

CITY OF ALMA, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2014

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Alma, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alma, Nebraska as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

SHAREHOLDERS

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

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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alma, Nebraska, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-13 and 54-57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Alma, Nebraska's basic financial statements. The nonmajor fund combining statements and statement of revenue and expenditures by General Fund department are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 above is fairly stated, in all material respects, in relation to the basic 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 March 10, 2015, on our consideration of the City of Alma, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Alma, Nebraska's internal control over financial reporting and compliance.

Almquist, Melton

Galloway & Luthi, P.C.

Grand Island, Nebraska
March 10, 2015

**CITY OF ALMA, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2014**

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

As management of the City of Alma, we offer readers of the City of Alma financial statements this narrative overview and analysis of the financial activities of the City of Alma for the fiscal year ended September 30, 2014.

Financial Highlights

- The assets of the City of Alma exceeded its liabilities at the close of the most recent fiscal year by \$7,788,452 (*net position*). Of this amount, \$1,261,289 (*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 Alma governmental funds reported combined ending net position of \$5,580,900. Approximately 15.1 percent of this total amount, \$844,454, is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$804,087, or 65.0 percent of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Alma's basic financial statements. The City of Alma's basic 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 required and supplementary information in addition to the basic 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 Alma's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Alma'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 Alma 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 (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Alma that are principally supported by taxes and intergovernmental revenues (*governmental activities*)

CITY OF ALMA, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014

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 Alma include general government, public safety, highways and streets, economic development, and culture and recreation. The business-type activities of the City of Alma include the Gas, Water, Sewer, Trash, Electric, Golf and RV Park Enterprise Funds.

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

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 Alma, 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 Alma 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 Alma maintains five 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, the Street Fund, and the Airport Fund, all of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 16-19 of this report.

Proprietary funds. The City of Alma maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-

CITY OF ALMA, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014

wide financial statements. The City of Alma uses enterprise funds to account for its Gas, Water, Sewer, Trash, Electric, Golf and RV Park Funds.

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 Gas, Water, Sewer, Trash, Electric, Golf and RV Park Funds, all of which are considered to be major funds of the City of Alma.

The basic proprietary fund financial statements can be found on pages 20-23 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-53 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Alma's budgetary comparison schedules. Required supplementary information can be found on pages 54-57 of this report.

The nonmajor governmental funds combining statements and the statement of General Fund revenue and expenditures by department can be found on pages 58-60.

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 Alma, assets exceeded liabilities by \$7,788,452 at the close of the most recent fiscal year.

Summary Statements of Net Position

	<u>September 30, 2014</u>			<u>September 30, 2013</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current and Other Assets	\$ 2,712,653	\$ 490,121	\$ 3,202,774	\$ 750,020	\$ 667,764	\$ 1,417,784
Capital Assets	5,523,751	2,389,356	7,913,107	5,149,790	2,484,878	7,634,668
Total Assets	<u>8,236,404</u>	<u>2,879,477</u>	<u>11,115,881</u>	<u>5,899,810</u>	<u>3,152,642</u>	<u>9,052,452</u>
Long-term Liabilities	2,471,840	462,523	2,934,363	726,560	581,296	1,307,856
Other Liabilities	183,664	209,402	393,066	265,919	158,235	424,154
Total Liabilities	<u>2,655,504</u>	<u>671,925</u>	<u>3,327,429</u>	<u>992,479</u>	<u>739,531</u>	<u>1,732,010</u>
Net Position:						
Net Investment in						
Capital Assets	2,912,191	1,790,717	4,702,908	4,345,738	1,804,460	6,150,198
Restricted	1,824,255	-	1,824,255	234,875	-	234,875
Unrestricted	844,454	416,835	1,261,289	326,718	608,651	935,369
Total Net Position	<u>\$ 5,580,900</u>	<u>\$ 2,207,552</u>	<u>\$ 7,788,452</u>	<u>\$ 4,907,331</u>	<u>\$ 2,413,111</u>	<u>\$ 7,320,442</u>

CITY OF ALMA, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014

By far the largest portion of the City of Alma's net position (60.4 percent) reflects its investment in capital assets (land, infrastructure, buildings, machinery, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Alma uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Alma'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 Alma's net position (23.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$1,261,289) 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 Alma is able to report positive balances in all three categories of net position, both for the government as a whole and for its separate governmental and business-type activities.

Expenses and Program Revenues – Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2014</u>		<u>Year Ended September 30, 2013</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 1,361	\$ 244,633	\$ -	\$ 271,690
Public Health	-	120,000	-	-
Public Safety	-	63,065	-	65,930
Public Works	-	133,195	-	162,402
Recreation	39,670	217,775	36,002	209,560
Airport	222,759	13,737	1,409,668	12,849
Economic Development	-	20,501	-	26,176
Interest	-	48,332	-	12,416
Depreciation	-	215,627	-	167,606
Total	<u>\$ 263,790</u>	<u>\$ 1,076,865</u>	<u>\$ 1,445,670</u>	<u>\$ 928,629</u>

CITY OF ALMA, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014

Revenues by Source – Governmental Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2014</u>		<u>Year Ended September 30, 2013</u>	
Charges for Services	\$ 21,293	1.22 %	\$ 10,091	0.40 %
Operating Grants and Contributions	30,697	1.75	29,446	1.18
Capital Grants and Contributions	211,800	12.10	1,407,692	56.27
Property Taxes	215,669	12.32	186,325	7.45
Motor Vehicle Taxes	22,116	1.26	22,177	0.89
Sales Tax	304,843	17.42	258,713	10.34
Franchise Taxes	1,867	0.11	2,506	0.10
State Allocation	226,871	12.96	197,062	7.88
Miscellaneous	300,019	17.14	31,017	1.24
Interest	5,107	0.29	7,105	0.28
Transfers	410,152	23.43	349,425	13.97
Total	<u>\$ 1,750,434</u>	<u>100.00 %</u>	<u>\$ 2,501,559</u>	<u>100.00 %</u>

Net position increased \$673,569 in the governmental funds during the year ended September 30, 2014.

Business-type activities. Business-type activities decreased the City of Alma's net position by \$(205,559). Key elements of this increase are as follows:

Expenses and Program Revenues – Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2014</u>		<u>Year Ended September 30, 2013</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Gas	\$ 563,338	\$ 471,918	\$ 506,486	\$ 418,668
Water	209,607	234,989	226,230	244,343
Sewer	69,111	77,708	69,490	62,105
Trash	163,602	193,059	183,015	190,999
Electric	-	4,432	-	4,431
Golf	276,461	274,096	261,003	268,103
RV Park	32,326	26,316	36,011	24,915
Total	<u>1,314,445</u>	<u>1,282,518</u>	<u>1,282,235</u>	<u>1,213,564</u>
Interfund transfers	-	410,152	-	349,425
	<u>\$ 1,314,445</u>	<u>\$ 1,692,670</u>	<u>\$ 1,282,235</u>	<u>\$ 1,562,989</u>

**CITY OF ALMA, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014**

Revenues by Source – Business-type Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2014</u>		<u>Year Ended September 30, 2013</u>	
Charges for Services	\$ 1,300,695	87.47 %	\$ 1,268,235	86.17 %
Grants and Contributions	13,750	0.92	14,000	0.95
Property Taxes	-	-	17,334	1.18
Franchise Fees	172,615	11.61	172,186	11.70
Interest	51	-	65	-
Total	<u>\$ 1,487,111</u>	<u>100.00 %</u>	<u>\$ 1,471,820</u>	<u>100.00 %</u>

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the City of Alma'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 Alma'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 Alma's governmental funds reported combined ending fund balances of \$2,655,580. Approximately 30.3 percent of this total amount (\$804,087) constitutes *unassigned fund balance*, which is 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 pool improvements (\$1,449,002), 2) restricted to fire pension (\$40,435), 3) restricted for street improvements (\$278,363), 4) restricted for Federal programs (\$12,272), 5) restricted for hospital bond debt service (\$44,183), 6) nonspendable for inventory (\$6,032), or 7) assigned for airport operations (\$21,206).

The General Fund is the chief operating fund of the City of Alma. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$804,087, while total fund balance reached \$2,293,524. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 65.0 percent of total General Fund expenditures, while total fund balance represents 185.5 percent of the same amount.

The fund balance of the City of Alma's General Fund increased by \$1,935,505 during the current fiscal year.

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

CITY OF ALMA, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014

Unrestricted net position of the proprietary funds at the end of the year were as follows: Gas Fund - \$174,180, Water Fund - \$71,503, Sewer Fund – deficit of \$(364), Trash Fund - \$5,990, Electric Fund - \$62,727, Golf Fund - \$9,110, and RV Park Fund – \$93,689. The Gas Fund net position increased \$91,330, the Water Fund net position decreased \$(10,332), the Sewer Fund net position decreased \$(38,303), the Trash Fund net position decreased \$(29,457), the Electric Fund net position decreased \$(213,442), the Golf Fund net position decreased \$(11,365), and the RV Park Fund net position increased \$6,010. Other factors concerning the finances of these seven funds have already been addressed in the discussion of the City of Alma's business-type activities.

Budgetary Highlights

The City of Alma did not amend its budget during the year ended September 30, 2014.

Capital Asset and Debt Administration

Capital Assets. The City of Alma's investment in capital assets for its governmental and business-type activities as of September 30, 2014, amounts to \$7,913,107 (net of accumulated depreciation). This investment in capital assets includes land, building and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Major capital asset events (individually greater than \$10,000) during the current fiscal year included the following:

- Bunker gear - \$20,511
- Swimming pool construction in progress - \$464,960
- Airport runway project - \$52,598
- Airport papi lights construction in progress - \$26,434
- Golf building - \$49,921

**CITY OF ALMA, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014**

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

	<u>Year Ended September 30, 2014</u>			<u>Year Ended September 30, 2013</u>		
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>		<u>Activities</u>	<u>Activities</u>	
Land	\$ 238,866	\$ 242,856	\$ 481,722	\$ 238,866	\$ 242,856	\$ 481,722
Construction in Progress	491,394	-	491,394	1,849,498	-	1,849,498
Buildings and Improvements	3,165,166	552,949	3,718,115	1,374,345	528,138	1,902,483
Machinery and Equipment	351,375	438,891	790,266	375,794	542,104	917,898
Infrastructure	1,276,950	-	1,276,950	1,311,287	-	1,311,287
Distribution Systems	-	1,154,660	1,154,660	-	1,171,780	1,171,780
Total	<u>\$ 5,523,751</u>	<u>\$ 2,389,356</u>	<u>\$ 7,913,107</u>	<u>\$ 5,149,790</u>	<u>\$ 2,484,878</u>	<u>\$ 7,634,668</u>

Additional information on the City of Alma's capital assets can be found in Note C5 on pages 43-45 of this report.

Long-term debt. At the end of the current fiscal year, the City of Alma had total bonded debt and notes payable outstanding of \$3,210,199.

City of Alma's Outstanding Debt

	<u>Year Ended September 30, 2014</u>			<u>Year Ended September 30, 2013</u>		
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>		<u>Activities</u>	<u>Activities</u>	
General Obligation Bonds	\$ 2,070,000	\$ -	\$ 2,070,000	\$ 200,000	\$ -	\$ 200,000
Various Purpose Bonds	480,000	-	480,000	510,000	-	510,000
Refunding Bonds	-	171,000	171,000	-	200,000	200,000
Notes Payable	61,560	427,639	489,199	94,052	480,418	574,470
Total	<u>\$ 2,611,560</u>	<u>\$ 598,639</u>	<u>\$ 3,210,199</u>	<u>\$ 804,052</u>	<u>\$ 680,418</u>	<u>\$ 1,484,470</u>

The City of Alma's total debt increased by \$1,725,729 (116.3 percent) during the current fiscal year, due to the issuance of pool bonds and a loan for the golf building.

The City of Alma does not have a bond rating.

Additional information on the City of Alma's long-term debt can be found in Note C7 on pages 46-49 of this report.

CITY OF ALMA, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014

Economic Factors and Next Year's Budgets and Rates

- Property tax asking for the year ending September 30, 2015, is \$291,082, a \$72,922 increase (25.1 percent) from the prior year.
- The City has a commitment of \$95,258 for the papi lights project.
- The City has a commitment of \$1,499,050 for the swimming pool project.

All of these factors were considered in preparing the City of Alma's budget for the 2015 fiscal year.

Request for Information

This financial report is designed to provide a general overview of the City of Alma'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 City Treasurer, City of Alma, P.O. Box 468, Alma, NE 68920.

CITY OF ALMA, NEBRASKA
STATEMENT OF NET POSITION
September 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 556,836	\$ 142,812	\$ 699,648
Certificates of deposit	243,000	157,000	400,000
County treasurer cash	14,496	-	14,496
Receivables:			
Accounts, net of allowance for doubtful accounts	-	103,807	103,807
Unbilled revenue	-	32,030	32,030
Current portion of notes receivable	1,275	-	1,275
Property tax	6,128	-	6,128
Sales tax	55,045	-	55,045
Inventory	6,032	31,728	37,760
Total current assets	<u>882,812</u>	<u>467,377</u>	<u>1,350,189</u>
Noncurrent assets:			
Restricted cash and cash equivalents	1,647,987	22,744	1,670,731
Restricted certificates of deposit	170,000	-	170,000
Noncurrent portion of notes receivable	11,854	-	11,854
Capital assets:			
Land	238,866	242,856	481,722
Construction in progress	491,394	-	491,394
Depreciable capital assets, net of depreciation	4,793,491	2,146,500	6,939,991
Net capital assets	<u>5,523,751</u>	<u>2,389,356</u>	<u>7,913,107</u>
Total noncurrent assets	<u>7,353,592</u>	<u>2,412,100</u>	<u>9,765,692</u>
Total assets	<u>8,236,404</u>	<u>2,879,477</u>	<u>11,115,881</u>
LIABILITIES			
Current liabilities:			
Accounts payable	25,005	35,968	60,973
Accrued expenses	18,939	14,574	33,513
Customer deposits	-	22,744	22,744
Current portion of long-term obligations	139,720	136,116	275,836
Total current liabilities	<u>183,664</u>	<u>209,402</u>	<u>393,066</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	2,471,840	462,523	2,471,840
Total liabilities	<u>2,655,504</u>	<u>671,925</u>	<u>2,864,906</u>
NET POSITION			
Net investment in capital assets	2,912,191	1,790,717	4,702,908
Restricted for:			
Pool improvements	1,449,002	-	1,449,002
Fire pension	40,435	-	40,435
Street improvements	278,363	-	278,363
Federal programs	12,272	-	12,272
Hospital bond debt service	44,183	-	44,183
Unrestricted	844,454	416,835	1,261,289
Total net position	<u>\$ 5,580,900</u>	<u>\$ 2,207,552</u>	<u>\$ 7,788,452</u>

See notes to financial statements.

CITY OF ALMA, NEBRASKA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
General government	\$ 244,633	\$ -	\$ 1,361
Public health	120,000	-	-
Public safety	63,065	-	-
Public works	133,195	-	-
Environment and leisure	217,775	10,334	29,336
Airport	13,737	10,959	-
Economic development	20,501	-	-
Interest and fees on long-term debt	48,332	-	-
Depreciation - unallocated	215,627	-	-
Total governmental activities	1,076,865	21,293	30,697
Business-type activities:			
Gas	471,918	563,338	-
Water	234,989	209,607	-
Sewer	77,708	69,111	-
Trash	193,059	163,602	-
Electric	4,432	-	-
Golf	274,096	262,711	13,750
RV Park	26,316	32,326	-
Total business-type activities	1,282,518	1,300,695	13,750
Total primary government	\$ 2,359,383	\$ 1,321,988	\$ 44,447

See notes to financial statements.

<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ -	\$ (243,272)		\$ (243,272)
-	(120,000)		(120,000)
-	(63,065)		(63,065)
-	(133,195)		(133,195)
-	(178,105)		(178,105)
211,800	209,022		209,022
-	(20,501)		(20,501)
-	(48,332)		(48,332)
-	(215,627)		(215,627)
<u>211,800</u>	<u>(813,075)</u>	<u>\$ -</u>	<u>(813,075)</u>
-	-	91,420	91,420
-	-	(25,382)	(25,382)
-	-	(8,597)	(8,597)
-	-	(29,457)	(29,457)
-	-	(4,432)	(4,432)
-	-	2,365	2,365
-	-	6,010	6,010
<u>-</u>	<u>-</u>	<u>31,927</u>	<u>31,927</u>
<u>\$ 211,800</u>	<u>(813,075)</u>	<u>31,927</u>	<u>(781,148)</u>
General revenues:			
Taxes:			
Property	215,669	-	215,669
Motor vehicle	22,116	-	22,116
Sales tax	304,843	-	304,843
Franchise	1,867	172,615	174,482
State allocation	226,871	-	226,871
Miscellaneous	300,019	-	300,019
Interest income	5,107	51	5,158
Interfund transfers	410,152	(410,152)	-
Total general revenues	<u>1,486,644</u>	<u>(237,486)</u>	<u>1,249,158</u>
Change in net position	673,569	(205,559)	468,010
Net position - September 30, 2013	<u>4,907,331</u>	<u>2,413,111</u>	<u>7,320,442</u>
Net position - September 30, 2014	<u>\$ 5,580,900</u>	<u>\$ 2,207,552</u>	<u>\$ 7,788,452</u>

CITY OF ALMA, NEBRASKA

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

September 30, 2014

	<u>General</u>	<u>Street</u>	<u>Airport</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 2,029,983	\$ 102,095	\$ 16,290	\$ 56,455	\$ 2,204,823
Certificates of deposit	238,000	170,000	5,000	-	413,000
County treasurer cash	14,496	-	-	-	14,496
Receivables:					
Property tax	6,128	-	-	-	6,128
Sales tax	40,388	14,657	-	-	55,045
Inventory	-	-	6,032	-	6,032
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 2,328,995	\$ 286,752	\$ 27,322	\$ 56,455	\$ 2,699,524
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 21,671	\$ 3,250	\$ 84	\$ -	\$ 25,005
Payroll withholdings	1,269	-	-	-	1,269
Accrued payroll	2,476	483	-	-	2,959
Sales tax payable	22	-	-	-	22
Accrued interest payable	10,033	4,656	-	-	14,689
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	35,471	8,389	84	-	43,944
Fund balances:					
Nonspendable:					
Inventory and prepaids	-	-	6,032	-	6,032
Restricted for:					
Pool improvements	1,449,002	-	-	-	1,449,002
Fireman pension	40,435	-	-	-	40,435
Street improvements	-	278,363	-	-	278,363
Federal programs	-	-	-	12,272	12,272
Hospital bond debt service	-	-	-	44,183	44,183
Assigned for:					
Airport	-	-	21,206	-	21,206
Unassigned	804,087	-	-	-	804,087
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	2,293,524	278,363	27,238	56,455	2,655,580
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 2,328,995	\$ 286,752	\$ 27,322	\$ 56,455	\$ 2,699,524
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

See notes to financial statements.

CITY OF ALMA, NEBRASKA

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

September 30, 2014

Total fund balances - governmental funds		\$ 2,655,580
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:		
Notes receivable are not recorded as an asset in the fund financial statements.		13,129
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$8,013,304 and the accumulated depreciation is \$2,489,553.		5,523,751
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the fund financial statements. Long-term liabilities at year end consist of:		
Bonds payable	\$ (2,550,000)	
Notes payable	(61,560)	(2,611,560)
Total net position - governmental activities		\$ 5,580,900

See notes to financial statements.

CITY OF ALMA, NEBRASKA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2014

	<u>General</u>	<u>Street</u>	<u>Airport</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes:					
Property	\$ 215,669	\$ -	\$ -	\$ -	\$ 215,669
Motor vehicle	22,116	-	-	-	22,116
Sales tax	227,412	77,431	-	-	304,843
Franchise	1,867	-	-	-	1,867
Intergovernmental	88,181	138,690	-	-	226,871
Licenses and permits	7,980	-	-	-	7,980
Charges for services	10,334	-	10,959	-	21,293
Rent	7,538	-	11,902	-	19,440
Grants and donations	30,697	-	211,800	-	242,497
Loan collections	-	-	-	1,265	1,265
Interest income	4,368	-	-	739	5,107
Bond proceeds	1,885,000	-	-	-	1,885,000
Other income	272,270	-	547	-	272,817
Total revenues	<u>2,773,432</u>	<u>216,121</u>	<u>235,208</u>	<u>2,004</u>	<u>3,226,765</u>
EXPENDITURES					
General government	244,633	-	-	-	244,633
Public health	120,000	-	-	-	120,000
Public safety	63,065	-	-	-	63,065
Public works	9,871	123,324	-	-	133,195
Environment and leisure	217,775	-	-	-	217,775
Airport	-	-	13,737	-	13,737
Economic development	20,501	-	-	-	20,501
Capital outlay	509,067	1,489	79,032	-	589,588
Bond issuance costs	17,059	-	-	-	17,059
Principal payments on debt	22,772	45,000	9,720	-	77,492
Interest on long-term debt	11,514	19,759	-	-	31,273
Total expenditures	<u>1,236,257</u>	<u>189,572</u>	<u>102,489</u>	<u>-</u>	<u>1,528,318</u>
Excess (deficiency) of revenues over expenditures	1,537,175	26,549	132,719	2,004	1,698,447
OTHER FINANCING SOURCES (USES)					
Net transfers in (out)	398,330	(13)	112,013	(100,178)	410,152
Net change in fund balances	1,935,505	26,536	244,732	(98,174)	2,108,599
Fund balances - September 30, 2013	<u>358,019</u>	<u>251,827</u>	<u>(217,494)</u>	<u>154,629</u>	<u>546,981</u>
Fund balances - September 30, 2014	<u>\$ 2,293,524</u>	<u>\$ 278,363</u>	<u>\$ 27,238</u>	<u>\$ 56,455</u>	<u>\$ 2,655,580</u>

See notes to financial statements.

CITY OF ALMA, NEBRASKA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2014

Total net change in fund balances - governmental funds	\$ 2,108,599
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Payments on notes receivable are reported in the governmental funds as revenue, but the payments decrease notes receivable in the statement of activities.	(1,483)
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 (\$589,588) exceeds depreciation expense (\$215,627).	373,961
Bond proceeds are reported as revenue in the governmental funds, but the proceeds increase long-term liabilities in the statement of net position.	(1,885,000)
Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	77,492
Change in net position of governmental activities	<u><u>\$ 673,569</u></u>

See notes to financial statements.

CITY OF ALMA, NEBRASKA

STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS

September 30, 2014

	Enterprise Funds			
	<u>Gas</u> <u>Fund</u>	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Trash</u> <u>Fund</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 22,767	\$ -	\$ -	\$ -
Certificates of deposit	110,000	40,000	7,000	-
Receivables:				
Accounts, net of allowance for doubtful accounts	6,316	24,385	6,490	13,240
Unbilled revenue	11,229	10,715	2,906	7,180
Due from other funds	21,460	-	-	-
Inventory	15,641	13,094	-	-
Total current assets	<u>187,413</u>	<u>88,194</u>	<u>16,396</u>	<u>20,420</u>
Noncurrent assets:				
Restricted cash and cash equivalents	9,850	6,594	6,300	-
Capital assets:				
Land	1,000	77,068	135,588	7,200
Distribution systems	144,250	1,803,921	136,783	-
Buildings and improvements	4,882	5,785	415,546	52,123
Equipment	143,824	199,428	184,610	325,678
Less accumulated depreciation	<u>(245,257)</u>	<u>(1,028,781)</u>	<u>(430,114)</u>	<u>(116,500)</u>
Net capital assets	<u>48,699</u>	<u>1,057,421</u>	<u>442,413</u>	<u>268,501</u>
Total noncurrent assets	<u>58,549</u>	<u>1,064,015</u>	<u>448,713</u>	<u>268,501</u>
Total assets	<u>245,962</u>	<u>1,152,209</u>	<u>465,109</u>	<u>288,921</u>
LIABILITIES				
Current liabilities:				
Accounts payable	10,424	7,281	9,470	3,762
Due to other funds	-	6,617	5,991	8,852
Accrued payroll	1,992	1,030	888	1,464
Accrued interest payable	-	416	-	352
Sales tax payable	817	1,347	411	-
Customer deposits	9,850	6,594	6,300	-
Current portion of long-term obligations	-	43,000	-	74,205
Total current liabilities	<u>23,083</u>	<u>66,285</u>	<u>23,060</u>	<u>88,635</u>
Noncurrent liabilities:				
Accrued closure and postclosure costs	-	-	-	-
Noncurrent portion of long-term obligations	-	128,000	-	179,496
Total noncurrent liabilities	<u>-</u>	<u>128,000</u>	<u>-</u>	<u>179,496</u>
Total liabilities	<u>23,083</u>	<u>194,285</u>	<u>23,060</u>	<u>268,131</u>
NET POSITION				
Net investment in capital assets	48,699	886,421	442,413	14,800
Unrestricted	174,180	71,503	(364)	5,990
Total net position	<u>\$ 222,879</u>	<u>\$ 957,924</u>	<u>\$ 442,049</u>	<u>\$ 20,790</u>

See notes to financial statements.

Enterprise Funds				
<u>Electric Fund</u>	<u>Golf Fund</u>	<u>RV Park Fund</u>	<u>Eliminations</u>	<u>Total</u>
\$ 9,351	\$ 14,090	\$ 96,604	\$ -	\$ 142,812
-	-	-	-	157,000
53,376	-	-	-	103,807
-	-	-	-	32,030
-	-	-	(21,460)	-
-	2,993	-	-	31,728
<u>62,727</u>	<u>17,083</u>	<u>96,604</u>	<u>(21,460)</u>	<u>467,377</u>
-	-	-	-	22,744
-	22,000	-	-	242,856
177,258	-	-	-	2,262,212
-	516,161	33,467	-	1,027,964
-	429,115	31,601	-	1,314,256
<u>(35,450)</u>	<u>(568,351)</u>	<u>(33,479)</u>	<u>-</u>	<u>(2,457,932)</u>
<u>141,808</u>	<u>398,925</u>	<u>31,589</u>	<u>-</u>	<u>2,389,356</u>
<u>141,808</u>	<u>398,925</u>	<u>31,589</u>	<u>-</u>	<u>2,412,100</u>
204,535	416,008	128,193	(21,460)	2,879,477
-	3,799	1,232	-	35,968
-	-	-	(21,460)	-
-	1,896	-	-	7,270
-	1,380	-	-	2,148
-	898	1,683	-	5,156
-	-	-	-	22,744
-	18,911	-	-	136,116
<u>-</u>	<u>26,884</u>	<u>2,915</u>	<u>(21,460)</u>	<u>209,402</u>
-	-	-	-	-
-	155,027	-	-	462,523
<u>-</u>	<u>155,027</u>	<u>-</u>	<u>-</u>	<u>462,523</u>
<u>-</u>	<u>181,911</u>	<u>2,915</u>	<u>(21,460)</u>	<u>671,925</u>
141,808	224,987	31,589	-	1,790,717
62,727	9,110	93,689	-	416,835
<u>\$ 204,535</u>	<u>\$ 234,097</u>	<u>\$ 125,278</u>	<u>\$ -</u>	<u>\$ 2,207,552</u>

CITY OF ALMA, NEBRASKA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS**

For the Year Ended September 30, 2014

	Enterprise Funds			
	Gas Fund	Water Fund	Sewer Fund	Trash Fund
Operating revenues:				
Charges for services	\$ 558,498	\$ 198,157	\$ 66,436	\$ 161,412
Franchise fees	-	-	-	-
Other revenue	4,840	11,450	2,675	2,190
Total operating revenues	<u>563,338</u>	<u>209,607</u>	<u>69,111</u>	<u>163,602</u>
Operating expenses:				
Purchased energy	319,278	-	-	-
Personnel services	118,858	84,730	23,464	67,877
Utilities and telephone	1,504	23,159	5,963	418
Repairs and maintenance	3,509	21,641	9,999	7,836
Supplies	-	17,363	2,646	938
Professional fees	-	800	330	-
Insurance and bonds	4,989	10,980	1,435	4,289
Fuel and transportation	2,231	3,680	455	13,316
Dues and fees	2,947	2,214	203	45
Contractual obligations	-	-	-	28,671
Miscellaneous	6,087	6,126	4,864	3,876
Depreciation	12,515	55,728	28,349	60,204
Total operating expenses	<u>471,918</u>	<u>226,421</u>	<u>77,708</u>	<u>187,470</u>
Operating income (loss)	91,420	(16,814)	(8,597)	(23,868)
Nonoperating revenues (expenses):				
Interest income	-	-	-	-
Contributions	-	-	-	-
Interest expense	-	(4,398)	-	(5,589)
Bond fees	-	(4,170)	-	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>(8,568)</u>	<u>-</u>	<u>(5,589)</u>
Income (loss) before interfund transfers	91,420	(25,382)	(8,597)	(29,457)
Interfund transfers:				
Transfers from (to) other funds	<u>(90)</u>	<u>15,050</u>	<u>(29,706)</u>	<u>-</u>
Change in net position	91,330	(10,332)	(38,303)	(29,457)
Net position - September 30, 2013				
As previously reported	131,549	1,448,608	-	50,247
Restatement	-	(480,352)	480,352	-
As restated	<u>131,549</u>	<u>968,256</u>	<u>480,352</u>	<u>50,247</u>
Net position - September 30, 2014	<u>\$ 222,879</u>	<u>\$ 957,924</u>	<u>\$ 442,049</u>	<u>\$ 20,790</u>

See notes to financial statements.

Enterprise Funds			
Electric Fund	Golf Fund	RV Park Fund	Total
\$ -	\$ 259,181	\$ 32,326	\$ 1,276,010
172,615	-	-	172,615
-	3,530	-	24,685
<u>172,615</u>	<u>262,711</u>	<u>32,326</u>	<u>1,473,310</u>
-	-	-	319,278
-	103,765	8,444	407,138
-	20,164	11,131	62,339
-	19,249	959	63,193
-	74,584	504	96,035
-	-	-	1,130
-	7,521	1,107	30,321
-	6,649	197	26,528
-	465	19	5,893
-	-	-	28,671
-	2,809	-	23,762
4,432	33,372	3,955	198,555
<u>4,432</u>	<u>268,578</u>	<u>26,316</u>	<u>1,262,843</u>
168,183	(5,867)	6,010	210,467
-	51	-	51
-	13,750	-	13,750
-	(5,518)	-	(15,505)
-	-	-	(4,170)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	8,283	-	(5,874)
<u>-</u>	<u>8,283</u>	<u>-</u>	<u>(5,874)</u>
168,183	2,416	6,010	204,593
(381,625)	(13,781)	-	(410,152)
(213,442)	(11,365)	6,010	(205,559)
417,977	245,462	119,268	2,413,111
-	-	-	-
<u>417,977</u>	<u>245,462</u>	<u>119,268</u>	<u>2,413,111</u>
<u>\$ 204,535</u>	<u>\$ 234,097</u>	<u>\$ 125,278</u>	<u>\$ 2,207,552</u>

CITY OF ALMA, NEBRASKA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS

For the Year Ended September 30, 2014

	Enterprise Funds	
	Gas Fund	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 570,104	\$ 218,659
Payments to suppliers	(344,325)	(72,759)
Payments to employees	(120,827)	(86,527)
Net cash provided by operating activities	104,952	59,373
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Change in due to/from other funds	(71,091)	(13,387)
Transfers from (to) other funds	(90)	15,050
Net cash provided (used) by noncapital financing activities	(71,181)	1,663
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(9,404)	(20,295)
Grants and contributions received	-	-
Proceeds from issuance of capital debt	-	171,000
Bond issuance costs paid	-	(4,170)
Principal payments on capital debt	-	(200,000)
Interest paid on capital debt	-	(5,627)
Net cash used by capital and related financing activities	(9,404)	(59,092)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in restricted cash	(1,600)	(1,944)
Interest received	-	-
Net cash provided (used) by investing activities	(1,600)	(1,944)
Increase (decrease) in cash and cash equivalents	22,767	-
Cash and cash equivalents - beginning of the year	-	-
Cash and cash equivalents - end of the year	\$ 22,767	\$ -

See notes to financial statements.

Enterprise Funds

<u>Sewer Fund</u>	<u>Trash Fund</u>	<u>Electric Fund</u>	<u>Golf Fund</u>	<u>RV Park Fund</u>	<u>Total</u>
\$ 71,412	\$ 164,313	\$ 177,605	\$ 262,711	\$ 32,326	\$ 1,497,130
(15,440)	(58,903)	-	(134,590)	(12,904)	(638,921)
(24,401)	(68,390)	-	(103,394)	(8,444)	(411,983)
<u>31,571</u>	<u>37,020</u>	<u>177,605</u>	<u>24,727</u>	<u>10,978</u>	<u>446,226</u>
5,991	8,852	-	-	-	(69,635)
(29,706)	-	(381,625)	(13,781)	-	(410,152)
<u>(23,715)</u>	<u>8,852</u>	<u>(381,625)</u>	<u>(13,781)</u>	<u>-</u>	<u>(479,787)</u>
(6,100)	(2,846)	-	(64,388)	-	(103,033)
-	-	-	13,750	-	13,750
-	-	-	40,000	-	211,000
-	-	-	-	-	(4,170)
-	(73,584)	-	(19,195)	-	(292,779)
<u>-</u>	<u>(5,237)</u>	<u>-</u>	<u>(5,434)</u>	<u>-</u>	<u>(16,298)</u>
(6,100)	(81,667)	-	(35,267)	-	(191,530)
(1,756)	-	-	-	-	(5,300)
-	-	-	51	-	51
<u>(1,756)</u>	<u>-</u>	<u>-</u>	<u>51</u>	<u>-</u>	<u>(5,249)</u>
-	(35,795)	(204,020)	(24,270)	10,978	(230,340)
<u>-</u>	<u>35,795</u>	<u>213,371</u>	<u>38,360</u>	<u>85,626</u>	<u>373,152</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,351</u>	<u>\$ 14,090</u>	<u>\$ 96,604</u>	<u>\$ 142,812</u>

CITY OF ALMA, NEBRASKA

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

For the Year Ended September 30, 2014

	Enterprise Funds	
	Gas Fund	Water Fund
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 91,420	\$ (16,814)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	12,515	55,728
Change in assets and liabilities:		
Accounts receivable and unbilled revenue	5,166	7,002
Inventories	(3,891)	9,056
Accounts payable	32	4,629
Accrued payroll	(1,969)	(1,797)
Other accrued expenses	79	(481)
Customer deposits	1,600	2,050
Net cash provided by operating activities	\$ 104,952	\$ 59,373

See notes to financial statements.

Enterprise Funds

<u>Sewer Fund</u>	<u>Trash Fund</u>	<u>Electric Fund</u>	<u>Golf Fund</u>	<u>RV Park Fund</u>	<u>Total</u>
\$ (8,597)	\$ (23,868)	\$ 168,183	\$ (5,867)	\$ 6,010	\$ 210,467
28,349	60,204	4,432	33,372	3,955	198,555
651	711	4,990	-	-	18,520
1,546	-	-	(2,993)	-	3,718
8,896	486	-	(1,054)	(670)	12,319
(937)	(513)	-	371	-	(4,845)
13	-	-	898	1,683	2,192
1,650	-	-	-	-	5,300
<u>\$ 31,571</u>	<u>\$ 37,020</u>	<u>\$ 177,605</u>	<u>\$ 24,727</u>	<u>\$ 10,978</u>	<u>\$ 446,226</u>

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

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CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Alma, Nebraska (City) are prepared in accordance with generally accepted accounting principles (GAAP). 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 Alma, Nebraska, was incorporated in 1871. 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 Administrator. Services provided to residents include public safety; highways and streets; planning and zoning; parks; recreation; urban development; electric, water, and sanitary sewer systems; gas; and general administrative services.

The City’s financial reporting entity comprises the following:

Primary Government:	City of Alma
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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 ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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. Currently, the City has no discretely presented component units.

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 except for fiduciary funds. 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.

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:

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fund Financial Statements, continued

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten 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 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.

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.

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds

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

<u>Fund</u>	<u>Brief Description</u>
<i>Major:</i>	
Governmental:	
General	See page 27 for description.
Street	The Street Fund is a Special Revenue Fund that accounts for the City's share of highway allocation from the State of Nebraska.
Airport	The Airport Fund is a Special Revenue Fund that accounts for airport operations.
Proprietary:	
Enterprise:	
Gas, Water, Sewer, Trash, Electric, Golf and RV Park	See page 27 for description.
<i>Nonmajor:</i>	
Special Revenue:	
CDBG	Accounts for the City's share of Community Development Block Grant Program.
Hospital Bond Sinking	Accounts for funds collected by the City for the hospital's bonds debt service.

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like 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 funds utilize 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 and business-like activities 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 ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Accounting, continued

In the fund financial statements, governmental funds and fiduciary funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

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 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 Investments

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.

Investments are carried at fair value. Fair value is based on quoted market price. Additional cash and investment 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.

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

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. Major receivable balances for the governmental activities include special assessments and property taxes. Business-type activities report utility billings as their major receivables.

In the fund financial statements, receivables in governmental funds include revenue accruals such as special assessments and property taxes, since they are usually both measurable and available. 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.

Inventory

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

Restricted Assets

Restricted assets include cash and investments that are legally restricted as to their use. The primary restricted assets are proceeds of specific revenue sources that are legally restricted to expenditures for certain 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.

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets, continued

Government-wide Statements

In the government-wide financial statements, capital assets are capitalized and reported in the Statement of Net Position. 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.

Depreciation of general capital assets and 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:

Buildings	20-50 years
Improvements	10-50 years
Machinery and Equipment	3-20 years
Utility System	25-50 years

The governmental funds infrastructure assets are capitalized under the prospective method, valued at 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.

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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 bonds and notes payable.

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

Equity Classifications

Government-wide Statements

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

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

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

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

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

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

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

Unassigned—All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 16). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the City Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

Equity Restatement

September 30, 2013, net position for the business-type activities were restated to report Sewer Fund net position of \$480,352 that were previously reported as part of the Water Fund.

5. Revenues, Expenditures, and Expenses

Sales and Use Tax

The City presently levies a two-cent sales tax on taxable sales within the City. The sales tax is to be used for the following purposes:

- 1 percent – General operating costs
- 1/2 percent – Pool debt service
- 1/2 percent – Street and civic improvement and renovations

The sales tax is collected by the Nebraska Department of Revenue and remitted to the City in the month following receipt. The Nebraska Department of Revenue receives the sales tax approximately one month after collection by vendors. Eighty-two percent of the sales tax is recorded in the General Fund and used for budgeted operating expenses and pool debt service. The remaining eighteen percent is recorded in the Street Fund and used for budgeted expenses.

Sales taxes collected by the State in August and September and received by the City in October and November have been accrued and are included in receivables. As of October 1, 2006, sales tax collected on the sale of motor vehicles is recorded in the Street Fund as required by LB904.

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

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 Harlan 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 2013-2014 are recorded as revenue when expected to be collected within 60 days after September 30, 2014. Prior-year levies were recorded using these same principles, and remaining receivables are re-evaluated annually. Property taxes expected to be collected after 60 days are recorded as deferred revenue on the fund balance sheets.

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 Funds – by Operating and Nonoperating

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Expenditures/Expenses, continued

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

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity is 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 is 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: General and Special Revenue 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 bank deposits in excess of the FDIC limits are insured by collateral held by the pledging institution in the City's name.

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

3. Revenue Restrictions

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

4. Debt Restrictions and Covenants

Bonds Payable

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

5. Budgetary Data

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

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

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

- a. On or before August 1, the City prepares a budget for the fiscal year commencing October 1. The budget includes proposed expenditures and resources available.
- b. The budget is published with subsequent public hearings to obtain taxpayer comments.
- c. Prior to September 20, the City Council adopts the budget, which is then filed with the appropriate state and county officials.

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data, continued

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

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic 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, 2014. The categories of collateral are defined as follows:

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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	\$ 3,118,145	\$ 844,841	\$ 2,273,304	\$ -	\$ <u>2,940,379</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –

Unrestricted cash and cash equivalents	\$ 699,648
Restricted cash and cash equivalents	1,670,731
Unrestricted certificates of deposit	400,000
Restricted certificates of deposit	<u>170,000</u>
	<u>\$ 2,940,379</u>

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

2. Restricted Assets

The restricted assets as of September 30, 2014, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Type of Restricted Assets:			
Cash and cash equivalents	\$ 1,647,987	\$ 22,744	\$ 1,670,731
Certificates of deposit	170,000	-	170,000
	<u>\$ 1,817,987</u>	<u>\$ 22,744</u>	<u>\$ 1,840,731</u>

The governmental activities' restricted assets as of September 30, 2014, consisted of \$1,449,002 in the General Fund restricted for pool improvements, \$40,435 in the General Fund restricted for fire pension, \$272,095 in the Street Fund restricted for street improvements, \$12,272 in the CDBG Fund restricted for federal programs and \$44,183 in the Hospital Bond Sinking Fund restricted for hospital bond debt service.

The business-type activities restricted assets as of September 30, 2014, consisted of \$9,850 in the Gas Fund, \$6,594 in the Water Fund and \$6,300 in the Sewer Fund restricted for customer deposits.

3. Accounts Receivable

Accounts receivable of the business-type activities consist of utilities receivable. Receivables detail at September 30, 2014, is as follows:

	<u>Business-type Activities</u>
Accounts receivable	\$ 113,807
Allowance for doubtful accounts	(10,000)
Net accounts receivable	\$ 103,807

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

4. Notes Receivable

The CDBG Fund has made two rehab loans. Notes receivable at September 30, 2014, consisted of the following:

Interest-free note for \$15,501 dated November 9, 2005; due in 240 monthly payments of \$64.59 through November 1, 2025.	\$ 8,429
Interest-free note for \$10,000 dated August 31, 2005; due in 240 monthly payments of \$41.67 through October 1, 2025.	<u>4,700</u>
Total governmental activities notes receivable	\$ <u>13,129</u>
Current portion	\$ 1,275
Noncurrent portion	<u>11,854</u>
Total	\$ <u>13,129</u>

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

5. Capital Assets

Capital asset activity for the year ended September 30, 2014, was as follows:

	<u>Balance at</u> <u>October 1, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance at</u> <u>September 30, 2014</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 238,866	\$ -	\$ -	\$ -	\$ 238,866
Construction in progress	<u>1,849,498</u>	<u>543,992</u>	<u>-</u>	<u>(1,902,096)</u>	<u>491,394</u>
Total capital assets not being depreciated	2,088,364	543,992	-	(1,902,096)	730,260
Other capital assets being depreciated:					
Infrastructure	1,369,501	-	-	-	1,369,501
Building and improvements	2,698,226	7,705	-	1,902,096	4,608,027
Equipment	<u>1,270,302</u>	<u>37,891</u>	<u>(2,677)</u>	<u>-</u>	<u>1,305,516</u>
Total other capital assets at historical cost	5,338,029	45,596	(2,677)	1,902,096	7,283,044
Less accumulated depreciation for:					
Infrastructure	(58,214)	(34,337)	-	-	(92,551)
Building and improvements	(1,323,881)	(118,980)	-	-	(1,442,861)
Equipment	<u>(894,508)</u>	<u>(62,310)</u>	<u>2,677</u>	<u>-</u>	<u>(954,141)</u>
Total accumulated depreciation	<u>(2,276,603)</u>	<u>(215,627) *</u>	<u>2,677 *</u>	<u>-</u>	<u>(2,489,553)</u>
Other capital assets, net	<u>3,061,426</u>	<u>(170,031)</u>	<u>-</u>	<u>1,902,096</u>	<u>4,793,491</u>
Governmental activities capital assets, net	<u>\$ 5,149,790</u>	<u>\$ 373,961</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,523,751</u>

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

5. Capital Assets, continued

* Depreciation expense was incurred by the following governmental activities:

General Fund:

General government	\$ 14,481
Public safety:	
Fire	16,325
Public works:	
Shop	3,161
Environment and leisure:	
Community buildings	3,727
Library	1,681
Park	9,633
Pheasant Ridge trail	35,873
Pool	3,195
Parks and recreation	<u>3,528</u>
Total environment and leisure	<u>57,637</u>
Total General Fund	91,604
Street Fund	62,219
Airport Fund	<u>61,804</u>
Total governmental activities depreciation expense	\$ <u>215,627</u>

Construction in progress at September 30, 2014 consists of \$494,960 of engineering and construction costs on the swimming pool project and \$26,434 of engineering on the airport papi lights project. See Note D3 for additional details on construction commitments.

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

5. Capital Assets, continued

	<u>Balance at</u> <u>October 1, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at</u> <u>September 30, 2014</u>
<u>Business-type Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 242,856	\$ -	\$ -	\$ 242,856
Other capital assets being depreciated:				
Distribution systems	2,234,575	27,637	-	2,262,212
Buildings and improvements	975,986	51,978	-	1,027,964
Equipment	<u>1,296,190</u>	<u>23,418</u>	<u>(5,352)</u>	<u>1,314,256</u>
Total other capital assets at historical cost	4,506,751	103,033	(5,352)	4,604,432
Less accumulated depreciation for:				
Distribution systems	(1,062,795)	(44,757)	-	(1,107,552)
Buildings and improvements	(447,848)	(27,167)	-	(475,015)
Equipment	<u>(754,086)</u>	<u>(126,631)</u>	<u>5,352</u>	<u>(875,365)</u>
Total accumulated depreciation	<u>(2,264,729)</u>	<u>(198,555) *</u>	<u>5,352</u>	<u>(2,457,932)</u>
Other capital assets, net	<u>2,242,022</u>	<u>(95,522)</u>	<u>-</u>	<u>2,146,500</u>
Business-type activities capital assets, net	<u>\$ 2,484,878</u>	<u>\$ (95,522)</u>	<u>\$ -</u>	<u>\$ 2,389,356</u>

* Depreciation expense was charged to functions as follows:

Gas	\$ 12,515
Water	55,728
Sewer	28,349
Trash	60,204
Electric	4,432
Golf	33,372
RV Park	<u>3,955</u>
Total business-type activities depreciation expense	<u>\$ 198,555</u>

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

6. Accounts Payable

Payables in the general, other governmental, and proprietary funds are primarily composed of payables to vendors.

7. 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

The following is a summary of changes in long-term debt for the year ended September 30, 2014:

<u>Type of Debt</u>	<u>Balance at October 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at September 30, 2014</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds and notes payable	<u>\$ 804,052</u>	<u>\$ 1,885,000</u>	<u>\$ (77,492)</u>	<u>\$ 2,611,560</u>	<u>\$ 139,720</u>
Business-type Activities:					
Bonds and notes payable	<u>\$ 680,418</u>	<u>\$ 211,000</u>	<u>\$ (292,779)</u>	<u>\$ 598,639</u>	<u>\$ 136,116</u>

Governmental Activities

As of September 30, 2014, the governmental long-term liabilities consisted of the following:

Bonds and notes payable:

General obligation swimming pool bonds, Series 2014, with an original issue amount of \$1,885,000. Interest rates range from 0.35 percent to 3.80 percent. Interest is due in semi-annual installments and principal is due in annual installments through June 15, 2034. Paid by the General Fund.

\$ 1,885,000

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

7. Long-term Debt, continued

Governmental Activities, continued

Various purpose bonds, Series 2013, with an original issue amount of \$510,000. Interest rates range from 0.45 percent to 2.85 percent. Interest is due in semi-annual installments and principal is due in annual installments through April 15, 2028. Paid by the Street Fund. 480,000

The City entered into a loan agreement with the State of Nebraska Department of Aeronautics for the repayment of funds borrowed under the State of Nebraska Department of Aeronautics Revolving Hangar Loan Program. The State loaned the City \$145,600 to be repaid over a period of 180 months at \$810 per month. Paid by the Airport Fund. 61,560

General obligation paving bonds, Series 2011, with an original issue amount of \$225,000. Interest rates range from 0.50 percent to 4.15 percent. Interest is due in semi-annual installments and principal is due in annual installments through September 1, 2026. Paid by the Street Fund. 185,000

On August 8, 2008, the City entered into an agreement with First State Bank for the purpose of purchasing an ambulance. The original loan was \$122,106. Principal and interest at 5.25 percent are due in annual payments of \$24,308 through August 8, 2014. This loan was paid by the General Fund and was paid in full during the year ended September 30, 2014. _____ -

Total governmental activities bonds and notes payable \$ 2,611,560

Current portion \$ 139,720

Noncurrent portion 2,471,840

Total \$ 2,611,560

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

7. Long-term Debt, continued

Business-type Activities

As of September 30, 2014, the long-term debt payable from proprietary fund resources consisted of the following:

Bonds and notes payable:

Water refunding bonds, series 2014, with an original issue amount of \$171,000. Interest at 0.85 percent is due in semi-annual installments and principal is due in annual installments through July 15, 2018. Paid by the Water Fund. \$ 171,000

Water refunding bonds, series 2009, with an original issue amount of \$171,000. Interest rates range from 1.30 percent to 3.55 percent. Interest is due in semi-annual installments and principal is due in annual installments through July 15, 2018. These bonds were paid by the Water Fund and were refunded during the year ended September 30, 2014. -

On January 15, 2013, the City entered into an agreement with Banner County Bank for the purpose of purchasing trash equipment. The original loan was \$374,955. Principal and interest at 1.95 percent are due in monthly payments of \$6,568 through January 28, 2018. Paid by the Trash Fund. 253,701

On July 19, 2004, the City entered into an agreement with Community Bank for the purpose of building a clubhouse. The original loan was \$255,000. Principal and interest at 3.00 percent are due in semi-annual payments of \$9,830 through June 19, 2022. Paid by the Golf Fund. 137,981

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

7. Long-term Debt, continued

Business-type Activities, continued

On February 6, 2014, the City entered into an agreement with First State Bank for the purpose of building a maintenance shed. The original loan was \$40,000. Principal and interest at 4.47 percent are due in annual payments of \$4,969 through September 1, 2023. Paid by the Golf Fund.

	<u>35,957</u>
Total business-type activity bonds and notes payable	\$ <u>598,639</u>
Current portion	\$ 136,116
Noncurrent portion	<u>462,523</u>
Total	\$ <u>598,639</u>

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2014, are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 139,720	\$ 59,110	\$ 136,116	\$ 11,960
2016	134,720	62,605	137,615	8,922
2017	134,720	61,718	138,754	6,425
2018	134,720	60,492	91,935	4,190
2019	134,720	58,828	21,615	3,014
2020-2024	687,960	255,715	72,604	4,880
2025-2029	675,000	162,365	-	-
2030-2034	570,000	64,087	-	-
	<u>\$ 2,611,560</u>	<u>\$ 784,920</u>	<u>\$ 598,639</u>	<u>\$ 39,391</u>

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

8. Interfund Balances and Transactions

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 746,556	\$ 348,226
Street Fund	-	13
Airport Fund	112,013	-
Nonmajor Funds	19,822	120,000
Gas Fund	-	90
Water Fund	15,050	-
Sewer Fund	-	29,706
Electric Fund	-	381,625
Golf Fund	<u>3,295</u>	<u>17,076</u>
Total operating transfers	<u>\$ 896,736</u>	<u>\$ 896,736</u>

Interfund balances relate to negative pooled cash balances in the Water, Sewer and Trash Funds. The Water Fund owed the Gas Fund \$6,617, the Sewer Fund owed the Gas Fund \$5,991 and the Trash Fund owed the Gas Fund \$8,852 at September 30, 2014.

NOTE D – OTHER NOTES

1. Employee Pension Plans

The City of Alma has a contributory defined contribution employees' pension plan in which the employees of the City participate. Eligible employees may contribute up to the maximum allowed by law and the City matches up to five percent. Employees are eligible to participate after they have attained the age of 21 and are considered full-time employees.

All employees are fully vested in their own contributions and become vested in the City's contribution after five years' participation in the plan.

For the year ended September 30, 2014, the City's total payroll and covered payroll under the plan was \$549,250 and \$392,361, respectively. Both the City's contribution of \$18,947 and the covered employees' contribution of \$24,565 were made for the year ended September 30, 2014.

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

2. Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. 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, 2014, are held by the counterparties not in the name of the City. The underlying securities consist of cash, certificates of deposit, and insured money market funds.

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:

<u>Maturities by Month</u>	<u>Amount</u>
October 2014	\$ 100,000
April 2015	200,000
July 2015	150,000
March 2016	80,000
April 2016	40,000
	<u>\$ 570,000</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 and money market funds, minimizing credit risk associated with the City's investment portfolio.

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

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, 2014, the City’s investments and certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
First State Bank	\$ 250,000
Banner Capital Bank	240,000
Community Bank	80,000
Totals	<u>\$ 570,000</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, 2014.

3. Commitments and Contingencies

Leases

On December 13, 2013, the City entered into a five year lease for a copier from Eakes Office Plus. Rent of \$195 is due monthly through December 2018.

Rent expense was \$1,746 for the year ended September 30, 2014. The following payments are due under the leases:

<u>Year Ending</u> <u>September 30,</u>	
2015	\$ 2,335
2016	2,335
2017	2,335
2018	2,335
2019	584
	<u>\$ 9,924</u>

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Construction Commitments

The City’s governmental activities had the following construction commitment as of September 30, 2014:

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/2014</u>	<u>Obligation Pending</u>	<u>Expected Completion Date</u>
Airport papi lights	\$ 124,692	\$ 26,434	\$ 98,258	November 2014
Swimming pool	1,824,707	325,657	1,499,050	November 2014
Total	<u>\$ 1,949,399</u>	<u>\$ 352,091</u>	<u>\$ 1,597,308</u>	

4. Interlocal Agreements

The City had the following interlocal agreements in effect as of September 30, 2014:

<u>Parties to Agreement</u>	<u>Term</u>	<u>Description</u>
Harlan County	October 1, 2013 - September 30, 2014	Agreement for law enforcement
Alma Public School	September 2012 - September 2022	Educational recreational facilities

5. Subsequent Events

Management has evaluated subsequent events through March 10, 2015, the date on which the financial statements were available for issue.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALMA, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND**

Year Ended September 30, 2014

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 216,000	\$ 218,895	\$ 2,895
Motor vehicle	21,000	22,116	1,116
Sales	171,000	224,569	53,569
Franchise	2,500	1,867	(633)
Intergovernmental	66,900	88,181	21,281
Licenses and permits	5,260	7,980	2,720
Charges for services	4,375	10,334	5,959
Rent	5,600	7,538	1,938
Grants and contributions	61,000	30,697	(30,303)
Interest income	5,260	4,368	(892)
Bond proceeds	2,375,300	1,885,000	(490,300)
Other	9,300	272,270	262,970
	<hr/>	<hr/>	<hr/>
Total resources	2,943,495	2,773,815	(169,680)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	263,982	241,798	(22,184)
Public health	-	120,000	120,000
Public safety	64,916	68,592	3,676
Public works	11,180	9,952	(1,228)
Environment and leisure	210,235	215,900	5,665
Economic development	71,000	20,501	(50,499)
Capital outlay	2,406,253	509,067	(1,897,186)
Bond issuance costs	-	17,059	17,059
Principal payments on debt	181,771	22,772	(158,999)
Interest payments on debt	3,537	1,481	(2,056)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	3,212,874	1,227,122	(1,985,752)
Resources over (under) charges to appropriations	(269,379)	1,546,693	1,816,072
OTHER FINANCING SOURCES			
Net transfers	250,065	398,330	148,265
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ (19,314)	\$ 1,945,023	\$ 1,964,337

CITY OF ALMA, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
STREET FUND**

Year Ended September 30, 2014

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Motor vehicle tax	\$ 20,000	\$ -	\$ (20,000)
Sales tax	32,000	73,400	41,400
Intergovernmental	130,000	138,690	8,690
	<hr/>	<hr/>	<hr/>
Total resources	182,000	212,090	30,090
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	151,264	124,254	(27,010)
Capital outlay	500	1,489	989
Principal payments on debt	45,000	45,000	-
Interest payments on debt	15,103	15,103	-
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	211,867	185,846	(26,021)
Resources over (under) charges to appropriations	(29,867)	26,244	56,111
OTHER FINANCING SOURCES			
Net transfers	-	(13)	(13)
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ (29,867)	\$ 26,231	\$ 56,098

CITY OF ALMA, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
AIRPORT FUND**

Year Ended September 30, 2014

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Charges for services	\$ 8,000	\$ 10,959	\$ 2,959
Rent	6,000	11,902	5,902
Grant income	126,000	266,709	140,709
Other income	-	547	547
	<hr/>	<hr/>	<hr/>
Total resources	140,000	290,117	150,117
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Operating expenditures	23,075	19,761	(3,314)
Capital outlay	140,000	236,384	96,384
Principal payments on debt	9,720	9,720	-
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	172,795	265,865	93,070
Resources over (under) charges to appropriations	(32,795)	24,252	57,047
OTHER FINANCING SOURCES			
Net transfers	112,000	112,013	13
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	\$ 79,205	\$ 136,265	\$ 57,060
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF ALMA, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

Year Ended September 30, 2014

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenue and Expenditures**

	<u>General Fund</u>	<u>Street Fund</u>	<u>Airport Fund</u>
Sources/inflows of resources:			
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 2,773,815	\$ 212,090	\$ 290,117
Differences - budget to GAAP:			
Cash to accrual adjustments	<u>(383)</u>	<u>4,031</u>	<u>(54,909)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,773,432</u>	<u>\$ 216,121</u>	<u>\$ 235,208</u>
Uses/outflows of resources:			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedules	\$ 1,227,122	\$ 185,846	\$ 265,865
Differences - budget to GAAP:			
Cash to accrual adjustments	<u>9,135</u>	<u>3,726</u>	<u>(163,376)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,236,257</u>	<u>\$ 189,572</u>	<u>\$ 102,489</u>

SUPPLEMENTARY INFORMATION

CITY OF ALMA, NEBRASKA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS

September 30, 2014

	Special Revenue Funds		
	CDBG	Hospital Bond Sinking	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 12,272	\$ 44,183	\$ 56,455
LIABILITIES AND FUND BALANCES			
Liabilities	\$ -	\$ -	\$ -
Fund balances:			
Restricted for:			
Federal programs	12,272	-	12,272
Hospital bond debt service	-	44,183	44,183
Total fund balances	12,272	44,183	56,455
Total liabilities and fund balances	\$ 12,272	\$ 44,183	\$ 56,455

CITY OF ALMA, NEBRASKA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2014

	Special Revenue Funds		
	CDBG	Hospital Bond Sinking	Total Nonmajor Governmental Funds
REVENUES			
Interest income	\$ 15	\$ 724	\$ 739
Loan collections	1,265	-	1,265
Total revenues	1,280	724	2,004
EXPENDITURES			
General government	-	-	-
Excess of revenues over expenditures	1,280	724	2,004
OTHER FINANCING USES			
Transfers to other funds	-	(100,178)	(100,178)
Net change in fund balances	1,280	(99,454)	(98,174)
Fund balances - September 30, 2013	10,992	143,637	154,629
Fund balances - September 30, 2014	\$ 12,272	\$ 44,183	\$ 56,455

CITY OF ALMA, NEBRASKA

COMBINING STATEMENT OF REVENUES AND EXPENDITURES -

GENERAL FUND DEPARTMENTS

Year Ended September 30, 2014

	<u>Administrative</u>	<u>Fire</u>	<u>Police</u>	<u>Shop</u>
REVENUES				
Taxes:				
General property tax	\$ 145,237	\$ -	\$ -	\$ -
Motor vehicle tax	22,116	-	-	-
Sales tax	161,686	-	-	-
Franchise	1,867	-	-	-
Intergovernmental revenue:				
State assistance	87,321	-	-	-
Charges for services	-	-	-	-
Grants and donations	1,361	-	-	-
Licenses and permits	7,980	-	-	-
Rent	3,925	-	-	-
Interest income	4,298	70	-	-
Bond proceeds	-	-	-	-
Other receipts	253,221	2,420	-	475
Total revenues	<u>689,012</u>	<u>2,490</u>	<u>-</u>	<u>475</u>
EXPENDITURES				
Personnel services:				
Salaries and benefits	133,273	3,675	-	-
Operating expenses:				
Law enforcement	-	-	38,148	-
Insurance	7,052	6,380	-	965
Professional fees	37,932	-	-	-
Fuel and transportation	-	2,264	-	-
Meetings, seminars, and dues	3,185	-	-	-
Repairs and maintenance	5,281	6,017	-	803
Printing, postage, and publications	9,866	-	-	-
Utilities and telephone	4,132	4,964	-	6,927
Total operating expenses	<u>67,448</u>	<u>19,625</u>	<u>38,148</u>	<u>8,695</u>
Supplies	3,079	684	-	1,165
Other expenses	181,334	933	-	11
Capital outlay	4,645	20,511	-	-
Bond issuance costs	-	-	-	-
Principal payments on debt	-	22,772	-	-
Interest payments	-	1,481	-	-
Total expenditures	<u>389,779</u>	<u>69,681</u>	<u>38,148</u>	<u>9,871</u>
Excess (deficiency) of revenues over expenditures before transfers	299,233	(67,191)	(38,148)	(9,396)
TRANSFERS FROM OTHER FUNDS	<u>205,126</u>	<u>48,999</u>	<u>41,000</u>	<u>8,700</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 504,359</u>	<u>\$ (18,192)</u>	<u>\$ 2,852</u>	<u>\$ (696)</u>

<u>Community Building</u>	<u>Park</u>	<u>Pool</u>	<u>Pool Sinking</u>	<u>Recreation</u>	<u>Library</u>	<u>Pheasant Ridge Trail</u>	<u>Total</u>
\$ -	\$ -	\$ 34,252	\$ -	\$ -	\$ 36,180	\$ -	\$ 215,669
-	-	-	-	-	-	-	22,116
-	-	65,726	-	-	-	-	227,412
-	-	-	-	-	-	-	1,867
-	-	-	-	-	860	-	88,181
-	-	8,704	-	-	1,630	-	10,334
-	-	3,463	-	-	25,873	-	30,697
-	-	-	-	-	-	-	7,980
3,613	-	-	-	-	-	-	7,538
-	-	-	-	-	-	-	4,368
-	-	1,885,000	-	-	-	-	1,885,000
-	9,077	225	-	6,429	423	-	272,270
<u>3,613</u>	<u>9,077</u>	<u>1,997,370</u>	<u>-</u>	<u>6,429</u>	<u>64,966</u>	<u>-</u>	<u>2,773,432</u>
-	14,124	45,864	-	-	44,451	-	241,387
-	-	-	-	-	-	-	38,148
3,585	2,635	3,681	-	1,445	2,871	-	28,614
-	-	-	-	-	-	-	37,932
-	1,598	-	-	-	-	-	3,862
-	-	40	-	-	591	-	3,816
7,634	9,408	1,997	-	1,116	3,333	-	35,589
-	60	562	-	-	140	-	10,628
<u>9,859</u>	<u>5,517</u>	<u>9,147</u>	<u>-</u>	<u>4,497</u>	<u>4,219</u>	<u>2,430</u>	<u>51,692</u>
21,078	19,218	15,427	-	7,058	11,154	2,430	210,281
1,294	1,618	7,550	-	-	15,912	44	31,346
-	1,120	3,822	-	-	5,611	-	192,831
7,705	3,999	464,960	-	6,072	1,175	-	509,067
-	-	17,059	-	-	-	-	17,059
-	-	-	-	-	-	-	22,772
-	-	10,033	-	-	-	-	11,514
<u>30,077</u>	<u>40,079</u>	<u>564,715</u>	<u>-</u>	<u>13,130</u>	<u>78,303</u>	<u>2,474</u>	<u>1,236,257</u>
(26,464)	(31,002)	1,432,655	-	(6,701)	(13,337)	(2,474)	1,537,175
<u>34,002</u>	<u>31,000</u>	<u>4,248</u>	<u>17,752</u>	<u>2,300</u>	<u>3,004</u>	<u>2,199</u>	<u>398,330</u>
<u>\$ 7,538</u>	<u>\$ (2)</u>	<u>\$ 1,436,903</u>	<u>\$ 17,752</u>	<u>\$ (4,401)</u>	<u>\$ (10,333)</u>	<u>\$ (275)</u>	<u>\$ 1,935,505</u>

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

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

To the Honorable Mayor and Members of the City Council
City of Alma, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alma, Nebraska, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated March 10, 2015.

Internal Control Over Financial Reporting

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

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

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

Segregation of Duties

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Alma'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 is required to be reported under *Government Auditing Standards*.

City of Alma's Response to Findings

The City of Alma's response to the findings identified in our audit is that due to the small size of the City, it is impractical to further segregate duties. The City'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.

Almquist, Malinda
Galloway & Luth, P.C.

Grand Island, Nebraska
March 10, 2015