However, the remaining basis reduces the gain on sale of capital assets on the statement of activities.	(60,077)
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.	(274,473)
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.	(12,291)
Issuance of long-term debt is reported as revenue in the governmental funds, but the issuance increases long-term liabilities in the statement of net position.	(9,915,000)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	<u>1,388,410</u>
Change in net position of governmental activities	<u><u>\$ 494,362</u></u>

See notes to financial statements.

CITY OF YORK, NEBRASKA

STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS

September 30, 2016

	Enterprise Funds			Total	Internal Service Fund
	Water Fund	Sewer Fund	Landfill Fund		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,757,961	\$ 336,125	\$ 410,392	\$ 2,504,478	\$ 342,232
Certificates of deposit	2,251,567	423,372	516,915	3,191,854	431,064
Accounts receivable	207,383	185,855	-	393,238	-
Unbilled revenue	179,709	128,566	-	308,275	-
Accrued interest receivable	1,902	381	957	3,240	331
Due from other funds	-	-	-	-	22,684
Prepaid expenses	9,748	10,370	4,587	24,705	-
Inventory	122,076	-	-	122,076	-
Total current assets	4,530,346	1,084,669	932,851	6,547,866	796,311
Noncurrent assets:					
Restricted cash	82,612	-	-	82,612	-
Restricted certificates of deposit	468,000	107,512	1,748,061	2,323,573	-
Capital assets:					
Land	24,625	344,330	263,712	632,667	-
Construction in progress	-	1,682,720	273,975	1,956,695	-
Distribution systems	17,760,281	9,361,422	-	27,121,703	-
Buildings and improvements	234,450	-	5,120,650	5,355,100	-
Equipment	1,240,673	5,482,560	765,498	7,488,731	-
Vehicles	73,022	203,579	-	276,601	-
Less accumulated depreciation	(6,201,193)	(7,405,237)	(1,795,364)	(15,401,794)	-
Net capital assets	13,131,858	9,669,374	4,628,471	27,429,703	-
Total noncurrent assets	13,682,470	9,776,886	6,376,532	29,835,888	-
Total assets	18,212,816	10,861,555	7,309,383	36,383,754	796,311
LIABILITIES					
Current liabilities:					
Accounts payable	136,638	268,088	36,964	441,690	380
Claims incurred but not paid	-	-	-	-	113,000
Accrued wages and vacation	25,069	21,164	13,482	59,715	-
Accrued interest payable	44,980	-	1,205	46,185	-
Sales tax payable	11,514	9,517	-	21,031	-
Customer deposits	82,612	-	-	82,612	-
Current portion of long-term obligations	432,259	-	370,079	802,338	-
Total current liabilities	733,072	298,769	421,730	1,453,571	113,380
Noncurrent liabilities:					
Noncurrent compensated absences	15,081	11,248	-	26,329	-
Accrued closure/post-closure costs	-	-	2,452,219	2,452,219	-
Noncurrent portion of long-term obligations	5,502,741	-	517,252	6,019,993	-
Total noncurrent liabilities	5,517,822	11,248	2,969,471	8,498,541	-
Total liabilities	6,250,894	310,017	3,391,201	9,952,112	113,380
NET POSITION					
Net investment in capital assets	7,196,858	9,669,374	3,741,140	20,607,372	-
Restricted for debt service	468,000	107,512	-	575,512	-
Unrestricted	4,297,064	774,652	177,042	5,248,758	682,931
Total net position	\$11,961,922	\$10,551,538	\$3,918,182	\$26,431,642	\$ 682,931

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, 2016

	Enterprise Funds				Internal Service Fund
	Water Fund	Sewer Fund	Landfill Fund	Total	
Operating revenues:					
Sales	\$ 1,841,972	\$ 1,500,171	\$ 1,151,820	\$ 4,493,963	\$ -
Services charges	25,896	23,304	-	49,200	-
Tap fees	5,843	42,072	-	47,915	-
Rent income	98,489	-	16,740	115,229	-
Health insurance premiums	-	-	-	-	921,406
Other revenue	29,905	2,025	-	31,930	-
Total operating revenues	<u>2,002,105</u>	<u>1,567,572</u>	<u>1,168,560</u>	<u>4,738,237</u>	<u>921,406</u>
Operating expenses:					
Personnel	281,431	345,952	271,109	898,492	-
Insurance	24,574	25,361	12,742	62,677	-
Professional fees	37,475	37,034	105,021	179,530	-
Meetings, seminars, and dues	585	368	-	953	-
Repairs and maintenance	230,434	79,520	149,069	459,023	-
Contract services	10,981	12,381	34,368	57,730	-
Transportation	6,610	8,280	37,626	52,516	-
Utilities and telephone	111,714	95,050	16,356	223,120	-
Supplies	19,791	29,547	7,408	56,746	-
Farm rental expenses	103,806	-	-	103,806	-
Other expenses	47,046	24,873	6,742	78,661	-
Depreciation	418,191	342,542	168,822	929,555	-
Insurance claims/health premiums	-	-	-	-	1,199,548
Total operating expenses	<u>1,292,638</u>	<u>1,000,908</u>	<u>809,263</u>	<u>3,102,809</u>	<u>1,199,548</u>
Operating income (loss)	709,467	566,664	359,297	1,635,428	(278,142)
Nonoperating revenues (expenses):					
Interest income	23,496	7,815	15,730	47,041	3,669
Grant income	20,000	-	-	20,000	-
Interest expense	(141,369)	(10,491)	(23,912)	(175,772)	-
Bond/DEQ loan fees	(19,140)	(750)	(500)	(20,390)	-
Total nonoperating revenues (expenses)	<u>(117,013)</u>	<u>(3,426)</u>	<u>(8,682)</u>	<u>(129,121)</u>	<u>3,669</u>
Change in net position	592,454	563,238	350,615	1,506,307	(274,473)
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>
Net position - September 30, 2016	<u>\$ 11,961,922</u>	<u>\$ 10,551,538</u>	<u>\$ 3,918,182</u>	<u>\$ 26,431,642</u>	<u>\$ 682,931</u>

See notes to financial statements.

CITY OF YORK, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the year ended September 30, 2016

	<u>Water Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 1,948,598
Receipts from employees and other funds	-
Payments to suppliers	(739,762)
Payments to employees	(277,598)
Net cash provided (used) by operating activities	<u>931,238</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Increase in due from other funds	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of property and equipment	(1,219,888)
Grant funds received	20,000
Payment of loan administration fees	(19,140)
Principal payments on capital debt	(355,145)
Interest paid on capital debt	(142,482)
Net cash used by capital and related financing activities	<u>(1,716,655)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
(Increase) decrease in certificates of deposit	1,515,028
(Increase) decrease in restricted cash	(290)
Increase in restricted certificates of deposit	-
Interest received	24,183
Net cash provided by investing activities	<u>1,538,921</u>
Increase (decrease) in cash and cash equivalents	753,504
Cash and cash equivalents - beginning of the year	<u>1,004,457</u>
Cash and cash equivalents - end of the year	<u><u>\$ 1,757,961</u></u>

Enterprise Funds			Internal Service Fund
<u>Sewer Fund</u>	<u>Landfill Fund</u>	<u>Total</u>	<u>Fund</u>
\$ 1,477,241	\$ 1,170,145	\$ 4,595,984	\$ -
-	-	-	921,406
(291,633)	(450,023)	(1,481,418)	(1,160,803)
(339,544)	(267,788)	(884,930)	-
<u>846,064</u>	<u>452,334</u>	<u>2,229,636</u>	<u>(239,397)</u>
-	-	-	(22,684)
(1,609,091)	(72,386)	(2,901,365)	-
-	-	20,000	-
(750)	(500)	(20,390)	-
(850,000)	(291,918)	(1,497,063)	-
(13,299)	(23,517)	(179,298)	-
<u>(2,473,140)</u>	<u>(388,321)</u>	<u>(4,578,116)</u>	<u>-</u>
1,518,607	297,907	3,331,542	410,960
-	-	(290)	-
(1,124)	(150,635)	(151,759)	-
8,749	15,763	48,695	3,887
<u>1,526,232</u>	<u>163,035</u>	<u>3,228,188</u>	<u>414,847</u>
(100,844)	227,048	879,708	152,766
436,969	183,344	1,624,770	189,466
<u>\$ 336,125</u>	<u>\$ 410,392</u>	<u>\$ 2,504,478</u>	<u>\$ 342,232</u>

CITY OF YORK, NEBRASKA

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

For the year ended September 30, 2016

	<u>Water Fund</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 709,467
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	418,191
Change in assets and liabilities:	
Accounts receivable and unbilled revenue	(55,645)
Prepaid expenses	3,836
Inventories	(98,088)
Accounts payable	(52,494)
Claims incurred but not paid	-
Accrued expenses	3,833
Sales tax payable	1,848
Customer deposits	290
Net cash provided (used) by operating activities	<u>\$ 931,238</u>
<u>Supplementary cash flow disclosures:</u>	
Capital assets acquired with the issuance of a capital lease	<u>\$ -</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>	
\$ 566,664	\$ 359,297		\$ 1,635,428	\$ (278,142)
342,542	168,822		929,555	-
(92,615)	1,585		(146,675)	-
2,979	609		7,424	-
-	-		(98,088)	-
17,802	(81,300)		(115,992)	(20,255)
-	-		-	59,000
6,408	3,321		13,562	-
2,284	-		4,132	-
-	-		290	-
<u>\$ 846,064</u>	<u>\$ 452,334</u>		<u>\$ 2,229,636</u>	<u>\$ (239,397)</u>
<u>\$ -</u>	<u>\$ 295,050</u>		<u>\$ 295,050</u>	<u>\$ -</u>

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

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CITY OF YORK, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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, 2016

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, 2016

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, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Governmental Funds, continued

Capital Projects Fund

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

Proprietary Funds

Enterprise Funds

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

Internal Service Fund

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

Major and Nonmajor Funds

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

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

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

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

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, 2016

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, 2016

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, 2016

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	\$ 664,424	Sales Tax
Street	49,467	Sales Tax
CDBG	113,615	Federal Grant
LB357	237,964	Sales Tax
	<u>\$1,065,470</u>	

Inventory

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

Restricted Assets

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

Capital Assets

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

Government-wide Statements

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

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2016

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, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Long-term Debt

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

Government-wide Statements

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

Fund Financial Statements

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

Equity Classifications

Government-wide Statements

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

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

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

Fund Financial Statements

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

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

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

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

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

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

Unassigned—All amounts not included in other spendable classifications.

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

CITY OF YORK, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

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, 2015 as follows:

	Governmental	
	<u>Net Position</u>	<u>Fund Balance</u>
<u>Sinking Fund</u>		
Two certificates of deposit held by the City were not reported in the prior period	\$ 31,426	\$ 31,426
	\$ 31,426	\$ 31,426

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 2015-2016 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.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

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.

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.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2016

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

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.

3. Revenue Restrictions

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

4. Debt Restrictions and Covenants

Bonds Payable

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

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2016

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data

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

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

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

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

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2016

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data, continued

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

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

1. Cash and Certificates of Deposit

Deposits

The City's policies regarding deposits of cash are discussed in Note A4. The table presented below is designed to disclose how its deposits were insured or secured with collateral at September 30, 2016. The categories of collateral are defined as follows:

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2016

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

1. Cash and Certificates of Deposit, continued

Deposits, continued

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

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

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

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits and certificates of deposit	\$ 21,113,409	\$ 1,532,885	\$ 19,578,001	\$ 2,523	\$ <u>20,557,639</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –

Unrestricted cash and cash equivalents	\$ 4,817,645
Unrestricted certificates of deposit	6,068,219
Restricted cash and cash equivalents	2,995,004
Restricted certificates of deposit	<u>5,545,577</u>
Total primary government	19,426,445

Component Unit –

Unrestricted cash and cash equivalents	88,861
Unrestricted certificates of deposit	<u>1,042,333</u>
Total component unit	<u>1,131,194</u>

Total	\$ <u>20,557,639</u>
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CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2016

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

2. Restricted Assets

The restricted assets as of September 30, 2016, are as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>	<u>Component Unit</u>
Type of Restricted Assets:				
Cash and cash equivalents	\$ 2,912,392	\$ 82,612	\$ 2,995,004	\$ -
Certificates of deposit	<u>3,222,004</u>	<u>2,323,573</u>	<u>5,545,577</u>	<u>-</u>
	<u>\$ 6,134,396</u>	<u>\$ 2,406,185</u>	<u>\$ 8,540,581</u>	<u>\$ -</u>

The governmental restricted assets consist of the following: \$1,692 in the General Fund for public safety, \$689,835 in the Debt Service Fund for debt service, \$4,522,253 in the LB 357 Fund for capital projects, \$21,429 in the Capital Projects Fund for capital projects, \$352,673 in the CDBG Fund for federal programs, \$22,748 in the Keno Fund for community betterment, \$44,713 in the E911 Fund for public safety, and \$479,053 in the TIF Fund for economic development.

Restricted assets for business-type funds consist of \$82,612 restricted cash for customer deposits in the Water Fund, \$468,000 of Water Fund certificates of deposit restricted for debt service, \$107,512 of Sewer Fund certificates of deposit restricted for debt service, and \$1,748,061 of Landfill Fund certificates of deposit restricted for closure and post-closure costs.

3. Accounts and Other Receivables

Governmental receivables detail at September 30, 2016, is as follows:

	<u>Governmental Activities</u>
Accounts receivable - ambulance	\$ 83,396
Hotel occupation tax receivable	30,821
Other governmental accounts receivable	<u>48,767</u>
 Total governmental accounts receivable	 <u>\$ 162,984</u>

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

CITY OF YORK, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

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

4. Notes Receivable

Notes receivable at September 30, 2016, 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.	\$ 18,076
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.	64,584
Note for \$450,000 to Cyclonaire dated May 15, 2013; due in monthly installments of \$4,178 through June 15, 2023; bearing interest of 1.625 percent.	331,557
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>29,180</u>
Total CDBG notes receivable	443,397

Economic Development notes:

Note for \$139,000 to York Urgent Care dated September 4, 2015; due in monthly installments of \$1,256 through September 1, 2025; bearing interest of 1.625 percent.	125,008
Note for \$10,000 to Greg Weber dated July 1, 2016; due in semi-annual installments of \$1,049 through July 1, 2021; bearing interest of 1.75 percent.	10,000
Note for \$10,000 to Hair Benders dated September 1, 2016; due in semi-annual installments of \$1,049 through September 1, 2021; bearing interest of 1.75 percent.	<u>10,000</u>
Total Economic Development notes receivable	145,008

TIF notes:

See notes described on next page.

	<u>709,045</u>
	<u>\$ 1,297,450</u>
Current portion	\$ 232,640
Noncurrent portion	<u>1,064,810</u>
Total	<u>\$ 1,297,450</u>

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2016

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, 2016, were as follows:

	TIF <u>Receivables</u>	TIF <u>Payables</u>
Scannell/Pioneer	\$ 573,065	\$ -
Nolan	37,426	-
United Farmers Coop	98,554	98,554 *
	<u>\$ 709,045</u>	<u>\$ 98,554</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, 2016, was as follows:

	Balance at October 1, <u>2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2016</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 1,945,229	\$ -	\$ -	\$ -	\$ 1,945,229
Construction in progress	<u>1,056,442</u>	<u>6,208,107</u>	<u>(60,077)</u>	<u>(473,960)</u>	<u>6,730,512</u>
Total capital assets not being depreciated	3,001,671	6,208,107	(60,077)	(473,960)	8,675,741
Other capital assets being depreciated:					
Infrastructure	9,242,091	1,504,552	-	473,960	11,220,603
Buildings and improvements	18,210,258	-	-	-	18,210,258
Equipment	2,802,709	854,409	-	-	3,657,118
Vehicles	<u>3,968,709</u>	<u>56,484</u>	<u>-</u>	<u>-</u>	<u>4,025,193</u>
Total other capital assets at historical cost	34,223,767	2,415,445	-	473,960	37,113,172
Less accumulated depreciation for:					
Infrastructure	(2,232,581)	(601,842)	-	-	(2,834,423)
Buildings and improvements	(4,960,211)	(535,300)	-	-	(5,495,511)
Equipment	(1,664,542)	(237,507)	-	-	(1,902,049)
Vehicles	<u>(1,951,822)</u>	<u>(304,900)</u>	<u>-</u>	<u>-</u>	<u>(2,256,722)</u>
Total accumulated depreciation	<u>(10,809,156)</u>	<u>(1,679,549)</u> *	<u>-</u>	<u>-</u>	<u>(12,488,705)</u>
Other capital assets, net	<u>23,414,611</u>	<u>735,896</u>	<u>-</u>	<u>473,960</u>	<u>24,624,467</u>
Governmental activities capital assets, net	<u><u>\$26,416,282</u></u>	<u><u>\$ 6,944,003</u></u>	<u><u>\$ (60,077)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 33,300,208</u></u>

*Depreciation expense was incurred by the following governmental activities:

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2016

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

5. Capital Assets, continued

Governmental Activities, continued:

General Fund:

General government:

Administration \$ 26,242

Public safety:

Police 56,537

Fire/EMS 288,585

Total public safety 345,122

Airport 93,215

Environment and leisure:

Auditorium 13,173

Ball Field Complex 9,047

Community Center 16,653

Convention Center 250,231

Library 31,653

Park 79,998

Pool 168,172

Senior Center 11,336

Total environment and leisure 580,263

Total General Fund 1,044,842

Special Revenue Funds:

Street 634,707

Total Governmental Activities
depreciation expense \$ 1,679,549

Construction in progress at September 30, 2016, consists of \$102,873 of engineering on the Blackburn Bridge project, \$44,326 of engineering on the Quiet Zone project, and \$6,583,313 of engineering and construction costs on the ballfield complex project. See Note D3 for details of commitments in place on these projects as of September 30, 2016.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2016

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

5. Capital Assets, continued

	Balance at October 1, <u>2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2016</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 305,336	\$ 327,331	\$ -	\$ -	\$ 632,667
Construction in progress	467,023	1,534,639	-	(44,967)	1,956,695
Total capital assets not being depreciated	<u>772,359</u>	<u>1,861,970</u>	<u>-</u>	<u>(44,967)</u>	<u>2,589,362</u>
Other capital assets being depreciated:					
Distribution systems	26,003,897	1,072,839	-	44,967	27,121,703
Buildings and improvements	5,355,100	-	-	-	5,355,100
Equipment	7,272,400	452,470	(236,139)	-	7,488,731
Vehicles	244,856	31,745	-	-	276,601
Total other capital assets at historical cost	<u>38,876,253</u>	<u>1,557,054</u>	<u>(236,139)</u>	<u>44,967</u>	<u>40,242,135</u>
Less accumulated depreciation for:					
Distribution systems	(7,648,594)	(609,656)	-	-	(8,258,250)
Buildings and improvements	(1,685,657)	(107,027)	-	-	(1,792,684)
Equipment	(5,171,209)	(198,412)	236,139	-	(5,133,482)
Vehicles	(202,918)	(14,460)	-	-	(217,378)
Total accumulated depreciation	<u>(14,708,378)</u>	<u>(929,555) *</u>	<u>236,139</u>	<u>-</u>	<u>(15,401,794)</u>
Other capital assets, net	<u>24,167,875</u>	<u>627,499</u>	<u>-</u>	<u>44,967</u>	<u>24,840,341</u>
Business-type capital assets, net	<u>\$24,940,234</u>	<u>\$ 2,489,469</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,429,703</u>

*Depreciation expense was charged to functions as follows:

Water	\$ 418,191
Sewer	342,542
Landfill	<u>168,822</u>
Total Business-type Activities depreciation expense	<u>\$ 929,555</u>

Construction in progress at September 30, 2016, consists of \$273,975 of engineering on the landfill gas migration control project, and \$1,682,720 of costs incurred on the wastewater treatment plant facilities. See Note D3 for details of commitments in place on these projects as of September 30, 2016.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2016

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>2015</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>2016</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds payable	\$ 8,175,000	\$ 9,915,000	\$ (1,295,000)	\$ 16,795,000	\$ 885,000
Notes payable	111,964	-	(13,410)	98,554	14,634
Capital lease obligation	80,000	-	(80,000)	-	-
Total	<u>\$ 8,366,964</u>	<u>\$ 9,915,000</u>	<u>\$ (1,388,410)</u>	<u>\$ 16,893,554</u>	<u>\$ 899,634</u>
Business-type Activities:					
Bonds payable	\$ 6,085,000	\$ -	\$ (1,290,000)	\$ 4,795,000	\$ 645,000
Notes payable	1,890,145	-	(105,145)	1,785,000	107,259
Capital lease obligation	49,200	295,050	(101,919)	242,331	50,079
Total	<u>\$ 8,024,345</u>	<u>\$ 295,050</u>	<u>\$ (1,497,064)</u>	<u>\$ 6,822,331</u>	<u>\$ 802,338</u>

The following is a summary of changes in long-term debt for the year ended September 30, 2016:

Governmental Activities

As of September 30, 2016, the governmental long-term liabilities consisted of the following:

Bonds payable:

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

\$ 1,035,000

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2016

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

6. Long-term Debt, continued

Governmental Activities, continued

Bonds payable, continued:

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

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

Series 2014 General Obligation Refunding Bonds for \$610,000 dated September 25, 2014 issued for refunding Series 2009 bonds. The bonds bear interest ranging from 0.35 to 2.15 percent with final maturity March 1, 2022. Payments are made by the Debt Service Fund. 460,000

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. 1,435,000

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2016

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

6. Long-term Debt, continued

Governmental Activities, continued

Bonds payable, continued:

Series 2012 General Obligation Highway Allocation Bonds for \$3,025,000 dated November 21, 2012 issued for financing street projects. The bonds bear interest ranging from 0.40 to 3.0 percent with final maturity December 15, 2027. Payments are made by the Debt Service Fund. 2,475,000

Series 2010 General Obligation Refunding Bonds for \$4,250,000 dated October 15, 2010 issued for refunding 1999, 2003 and 2005 bonds. The bonds bear interest ranging from 0.70 to 3.40 percent with final maturity April 15, 2025. Payments are made by the Debt Service Fund. 1,900,000

Note payable:

See description of TIF note payable at Note C4. 98,554

Total governmental activities long-term debt \$ 16,893,554

Current portion \$ 899,634

Noncurrent portion 15,993,920

Total governmental long-term debt \$ 16,893,554

CITY OF YORK, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

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

6. Long-term Debt, continued

Business-type Activities

As of September 30, 2016, the long-term debt payable from proprietary fund resources consisted of the following:

Capital lease obligation:

Capital lease obligation to finance a Cat 950 loader dated February 22, 2016, with original issue amount of \$295,050, bearing interest of 2.737 percent, with final maturity on February 22, 2020. Payments are made by the Landfill Fund. \$ 242,331

Note 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. 1,785,000

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. 4,150,000

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. These bonds were paid off with an advance defeasance during the year ended September 30, 2016. -

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. 645,000

Total business-type activity lease, note and bonds payable \$ 6,822,331

Current portion \$ 802,338

Noncurrent portion 6,019,993

Total \$ 6,822,331

CITY OF YORK, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

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, 2016, 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>
2017	\$ 899,634	\$ 293,408	\$ 802,338	\$ 160,808	\$ 17,583
2018	1,310,942	405,983	740,873	147,150	16,505
2019	1,202,368	386,071	424,491	132,313	15,406
2020	1,103,912	366,610	461,774	123,878	14,284
2021	1,120,612	344,250	381,146	115,707	13,140
2022-2026	4,756,086	1,340,419	2,041,701	445,906	47,713
2027-2031	3,485,000	763,929	1,970,008	137,820	15,453
2032-2036	3,015,000	269,809	-	-	-
	<u>\$ 16,893,554</u>	<u>\$ 4,170,479</u>	<u>\$6,822,331</u>	<u>\$ 1,263,582</u>	<u>\$140,084</u>

7. Interfund Transactions and Balances

Transfers consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
To Street	\$ -	\$ 404,074
To Aviation	-	203,777
To Debt Service	-	1,066,827
Total General Fund	-	1,674,678
Street Fund:		
From General	404,074	-
To Capital Projects Fund	-	139,638
Total Street Fund	404,074	139,638
Aviation Fund:		
From General	203,777	-
Debt Service:		
From General	1,066,827	-
Nonmajor Governmental Funds:	139,638	-
	<u>\$ 1,814,316</u>	<u>\$ 1,814,316</u>

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2016

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 17.

Also, the General Fund owed \$22,684 to the Internal Service Fund at September 30, 2016. This interfund loan will be repaid during the next fiscal year.

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 \$2,284,019, with the City contributing \$148,573 and the employees contributing \$148,668 for the year ended September 30, 2016.

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 \$995,617 with the City contributing \$104,905 and the employees contributing \$52,452 for the year ended September 30, 2016.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2016

NOTE D – OTHER NOTES, continued

1. Retirement Benefits, continued

Police Officers - Under Nebraska statutes, the City is required to maintain a retirement plan for City policemen. The total contributions under this plan are deposited under a money purchase retirement plan. This plan requires that covered employees and the City contribute an amount equal to 7.0 percent of the employee's monthly salary until such employee becomes eligible for regular retirement, at which time contributions shall cease. Total covered payroll was \$953,513. Both the City's contribution of \$66,746 and the matching employees' contributions were made for the year ended September 30, 2016.

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 \$13,889 (\$11,105 employer and \$2,784 employee) on \$118,479 of covered payroll.

Police and Firefighters Plan (Pre-1984)

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

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

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

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

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2016

NOTE D – OTHER NOTES, continued

1. Retirement Benefits, continued

Funding Status of Defined Benefit Plan

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

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

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

Fair value of plan assets at January 1, 2016	\$ 56,937
Benefit obligation estimated at January 1, 2016	<u>80,582</u>
Funded Status	\$ <u>(23,645)</u>

2. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance to minimize the effect of possible exposure to these risks. There have been no significant reductions in insurance coverage from coverage in the prior year. During the past three fiscal years, there have been no settlements exceeding the amount of the City's insurance coverage.

Deposits and Investments

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City's investments at September 30, 2016, 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, 2016

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

<u>Maturities by Month</u>	<u>Amount</u>
October 2016	\$ 1,217,118
November 2016	463,482
March 2017	3,446,750
April 2017	785,387
June 2017	521,576
July 2017	841,196
August 2017	887,048
September 2017	<u>3,451,239</u>
	<u>\$ 11,613,796</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, 2016, the City’s certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Cornerstone Bank	\$ 7,363,898
York State Bank	31,466
Henderson State Bank	<u>4,218,432</u>
	<u>\$ 11,613,796</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, 2016.

3. Commitments and Contingencies

Lease Commitments

The City had the following lease commitments at September 30, 2016:

<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
Copier	9/20/16 – 9/20/21	\$ 68/month

CITY OF YORK, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Lease Commitments, continued

The lease expense for the year ended September 30, 2016, was \$4,000.

Remaining lease commitments as of September 30, 2016, were as follows:

<u>Year ending September 30,</u>	<u>Lease Amount</u>
2017	\$ 4,817
2018	954
2019	818
2020	818
2021	<u>818</u>
	<u>\$ 8,225</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, 2016</u>	<u>Remaining Commitment</u>	<u>Expected Completion</u>
<u>Quiet zone project:</u>				
Engineering	\$ 47,000	\$ 44,627	\$ 2,373	October 2017
<u>Ballfield complex:</u>				
Engineering	326,395	296,952	29,443	
Contractor	<u>7,401,712</u>	<u>5,885,141</u>	<u>1,516,571</u>	
Total	<u>7,728,107</u>	<u>6,182,093</u>	<u>1,546,014</u>	April 2017
	<u>\$ 7,775,107</u>	<u>\$ 6,226,720</u>	<u>\$ 1,548,387</u>	

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2016

NOTE D – OTHER NOTES, continued

4. Interlocal Agreements

The City had the following interlocal agreements in effect as of September 30, 2016:

<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	2015-2016	Rural Apprehension Program (RAP)
York Public School District	Life of sales tax	LB 357, 1/2% Sales Tax for Infrastructure

5. CDBG Housing Loans

At September 30, 2016, the City has three outstanding CDBG Housing Rehab loans totaling \$7,097. These loans are forgiven over time. The City also has 14 outstanding CDBG Downpayment Assistance (DPA) loans totaling \$172,300. The DPA loans are due when the related property sells. None of these loans are recorded as assets of the City.

6. Additional TIF Agreements

On March 17, 2016, the City entered into a redevelopment contract with Beaver Creek Products, LLC. The redeveloper intends to create additional taxable real property valuation on the project of not less than \$400,000 no later than January 1, 2017. The City will pledge the TIF proceeds on the project to the redeveloper as payment toward the TIF indebtedness for a period of 15 years.

During the year ended September 30, 2016, the City entered into a redevelopment contract with Levander’s of York, LLC. The redeveloper intends to create additional taxable real property valuation on the project of not less than \$457,000 no later than January 1, 2017. The City will pledge the TIF proceeds on the project to the redeveloper as payment toward the TIF indebtedness for a period of 15 years.

CITY OF YORK, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2016

NOTE D – OTHER NOTES, continued

7. Subsequent Events

Management has evaluated subsequent events through February 10, 2017, the date on which the financial statements were available for issue.

On October 20, 2016, the Council approved contracts totaling \$860,209 for miscellaneous pavement repairs and airfield marking improvements, along with associated engineering costs at the York Municipal Airport. This project will be funded 90 percent by a Federal grant and 10 percent by the City.

On December 2, 2016, the City requested its first draw of \$1,369,046 on the Nebraska DEQ note C317983. This note has a total loan commitment of \$19,355,000, will bear interest of 1.5 percent and will be used to finance the wastewater treatment plant project. The loan is expected to be repaid with semi-annual installments of \$561,878.67 plus one percent annual fees commencing December 15, 2018 through June 15, 2038.

On December 15, 2016, the Council approved a \$23,440,809 bid from Hawkins Construction Co for the water reclamation facility. This project will be funded primarily with DEQ note proceeds.

Also on December 15, 2016, the City approved a bid for a John Deere loader from Murphy Tractor for \$145,300.

SUPPLEMENTARY INFORMATION

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

Year ended September 30, 2016

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 904,558	\$ 941,266	\$ 36,708
Motor vehicle	150,000	181,274	31,274
Occupation/franchise	2,405,000	2,324,116	(80,884)
Sales tax	3,050,000	3,240,494	190,494
Intergovernmental	276,535	165,108	(111,427)
Charges for services	1,000,833	1,033,480	32,647
Grants	24,900	24,764	(136)
Contributions	34,000	10,555	(23,445)
Interest income	23,400	6,484	(16,916)
Insurance proceeds	-	5,742	5,742
Other	11,700	40,884	29,184
	7,880,926	7,974,167	93,241
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Administrative	1,481,071	981,465	(499,606)
Public safety:			
Police	1,814,077	1,697,040	(117,037)
Fire/EMS	1,638,069	1,698,040	59,971
Police pension	68,343	68,546	203
Fire pension	181,188	154,942	(26,246)
Total public safety	3,701,677	3,618,568	(83,109)
Environment and leisure:			
Auditorium	565,871	131,894	(433,977)
Parks	671,956	569,863	(102,093)
Community center	669,696	599,288	(70,408)
Aquatic center	402,068	303,198	(98,870)
Ball park	-	10,448	10,448
Senior center	14,071	16,885	2,814
Convention center	404,617	379,556	(25,061)
Library	523,659	542,949	19,290
Total environment and leisure	3,251,938	2,554,081	(697,857)
Total charges to appropriations	8,434,686	7,154,114	(1,280,572)
Excess (deficiency) of revenues over charges to appropriations before transfers	(553,760)	820,053	1,373,813
TRANSFERS FROM OTHER FUNDS	(1,590,281)	(1,674,678)	(84,397)
RESOURCES UNDER CHARGES TO APPROPRIATIONS	\$ (2,144,041)	\$ (854,625)	\$ 1,289,416

CITY OF YORK, NEBRASKA

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

Year ended September 30, 2016

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Sales tax	\$ 250,000	\$ 273,751	\$ 23,751
Intergovernmental	915,776	934,708	18,932
Charges for services	18,400	7,884	(10,516)
Grants	-	4,404	4,404
Interest income	1,500	9,447	7,947
Other	10,000	24,054	14,054
	<hr/>	<hr/>	<hr/>
Total resources	1,195,676	1,254,248	58,572
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Street operations and maintenance	1,351,250	1,460,799	109,549
Capital outlay	248,500	105,333	(143,167)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	1,599,750	1,566,132	(33,618)
Deficiency of revenues over charges to appropriations before transfers	(404,074)	(311,884)	92,190
TRANSFERS FROM (TO) OTHER FUNDS	404,074	264,436	(139,638)
	<hr/>	<hr/>	<hr/>
RESOURCES UNDER CHARGES TO APPROPRIATIONS	\$ -	\$ (47,448)	\$ (47,448)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF YORK, NEBRASKA

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

Year ended September 30, 2016

	<u>Budget (Original and Final)</u>	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Charges for services	\$ 276,060	\$ 207,453	\$ (68,607)
Grants	-	1,105	1,105
Interest income	450	1,209	759
	<hr/>	<hr/>	<hr/>
Total resources	276,510	209,767	(66,743)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Airport	385,890	277,753	(108,137)
Capital outlay	10,000	-	(10,000)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	395,890	277,753	(118,137)
Deficiency of revenues over charges to appropriations before transfers	(119,380)	(67,986)	51,394
TRANSFERS TO OTHER FUNDS	<hr/>	<hr/>	<hr/>
	119,380	203,777	84,397
RESOURCES OVER CHARGES TO APPROPRIATIONS	<hr/>	<hr/>	<hr/>
	\$ -	\$ 135,791	\$ 135,791
	<hr/>	<hr/>	<hr/>

CITY OF YORK, NEBRASKA

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

Year ended September 30, 2016

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Special assessments	\$ 10,522	\$ 11,316	\$ 794
Interest income	-	(399)	(399)
	<hr/>	<hr/>	<hr/>
Total resources	10,522	10,917	395
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Principal payments	865,000	870,000	5,000
Interest expense	232,648	167,080	(65,568)
Bond fees	2,500	2,500	-
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	1,100,148	1,039,580	(60,568)
Deficiency of revenues over charges to appropriations before transfers	(1,089,626)	(1,028,663)	60,963
TRANSFERS TO OTHER FUNDS	<hr/>	<hr/>	<hr/>
	1,066,827	1,066,827	-
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	<hr/>	<hr/>	<hr/>
	\$ (22,799)	\$ 38,164	\$ 60,963
	<hr/>	<hr/>	<hr/>

CITY OF YORK, NEBRASKA

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

Year ended September 30, 2016

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Sales tax	\$ 1,100,000	\$ 1,128,748	\$ 28,748
Interest income	-	32,126	32,126
Loan/bond proceeds	9,500,000	9,915,000	415,000
	<hr/>	<hr/>	<hr/>
Total resources	10,600,000	11,075,874	475,874
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Environment and leisure	456,395	503,048	46,653
Capital outlay	8,898,567	5,229,786	(3,668,781)
Principal payments	-	425,000	425,000
Interest expense	-	221,632	221,632
Bond fees	-	155,185	155,185
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	9,354,962	6,534,651	(2,820,311)
	<hr/>	<hr/>	<hr/>
RESOURCES OVER CHARGES TO APPROPRIATIONS	\$ 1,245,038	\$ 4,541,223	\$ 3,296,185

CITY OF YORK, NEBRASKA

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

Year ended September 30, 2016

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

	<u>General Fund</u>	<u>Street Fund</u>	<u>Aviation Fund</u>	<u>Debt Service Fund</u>	<u>LB 357 Fund</u>
Sources/inflows of resources:					
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 7,974,167	\$ 1,254,248	\$ 209,767	\$ 10,917	\$ 11,075,874
Differences - budget to MAB:					
Cash to MAB adjustments	<u>114,134</u>	<u>1,726</u>	<u>(941)</u>	<u>(589)</u>	<u>44,613</u>
Total revenues as reported on the statement of revenues, expen- ditures, and changes in fund balances - governmental funds	<u>\$ 8,088,301</u>	<u>\$ 1,255,974</u>	<u>\$ 208,826</u>	<u>\$ 10,328</u>	<u>\$ 11,120,487</u>
Uses/outflows of resources:					
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 7,154,114	\$ 1,566,132	\$ 277,753	\$ 1,039,580	\$ 6,534,651
Differences - budget to MAB:					
Cash to MAB adjustments	<u>227,669</u>	<u>84,905</u>	<u>15,427</u>	<u>(3,677)</u>	<u>1,364,251</u>
Total expenditures as reported on the statement of revenues, expen- ditures, and changes in fund balances - governmental funds	<u>\$ 7,381,783</u>	<u>\$ 1,651,037</u>	<u>\$ 293,180</u>	<u>\$ 1,035,903</u>	<u>\$ 7,898,902</u>

CITY OF YORK, NEBRASKA

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

September 30, 2016

	Capital Projects Fund	CDBG Fund	Special Revenue Funds Keno Fund	Sinking Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 9,484	\$ 352,673	\$ 10,067	\$ 200,890
Certificates of deposit	11,945	-	12,681	274,595
Due from other governments	-	113,615	-	-
Inventory	-	-	-	3,569
Accrued interest receivable	<u>9</u>	<u>(14)</u>	<u>10</u>	<u>187</u>
Total assets	<u><u>\$ 21,438</u></u>	<u><u>\$ 466,274</u></u>	<u><u>\$ 22,758</u></u>	<u><u>\$ 479,241</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 21,407	\$ 81,019	\$ -	\$ 2,240
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,550</u>
	21,407	81,019	-	114,790
Fund balances:				
Restricted for:				
Economic development	-	-	-	-
Federal programs	-	385,255	-	-
Capital projects	31	-	-	-
Community betterment	-	-	22,758	-
Public safety	-	-	-	-
Assigned for:				
Industrial Park development	<u>-</u>	<u>-</u>	<u>-</u>	<u>364,451</u>
Total fund balances	<u>31</u>	<u>385,255</u>	<u>22,758</u>	<u>364,451</u>
Total liabilities and fund balances	<u><u>\$ 21,438</u></u>	<u><u>\$ 466,274</u></u>	<u><u>\$ 22,758</u></u>	<u><u>\$ 479,241</u></u>

Special Revenue Funds			Total Nonmajor Governmental Funds
RAP Fund	E911 Fund	TIF Fund	
\$ -	\$ 19,788	\$ 212,011	\$ 804,913
-	24,925	267,042	591,188
-	-	-	113,615
-	-	-	3,569
-	19	205	416
<u>\$ -</u>	<u>\$ 44,732</u>	<u>\$ 479,258</u>	<u>\$ 1,513,701</u>
\$ -	\$ -	\$ -	\$ 104,666
-	-	-	112,550
-	-	-	217,216
-	-	479,258	479,258
-	-	-	385,255
-	-	-	31
-	-	-	22,758
-	44,732	-	44,732
-	-	-	364,451
-	44,732	479,258	1,296,485
<u>\$ -</u>	<u>\$ 44,732</u>	<u>\$ 479,258</u>	<u>\$ 1,513,701</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, 2016

	Capital Projects Fund	Special Revenue Funds		
		CDBG Fund	Keno Fund	Sinking Fund
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	3,575
Grants	199,783	244,016	-	-
Contributions	-	-	-	-
Keno proceeds	-	-	11,648	-
Loan collections	-	180,681	-	159,613
Interest income	(22)	264	87	1,889
Sale of property	-	-	-	49,355
Total revenues	<u>199,761</u>	<u>424,961</u>	<u>11,735</u>	<u>214,432</u>
EXPENDITURES				
General government	-	-	1,534	-
Economic development	-	250,974	-	5,862
Public safety	1,975	-	-	-
Capital outlay	337,445	-	18,882	-
Principal payments on debt	-	-	-	-
Total expenditures	<u>339,420</u>	<u>250,974</u>	<u>20,416</u>	<u>5,862</u>
Excess (deficiency) of revenues over expenditures before transfers	(139,659)	173,987	(8,681)	208,570
INTERFUND TRANSFERS				
Transfer from other funds	<u>139,638</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(21)	173,987	(8,681)	208,570
Fund balances - September 30, 2015				
As originally reported	52	211,268	31,439	124,455
Restatement	-	-	-	31,426
As restated	<u>52</u>	<u>211,268</u>	<u>31,439</u>	<u>155,881</u>
Fund balances - September 30, 2016	<u>\$ 31</u>	<u>\$ 385,255</u>	<u>\$ 22,758</u>	<u>\$ 364,451</u>

Special Revenue Funds			Total Nonmajor Governmental Funds
RAP Fund	E911 Fund	TIF Fund	
\$ 65,771	\$ -	\$ 216,288	\$ 282,059
-	3,001	-	6,576
-	-	-	443,799
-	-	16,325	16,325
-	-	-	11,648
-	-	-	340,294
-	195	(306)	2,107
-	-	-	49,355
<u>65,771</u>	<u>3,196</u>	<u>232,307</u>	<u>1,152,163</u>
-	-	-	1,534
-	-	189,140	445,976
84,407	325	-	86,707
-	-	-	356,327
-	-	13,410	13,410
<u>84,407</u>	<u>325</u>	<u>202,550</u>	<u>903,954</u>
(18,636)	2,871	29,757	248,209
-	-	-	139,638
(18,636)	2,871	29,757	387,847
18,636	41,861	449,501	877,212
-	-	-	31,426
<u>18,636</u>	<u>41,861</u>	<u>449,501</u>	<u>908,638</u>
<u>\$ -</u>	<u>\$ 44,732</u>	<u>\$ 479,258</u>	<u>\$ 1,296,485</u>

CITY OF YORK, NEBRASKA

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

Year ended September 30, 2016

	<u>General</u>	<u>Auditorium</u>	<u>Parks</u>	<u>Police</u>	<u>Community Center</u>
REVENUES					
Taxes:					
General property tax	\$ 941,266	\$ -	\$ -	\$ -	\$ -
Motor vehicle tax	181,274	-	-	-	-
Sales tax	3,240,494	-	-	-	-
Occupation/franchise	2,324,116	-	-	-	-
Intergovernmental revenue:					
State assistance	5,798	-	-	-	-
County funding	-	-	-	-	-
Rural fire district	-	-	-	-	-
Charges for services	61,972	19,022	-	3,279	95,932
Grants	-	-	2,332	7,000	3,308
Contributions	-	-	-	-	3,000
Interest income	4,168	-	-	2	-
Insurance proceeds	-	-	-	-	-
Other revenues	27,556	-	2,137	8,167	226
Total revenues	<u>6,786,644</u>	<u>19,022</u>	<u>4,469</u>	<u>18,448</u>	<u>102,466</u>
EXPENDITURES					
Personnel services:					
Salaries and benefits	573,987	38,644	205,827	1,542,885	351,672
Operating expenses:					
Insurance	190,719	-	16,851	22,296	3,508
Advertising/publicity	104,074	-	-	-	5,253
Contract labor/outside services	11,931	6,379	-	26,994	13,841
Professional fees	29,016	-	-	-	-
Meetings, seminars, and dues	32,014	-	225	20,916	4,036
Repairs and maintenance	45,480	38,578	39,932	47,990	41,044
Printing, postage, and publications	8,192	-	-	-	-
Transportation	49	-	5,912	17,594	-
Utilities and telephone	43,386	35,670	30,642	8,435	54,707
Total operating expenses	<u>464,861</u>	<u>80,627</u>	<u>93,562</u>	<u>144,225</u>	<u>122,389</u>
Supplies	14,955	11,130	14,847	9,973	40,595
Other expenses	80,120	1,493	19,414	13,182	20,629
Capital outlay	9,029	-	236,213	52,957	64,003
Principal on long-term debt	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-
Total expenditures	<u>1,142,952</u>	<u>131,894</u>	<u>569,863</u>	<u>1,763,222</u>	<u>599,288</u>
Excess (deficiency) of revenues over expenditures before transfers	5,643,692	(112,872)	(565,394)	(1,744,774)	(496,822)
TRANSFERS (TO) FROM OTHER FUNDS	<u>(7,268,841)</u>	<u>545,871</u>	<u>660,956</u>	<u>1,799,467</u>	<u>565,696</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AFTER TRANSFERS					
	<u>\$ (1,625,149)</u>	<u>\$ 432,999</u>	<u>\$ 95,562</u>	<u>\$ 54,693</u>	<u>\$ 68,874</u>

Aquatic Center	Ball Park	Senior Center	Convention Center	Fire/EMS	Library	Police Pension	Fire Pension	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 941,266
-	-	-	-	-	-	-	-	181,274
-	-	-	-	-	-	-	-	3,240,494
-	-	-	-	-	-	-	-	2,324,116
-	-	-	-	-	15,000	-	-	20,798
-	-	-	-	207,000	-	-	-	207,000
-	-	-	-	62,722	-	-	-	62,722
96,052	-	-	220,218	509,845	16,689	-	-	1,023,009
-	-	-	4,720	6,404	1,000	-	-	24,764
-	-	-	-	6,035	1,520	-	-	10,555
-	-	-	-	(95)	(41)	659	984	5,677
-	-	-	-	-	5,742	-	-	5,742
-	-	-	325	407	2,066	-	-	40,884
<u>96,052</u>	<u>-</u>	<u>-</u>	<u>225,263</u>	<u>792,318</u>	<u>41,976</u>	<u>659</u>	<u>984</u>	<u>8,088,301</u>
121,220	6,181	391	175,776	1,207,477	332,895	66,746	154,942	4,778,643
7,204	-	1,516	-	86,836	3,671	-	-	332,601
1,280	-	-	-	-	-	-	-	110,607
3,571	-	-	12,472	76,077	22,508	-	-	173,773
-	-	-	-	-	-	-	-	29,016
1,688	300	-	659	15,588	5,072	-	-	80,498
79,591	1,551	4,925	37,423	135,025	62,885	-	-	534,424
-	-	-	-	-	2,010	-	-	10,202
-	-	-	-	14,769	-	-	-	38,324
32,361	2,020	10,053	87,266	23,703	15,523	-	-	343,766
<u>125,695</u>	<u>3,871</u>	<u>16,494</u>	<u>137,820</u>	<u>351,998</u>	<u>111,669</u>	<u>-</u>	<u>-</u>	<u>1,653,211</u>
43,288	159	-	28,192	35,450	13,747	-	-	212,336
7,267	237	-	22,322	11,581	78,121	1,800	-	256,166
5,728	-	-	15,446	10,854	6,517	-	-	400,747
-	-	-	-	80,000	-	-	-	80,000
-	-	-	-	680	-	-	-	680
<u>303,198</u>	<u>10,448</u>	<u>16,885</u>	<u>379,556</u>	<u>1,698,040</u>	<u>542,949</u>	<u>68,546</u>	<u>154,942</u>	<u>7,381,783</u>
(207,146)	(10,448)	(16,885)	(154,293)	(905,722)	(500,973)	(67,887)	(153,958)	706,518
<u>302,868</u>	<u>-</u>	<u>14,071</u>	<u>119,380</u>	<u>853,347</u>	<u>484,376</u>	<u>67,743</u>	<u>180,388</u>	<u>(1,674,678)</u>
<u>\$ 95,722</u>	<u>\$ (10,448)</u>	<u>\$ (2,814)</u>	<u>\$ (34,913)</u>	<u>\$ (52,375)</u>	<u>\$ (16,597)</u>	<u>\$ (144)</u>	<u>\$ 26,430</u>	<u>\$ (968,160)</u>

SINGLE AUDIT REPORTS

CITY OF YORK, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2016

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Expenditures</u>
<u>U.S. Department of Transportation</u>			
Passed Through Nebraska Department of Roads: Highway Planning and Construction	20.205	4537	\$ 61,052
Passed Through Nebraska Office of Highway Safety: National Priority Safety Programs	20.616	47-6006423	<u>7,000</u>
Total U.S. Department of Transportation			68,052
<u>Environmental Protection Agency</u>			
Passed Through the Nebraska Department of Environmental Quality:			
Capitalization Grants for Clean Water-SRF	66.458	47-6006423	1,369,800 *
Capitalization Grants for Drinking Water-SRF	66.468	47-6006423	<u>20,000</u>
Total Environmental Protection Agency			1,389,800
<u>U.S. Department of Housing and Urban Development</u>			
Passed Through the Nebraska Department of Economic Development: Community Development Block Grants	14.228	47-6006423	<u>244,016</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,701,868</u></u>

* Major program

NOTE A - BASIS OF PRESENTATION

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

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



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

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
Kyle R. Overturf

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, 2016, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated February 10, 2017. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2016-001 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, described in the accompanying schedule of findings and questioned costs as 2016-002.

City of York's Response to Findings

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

Purpose of this Report

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

*Aumquist, Malthahn -
Galloway - Luth, D.C.*

Grand Island, Nebraska
February 10, 2017



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of York, Nebraska's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2016. The City of York, Nebraska's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Wealth Management, LLC Registered Investment Advisor, is affiliated with Almquist, Maltzahn, Galloway & Luth, P.C.

and offers wealth management and investment advisory services.

SHAREHOLDERS

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Christine R. Shenk
Michael E. Hoback
Joseph P. Stump
Kyle R. Overturf

1203 W 2nd Street
PO Box 1407
Grand Island, NE 68802
Ph. 308-381-1810
Fax 308-381-4824
Email: cpa@gicpas.com

A PROFESSIONAL
CORPORATION

Opinion on Each Major Federal Program

In our opinion, the City of York, Nebraska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Report on Internal Control over Compliance

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

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

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

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

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

Grand Island, Nebraska
February 10, 2017

CITY OF YORK, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2016

1. A summary of auditor's results:
 - (i) Unmodified opinions were issued on all opinion units of the City of York, Nebraska, as of September 30, 2016.
 - (ii) One significant deficiency disclosed during the audit of the financial statements is reported in the "Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*." The deficiency is not reported as a material weakness.
 - (iii) The audit disclosed one instance of noncompliance which is material to the financial statements of the City of York, Nebraska.
 - (iv) The audit did not disclose any significant deficiencies in the internal control over major programs for the City of York, Nebraska.
 - (v) An unmodified opinion was issued on compliance for major programs.
 - (vi) The audit did not disclose any audit findings which are required to be reported under 2 CFR section 200.516(a).
 - (vii) Major Program: CFDA #66.458 – Capitalization Grants for Clean Water SRF.
 - (viii) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
 - (ix) The City of York, Nebraska, did not qualify as a low-risk auditee.
2. Findings relating to the financial statements which are required to be reported in accordance with GAGAS.

2016-001 Due to a limited number of personnel, there is not adequate segregation of duties to ensure internal control over cash receipts, disbursements, and recording of transactions.

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

2016-002 Bank balances at two financial institutions exceeded FDIC coverage and pledged securities by a total of \$2,523.

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

None

CITY OF YORK, NEBRASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended September 30, 2016

There were no prior audit findings for the year ended September 30, 2015.