

**CITY OF YORK, NEBRASKA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**September 30, 2018**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities – modified accrual basis, the business-type activities – accrual basis, the aggregate discretely presented component unit – accrual basis, each major fund – modified accrual basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information – modified accrual basis for the governmental funds of the City of York, Nebraska, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities – modified accrual basis, the business-type activities – accrual basis, the aggregate discretely presented component unit – accrual basis, each major fund – modified accrual basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information – modified accrual basis for the governmental funds of the City of York, Nebraska, as of September 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with the basis of accounting as described in Note A.

## **Basis of Accounting**

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

## **Other Matters**

### *Other Information*

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2019, on our consideration of the City of York, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of York, Nebraska's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of York, Nebraska's internal control over financial reporting and compliance.

August Malthalm  
Galloway & Luth, P.C.

Grand Island, Nebraska  
January 17, 2019

**CITY OF YORK, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2018**

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**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, 2018.

**Financial Highlights**

- The assets of the City of York exceeded its liabilities at the close of the most recent fiscal year by \$59,172,493 (*net position*). Of this amount, \$12,570,100 (*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 \$28,185,448, with an unrestricted net position balance of \$4,754,519.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,436,920, 18.5 percent of total General Fund expenditures for the year ended September 30, 2018.

**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, 2018**

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

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

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

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

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

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

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



**CITY OF YORK, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2018**

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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 \$59,172,493 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, 2018**

**Summary Statements of Net Position**

	<b>2018</b>	<b>2017</b>	<b>Increase (Decrease)</b>
Current and Other Assets	\$ 23,258,687	\$ 20,489,492	\$ 2,769,195
Capital Assets	83,475,389	68,207,297	15,268,092
Total Assets	106,734,076	88,696,789	18,037,287
Long-term Liabilities	42,838,296	27,909,306	14,928,990
Other Liabilities	4,723,287	4,697,637	25,650
Total Liabilities	47,561,583	32,606,943	14,954,640
 Net Position:			
Net Investment in Capital Assets	41,599,665	40,941,741	657,924
Restricted	5,002,728	4,507,383	495,345
Unrestricted	12,570,100	10,640,722	1,929,378
Total Net Position	\$ 59,172,493	\$ 56,089,846	\$ 3,082,647

A large portion of the City of York's net position (70.3 percent) reflects its investment in capital assets (land, infrastructure, buildings, distribution systems, vehicles, and equipment), net of any related debt used to acquire those assets that is still outstanding. The City of York uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of York's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of York's net position (8.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$12,570,100) 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, 2018**

**Expenses and Program Revenues – Governmental Activities**

<u>Function</u>	<u>Year Ended September 30, 2018</u>		<u>Year Ended September 30, 2017</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 62,733	\$ 999,030	\$ 55,465	\$ 1,197,989
Economic Development	141,361	321,787	405,591	584,300
Public Safety	814,870	3,572,464	929,862	3,814,494
Public Works	167,007	1,507,375	168,402	1,477,203
Environment and Leisure	690,254	2,819,431	643,661	2,757,738
Airport	702,466	372,502	511,979	322,656
Interest and fees	-	397,620	-	410,621
Depreciation	-	2,438,651	-	2,021,007
Total	<u>\$ 2,578,691</u>	<u>\$ 12,428,860</u>	<u>\$ 2,714,960</u>	<u>\$ 12,586,008</u>

**Revenues by Source – Governmental Activities**

**SOURCES OF REVENUE**

	<u>Year Ended September 30, 2018</u>		<u>Year Ended September 30, 2017</u>	
Charges for Services	\$ 1,594,129	12.09 %	\$ 1,607,568	13.17 %
Operating Grants and Contributions	381,764	2.90	642,757	5.26
Capital Grants and Contributions	602,798	4.57	464,635	3.81
Property Taxes	1,115,234	8.46	1,011,080	8.28
Motor Vehicle Taxes	174,965	1.33	182,347	1.49
Occupation/Franchise	2,537,213	19.25	2,284,915	18.71
Sales Tax	4,837,768	36.70	4,659,870	38.17
Special Assessments	427,098	3.24	12,731	0.10
TIF Proceeds	196,823	1.49	200,980	1.65
State Allocation	997,687	7.57	972,212	7.96
Keno Proceeds	17,235	0.13	10,529	0.09
Gain on Sale of Capital Assets	209,554	1.59	83,089	0.68
Miscellaneous	28,478	0.22	34,144	0.28
Interest	61,387	0.46	42,307	0.35
Total	<u>\$ 13,182,133</u>	<u>100.00 %</u>	<u>\$ 12,209,164</u>	<u>100.00 %</u>

Net position of the governmental funds increased \$753,273 during the year ended September 30, 2018.

**Business-type activities.** Business-type activities increased the City of York's net position by \$2,329,374. Key elements of this increase are as follows:

**CITY OF YORK, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2018**

**Expenses and Program Revenues – Business-type Activities**

<u>Function</u>	<u>Year Ended September 30, 2018</u>		<u>Year Ended September 30, 2017</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Water	\$ 2,342,477	\$ 1,591,038	\$ 2,247,447	\$ 1,503,510
Sewer	2,124,908	1,162,393	1,949,995	1,091,140
Landfill	1,452,008	1,035,748	1,321,841	769,755
Total	<u>\$ 5,919,393</u>	<u>\$ 3,789,179</u>	<u>\$ 5,519,283</u>	<u>\$ 3,364,405</u>

**Revenues by Source – Business-type Activities**

<u>SOURCES OF REVENUE</u>	<u>Year Ended September 30, 2018</u>		<u>Year Ended September 30, 2017</u>	
Charges for Services	\$ 5,819,692	95.12 %	\$ 5,519,283	98.73 %
Capital Contributions and Grants	99,701	1.63	-	-
Special Assessments	180	-	-	-
Gain on Sale of Assets	78,427	1.28	-	-
Interest	120,553	1.97	71,151	1.27
Total	<u>\$ 6,118,553</u>	<u>100.00 %</u>	<u>\$ 5,590,434</u>	<u>100.00 %</u>

**Financial Analysis of the Government's Funds**

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

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

As of the end of the current fiscal year, the City of York's governmental funds reported combined ending fund balances of \$7,584,873. The unassigned fund balance is \$1,436,920, 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 (\$484,975), 2) restricted for debt service (\$409,567), 3) restricted for economic development (\$462,805), 4) restricted for capital projects (\$2,747,247), 5) restricted for

**CITY OF YORK, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2018**

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community betterment (\$36,676), 6) restricted for public safety (\$62,381), 7) restricted for street improvements (\$137,132), 8) assigned for other purposes (\$1,658,255) or 9) put into a nonspendable prepaid asset (\$148,915).

The General Fund is the chief operating fund of the City of York. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,436,920, or 18.5 percent of annual expenditures. Total General Fund balance was \$1,562,569, or 20.2 percent of annual General Fund expenditures.

The fund balance of the City of York's General Fund decreased by \$602,227 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 – \$5,162,468, Sewer Fund – \$1,967,797, and Landfill Fund – \$685,316. The growth in net position for the proprietary funds was as follows: Water Fund – \$869,499, Sewer Fund – \$1,003,323, and Landfill Fund – \$456,552. 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, 2018.

### **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, 2018, amounts to \$83,475,389 (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:

- 2018 Elgin street sweeper - \$276,047
- 2018 F-350 with dump box for street department - \$30,026
- Construction in progress on Quiet Zone project - \$363,654
- Final construction costs on 35<sup>th</sup> Street paving project - \$175,530
- 2018 Chevy Tahoe for police - \$40,890
- White rock for parking lot at ball field complex - \$75,000
- Land for ballfield complex - \$63,427
- Construction in progress on airport markings project - \$439,629

**CITY OF YORK, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2018**

- Tarp deployment system for landfill - \$33,732
- Trash compactor acquired via capital lease - \$785,250
- 2018 sewer main replacement - \$77,973
- 2018 Vactor 2100 jet vac truck - \$425,892
- Construction in progress on wastewater treatment facility - \$15,275,834
- Construction in progress on Lincoln Avenue water main - \$520,139
- Fence for north water tower and well - \$39,295
- 2018 F-250 pickup for water - \$32,606

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

	<u>Year Ended September 30, 2018</u>			<u>Year Ended September 30, 2017</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Land	\$ 1,947,052	\$ 632,667	\$ 2,579,719	\$ 1,945,229	\$ 632,667	\$ 2,577,896
Construction in Progress	1,222,779	24,422,196	25,644,975	902,269	8,607,126	9,509,395
Infrastructure	7,561,708	-	7,561,708	7,657,701	-	7,657,701
Buildings and Improvements	19,427,779	3,350,372	22,778,151	20,265,212	3,456,394	23,721,606
Distribution Systems	-	17,582,300	17,582,300	-	18,199,560	18,199,560
Equipment	1,862,238	2,992,527	4,854,765	2,240,217	2,357,534	4,597,751
Vehicles	1,966,485	507,286	2,473,771	1,854,388	89,000	1,943,388
<b>Total</b>	<b><u>\$ 33,988,041</u></b>	<b><u>\$49,487,348</u></b>	<b><u>\$83,475,389</u></b>	<b><u>\$34,865,016</u></b>	<b><u>\$ 33,342,281</u></b>	<b><u>\$ 68,207,297</u></b>

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

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

**City of York's Outstanding Debt**

	<u>Year Ended September 30, 2018</u>			<u>Year Ended September 30, 2017</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Bonds Payable	\$ 14,615,000	\$ 3,570,000	\$18,185,000	\$15,910,000	\$ 4,150,000	\$20,060,000
Capital Lease	-	784,929	784,929	-	192,252	192,252
Notes Payable	282,895	22,622,900	22,905,795	83,949	6,929,355	7,013,304
<b>Total</b>	<b><u>\$ 14,897,895</u></b>	<b><u>\$26,977,829</u></b>	<b><u>\$41,875,724</u></b>	<b><u>\$15,993,949</u></b>	<b><u>\$ 11,271,607</u></b>	<b><u>\$ 27,265,556</u></b>

**CITY OF YORK, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2018**

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The City of York's total debt increased by \$14,610,168 (53.6 percent) during the current fiscal year as advances of \$15,461,568 were drawn on the DEQ sewer note payable. Also, the City entered into a \$785,250 capital lease for a trash compactor, a \$341,392 note for a sewer jet vac truck, and a \$214,847 note for a street sweeper.

The City of York does not have a bond rating.

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

The following selected financial information is presented:

Total 2018 Taxable Valuation	\$554,196,516
Total General Obligation and Limited Tax Obligation Debt	14,897,895
Total Revenue Debt	26,977,829
Total Sales Tax Revenues	4,837,768

**Economic Factors and Next Year's Budgets and Rates**

- Property tax asking for the year ending September 30, 2019 of \$1,496,332 is \$484,312 (47.9 percent) higher than last year.
- The Landfill is working to fulfill a DEQ consent order regarding gas migration and improve operations to control future liabilities.
- The City plans to increase water, sewer and landfill rates during the year ending September 30, 2019.
- The City has remaining contractual commitments of \$2,154,088 on the wastewater treatment facility, which is expected to be completed by December 2018.
- The City has remaining contractual commitments of \$2,745,420 on the Lincoln Avenue water main project, which is expected to be completed by October 2019. DEQ has made a commitment for up to \$4.3 million of financing for the water project (\$3,655,000 loan and \$645,000 of loan forgiveness). The City had not drawn any advances on the DEQ note as of September 30, 2018.

**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, 2018**

	Primary Government		Total	Component Unit (Accrual Basis)
	Governmental Activities (Modified Accrual Basis)	Business-type Activities (Accrual Basis)		
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,442,484	\$ 3,572,949	\$ 5,015,433	\$ 88,218
Certificates of deposit	2,038,860	5,147,078	7,185,938	1,048,430
County treasurer cash	46,576	-	46,576	-
Accounts receivable	240,522	424,855	665,377	-
Unbilled revenue	-	336,032	336,032	-
Special assessments receivable	698,502	-	698,502	-
Due from other governments	863,715	-	863,715	-
Current portion of notes receivable	249,646	-	249,646	-
Accrued interest receivable	6,508	10,228	16,736	3,792
Prepaid expenses	148,915	37,017	185,932	-
Inventory	53,464	91,730	145,194	-
Total current assets	<u>5,789,192</u>	<u>9,619,889</u>	<u>15,409,081</u>	<u>1,140,440</u>
Noncurrent assets:				
Restricted cash and cash equivalents	2,036,533	85,445	2,121,978	-
Restricted certificates of deposit	2,302,791	2,795,528	5,098,319	-
Noncurrent portion of notes receivable	629,309	-	629,309	-
Capital assets:				
Land	1,947,052	632,667	2,579,719	35,840
Construction in progress	1,222,779	24,422,196	25,644,975	-
Other capital assets, net of depreciation	30,818,210	24,432,485	55,250,695	-
Net capital assets	<u>33,988,041</u>	<u>49,487,348</u>	<u>83,475,389</u>	<u>35,840</u>
Total noncurrent assets	<u>38,956,674</u>	<u>52,368,321</u>	<u>91,324,995</u>	<u>35,840</u>
<b>Total assets</b>	<u>44,745,866</u>	<u>61,988,210</u>	<u>106,734,076</u>	<u>1,176,280</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	185,568	1,181,334	1,366,902	-
Claims incurred but not paid	40,767	-	40,767	-
Accrued wages and vacation	370,408	61,639	432,047	-
Accrued interest	174,072	63,063	237,135	-
Sales tax payable	820	23,628	24,448	-
Customer deposits	9,760	85,445	95,205	-
Unavailable special assessments	677,002	-	677,002	-
Current portion of long-term obligations	1,242,052	607,729	1,849,781	-
Total current liabilities	<u>2,700,449</u>	<u>2,022,838</u>	<u>4,723,287</u>	<u>-</u>
Noncurrent liabilities:				
Noncurrent compensated absences	204,126	24,014	228,140	-
Accrued closure/post-closure costs	-	2,584,213	2,584,213	-
Noncurrent portion of long-term obligations	13,655,843	26,370,100	40,025,943	-
Total noncurrent liabilities	<u>13,859,969</u>	<u>28,978,327</u>	<u>42,838,296</u>	<u>-</u>
<b>Total liabilities</b>	<u>16,560,418</u>	<u>31,001,165</u>	<u>47,561,583</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	19,090,146	22,509,519	41,599,665	-
Restricted for:				
Street improvements	137,132	-	137,132	-
Debt service	409,567	661,945	1,071,512	-
Federal programs	484,975	-	484,975	-
Economic development	462,805	-	462,805	-
Capital projects	2,747,247	-	2,747,247	-
Community betterment	36,676	-	36,676	-
Public safety	62,381	-	62,381	-
Unrestricted	4,754,519	7,815,581	12,570,100	1,176,280
<b>Total net position</b>	<u>\$ 28,185,448</u>	<u>\$ 30,987,045</u>	<u>\$ 59,172,493</u>	<u>\$ 1,176,280</u>

See notes to financial statements.



**CITY OF YORK, NEBRASKA**  
**STATEMENT OF ACTIVITIES**  
**For the year ended September 30, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
<b>Primary government:</b>			
<b>Governmental activities</b>			
<b>(modified accrual basis):</b>			
General government	\$ 999,030	\$ 62,733	\$ -
Economic development	321,787	60,713	80,648
Public safety	3,572,464	494,005	276,747
Public works	1,507,375	6,046	9,277
Environment and leisure	2,819,431	652,853	15,092
Airport	372,502	317,779	-
Interest and fees on long-term debt	397,620	-	-
Depreciation - unallocated	2,438,651	-	-
Total governmental activities	12,428,860	1,594,129	381,764
<b>Business-type activities</b>			
<b>(accrual basis):</b>			
Water	1,591,038	2,269,204	-
Sewer	1,162,393	2,124,908	-
Landfill	1,035,748	1,425,580	-
Total business-type activities	3,789,179	5,819,692	-
<b>Total primary government</b>	\$ 16,218,039	\$ 7,413,821	\$ 381,764
<b>Component unit (accrual basis):</b>			
Kilgore Library Foundation	\$ 4,395	\$ 583	\$ 14,200

See notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position				
Capital Grants and Contributions	Primary Government			Component Unit (Accrual Basis)
	Governmental Activities (Modified Accrual Basis)	Business-type Activities (Accrual Basis)	Total	
\$ -	\$ (936,297)		\$ (936,297)	
-	(180,426)		(180,426)	
44,118	(2,757,594)		(2,757,594)	
151,684	(1,340,368)		(1,340,368)	
22,309	(2,129,177)		(2,129,177)	
384,687	329,964		329,964	
-	(397,620)		(397,620)	
-	(2,438,651)		(2,438,651)	
<u>602,798</u>	<u>(9,850,169)</u>	\$ -	<u>(9,850,169)</u>	
73,273	-	751,439	751,439	
-	-	962,515	962,515	
<u>26,428</u>	<u>-</u>	<u>416,260</u>	<u>416,260</u>	
<u>99,701</u>	<u>-</u>	<u>2,130,214</u>	<u>2,130,214</u>	
<u>\$ 702,499</u>	<u>(9,850,169)</u>	<u>2,130,214</u>	<u>(7,719,955)</u>	
<u>\$ -</u>				\$ 10,388
General revenues:				
Taxes:				
Property	1,115,234	-	1,115,234	-
Motor vehicle	174,965	-	174,965	-
Occupation/franchise	2,537,213	-	2,537,213	-
Sales tax	4,837,768	-	4,837,768	-
Special assessments	427,098	180	427,278	-
TIF proceeds	196,823	-	196,823	-
State allocation	997,687	-	997,687	-
Keno proceeds	17,235	-	17,235	-
Gain on sale of capital assets	209,554	78,427	287,981	-
Miscellaneous	28,478	-	28,478	-
Interest income	61,387	120,553	181,940	15,662
Total general revenues	<u>10,603,442</u>	<u>199,160</u>	<u>10,802,602</u>	<u>15,662</u>
Change in net position	753,273	2,329,374	3,082,647	26,050
Net position - September 30, 2017	<u>27,432,175</u>	<u>28,657,671</u>	<u>56,089,846</u>	<u>1,150,230</u>
Net position - September 30, 2018	<u>\$ 28,185,448</u>	<u>\$ 30,987,045</u>	<u>\$ 59,172,493</u>	<u>\$ 1,176,280</u>

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

**September 30, 2018**

	<u>General Fund</u>	<u>Street Fund</u>	<u>Aviation Fund</u>	<u>Debt Service Fund</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 431,197	\$ 43,628	\$ 206,437	\$ 185,041
Certificates of deposit	558,801	101,223	298,275	267,361
County treasurer cash	46,576	-	-	-
Accounts receivable	226,319	4,074	10,129	-
Special assessments receivable	-	549,185	-	149,317
Due from other governments	579,463	44,163	11,119	-
Due from other funds	-	-	112,550	-
Accrued interest receivable	849	153	451	403
Inventory	-	-	47,866	-
Prepaid insurance	123,743	18,758	6,414	-
	<u>\$ 1,966,948</u>	<u>\$ 761,184</u>	<u>\$ 693,241</u>	<u>\$ 602,122</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 87,777	\$ 13,940	\$ 26,246	\$ -
Accrued interest payable	-	2,191	-	46,175
Accrued wages and vacation	306,022	58,541	5,845	-
Due to other funds	-	-	-	-
Customer deposits	9,760	-	-	-
Sales tax payable	820	-	-	-
Unavailable special assessments	-	530,622	-	146,380
	<u>404,379</u>	<u>605,294</u>	<u>32,091</u>	<u>192,555</u>
Fund balances:				
Nonspendable:				
Prepaid assets	123,743	18,758	6,414	-
Restricted for:				
Street improvements	-	137,132	-	-
Debt service	-	-	-	409,567
Federal programs	-	-	-	-
Economic development	-	-	-	-
Capital projects	-	-	-	-
Community betterment	-	-	-	-
Public safety	1,906	-	-	-
Assigned for:				
Other purposes	-	-	654,736	-
Unassigned	1,436,920	-	-	-
	<u>1,562,569</u>	<u>155,890</u>	<u>661,150</u>	<u>409,567</u>
<b>Total liabilities and fund balances</b>	<b>\$ 1,966,948</b>	<b>\$ 761,184</b>	<b>\$ 693,241</b>	<b>\$ 602,122</b>

See notes to financial statements.

LB 357 Fund	Other Funds	Eliminations	Total Governmental Funds
\$ 926,474	\$ 1,326,703	\$ -	\$ 3,119,480
1,338,635	1,257,872	-	3,822,167
-	-	-	46,576
-	-	-	240,522
-	-	-	698,502
207,875	21,095	-	863,715
-	-	(112,550)	-
2,022	1,845	-	5,723
-	5,598	-	53,464
-	-	-	148,915
<u>\$ 2,475,006</u>	<u>\$ 2,613,113</u>	<u>\$ (112,550)</u>	<u>\$ 8,999,064</u>
\$ 33,071	\$ 21,095	\$ -	\$ 182,129
125,706	-	-	174,072
-	-	-	370,408
-	112,550	(112,550)	-
-	-	-	9,760
-	-	-	820
-	-	-	677,002
158,777	133,645	(112,550)	1,414,191
-	-	-	148,915
-	-	-	137,132
-	-	-	409,567
-	484,975	-	484,975
-	462,805	-	462,805
2,316,229	431,018	-	2,747,247
-	36,676	-	36,676
-	60,475	-	62,381
-	1,003,519	-	1,658,255
-	-	-	1,436,920
2,316,229	2,479,468	-	7,584,873
<u>\$ 2,475,006</u>	<u>\$ 2,613,113</u>	<u>\$ (112,550)</u>	<u>\$ 8,999,064</u>

**CITY OF YORK, NEBRASKA**

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

**September 30, 2018**

**Total fund balances - governmental funds** \$ 7,584,873

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

Notes receivable are not financial resources and therefore are not reported as assets in the governmental funds. Notes receivable are reported as assets in the statement of net position. 878,955

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of the assets is \$49,597,585, and the accumulated depreciation is \$15,609,544. 33,988,041

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. 835,600

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	\$ (14,615,000)	
Note payable	(282,895)	
Noncurrent compensated absences	(204,126)	(15,102,021)

**Total net position - governmental activities** \$ 28,185,448

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, 2018**

	<u>General Fund</u>	<u>Street Fund</u>	<u>Aviation Fund</u>
<b>REVENUES</b>			
Taxes:			
Property	\$ 1,115,234	\$ -	\$ -
Motor vehicle	174,965	-	-
Special assessments	-	423,352	-
Occupation/franchise	2,537,213	-	-
Sales tax	3,392,034	236,292	-
Intergovernmental	291,542	1,006,964	-
Charges for services	1,199,961	6,046	317,780
Grants	17,345	4,687	384,687
Keno proceeds	-	-	-
Loan collections	-	-	-
Contributions	49,378	-	-
Interest income	33,585	3,477	4,578
Loan/bond proceeds	-	214,847	-
Sale of property	224,559	-	-
Other	11,522	16,442	-
Total revenues	<u>9,047,338</u>	<u>1,912,107</u>	<u>707,045</u>
<b>EXPENDITURES</b>			
General government	994,204	-	-
Economic development	-	-	-
Public safety	3,780,469	-	-
Public works	-	1,518,456	-
Environment and leisure	2,763,567	-	-
Airport	-	-	372,501
Capital outlay	213,626	365,661	439,630
Principal payments on debt	-	-	-
Interest on long-term debt	-	2,191	-
Bond fees	-	-	-
Total expenditures	<u>7,751,866</u>	<u>1,886,308</u>	<u>812,131</u>
Excess (deficiency) of revenues over expenses before transfers	1,295,472	25,799	(105,086)
<b>INTERFUND TRANSFERS</b>			
Transfer from (to) other funds	<u>(1,897,699)</u>	<u>140,012</u>	<u>168,128</u>
<b>Net change in fund balances</b>	<b>(602,227)</b>	<b>165,811</b>	<b>63,042</b>
Fund balances - September 30, 2017	<u>2,164,796</u>	<u>(9,921)</u>	<u>598,108</u>
Fund balances - September 30, 2018	<u><u>\$ 1,562,569</u></u>	<u><u>\$ 155,890</u></u>	<u><u>\$ 661,150</u></u>

See notes to financial statements.

Debt Service <u>Fund</u>	LB 357 <u>Fund</u>	Other <u>Funds</u>	Total Governmental <u>Funds</u>
\$ -	\$ -	\$ -	\$ 1,115,234
-	-	-	174,965
3,746	-	-	427,098
-	-	-	2,537,213
-	1,209,442	-	4,837,768
-	-	196,823	1,495,329
-	-	20,865	1,544,652
-	-	224,601	631,320
-	-	17,235	17,235
-	-	259,841	259,841
-	-	25,064	74,442
(173)	246	11,749	53,462
-	-	-	214,847
-	-	46,599	271,158
-	-	513	28,477
<u>3,573</u>	<u>1,209,688</u>	<u>803,290</u>	<u>13,683,041</u>
-	-	2,899	997,103
-	-	298,850	298,850
-	-	-	3,780,469
-	-	-	1,518,456
-	55,864	-	2,819,431
-	-	-	372,501
-	417,081	187,282	1,623,280
885,000	410,000	15,901	1,310,901
140,516	251,412	7,036	401,155
2,500	1,000	-	3,500
<u>1,028,016</u>	<u>1,135,357</u>	<u>511,968</u>	<u>13,125,646</u>
(1,024,443)	74,331	291,322	557,395
774,863	-	814,696	-
(249,580)	74,331	1,106,018	557,395
659,147	2,241,898	1,373,450	7,027,478
<u>\$ 409,567</u>	<u>\$ 2,316,229</u>	<u>\$ 2,479,468</u>	<u>\$ 7,584,873</u>

**CITY OF YORK, NEBRASKA**

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

**For the year ended September 30, 2018**

<b>Total net change in fund balances - governmental funds</b>	\$ 557,395
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Loan collections on notes receivable are reported as revenue in the governmental funds. However, the collection of loan principal is reported as a reduction to notes receivable in the statement of activities.	(248,284)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay (\$1,623,280) was exceeded depreciation expense (\$2,438,651) in the period.	(815,371)
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.	(61,604)
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.	215,486
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.	9,597
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.	(214,847)
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>1,310,901</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ 753,273</u></u>

See notes to financial statements.



**CITY OF YORK, NEBRASKA**

**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS**

**September 30, 2018**

	Enterprise Funds			Total	Internal Service Fund
	Water Fund	Sewer Fund	Landfill Fund		
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 2,034,447	\$ 1,036,969	\$ 501,533	\$ 3,572,949	\$ 359,537
Certificates of deposit	2,962,327	1,498,285	686,466	5,147,078	519,484
Accounts receivable	232,291	192,564	-	424,855	-
Unbilled revenue	171,659	164,373	-	336,032	-
Accrued interest receivable	5,205	2,965	2,058	10,228	785
Prepaid expenses	13,882	14,337	8,798	37,017	-
Inventory	91,730	-	-	91,730	-
<b>Total current assets</b>	<b>5,511,541</b>	<b>2,909,493</b>	<b>1,198,855</b>	<b>9,619,889</b>	<b>879,806</b>
Noncurrent assets:					
Restricted cash	85,445	-	-	85,445	-
Restricted certificates of deposit	552,055	109,890	2,133,583	2,795,528	-
Capital assets:					
Land	24,625	344,330	263,712	632,667	-
Construction in progress	660,737	23,487,484	273,975	24,422,196	-
Distribution systems	17,781,061	9,428,395	-	27,209,456	-
Buildings and improvements	234,450	-	5,120,650	5,355,100	-
Equipment	1,438,738	5,595,649	1,613,517	8,647,904	-
Vehicles	105,628	679,434	-	785,062	-
Less accumulated depreciation	(7,213,555)	(8,131,142)	(2,220,340)	(17,565,037)	-
<b>Net capital assets</b>	<b>13,031,684</b>	<b>31,404,150</b>	<b>5,051,514</b>	<b>49,487,348</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>13,669,184</b>	<b>31,514,040</b>	<b>7,185,097</b>	<b>52,368,321</b>	<b>-</b>
<b>Total assets</b>	<b>19,180,725</b>	<b>34,423,533</b>	<b>8,383,952</b>	<b>61,988,210</b>	<b>879,806</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	266,719	881,418	33,197	1,181,334	3,439
Claims incurred but not paid	-	-	-	-	40,767
Accrued wages and vacation	22,674	25,275	13,690	61,639	-
Accrued interest payable	41,818	5,223	16,022	63,063	-
Sales tax payable	11,989	11,639	-	23,628	-
Customer deposits	85,445	-	-	85,445	-
Current portion of long-term obligations	371,614	63,058	173,057	607,729	-
<b>Total current liabilities</b>	<b>800,259</b>	<b>986,613</b>	<b>235,966</b>	<b>2,022,838</b>	<b>44,206</b>
Noncurrent liabilities:					
Noncurrent compensated absences	5,873	18,141	-	24,014	-
Accrued closure/post-closure costs	-	-	2,584,213	2,584,213	-
Noncurrent portion of long-term obligations	4,766,712	20,991,516	611,872	26,370,100	-
<b>Total noncurrent liabilities</b>	<b>4,772,585</b>	<b>21,009,657</b>	<b>3,196,085</b>	<b>28,978,327</b>	<b>-</b>
<b>Total liabilities</b>	<b>5,572,844</b>	<b>21,996,270</b>	<b>3,432,051</b>	<b>31,001,165</b>	<b>44,206</b>
<b>NET POSITION</b>					
Net investment in capital assets	7,893,358	10,349,576	4,266,585	22,509,519	-
Restricted for debt service	552,055	109,890	-	661,945	-
Unrestricted	5,162,468	1,967,797	685,316	7,815,581	835,600
<b>Total net position</b>	<b>\$13,607,881</b>	<b>\$12,427,263</b>	<b>\$4,951,901</b>	<b>\$30,987,045</b>	<b>\$835,600</b>

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, 2018**

	Enterprise Funds				Internal Service Fund
	Water Fund	Sewer Fund	Landfill Fund	Total	
<b>Operating revenues:</b>					
Sales	\$ 1,914,651	\$ 2,078,093	\$ 1,425,580	\$ 5,418,324	\$ -
Services charges	35,618	26,412	-	62,030	-
Tap fees	3,863	-	-	3,863	-
Rent income	284,018	-	-	284,018	-
Health insurance premiums	-	-	-	-	1,368,198
Other revenue	31,054	20,403	-	51,457	-
Total operating revenues	<u>2,269,204</u>	<u>2,124,908</u>	<u>1,425,580</u>	<u>5,819,692</u>	<u>1,368,198</u>
<b>Operating expenses:</b>					
Personnel	414,897	477,236	289,947	1,182,080	-
Insurance	25,348	32,399	19,864	77,611	-
Professional fees	21,813	42,306	105,726	169,845	-
Meetings, seminars, and dues	575	332	360	1,267	-
Repairs and maintenance	178,848	55,704	81,843	316,395	-
Contract services	2,870	22,575	40,254	65,699	-
Transportation	11,732	7,980	55,417	75,129	-
Utilities and telephone	109,791	100,831	19,995	230,617	-
Supplies	21,289	28,461	6,787	56,537	-
Closure/post-closure costs	-	-	131,994	131,994	-
Farm rental expenses	114,282	-	-	114,282	-
Other expenses	28,466	14,852	6,905	50,223	-
Depreciation	511,787	374,494	247,719	1,134,000	-
Insurance claims/health premiums	-	-	-	-	1,160,636
Total operating expenses	<u>1,441,698</u>	<u>1,157,170</u>	<u>1,006,811</u>	<u>3,605,679</u>	<u>1,160,636</u>
Operating income	827,506	967,738	418,769	2,214,013	207,562
<b>Nonoperating revenues (expenses):</b>					
Interest income	54,453	25,808	40,292	120,553	7,924
Grant income	73,273	-	26,428	99,701	-
Gain on sale of assets	63,427	15,000	-	78,427	-
Special assessments	180	-	-	180	-
Interest expense	(132,335)	(5,223)	(28,437)	(165,995)	-
Bond/DEQ loan fees	(17,005)	-	(500)	(17,505)	-
Total nonoperating revenues (expenses)	<u>41,993</u>	<u>35,585</u>	<u>37,783</u>	<u>115,361</u>	<u>7,924</u>
<b>Change in net position</b>	869,499	1,003,323	456,552	2,329,374	215,486
Net position - September 30, 2017	<u>12,738,382</u>	<u>11,423,940</u>	<u>4,495,349</u>	<u>28,657,671</u>	<u>620,114</u>
Net position - September 30, 2018	<u>\$ 13,607,881</u>	<u>\$ 12,427,263</u>	<u>\$ 4,951,901</u>	<u>\$ 30,987,045</u>	<u>\$ 835,600</u>

See notes to financial statements.

**CITY OF YORK, NEBRASKA**

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS**

**For the year ended September 30, 2018**

	<u>Water Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from customers	\$ 2,240,985
Receipts from employees and other funds	-
Payments to suppliers	(476,522)
Payments to employees	(424,971)
Net cash provided (used) by operating activities	<u>1,339,492</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
(Increase) decrease in due from other funds	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchase of property and equipment	(455,881)
Proceeds from sale of assets	63,427
Grant funds received	73,273
Special assessments collected	180
Payment of loan administration fees	(17,005)
Loan proceeds received on issuance of notes payable	-
Principal payments on capital debt	(364,415)
Interest paid on capital debt	(133,950)
Net cash used by capital and related financing activities	<u>(834,371)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
(Increase) decrease in certificates of deposit	119,916
Increase in restricted cash	(1,065)
Increase in restricted certificates of deposit	(55)
Interest received	53,187
Net cash provided (used) by investing activities	<u>171,983</u>
Increase in cash and cash equivalents	677,104
Cash and cash equivalents - beginning of the year	<u>1,357,343</u>
Cash and cash equivalents - end of the year	<u>\$ 2,034,447</u>

Enterprise Funds			Internal Service Fund
Sewer Fund	Landfill Fund	Total	
\$ 2,165,065	\$ 1,425,580	\$ 5,831,630	\$ -
-	-	-	1,368,198
(195,830)	(355,831)	(1,028,183)	(1,230,799)
(469,087)	(287,540)	(1,181,598)	-
<u>1,500,148</u>	<u>782,209</u>	<u>3,621,849</u>	<u>137,399</u>
(10,748)	10,748	-	-
(16,100,965)	(33,732)	(16,590,578)	-
15,000	-	78,427	-
-	26,428	99,701	-
-	-	180	-
-	(500)	(17,505)	-
15,802,960	-	15,802,960	-
-	(517,573)	(881,988)	-
-	(13,199)	(147,149)	-
<u>(283,005)</u>	<u>(538,576)</u>	<u>(1,655,952)</u>	-
(598,170)	65,973	(412,281)	(13,713)
-	-	(1,065)	-
(1,173)	(198,187)	(199,415)	-
23,971	40,000	117,158	7,738
<u>(575,372)</u>	<u>(92,214)</u>	<u>(495,603)</u>	<u>(5,975)</u>
631,023	162,167	1,470,294	131,424
405,946	339,366	2,102,655	228,113
<u>\$ 1,036,969</u>	<u>\$ 501,533</u>	<u>\$ 3,572,949</u>	<u>\$ 359,537</u>

**CITY OF YORK, NEBRASKA**

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

**For the year ended September 30, 2018**

	<u>Water Fund</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 827,506
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	511,787
Change in assets and liabilities:	
Accounts receivable and unbilled revenue	(30,217)
Prepaid expenses	(1,181)
Inventories	15,117
Accounts payable	24,556
Claims incurred but not paid	-
Accrued expenses	(10,074)
Accrued closure/post-closure costs	-
Sales tax payable	933
Customer deposits	1,065
Net cash provided by operating activities	<u>\$ 1,339,492</u>
<b><u>Supplementary cash flow disclosures:</u></b>	
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>	
\$ 967,738	\$ 418,769		\$ 2,214,013	\$ 207,562
374,494	247,719		1,134,000	-
40,290	-		10,073	-
3,482	(2,405)		(104)	-
-	-		15,117	-
106,128	(16,275)		114,409	3,439
-	-		-	(73,602)
8,149	2,407		482	-
-	131,994		131,994	-
(133)	-		800	-
-	-		1,065	-
<u>\$ 1,500,148</u>	<u>\$ 782,209</u>		<u>\$ 3,621,849</u>	<u>\$ 137,399</u>
<u>\$ -</u>	<u>\$ 785,250</u>		<u>\$ 785,250</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, 2018**

**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, 2018**

**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, 2018**

**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, 2018**

**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:

<b><u>Fund</u></b>	<b><u>Brief Description</u></b>
<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, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

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

3. Measurement Focus and Basis of Accounting

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

**CITY OF YORK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**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, 2018**

**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, 2018**

**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	\$ 579,463	Sales Tax
Street	44,163	Sales Tax
Aviation	11,119	Federal Grant
LB357	207,875	Sales Tax
CDBG	21,095	Federal Grant
	<u>\$ 863,715</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, 2018**

**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, 2018**

**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, 2018**

**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, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**5. Revenues, Expenditures, and Expenses**

**Property Taxes**

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

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

Property taxes levied for 2017-2018 are recorded as revenue when received by the County.

**Operating Revenues and Expenses**

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

**Expenditures/Expenses**

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

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

Governmental Funds – by Character and Function

Proprietary Fund – by Operating and Nonoperating

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

**CITY OF YORK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**5. Revenues, Expenditures, and Expenses, continued**

**Interfund Transfers**

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

**NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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

**1. Fund Accounting Requirements**

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

**2. Deposit Laws and Regulations**

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

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

**CITY OF YORK, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2018**

**NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued**

**3. Revenue Restrictions**

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

**4. Debt Restrictions and Covenants**

*Bonds Payable*

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

**5. Budgetary Data**

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

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

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

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

**CITY OF YORK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**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, 2018. The categories of collateral are defined as follows:

**CITY OF YORK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

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

**1. Cash and Certificates of Deposit, continued**

**Deposits, continued**

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

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

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

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits and certificates of deposit	\$ 18,859,993	\$ 2,037,284	\$ 16,796,349	\$ 26,360	\$ <u>20,558,316</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –

Unrestricted cash and cash equivalents	\$ 5,015,433
Unrestricted certificates of deposit	7,185,938
Restricted cash and cash equivalents	2,121,978
Restricted certificates of deposit	<u>5,098,319</u>
Total primary government	19,421,668

Component Unit –

Unrestricted cash and cash equivalents	88,218
Unrestricted certificates of deposit	<u>1,048,430</u>
Total component unit	<u>1,136,648</u>

Total	\$ <u>20,558,316</u>
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**CITY OF YORK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

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

**2. Restricted Assets**

The restricted assets as of September 30, 2018, 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	\$ 2,036,533	\$ 85,445	\$ 2,121,978	\$ -
Certificates of deposit	<u>2,302,791</u>	<u>2,795,528</u>	<u>5,098,319</u>	<u>-</u>
	<u>\$ 4,339,324</u>	<u>\$ 2,880,973</u>	<u>\$ 7,220,297</u>	<u>\$ -</u>

The governmental restricted assets consist of the following: \$1,906 in the General Fund for public safety, \$144,851 in the Street Fund for street improvements, \$452,402 in the Debt Service Fund for debt service, \$2,265,109 in the LB 357 Fund for capital projects, \$484,981 in the CDBG Fund for federal programs, \$36,643 in the Keno Fund for community betterment, \$60,421 in the E911 Fund for public safety, \$430,634 in the Capital Projects Fund for capital projects, and \$462,377 in the TIF Fund for economic development.

Restricted assets for business-type funds consist of \$85,445 restricted cash for customer deposits in the Water Fund, \$552,055 of Water Fund certificates of deposit restricted for debt service, \$109,890 of Sewer Fund certificates of deposit restricted for debt service, and \$2,133,583 of Landfill Fund certificates of deposit restricted for closure and post-closure costs.

**3. Accounts and Other Receivables**

Governmental receivables detail at September 30, 2018, is as follows:

	<u>Governmental Activities</u>
Accounts receivable - ambulance	\$ 154,100
Hotel occupation tax receivable	34,170
Other governmental accounts receivable	<u>52,252</u>
 Total governmental accounts receivable	 <u>\$ 240,522</u>

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



**CITY OF YORK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

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

**4. Notes Receivable**

Notes receivable at September 30, 2018, 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.	\$ 14,481
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.	14,584
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.	240,653
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>9,300</u>
Total CDBG notes receivable	279,018

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.	98,523
Note for \$62,400 to Cindy Weber dated December 2016; due in annual installments of \$6,848 through December 2026; bearing interest of 1.875 percent.	56,673

**CITY OF YORK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

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

**4. Notes Receivable, continued**

Economic Development notes, continued:

Note for \$10,000 to Greg Weber dated July 1, 2016; due in semi-annual installments of \$1,049 through July 1, 2021; bearing interest of 1.75 percent.	6,104
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>7,091</u>
Total Economic Development notes receivable	168,391

TIF notes:

See notes described below.

	<u>431,546</u>
	<u>\$ 878,955</u>
Current portion	\$ 249,646
Noncurrent portion	<u>629,309</u>
Total	<u>\$ 878,955</u>

The City of York has undertaken a program for the redevelopment of blighted areas in the City. Under the program, various projects agree to create a minimum taxable valuation for real estate tax assessment purposes. The City receives the incremental real estate taxes paid by the projects. Estimated future receivables and payables under TIF agreements as of September 30, 2018, were as follows:

	<u>TIF</u> <u>Receivables</u>	<u>TIF</u> <u>Payables</u>
Scannell/Pioneer	\$ 341,484	\$ -
Nolan	22,014	-
United Farmers Coop	<u>68,048</u>	<u>68,048</u> *
	<u>\$ 431,546</u>	<u>\$ 68,048</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, 2018**

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

**5. Capital Assets**

Capital asset activity for the year ended September 30, 2018, was as follows:

	Balance at October 1, <u>2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2018</u>
<b><u>Governmental Activities:</u></b>					
Capital assets not being depreciated:					
Land	\$ 1,945,229	\$ 63,427	\$ (61,604)	\$ -	\$ 1,947,052
Construction in progress	902,269	795,537	-	(475,027)	1,222,779
Total capital assets not being depreciated	2,847,498	858,964	(61,604)	(475,027)	3,169,831
Other capital assets being depreciated:					
Infrastructure	11,220,603	175,531	-	475,027	11,871,161
Buildings and improvements	26,392,897	98,837	(6,000)	-	26,485,734
Equipment	4,454,932	119,511	(537,645)	(136,124)	3,900,674
Vehicles	4,321,880	370,437	(658,256)	136,124	4,170,185
Total other capital assets at historical cost	46,390,312	764,316	(1,201,901)	475,027	46,427,754
Less accumulated depreciation for:					
Infrastructure	(3,562,902)	(746,551)	-	-	(4,309,453)
Buildings and improvements	(6,127,685)	(936,270)	6,000	-	(7,057,955)
Equipment	(2,214,715)	(361,366)	537,645	-	(2,038,436)
Vehicles	(2,467,492)	(394,464)	658,256	-	(2,203,700)
Total accumulated depreciation	(14,372,794)	(2,438,651) *	1,201,901	-	(15,609,544)
Other capital assets, net	32,017,518	(1,674,335)	-	475,027	30,818,210
Governmental activities capital assets, net	<u>\$34,865,016</u>	<u>\$ (815,371)</u>	<u>\$ (61,604)</u>	<u>\$ -</u>	<u>\$ 33,988,041</u>

\*Depreciation expense was incurred by the following governmental activities:

**CITY OF YORK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

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

**5. Capital Assets, continued**

Governmental Activities, continued:

General Fund:

General government:

Administration \$ 19,866

Public safety:

Police 62,188

Fire/EMS 297,496

Total public safety 359,684

Airport 93,214

Environment and leisure:

Auditorium 13,174

Ball Field Complex 487,150

Community Center 15,688

Convention Center 256,180

Library 33,506

Park 85,291

Pool 173,139

Senior Center 11,337

Total environment and leisure 1,075,465

Total General Fund 1,548,229

Special Revenue Funds:

Street 890,422

Total Governmental Activities  
depreciation expense \$ 2,438,651

Construction in progress at September 30, 2018, consists of \$118,157 of engineering on the Blackburn Bridge project, \$409,609 of engineering and construction costs on the Quiet Zone project, and \$695,013 of engineering and construction costs on the airport markings project. See Note D3 for details of commitments in place on these projects as of September 30, 2018.

**CITY OF YORK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

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

**5. Capital Assets, continued**

	Balance at October 1, <u>2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2018</u>
<b><u>Business-type Activities:</u></b>					
Capital assets not being depreciated:					
Land	\$ 632,667	\$ -	\$ -	\$ -	\$ 632,667
Construction in progress	8,607,126	15,815,070	-	-	24,422,196
Total capital assets not being depreciated	9,239,793	15,815,070	-	-	25,054,863
Other capital assets being depreciated:					
Distribution systems	27,142,483	66,973	-	-	27,209,456
Buildings and improvements	5,355,100	-	-	-	5,355,100
Equipment	7,715,995	938,526	(6,617)	-	8,647,904
Vehicles	326,564	458,498	-	-	785,062
Total other capital assets at historical cost	40,540,142	1,463,997	(6,617)	-	41,997,522
Less accumulated depreciation for:					
Distribution systems	(8,942,923)	(684,233)	-	-	(9,627,156)
Buildings and improvements	(1,898,706)	(106,022)	-	-	(2,004,728)
Equipment	(5,358,461)	(303,533)	6,617	-	(5,655,377)
Vehicles	(237,564)	(40,212)	-	-	(277,776)
Total accumulated depreciation	(16,437,654)	(1,134,000) *	6,617	-	(17,565,037)
Other capital assets, net	24,102,488	329,997	-	-	24,432,485
Business-type capital assets, net	<u>\$33,342,281</u>	<u>\$ 16,145,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,487,348</u>

\*Depreciation expense was charged to functions as follows:

Water	\$ 511,787
Sewer	374,494
Landfill	<u>247,719</u>
Total Business-type Activities depreciation expense	<u>\$ 1,134,000</u>

Construction in progress at September 30, 2018, consists of \$273,975 of engineering on the landfill gas migration control project, \$23,468,386 of costs incurred on the wastewater treatment plant facilities, \$19,098 of costs incurred on the lift station pump, and \$660,737 of costs incurred on the Lincoln Avenue water main project. See Note D3 for details of commitments in place on these projects as of September 30, 2018.

**CITY OF YORK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**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, 2017	<u>Additions</u>	<u>Deductions</u>	Balance September 30, 2018	Amounts Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds payable	\$ 15,910,000	\$ -	\$ (1,295,000)	\$ 14,615,000	\$ 1,185,000
Notes payable	83,949	214,847	(15,901)	282,895	57,052
Total	<u>\$ 15,993,949</u>	<u>\$ 214,847</u>	<u>\$ (1,310,901)</u>	<u>\$ 14,897,895</u>	<u>\$ 1,242,052</u>
<b>Business-type Activities:</b>					
Bonds payable	\$ 4,150,000	\$ -	\$ (580,000)	\$ 3,570,000	\$ 260,000
Notes payable	6,929,355	15,802,960	(109,415)	22,622,900	174,672
Capital lease obligation	192,252	785,250	(192,573)	784,929	173,057
Total	<u>\$ 11,271,607</u>	<u>\$ 16,588,210</u>	<u>\$ (881,988)</u>	<u>\$ 26,977,829</u>	<u>\$ 607,729</u>

The following is a summary of changes in long-term debt for the year ended September 30, 2018:

**Governmental Activities**

As of September 30, 2018, 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.

\$ 645,000

**CITY OF YORK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**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. 7,180,000

Series 2016A Limited Sales Tax Supported Infrastructure Bonds for \$2,235,000 dated January 28, 2016 issued for financing the ballfield complex. The bonds bear interest ranging from 0.70 to 3.40 percent with final maturity October 1, 2035. Payments are made by the LB 357 Fund. 1,900,000

Series 2014 General Obligation Refunding Bonds for \$610,000 dated September 25, 2014 issued for refunding Series 2009 bonds. The bonds bear interest ranging from 0.35 to 2.15 percent with final maturity March 1, 2022. Payments are made by the Debt Service Fund. 310,000

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. 1,255,000

Series 2012 General Obligation Highway Allocation Bonds for \$3,025,000 dated November 21, 2012 issued for financing street projects. The bonds bear interest ranging from 0.40 to 3.0 percent with final maturity December 15, 2027. Payments are made by the Debt Service Fund. 2,095,000

**CITY OF YORK, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2018**

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

**6. Long-term Debt, continued**

**Governmental Activities, continued**

Bonds payable, continued:

Series 2010 General Obligation Refunding Bonds for \$4,250,000 dated October 15, 2010 issued for refunding 1999, 2003 and 2005 bonds. The bonds bear interest ranging from 0.70 to 3.40 percent with final maturity April 15, 2025. Payments are made by the Debt Service Fund. 1,230,000

Notes payable:

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

See description of TIF note payable at Note C4. 68,048

Total governmental activities long-term debt \$ 14,897,895

Current portion \$ 1,242,052

Noncurrent portion 13,655,843

Total governmental long-term debt \$ 14,897,895

**Business-type Activities**

As of September 30, 2018, the long-term debt payable from proprietary fund resources consisted of the following:

Capital lease obligations:

Capital lease obligation to finance a Cat 950 loader dated February 22, 2016, with original issue amount of \$295,050, bearing interest of 2.737 percent, with final maturity on February 22, 2020. Payments are made by the Landfill Fund. \$ 140,794

Capital lease obligation to finance a trash compacter dated December 29, 2017, with original issue amount of \$785,250, bearing interest of 3.25 percent, with final maturity on December 29, 2022. Payments are made by the Landfill Fund. 644,135



**CITY OF YORK, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2018**

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

**6. Long-term Debt, continued**

**Business-type Activities, continued**

Notes payable:

Water note payable to the Nebraska Department of Environmental Quality, dated December 2009, with original issue amount of \$2,334,605, bearing interest of 2.0 percent. Semi-annual principal and interest payments of \$71,213 plus an administration fee of one percent are due commencing June 15, 2011 through December 15, 2030. 1,568,326

Sewer note payable to the Nebraska Department of Environmental Quality, dated December 2009, with maximum available amount of \$24,000,000, bearing interest of 1.5 percent. Principal of \$15,461,568 was drawn on this note during the year ended September 30, 2018. Semi-annual principal and interest payments of \$696,724 plus an administration fee of 0.70 percent are due commencing June 15, 2020 through December 15, 2039. 20,713,182

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

Bonds payable:

Series 2014 Water System Revenue Refunding Bonds for \$4,680,000 dated September 15, 2014, issued for refunding Series 2008 and 2009 bonds. The bonds bear interest ranging from 0.40 to 3.45 percent with final maturity June 1, 2029. 3,570,000

Total business-type activity lease, note and bonds payable \$ 26,977,829

Current portion \$ 607,729

Noncurrent portion 26,370,100

Total \$ 26,977,829

**CITY OF YORK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**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, 2018, 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>
2019	\$ 1,242,052	\$ 394,837	\$ 607,729	\$ 477,873	\$ 160,398
2020	1,145,215	373,756	1,736,378	460,824	158,279
2021	1,163,601	349,711	1,678,795	729,607	149,512
2022	1,175,899	322,560	1,709,660	398,309	140,607
2023	1,116,128	294,716	1,748,258	365,688	131,563
2024-2028	4,225,000	1,099,081	8,081,348	1,373,446	517,087
2029-2033	2,960,000	562,943	7,470,654	607,831	272,250
2034-2038	1,870,000	100,448	3,945,007	107,576	50,202
	<u>\$ 14,897,895</u>	<u>\$ 3,498,052</u>	<u>\$ 26,977,829</u>	<u>\$ 4,521,154</u>	<u>\$ 1,579,898</u>

**7. Landfill Closure and Postclosure Care Costs**

State and federal laws and regulations require the City of York to place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities at the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount the landfill used during the year. The estimated liability for landfill closure is \$1,552,100, with postclosure care costs of \$867,217, for a total of \$2,419,317 as of September 30, 2018, which is based on 77.13 percent usage of the landfill, with a remaining estimated life of 7.7 years for Phases 1-5 and 44.8 years for Phases 6-10. The estimated liability for construction and demolition landfill closure is \$151,002, with postclosure care costs of \$13,894 for a total of \$164,896 as of September 30, 2018.

It is estimated that an additional \$1,045,429 and \$310,949, respectively, will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and postclosure care of \$3,940,591 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2018. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

**CITY OF YORK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

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

**7. Landfill Closure and Postclosure Care Costs, continued**

At September 30, 2018, restricted funds of \$2,133,583 are set aside to finance closure and postclosure care of the City’s landfill. It is anticipated that future inflation costs will be financed in part from earnings on funds reserved by the City. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

**8. Interfund Transactions and Balances**

Transfers consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
To Street	\$ -	\$ 140,012
To Aviation	-	168,128
To Debt Service	-	774,863
To Capital Projects Fund	-	814,696
Total General Fund	-	1,897,699
Street Fund:		
From General	140,012	-
Aviation Fund:		
From General	168,128	-
Debt Service:		
From General	774,863	-
Nonmajor Governmental Funds:	814,696	-
	\$ 1,897,699	\$ 1,897,699

**CITY OF YORK, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2018**

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

**8. Interfund Transactions and Balances, continued**

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

**NOTE D – OTHER NOTES**

**1. Retirement Benefits**

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

**General City Employees** – General city employees are covered by a defined contribution plan. Under the terms of the plan, an employee must be age 21 or older and have completed one year of service. Participating employees are required to contribute six percent of their earnings, and may make additional voluntary contributions to the plan. The City is required to match contributions to the plan up to six percent. Employees are 100 percent vested in the plan after they complete six years of service, reach normal retirement age (65), meet the requirements for early retirement date, become totally disabled, or die, whichever occurs first. The covered payroll was \$2,783,742, with the City contributing \$180,943 and the employees contributing \$196,935 for the year ended September 30, 2018.

**Firefighters** – Firefighters are covered by a defined contribution plan. Eligible employees are required to contribute 6 ½ percent of their monthly salary to the plan, to which the City then contributes with 13 percent of the participant's monthly salary. Employees are fully vested after seven years of service. Normal retirement benefit becomes nonforfeitable. A participant's normal retirement age is the date he or she attains age 50 and completes 21 years of service. Nebraska state statutes govern the coverage afforded to participants under this plan. The covered payroll was \$1,034,455 with the City contributing \$110,101 and the employees contributing \$55,051 for the year ended September 30, 2018.

**CITY OF YORK, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**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 \$1,007,266. Both the City's contribution of \$70,404 and the employees' contributions of \$70,508 were made for the year ended September 30, 2018.

**City Administration** – The City clerk, attorney and administrator are covered by a defined contribution retirement plan. The employees' contribution to the plan is voluntary, with the City contributing 11 percent of covered payroll. The participants accounts are fully vested. Contributions totaled \$46,944 (\$12,720 employer and \$34,224 employee) on \$271,626 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, 2018**

**NOTE D – OTHER NOTES, continued**

**1. Retirement Benefits, continued**

*Funding Status of Defined Benefit Plan*

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

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

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

Fair value of plan assets at September 30, 2018	\$ 60,169
Benefit obligation estimated at January 1, 2016	<u>80,582</u>
Funded Status	\$ <u>(20,413)</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, 2018, 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, 2018**

**NOTE D – OTHER NOTES, continued**

**2. Risk Management, continued**

**Deposits and Investments, continued**

***Interest Rate Risk, continued***

<u>Maturities by Month</u>	<u>Amount</u>
October 2018	\$ 1,241,623
November 2018	441,319
February 2019	24,601
March 2019	3,870,642
April 2019	803,444
June 2019	532,163
July 2019	857,939
August 2019	907,984
September 2019	3,597,516
November 2019	<u>7,026</u>
	<u>\$ 12,284,257</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, 2018, the City’s certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Cornerstone Bank	\$ 8,767,416
Midwest Bank	1,241,623
York State Bank	835,071
Henderson State Bank	<u>1,440,147</u>
	<u>\$ 12,284,257</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, 2018.

**3. Commitments and Contingencies**

**Lease Commitments**

The City had the following lease commitments at September 30, 2018:

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

**CITY OF YORK, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2018**

**NOTE D – OTHER NOTES, continued**

**3. Commitments and Contingencies, continued**

**Lease Commitments, continued**

The lease expense for the year ended September 30, 2018, was \$4,026.

Remaining lease commitments as of September 30, 2018, were as follows:

<u>Year ending September 30,</u>	<u>Lease Amount</u>
2019	\$ 3,736
2020	3,736
2021	3,667
2022	<u>1,975</u>
	<u>\$ 13,114</u>

**Contractual Commitments**

At September 30, 2018, the City had the following commitments for capital assets:

	<u>Contract Amount</u>	<u>Paid as of September 30, 2018</u>	<u>Remaining Commitment</u>	<u>Expected Completion</u>
<u>Quiet zone project:</u>				
Engineering	\$ 54,000	\$ 29,410	\$ 24,590	August 2019
<u>Airport markings project:</u>				
Engineering	148,805	145,347	3,458	
Contractor	603,709	555,905	47,804	
Total	<u>752,514</u>	<u>701,252</u>	<u>51,262</u>	Fall 2019
<u>Lift station pump</u>				
Contractor	38,196	19,098	19,098	December 2018
<u>Wastewater treatment facility:</u>				
Engineering	1,700,000	1,300,987	399,013	
Contractor	21,722,416	19,967,341	1,755,075	
Total	<u>23,422,416</u>	<u>21,268,328</u>	<u>2,154,088</u>	December 2018
<u>Lincoln Avenue water main:</u>				
Engineering	558,817	212,434	346,383	
Contractor	2,797,437	398,400	2,399,037	
Total	<u>3,356,254</u>	<u>610,834</u>	<u>2,745,420</u>	October 2019
	<u>\$ 27,623,380</u>	<u>\$ 22,628,922</u>	<u>\$ 4,994,458</u>	



**CITY OF YORK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**NOTE D – OTHER NOTES, continued**

**4. Interlocal Agreements**

The City had the following interlocal agreements in effect as of September 30, 2018:

<u>Party to Agreement</u>	<u>Term of Agreement</u>	<u>Description</u>
York County	Continuous	Ambulance Services
York County	Continuous	York Area Solid Waste Agency (YASWA)
York County	Continuous	Combined communications
Law Enforcement Agencies in the following counties in Nebraska: Nuckolls, Saline, Fillmore, Hamilton, and York	2017-2018	Rural Apprehension Program (RAP)
York Public School District	Life of sales tax	LB 357, 1/2% Sales Tax for Infrastructure

**5. CDBG Housing Loans**

At September 30, 2018, the City has three outstanding CDBG Housing Rehab loans totaling \$8,949. These loans are forgiven over time. The City also has 13 outstanding CDBG Downpayment Assistance (DPA) loans totaling \$166,500. The DPA loans are due when the related property sells. None of these loans are recorded as assets of the City.

**6. Tax Abatements**

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

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

**CITY OF YORK, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**NOTE D – OTHER NOTES, continued**

**6. Tax Abatements, continued**

Information relevant to the abatements granted by the CDA for the year ended September 30, 2018 is as follows:

<u>TIF Project:</u>	Years Remaining on <u>TIF Agreements</u>	<u>2018 TIF Valuation</u>	<u>TIF Proceeds Received during the year 9-30-2018</u>
Scannell/Pioneer	5	\$ 9,439,980	\$ 159,438
Nolan	0	519,855	8,813
United Farmers Coop	4	1,704,009	28,513
Levander	15	337,164	59
Beaver Creek	15	460,638	-
			<u>\$ 196,823</u>

**7. Subsequent Events**

Management has evaluated subsequent events through January 17, 2019, the date on which the financial statements were available for issue.

On October 4, 2018, Council approved acquisition of property at 820 Burlington for \$69,000 and approved a \$24,999 construction rehab contract on the property. Also approved was a \$94,000 resale agreement on the property to be financed by a CDBG acquisition/rehab/resale grant.

**SUPPLEMENTARY INFORMATION**

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

**Year ended September 30, 2018**

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
<b>RESOURCES (INFLOWS)</b>			
Taxes:			
Property	\$ 1,040,949	\$ 1,115,234	\$ 74,285
Motor vehicle	150,000	174,965	24,965
Occupation/franchise	2,417,000	2,537,213	120,213
Sales tax	3,240,000	3,392,034	152,034
Intergovernmental	276,542	296,713	20,171
Charges for services	1,330,806	1,242,400	(88,406)
Grants	34,500	17,345	(17,155)
Contributions	33,000	49,378	16,378
Interest income	11,300	33,995	22,695
Sale of property	-	224,559	224,559
Other	14,500	11,522	(2,978)
	8,548,597	9,095,358	546,761
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Administrative	1,162,175	991,278	(170,897)
Public safety:			
Police	2,076,548	1,959,822	(116,726)
Fire/EMS	1,992,061	1,714,574	(277,487)
Police pension	72,500	70,404	(2,096)
Fire pension	168,271	161,543	(6,728)
Total public safety	4,309,380	3,906,343	(403,037)
Environment and leisure:			
Auditorium	178,887	129,421	(49,466)
Parks	487,629	435,269	(52,360)
Community center	575,582	475,125	(100,457)
Aquatic center	390,705	306,229	(84,476)
Ball park	389,250	471,375	82,125
Senior center	14,451	16,434	1,983
Convention center	514,126	530,550	16,424
Library	589,248	533,644	(55,604)
Total environment and leisure	3,139,878	2,898,047	(241,831)
Total charges to appropriations	8,611,433	7,795,668	(815,765)
Excess (deficiency) of revenues over charges to appropriations before transfers	(62,836)	1,299,690	1,362,526
<b>TRANSFERS TO OTHER FUNDS</b>	(2,530,266)	(1,897,699)	632,567
<b>RESOURCES OVER (UNDER)</b>			
<b>CHARGES TO APPROPRIATIONS</b>	\$ (2,593,102)	\$ (598,009)	\$ 1,995,093

**CITY OF YORK, NEBRASKA**

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

**Year ended September 30, 2018**

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
<b>RESOURCES (INFLOWS)</b>			
Special assessments	\$ -	\$ 404,789	\$ 404,789
Sales tax	250,000	236,292	(13,708)
Intergovernmental	983,392	1,007,163	23,771
Charges for services	16,000	13,068	(2,932)
Grants	4,687	4,687	-
Interest income	4,000	3,323	(677)
Loan/bond proceeds	-	214,847	214,847
Other	10,000	16,442	6,442
	<hr/>	<hr/>	<hr/>
Total resources	1,268,079	1,900,611	632,532
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Street operations and maintenance	1,702,898	1,528,895	(174,003)
Capital outlay	838,125	365,661	(472,464)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	2,541,023	1,894,556	(646,467)
Excess (deficiency) of revenues over charges to appropriations before transfers	(1,272,944)	6,055	1,278,999
<b>TRANSFERS FROM OTHER FUNDS</b>	<hr/>	<hr/>	<hr/>
	1,272,944	140,012	(1,132,932)
<b>RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<hr/>	<hr/>	<hr/>
	\$ -	\$ 146,067	\$ 146,067

**CITY OF YORK, NEBRASKA**

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

**Year ended September 30, 2018**

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
<b>RESOURCES (INFLOWS)</b>			
Charges for services	\$ 240,500	\$ 315,857	\$ 75,357
Grants	429,466	535,331	105,865
Interest income	800	4,432	3,632
	<hr/>	<hr/>	<hr/>
Total resources	670,766	855,620	184,854
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Airport	400,853	452,775	51,922
Capital outlay	494,084	439,630	(54,454)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	894,937	892,405	(2,532)
Excess (deficiency) of revenues over charges to appropriations before transfers	(224,171)	(36,785)	187,386
<b>TRANSFERS FROM OTHER FUNDS</b>	<hr/>	<hr/>	<hr/>
	224,171	168,128	(56,043)
<b>RESOURCES OVER CHARGES TO APPROPRIATIONS</b>	<hr/>	<hr/>	<hr/>
	\$ -	\$ 131,343	\$ 131,343
	<hr/>	<hr/>	<hr/>

**CITY OF YORK, NEBRASKA**

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

**Year ended September 30, 2018**

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Special assessments	\$ -	\$ 3,745	\$ 3,745
Interest income	-	1	1
	<hr/>	<hr/>	<hr/>
Total resources	-	3,746	3,746
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Principal payments	885,000	885,000	-
Interest expense	145,649	145,648	(1)
Bond fees	2,500	2,500	-
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	1,033,149	1,033,148	(1)
Deficiency of revenues over charges to appropriations before transfers	(1,033,149)	(1,029,402)	3,747
<b>TRANSFERS FROM+ A48 OTHER FUNDS</b>	<hr/>	<hr/>	<hr/>
	1,033,151	774,863	(258,288)
<b>RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<hr/>	<hr/>	<hr/>
	\$ 2	\$ (254,539)	\$ (254,541)
	<hr/>	<hr/>	<hr/>

**CITY OF YORK, NEBRASKA**

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

**Year ended September 30, 2018**

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Sales tax	\$ 1,250,000	\$ 1,202,899	\$ (47,101)
Interest income	-	(1)	(1)
Loan/bond proceeds	2,000,000	-	(2,000,000)
	<hr/>	<hr/>	<hr/>
Total resources	3,250,000	1,202,898	(2,047,102)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Environment and leisure	815,500	31,235	(784,265)
Capital outlay	1,463,427	417,081	(1,046,346)
Principal payments	410,000	410,000	-
Interest expense	273,233	253,340	(19,893)
Bond fees	-	1,000	1,000
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	2,962,160	1,112,656	(1,849,504)
<b>RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS</b>			
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 287,840	\$ 90,242	\$ (197,598)



**CITY OF YORK, NEBRASKA**

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

**Year ended September 30, 2018**

**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>
<b>Sources/inflows of resources:</b>					
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 9,095,358	\$ 1,900,611	\$ 855,620	\$ 3,746	\$ 1,202,898
Differences - budget to MAB:					
Cash to MAB adjustments	<u>(48,020)</u>	<u>11,496</u>	<u>(148,575)</u>	<u>(173)</u>	<u>6,790</u>
Total revenues as reported on the statement of revenues, expen- ditures, and changes in fund balances - governmental funds	<u>\$ 9,047,338</u>	<u>\$ 1,912,107</u>	<u>\$ 707,045</u>	<u>\$ 3,573</u>	<u>\$ 1,209,688</u>
<b>Uses/outflows of resources:</b>					
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 7,795,668	\$ 1,894,556	\$ 892,405	\$ 1,033,148	\$ 1,112,656
Differences - budget to MAB:					
Cash to MAB adjustments	<u>(43,802)</u>	<u>(8,248)</u>	<u>(80,274)</u>	<u>(5,132)</u>	<u>22,701</u>
Total expenditures as reported on the statement of revenues, expen- ditures, and changes in fund balances - governmental funds	<u>\$ 7,751,866</u>	<u>\$ 1,886,308</u>	<u>\$ 812,131</u>	<u>\$ 1,028,016</u>	<u>\$ 1,135,357</u>

**CITY OF YORK, NEBRASKA**

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

**September 30, 2018**

	Capital Projects Fund	CDBG Fund	Special Revenue Funds Keno Fund	Sinking Fund
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 176,138	\$ 484,981	\$ 14,988	\$ 447,219
Certificates of deposit	254,496	-	21,655	662,300
Due from other governments	-	21,095	-	-
Inventory	-	-	-	5,598
Accrued interest receivable	384	(6)	33	952
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total assets</b>	<u><u>\$ 431,018</u></u>	<u><u>\$ 506,070</u></u>	<u><u>\$ 36,676</u></u>	<u><u>\$ 1,116,069</u></u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ 21,095	\$ -	\$ -
Due to other funds	-	-	-	112,550
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	-	21,095	-	112,550
Fund balances:				
Restricted for:				
Economic development	-	-	-	-
Federal programs	-	484,975	-	-
Capital projects	431,018	-	-	-
Community betterment	-	-	36,676	-
Public safety	-	-	-	-
Assigned for:				
Industrial Park development	-	-	-	1,003,519
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total fund balances</b>	<u><u>431,018</u></u>	<u><u>484,975</u></u>	<u><u>36,676</u></u>	<u><u>1,003,519</u></u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 431,018</u></u>	<u><u>\$ 506,070</u></u>	<u><u>\$ 36,676</u></u>	<u><u>\$ 1,116,069</u></u>

Special Revenue Funds		Total Nonmajor Governmental Funds
E911 Fund	TIF Fund	
\$ 24,713	\$ 178,664	\$ 1,326,703
35,708	283,713	1,257,872
-	-	21,095
-	-	5,598
54	428	1,845
<u>\$ 60,475</u>	<u>\$ 462,805</u>	<u>\$ 2,613,113</u>
\$ -	\$ -	\$ 21,095
-	-	112,550
<u>-</u>	<u>-</u>	<u>133,645</u>
-	462,805	462,805
-	-	484,975
-	-	431,018
-	-	36,676
60,475	-	60,475
<u>-</u>	<u>-</u>	<u>1,003,519</u>
60,475	462,805	2,479,468
<u>\$ 60,475</u>	<u>\$ 462,805</u>	<u>\$ 2,613,113</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, 2018**

	Capital Projects Fund	CDBG Fund	Special Revenue Funds Keno Fund	Sinking Fund
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	11,235
Grants	146,997	77,604	-	-
Contributions	-	-	-	-
Keno proceeds	-	-	17,235	-
Loan collections	-	100,227	-	159,614
Interest income	-	1,405	322	9,447
Sale of property	-	-	-	46,599
Other	513	-	-	-
<b>Total revenues</b>	<u>147,510</u>	<u>179,236</u>	<u>17,557</u>	<u>226,895</u>
<b>EXPENDITURES</b>				
General government	-	-	2,899	-
Economic development	-	102,104	-	6,304
Capital outlay	177,784	-	9,498	-
Principal payments on debt	-	-	-	-
Interest on long-term debt	-	-	-	-
<b>Total expenditures</b>	<u>177,784</u>	<u>102,104</u>	<u>12,397</u>	<u>6,304</u>
Excess (deficiency) of revenues over expenditures before transfers	(30,274)	77,132	5,160	220,591
<b>INTERFUND TRANSFERS</b>				
Transfer from other funds	814,696	-	-	-
<b>Net change in fund balances</b>	784,422	77,132	5,160	220,591
Fund balances - September 30, 2017	<u>(353,404)</u>	<u>407,843</u>	<u>31,516</u>	<u>782,928</u>
Fund balances - September 30, 2018	<u>\$ 431,018</u>	<u>\$ 484,975</u>	<u>\$ 36,676</u>	<u>\$ 1,003,519</u>

<u>Special Revenue Funds</u>		<u>Total</u>
<u>E911</u>	<u>TIF</u>	<u>Nonmajor</u>
<u>Fund</u>	<u>Fund</u>	<u>Governmental</u>
		<u>Funds</u>
\$ -	\$ 196,823	\$ 196,823
9,630	-	20,865
-	-	224,601
-	25,064	25,064
-	-	17,235
-	-	259,841
532	43	11,749
-	-	46,599
-	-	513
<u>10,162</u>	<u>221,930</u>	<u>803,290</u>
-	-	2,899
-	190,442	298,850
-	-	187,282
-	15,901	15,901
-	7,036	7,036
<u>-</u>	<u>213,379</u>	<u>511,968</u>
10,162	8,551	291,322
-	-	814,696
<u>10,162</u>	<u>8,551</u>	<u>1,106,018</u>
<u>50,313</u>	<u>454,254</u>	<u>1,373,450</u>
<u>\$ 60,475</u>	<u>\$ 462,805</u>	<u>\$ 2,479,468</u>

**CITY OF YORK, NEBRASKA**

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

**Year ended September 30, 2018**

	<u>General</u>	<u>Auditorium</u>	<u>Parks</u>	<u>Police</u>	<u>Community Center</u>
<b>REVENUES</b>					
Taxes:					
General property tax	\$ 1,115,234	\$ -	\$ -	\$ -	\$ -
Motor vehicle tax	174,965	-	-	-	-
Sales tax	3,392,034	-	-	-	-
Occupation/franchise	2,537,213	-	-	-	-
Intergovernmental revenue:					
County funding	-	-	-	-	-
Rural fire district	-	-	-	-	-
Charges for services	62,732	16,619	200	4,541	94,590
Grants	-	-	-	7,000	-
Contributions	-	-	-	205	6,743
Interest income	29,699	-	-	6	-
Sale of property	-	-	-	-	-
Other revenues	861	-	700	1,295	496
Total revenues	<u>7,312,738</u>	<u>16,619</u>	<u>900</u>	<u>13,047</u>	<u>101,829</u>
<b>EXPENDITURES</b>					
Personnel services:					
Salaries and benefits	605,741	64,559	249,376	1,729,039	320,895
Operating expenses:					
Insurance	(779)	-	33,608	27,910	6,178
Advertising/publicity	125,717	-	-	-	7,052
Contract labor/outside services	16,127	3,467	-	26,652	17,470
Professional fees	45,002	-	-	-	-
Meetings, seminars, and dues	40,230	-	554	10,430	2,185
Repairs and maintenance	18,380	7,767	48,265	57,919	19,044
Printing, postage, and publications	15,551	-	-	-	-
Transportation	-	-	8,061	25,805	-
Utilities and telephone	44,271	36,056	28,512	11,090	47,890
Total operating expenses	<u>304,499</u>	<u>47,290</u>	<u>119,000</u>	<u>159,806</u>	<u>99,819</u>
Supplies	10,987	17,191	16,310	7,569	29,143
Other expenses	72,978	381	29,961	11,876	25,268
Capital outlay	-	-	20,622	74,317	-
Total expenditures	<u>994,205</u>	<u>129,421</u>	<u>435,269</u>	<u>1,982,607</u>	<u>475,125</u>
Excess (deficiency) of revenues over expenditures before transfers	6,318,533	(112,802)	(434,369)	(1,969,560)	(373,296)
<b>TRANSFERS (TO) FROM OTHER FUNDS</b>	<u>(5,943,786)</u>	<u>(335,336)</u>	<u>259,541</u>	<u>1,843,403</u>	<u>227,282</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AFTER TRANSFERS</b>					
	<u>\$ 374,747</u>	<u>\$ (448,138)</u>	<u>\$ (174,828)</u>	<u>\$ (126,157)</u>	<u>\$ (146,014)</u>

Aquatic Center	Ball Park	Senior Center	Convention Center	Fire/EMS	Library	Police Pension	Fire Pension	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,115,234
-	-	-	-	-	-	-	-	174,965
-	-	-	-	-	-	-	-	3,392,034
-	-	-	-	-	-	-	-	2,537,213
-	-	-	-	210,000	15,000	-	-	225,000
-	-	-	-	66,542	-	-	-	66,542
98,369	121,856	-	308,774	479,835	12,445	-	-	1,199,961
-	-	-	10,345	-	-	-	-	17,345
-	-	-	-	37,117	5,313	-	-	49,378
-	-	-	-	51	123	1,329	2,377	33,585
-	-	-	-	-	224,559	-	-	224,559
-	-	-	24	5,109	3,037	-	-	11,522
<u>98,369</u>	<u>121,856</u>	<u>-</u>	<u>319,143</u>	<u>798,654</u>	<u>260,477</u>	<u>1,329</u>	<u>2,377</u>	<u>9,047,338</u>
159,271	200,761	1,202	222,742	1,313,003	377,931	70,404	161,543	5,476,467
12,440	8,240	1,049	13,666	100,868	2,216	-	-	205,396
1,695	1,540	-	-	-	-	-	-	136,004
6,781	11,093	-	30,172	79,148	25,118	-	-	216,028
-	-	-	-	-	-	-	-	45,002
2,056	920	-	560	14,411	3,617	-	-	74,963
42,248	41,046	2,257	86,298	34,574	27,567	-	-	385,365
-	-	-	-	-	2,460	-	-	18,011
-	1,522	-	-	18,686	-	-	-	54,074
44,395	50,564	11,926	83,807	21,200	20,336	-	-	400,047
<u>109,615</u>	<u>114,925</u>	<u>15,232</u>	<u>214,503</u>	<u>268,887</u>	<u>81,314</u>	<u>-</u>	<u>-</u>	<u>1,534,890</u>
30,549	73,511	-	22,442	44,784	10,669	-	-	263,155
6,794	7,178	-	32,626	13,557	63,109	-	-	263,728
-	75,000	-	38,237	5,450	-	-	-	213,626
<u>306,229</u>	<u>471,375</u>	<u>16,434</u>	<u>530,550</u>	<u>1,645,681</u>	<u>533,023</u>	<u>70,404</u>	<u>161,543</u>	<u>7,751,866</u>
(207,860)	(349,519)	(16,434)	(211,407)	(847,027)	(272,546)	(69,075)	(159,166)	1,295,472
<u>(19,633)</u>	<u>374,935</u>	<u>23,598</u>	<u>203,614</u>	<u>945,222</u>	<u>283,990</u>	<u>72,000</u>	<u>167,471</u>	<u>(1,897,699)</u>
<u>\$ (227,493)</u>	<u>\$ 25,416</u>	<u>\$ 7,164</u>	<u>\$ (7,793)</u>	<u>\$ 98,195</u>	<u>\$ 11,444</u>	<u>\$ 2,925</u>	<u>\$ 8,305</u>	<u>\$ (602,227)</u>

**SINGLE AUDIT REPORTS**



**CITY OF YORK, NEBRASKA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year ended September 30, 2018**

<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>
<b><u>U.S. Department of Transportation</u></b>			
Passed Through Nebraska Department of Transportation:			
Airport Improvement Program	20.106	3-31-0104-013	\$ 385,388
Highway Safety Cluster:			
National Priority Safety Programs	20.616	18X920405dNE17	<u>7,000</u>
Total passed through Nebraska Department of Transportation			392,388
<b><u>Environmental Protection Agency</u></b>			
Passed Through the Nebraska Department of Environmental Quality:			
Capitalization Grants for Clean Water-SRF	66.458	47-6006423	4,618,975 *
Capitalization Grants for Drinking Water-SRF	66.468	47-6006423	<u>73,273</u>
Total passed through Nebraska Department of Environmental Quality			4,692,248
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Passed Through the Nebraska Department of Economic Development:			
Community Development Block Grants	14.228	47-6006423	<u>77,604</u>
<b>Total Expenditures of Federal Awards</b>			<b><u><u>\$ 5,162,240</u></u></b>

\* Major program

**NOTE A - BASIS OF PRESENTATION**

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

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



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities – modified accrual basis, the business-type activities – accrual basis, the aggregate discretely presented component unit – accrual basis, each major fund – modified accrual basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information – modified accrual basis for the governmental funds of the City of York, Nebraska, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated January 17, 2019. Our report on the financial statements disclosed that, as described in Note A to the financial statements, the City of York, Nebraska, prepares its financial statements for the governmental funds on the modified accrual basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

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

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

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

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A PROFESSIONAL  
CORPORATION

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2018-001 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City of York's Response to Findings**

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

### **Purpose of this Report**

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

*Amquist, Mathyalm.  
Calloway & Luth, P.C.*

Grand Island, Nebraska  
January 17, 2019



**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, 2018. The City of York, Nebraska's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

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Kyle R. Overturf  
Tracy A. Cannon



## 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, 2018.

## 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  
January 17, 2019

**CITY OF YORK, NEBRASKA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year ended September 30, 2018**

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, 2018.
- (ii) One significant deficiency disclosed during the audit of the financial statements is reported in the "Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*." The deficiency is not reported as a material weakness.
- (iii) The audit did not disclose any instances of noncompliance which are material to the financial statements of the City of York, Nebraska.
- (iv) The audit did not disclose any significant deficiencies in the internal control over major programs for the City of York, Nebraska.
- (v) An unmodified opinion was issued on compliance for major programs.
- (vi) The audit did not disclose any audit findings which are required to be reported under 2 CFR section 200.516(a).
- (vii) Major Program: CFDA #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.

2018-001

Condition: There is not adequate segregation of duties.

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

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

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

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

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, 2018**

There were no prior audit findings for the year ended September 30, 2017.