

**CITY OF ALMA, NEBRASKA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**September 30, 2017**

## TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR’S REPORT	2
MANAGEMENT’S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet - Governmental Funds	16
Reconciliation of the Balance Sheet -	
Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances -	
Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
in Fund Balances - Governmental Funds to the Statement of Activities	19
Statement of Fund Net Position - Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Net Position -	
Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22
Notes to Financial Statements	24
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules	
General Fund	55
Street Fund	56
Airport Fund	57
Note to Required Supplementary Information	58
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	59
Combining Statement of Revenues, Expenditures, and Changes	
in Fund Balances - Nonmajor Governmental Funds	60
Combining Statement of Revenues and Expenditures -	
General Fund Departments	61
Independent Auditor’s Report on Internal Control Over Financial Reporting	
and on Compliance and Other Matters Based on an Audit of Financial	
Statements Performed in Accordance with <i>Government Auditing Standards</i>	62

## INDEPENDENT AUDITOR'S REPORT

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

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, 2017, 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.

### Auditor's Responsibility

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

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

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, 2017, 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 55-58 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 consider 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 revenues 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 February 23, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Alma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Alma, Nebraska's internal control over financial reporting and compliance.

*Atungat, Muter*

Godlewski Luth, P.C.

Grand Island, Nebraska  
February 23, 2018

**CITY OF ALMA, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2017**

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**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, 2017.

**Financial Highlights**

- The assets of the City of Alma exceeded its liabilities at the close of the most recent fiscal year by \$8,247,016 (*net position*). Of this amount, \$1,176,815 (*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 \$5,659,185. Approximately 8.8 percent of this total amount, \$496,330, is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$461,529, or 48.2 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, 2017**

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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, 2017**

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 24-54 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 55-58 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 59-61.

**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 \$8,247,016 at the close of the most recent fiscal year.

**Summary Statements of Net Position**

	<u>September 30, 2017</u>			<u>September 30, 2016</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	\$ 830,531	\$ 771,854	\$ 1,602,385	\$ 972,374	\$ 595,966	\$ 1,568,340
Capital Assets	7,235,434	2,301,682	9,537,116	7,485,888	2,330,913	9,816,801
Total Assets	<u>8,065,965</u>	<u>3,073,536</u>	<u>11,139,501</u>	<u>8,458,262</u>	<u>2,926,879</u>	<u>11,385,141</u>
Long-term Liabilities	2,194,498	282,759	2,477,257	2,374,160	262,420	2,636,580
Other Liabilities	212,282	202,946	415,228	296,114	228,860	524,974
Total Liabilities	<u>2,406,780</u>	<u>485,705</u>	<u>2,892,485</u>	<u>2,670,274</u>	<u>491,280</u>	<u>3,161,554</u>
Net Position:						
Net Investment in						
Capital Assets	4,887,610	1,907,346	6,794,956	4,957,542	1,915,554	6,873,096
Restricted	275,245	-	275,245	357,667	-	357,667
Unrestricted	496,330	680,485	1,176,815	472,779	520,045	992,824
Total Net Position	<u>\$ 5,659,185</u>	<u>\$ 2,587,831</u>	<u>\$ 8,247,016</u>	<u>\$ 5,787,988</u>	<u>\$ 2,435,599</u>	<u>\$ 8,223,587</u>

**CITY OF ALMA, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2017**

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By far the largest portion of the City of Alma's net position (82.4 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 (3.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$1,176,815) 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, 2017</u>		<u>Year Ended September 30, 2016</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 3,965	\$ 330,274	\$ 4,475	\$ 360,776
Public Safety	-	65,158	1,500	64,267
Public Works	-	189,792	201	188,138
Recreation	50,815	263,645	46,214	266,174
Airport	127,001	35,131	416,298	31,908
Economic Development	-	75,874	-	80,241
Interest	-	68,453	-	68,231
Depreciation	-	339,342	-	345,990
Total	<u>\$ 181,781</u>	<u>\$ 1,367,669</u>	<u>\$ 468,688</u>	<u>\$ 1,405,725</u>

**CITY OF ALMA, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2017**

**Revenues by Source – Governmental Activities**

**SOURCES OF REVENUE**

	<u>Year Ended September 30, 2017</u>		<u>Year Ended September 30, 2016</u>	
Charges for Services	\$ 62,612	5.05 %	\$ 59,733	3.67 %
Operating Grants and Contributions	28,027	2.26	29,887	1.83
Capital Grants and Contributions	91,142	7.36	379,068	23.28
Property Taxes	298,544	24.10	286,367	17.59
Motor Vehicle Taxes	25,273	2.04	24,967	1.53
Sales Tax	345,682	27.90	312,027	19.16
Franchise Taxes	3,963	0.32	3,866	0.24
TIF Proceeds	44,211	3.57	49,008	3.01
State Allocation	242,605	19.58	233,122	14.32
Miscellaneous	19,256	1.56	116,145	7.13
Loss on Disposal of Equipment	(85,804)	(6.93)	-	-
Interest	5,284	0.43	5,476	0.34
Transfers	158,071	12.76	128,642	7.90
Total	<u>\$ 1,238,866</u>	<u>100.00 %</u>	<u>\$ 1,628,308</u>	<u>100.00 %</u>

Net position decreased \$128,803 in the governmental funds during the year ended September 30, 2017.

**Business-type activities.** Business-type activities increased the City of Alma's net position by \$152,232. Key elements of this increase are as follows:

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

<u>Function</u>	<u>Year Ended September 30, 2017</u>		<u>Year Ended September 30, 2016</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Gas	\$ 456,825	\$ 380,604	\$ 426,425	\$ 401,121
Water	240,525	268,859	240,632	202,222
Sewer	158,934	85,980	69,385	83,636
Trash	184,116	187,129	171,211	169,724
Electric	-	6,892	-	6,277
Golf	277,721	268,148	289,810	260,104
RV Park	50,745	34,182	49,477	31,338
Total	<u>1,368,866</u>	<u>1,231,794</u>	<u>1,246,940</u>	<u>1,154,422</u>
Interfund transfers	-	158,071	-	128,642
	<u>\$ 1,368,866</u>	<u>\$ 1,389,865</u>	<u>\$ 1,246,940</u>	<u>\$ 1,283,064</u>

**CITY OF ALMA, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2017**

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

**SOURCES OF REVENUE**

	<u>Year Ended September 30, 2017</u>		<u>Year Ended September 30, 2016</u>	
Charges for Services	\$ 1,289,165	83.60 %	\$ 1,242,445	87.18 %
Grants and Contributions	79,701	5.17	4,495	0.32
Franchise Fees	180,210	11.69	178,948	12.56
Loss on Disposal of Equipment	(7,020)	(0.46)	(780)	(0.06)
Interest	41	-	21	-
Total	<u>\$ 1,542,097</u>	<u>100.00 %</u>	<u>\$ 1,425,129</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 \$762,771. Approximately 60.5 percent of this total amount (\$461,529) 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 hospital bond debt service (\$104,753), 2) restricted for street improvements (\$155,338), 3) restricted for Federal programs (\$15,154), 4) nonspendable for inventory (\$9,887), 5) assigned for airport operations (\$4,917), or 6) assigned for budgetary stabilization (\$11,193).

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 \$461,529, while total fund balance was \$472,722. 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 48.2 percent of total General Fund expenditures, while total fund balance represents 49.4 percent of the same amount.

The fund balance of the City of Alma's General Fund decreased by \$(81,865) 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, 2017**

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Unrestricted net position of the proprietary funds at the end of the year were as follows: Gas Fund – \$302,554, Water Fund – \$134,418, Sewer Fund – \$75,289, Trash Fund – \$18,351, Electric Fund – \$57,674, Golf Fund – \$36,219, and RV Park Fund – \$55,980. The change in net position for the proprietary funds was as follows: Gas Fund – increase of \$75,424, Water Fund – decrease of \$(29,131), Sewer Fund – increase of \$72,954, Trash Fund – increase of \$17,919, Electric Fund – decrease of \$(3,136), Golf Fund – increase of \$1,639, and RV Park Fund – increase of \$16,563. 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 amended its budget during the year ended September 30, 2017 to increase expenditures in the General Fund \$40,000 for operating expenses and debt service, the Airport Fund \$165,000 for capital improvements, and the Sewer Fund \$110,000 for capital improvements.

**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, 2017, amounts to \$9,537,116 (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:

- Pool project final costs - \$25,071
- Mosquito fogger - \$10,350
- John Deere mower - \$14,850
- 2007 Freightliner street sweeper - \$43,150
- Airport terminal building project - \$82,106
- Sewer force main project - \$156,895
- RV Park shop - \$11,948

**CITY OF ALMA, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2017**

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

	<u>Year Ended September 30, 2017</u>			<u>Year Ended September 30, 2016</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	\$ 163,751	\$ 242,856	\$ 406,607	\$ 163,751	\$ 242,856	\$ 406,607
Construction in Progress	-	-	-	545,750	47,761	593,511
Buildings and Improvements	5,533,522	559,371	6,092,893	5,104,609	583,334	5,687,943
Machinery and Equipment	364,224	184,417	548,641	463,503	294,445	757,948
Infrastructure	1,173,937	-	1,173,937	1,208,275	-	1,208,275
Distribution Systems	-	1,315,038	1,315,038	-	1,162,517	1,162,517
Total	<u>\$ 7,235,434</u>	<u>\$ 2,301,682</u>	<u>\$ 9,537,116</u>	<u>\$ 7,485,888</u>	<u>\$ 2,330,913</u>	<u>\$ 9,816,801</u>

Additional information on the City of Alma's capital assets can be found in Note C5 on pages 42-44 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 \$2,742,160.

**City of Alma's Outstanding Debt**

	<u>Year Ended September 30, 2017</u>			<u>Year Ended September 30, 2016</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	\$ 1,640,000	\$ -	\$ 1,640,000	\$ 1,875,000	\$ -	\$ 1,875,000
Various Purpose Bonds	390,000	-	390,000	420,000	-	420,000
Refunding Bonds	143,000	45,000	188,000	-	86,000	86,000
Notes Payable	174,824	349,336	524,160	233,346	329,359	562,705
Total	<u>\$ 2,347,824</u>	<u>\$ 394,336</u>	<u>\$ 2,742,160</u>	<u>\$ 2,528,346</u>	<u>\$ 415,359</u>	<u>\$ 2,943,705</u>

The City of Alma's total debt decreased by \$231,545 (7.9 percent) during the current fiscal year, due to scheduled payments which were partially offset by the issuance of the sewer force main project loan.

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 45-49 of this report.

**CITY OF ALMA, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2017**

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

- Property tax asking for the year ending September 30, 2018, is \$293,405, an increase of \$2,323 (0.8 percent) over the prior year.

All of these factors were considered in preparing the City of Alma's budget for the 2018 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, 2017**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 194,373	\$ 398,566	\$ 592,939
Certificates of deposit	243,000	157,000	400,000
County treasurer cash	15,431	-	15,431
Receivables:			
Accounts, net of allowance for doubtful accounts	-	79,113	79,113
Unbilled revenue	-	8,600	8,600
Current portion of notes receivable	1,275	-	1,275
Lease	-	57,674	57,674
Property tax	5,902	-	5,902
Sales tax	63,227	-	63,227
Inventory	9,887	51,901	61,788
Total current assets	533,095	752,854	1,285,949
Noncurrent assets:			
Restricted cash and cash equivalents	119,907	19,000	138,907
Restricted certificates of deposit	170,000	-	170,000
Noncurrent portion of notes receivable	7,529	-	7,529
Capital assets:			
Land	163,751	242,856	406,607
Depreciable capital assets, net of depreciation	7,071,683	2,058,826	9,130,509
Net capital assets	7,235,434	2,301,682	9,537,116
Total noncurrent assets	7,532,870	2,320,682	9,853,552
<b>Total assets</b>	8,065,965	3,073,536	11,139,501
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	25,591	7,636	33,227
Advance utility collections	-	24,863	24,863
Accrued expenses	33,365	39,870	73,235
Customer deposits	-	19,000	19,000
Current portion of long-term obligations	153,326	111,577	264,903
Total current liabilities	212,282	202,946	415,228
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	2,194,498	282,759	2,477,257
<b>Total liabilities</b>	2,406,780	485,705	2,892,485
<b>NET POSITION</b>			
Net investment in capital assets	4,887,610	1,907,346	6,794,956
Restricted for:			
Street improvements	155,338	-	155,338
Federal programs	15,154	-	15,154
Hospital bond debt service	104,753	-	104,753
Unrestricted	496,330	680,485	1,176,815
<b>Total net position</b>	\$ 5,659,185	\$ 2,587,831	\$ 8,247,016

See notes to financial statements.

**CITY OF ALMA, NEBRASKA**

**STATEMENT OF ACTIVITIES**

**For the Year Ended September 30, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
<b>Primary government:</b>			
<b>Governmental activities:</b>			
General government	\$ 330,274	\$ 3,815	\$ 150
Public safety	65,158	-	-
Public works	189,792	-	-
Environment and leisure	263,645	22,938	27,877
Airport	35,131	35,859	-
Economic development	75,874	-	-
Interest and fees on long-term debt	68,453	-	-
Depreciation - unallocated	339,342	-	-
Total governmental activities	1,367,669	62,612	28,027
<b>Business-type activities:</b>			
Gas	380,604	456,825	-
Water	268,859	240,525	-
Sewer	85,980	86,333	-
Trash	187,129	181,985	-
Electric	6,892	-	-
Golf	268,148	272,752	4,969
RV Park	34,182	50,745	-
Total business-type activities	1,231,794	1,289,165	4,969
<b>Total primary government</b>	<b>\$ 2,599,463</b>	<b>\$ 1,351,777</b>	<b>\$ 32,996</b>

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>
\$ -	\$ (326,309)		\$ (326,309)
-	(65,158)		(65,158)
-	(189,792)		(189,792)
-	(212,830)		(212,830)
91,142	91,870		91,870
-	(75,874)		(75,874)
-	(68,453)		(68,453)
-	(339,342)		(339,342)
<u>91,142</u>	<u>(1,185,888)</u>	<u>\$ -</u>	<u>(1,185,888)</u>
-	-	76,221	76,221
-	-	(28,334)	(28,334)
72,601	-	72,954	72,954
2,131	-	(3,013)	(3,013)
-	-	(6,892)	(6,892)
-	-	9,573	9,573
-	-	16,563	16,563
<u>74,732</u>	<u>-</u>	<u>137,072</u>	<u>137,072</u>
<u>\$ 165,874</u>	<u>(1,185,888)</u>	<u>137,072</u>	<u>(1,048,816)</u>
General revenues:			
Taxes:			
Property	298,544	-	298,544
Motor vehicle	25,273	-	25,273
Sales tax	345,682	-	345,682
Franchise	3,963	180,210	184,173
TIF proceeds	44,211	-	44,211
State allocation	242,605	-	242,605
Miscellaneous	19,256	-	19,256
Loss on disposal of equipment	(85,804)	(7,020)	(92,824)
Interest income	5,284	41	5,325
Interfund transfers	158,071	(158,071)	-
Total general revenues	<u>1,057,085</u>	<u>15,160</u>	<u>1,072,245</u>
Change in net position	(128,803)	152,232	23,429
Net position - September 30, 2016	<u>5,787,988</u>	<u>2,435,599</u>	<u>8,223,587</u>
Net position - September 30, 2017	<u>\$ 5,659,185</u>	<u>\$ 2,587,831</u>	<u>\$ 8,247,016</u>

**CITY OF ALMA, NEBRASKA**

**BALANCE SHEET -  
GOVERNMENTAL FUNDS**

**September 30, 2017**

	<u>General</u>	<u>Street</u>	<u>Airport</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 194,346	\$ -	\$ 27	\$ 119,907	\$ 314,280
Certificates of deposit	238,000	170,000	5,000	-	413,000
County treasurer cash	15,431	-	-	-	15,431
Receivables:					
Property tax	5,902	-	-	-	5,902
Sales tax	53,893	9,334	-	-	63,227
Inventory	-	-	9,887	-	9,887
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 507,572</b>	<b>\$ 179,334</b>	<b>\$ 14,914</b>	<b>\$ 119,907</b>	<b>\$ 821,727</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 10,803	\$ 14,678	\$ 110	\$ -	\$ 25,591
Payroll withholdings	1,178	-	-	-	1,178
Accrued payroll	8,839	5,259	-	-	14,098
Accrued interest payable	14,030	4,059	-	-	18,089
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	34,850	23,996	110	-	58,956
Fund balances:					
Nonspendable:					
Inventory	-	-	9,887	-	9,887
Restricted for:					
Street improvements	-	155,338	-	-	155,338
Federal programs	-	-	-	15,154	15,154
Hospital bond debt service	-	-	-	104,753	104,753
Assigned for:					
Airport	-	-	4,917	-	4,917
Budgetary stabilization	11,193	-	-	-	11,193
Unassigned	461,529	-	-	-	461,529
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	472,722	155,338	14,804	119,907	762,771
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total liabilities and fund balances</b>	<b>\$ 507,572</b>	<b>\$ 179,334</b>	<b>\$ 14,914</b>	<b>\$ 119,907</b>	<b>\$ 821,727</b>
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See notes to financial statements.

**CITY OF ALMA, NEBRASKA**

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

**September 30, 2017**

<b>Total fund balances - governmental funds</b>		\$	762,771
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.			
			8,804
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 \$9,872,998 and the accumulated depreciation is \$2,637,564.			
			7,235,434
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	\$	(2,173,000)	
Notes payable		(174,824)	(2,347,824)
<b>Total net position - governmental activities</b>		\$	<u>5,659,185</u>

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, 2017**

	<u>General</u>	<u>Street</u>	<u>Airport</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Taxes:					
Property	\$ 298,544	\$ -	\$ -	\$ -	\$ 298,544
Motor vehicle	25,273	-	-	-	25,273
Sales tax	274,924	70,758	-	-	345,682
Franchise	3,963	-	-	-	3,963
TIF proceeds	44,211	-	-	-	44,211
Intergovernmental	91,326	151,279	-	-	242,605
Licenses and permits	6,719	-	-	-	6,719
Charges for services	19,853	-	23,294	-	43,147
Rent	6,900	-	12,565	-	19,465
Grants and donations	28,027	-	91,142	-	119,169
Loan collections	-	-	-	1,380	1,380
Interest income	4,933	-	-	351	5,284
Bond proceeds	-	160,000	-	-	160,000
Other income	4,502	4,756	3,279	-	12,537
Total revenues	<u>809,175</u>	<u>386,793</u>	<u>130,280</u>	<u>1,731</u>	<u>1,327,979</u>
<b>EXPENDITURES</b>					
General government	330,274	-	-	-	330,274
Public safety	65,158	-	-	-	65,158
Public works	8,965	180,827	-	-	189,792
Environment and leisure	263,645	-	-	-	263,645
Airport	-	-	35,131	-	35,131
Economic development	75,874	-	-	-	75,874
Capital outlay	31,661	60,925	82,106	-	174,692
Bond issuance costs	-	4,300	-	-	4,300
Principal payments on debt	128,802	202,000	9,720	-	340,522
Interest on long-term debt	52,860	11,293	-	-	64,153
Total expenditures	<u>957,239</u>	<u>459,345</u>	<u>126,957</u>	<u>-</u>	<u>1,543,541</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(148,064)	(72,552)	3,323	1,731	(215,562)
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	66,199	14,317	59,030	18,525	158,071
<b>Net change in fund balances</b>	(81,865)	(58,235)	62,353	20,256	(57,491)
Fund balances - September 30, 2016	<u>554,587</u>	<u>213,573</u>	<u>(47,549)</u>	<u>99,651</u>	<u>820,262</u>
Fund balances - September 30, 2017	<u>\$ 472,722</u>	<u>\$ 155,338</u>	<u>\$ 14,804</u>	<u>\$ 119,907</u>	<u>\$ 762,771</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, 2017**

<b>Total net change in fund balances - governmental funds</b>	\$ (57,491)
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.	(1,380)
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 (\$174,692) is exceeded by depreciation expense (\$339,342).	(164,650)
Basis remaining on capital asset disposals does not impact the fund financial statements. However, the remaining basis is reported as a loss on disposal of capital assets in the statement of activities.	(85,804)
Bond proceeds are reported as revenue in the governmental funds, but the proceeds increase long-term liabilities in the statement of net position.	(160,000)
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.	<u>340,522</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ (128,803)</u></u>

See notes to financial statements.

**CITY OF ALMA, NEBRASKA**

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

**September 30, 2017**

	Enterprise Funds			
	Gas Fund	Water Fund	Sewer Fund	Trash Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 205,588	\$ 47,488	\$ 56,997	\$ -
Certificates of deposit	110,000	40,000	7,000	-
Receivables:				
Accounts, net of allowance for doubtful accounts	-	40,946	15,357	22,810
Lease	-	-	-	-
Unbilled revenue	2,841	4,524	1,235	-
Inventory	19,510	20,514	-	-
<b>Total current assets</b>	<u>337,939</u>	<u>153,472</u>	<u>80,589</u>	<u>22,810</u>
Noncurrent assets:				
Restricted cash and cash equivalents	8,050	5,550	5,400	-
Capital assets:				
Land	1,000	77,068	135,588	7,200
Distribution systems	142,572	1,803,921	348,549	-
Buildings and improvements	4,882	5,785	415,546	52,123
Equipment	81,011	181,768	164,075	331,673
Less accumulated depreciation	(213,999)	(1,162,786)	(489,319)	(301,015)
Net capital assets	<u>15,466</u>	<u>905,756</u>	<u>574,439</u>	<u>89,981</u>
<b>Total noncurrent assets</b>	<u>23,516</u>	<u>911,306</u>	<u>579,839</u>	<u>89,981</u>
<b>Total assets</b>	<u>361,455</u>	<u>1,064,778</u>	<u>660,428</u>	<u>112,791</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	27	4,820	649	679
Advance utility collections	24,863	-	-	-
Accrued payroll	9,498	12,488	3,581	3,747
Accrued interest payable	-	80	584	33
Sales tax payable	997	1,666	486	-
Customer deposits	8,050	5,550	5,400	-
Current portion of long-term obligations	-	45,000	5,697	25,727
<b>Total current liabilities</b>	<u>43,435</u>	<u>69,604</u>	<u>16,397</u>	<u>30,186</u>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	-	-	126,359	-
<b>Total liabilities</b>	<u>43,435</u>	<u>69,604</u>	<u>142,756</u>	<u>30,186</u>
<b>NET POSITION</b>				
Net investment in capital assets	15,466	860,756	442,383	64,254
Unrestricted	302,554	134,418	75,289	18,351
<b>Total net position</b>	<u>\$ 318,020</u>	<u>\$ 995,174</u>	<u>\$ 517,672</u>	<u>\$ 82,605</u>

See notes to financial statements.

Enterprise Funds			
<u>Electric Fund</u>	<u>Golf Fund</u>	<u>RV Park Fund</u>	<u>Total</u>
\$ -	\$ 31,838	\$ 56,655	\$ 398,566
-	-	-	157,000
-	-	-	79,113
57,674	-	-	57,674
-	-	-	8,600
-	11,877	-	51,901
<u>57,674</u>	<u>43,715</u>	<u>56,655</u>	<u>752,854</u>
-	-	-	19,000
-	22,000	-	242,856
275,678	-	-	2,570,720
-	470,969	131,091	1,080,396
-	330,272	29,906	1,118,705
(53,050)	(451,279)	(39,547)	(2,710,995)
<u>222,628</u>	<u>371,962</u>	<u>121,450</u>	<u>2,301,682</u>
<u>222,628</u>	<u>371,962</u>	<u>121,450</u>	<u>2,320,682</u>
<u>280,302</u>	<u>415,677</u>	<u>178,105</u>	<u>3,073,536</u>
-	1,152	309	7,636
-	-	-	24,863
-	3,916	277	33,507
-	933	-	1,630
-	1,495	89	4,733
-	-	-	19,000
<u>14,060</u>	<u>21,093</u>	<u>-</u>	<u>111,577</u>
<u>14,060</u>	<u>28,589</u>	<u>675</u>	<u>202,946</u>
<u>63,270</u>	<u>93,130</u>	<u>-</u>	<u>282,759</u>
<u>77,330</u>	<u>121,719</u>	<u>675</u>	<u>485,705</u>
145,298	257,739	121,450	1,907,346
57,674	36,219	55,980	680,485
<u>\$ 202,972</u>	<u>\$ 293,958</u>	<u>\$ 177,430</u>	<u>\$ 2,587,831</u>

**CITY OF ALMA, NEBRASKA**

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

**For the Year Ended September 30, 2017**

	Enterprise Funds			
	Gas Fund	Water Fund	Sewer Fund	Trash Fund
<b>Operating revenues:</b>				
Charges for services	\$ 451,745	\$ 236,955	\$ 83,508	\$ 179,450
Franchise fees	-	-	-	-
Other revenue	5,080	3,570	2,825	2,535
Total operating revenues	<u>456,825</u>	<u>240,525</u>	<u>86,333</u>	<u>181,985</u>
<b>Operating expenses:</b>				
Purchased energy	249,086	-	-	-
Personnel services	88,521	137,082	33,209	55,171
Utilities and telephone	1,728	18,771	6,865	455
Repairs and maintenance	10,080	35,638	9,502	21,707
Supplies	98	1,421	364	288
Professional fees	358	2,317	230	-
Insurance and bonds	4,002	8,821	1,206	2,472
Fuel and transportation	1,152	2,127	155	8,727
Dues and fees	4,233	3,024	416	193
Contractual obligations	-	-	-	30,538
Miscellaneous	11,526	6,107	4,509	4,372
Depreciation	9,820	52,893	28,940	61,974
Total operating expenses	<u>380,604</u>	<u>268,201</u>	<u>85,396</u>	<u>185,897</u>
Operating income (loss)	76,221	(27,676)	937	(3,912)
<b>Nonoperating revenues (expenses):</b>				
Interest income	-	-	-	-
Grant income	-	-	72,601	2,131
Contributions	-	-	-	-
Loss on disposal of capital assets	(797)	(797)	-	-
Interest expense	-	(658)	(584)	(1,232)
Total nonoperating revenues (expenses)	<u>(797)</u>	<u>(1,455)</u>	<u>72,017</u>	<u>899</u>
Income (loss) before interfund transfers	75,424	(29,131)	72,954	(3,013)
<b>Interfund transfers:</b>				
Transfers from (to) other funds	-	-	-	20,932
<b>Change in net position</b>	75,424	(29,131)	72,954	17,919
Net position - September 30, 2016	<u>242,596</u>	<u>1,024,305</u>	<u>444,718</u>	<u>64,686</u>
Net position - September 30, 2017	<u>\$ 318,020</u>	<u>\$ 995,174</u>	<u>\$ 517,672</u>	<u>\$ 82,605</u>

See notes to financial statements.

Enterprise Funds			
Electric Fund	Golf Fund	RV Park Fund	Total
\$ -	\$ 272,452	\$ 48,382	\$ 1,272,492
180,210	-	-	180,210
-	300	2,363	16,673
<u>180,210</u>	<u>272,752</u>	<u>50,745</u>	<u>1,469,375</u>
-	-	-	249,086
-	116,094	9,066	439,143
-	18,722	9,862	56,403
-	13,585	3,391	93,903
-	74,032	941	77,144
-	-	-	2,905
-	6,601	1,783	24,885
-	3,554	281	15,996
-	245	-	8,111
-	-	-	30,538
-	2,046	195	28,755
6,892	29,297	8,663	198,479
<u>6,892</u>	<u>264,176</u>	<u>34,182</u>	<u>1,225,348</u>
173,318	8,576	16,563	244,027
-	41	-	41
-	-	-	74,732
-	4,969	-	4,969
-	(5,426)	-	(7,020)
-	(3,972)	-	(6,446)
<u>-</u>	<u>(4,388)</u>	<u>-</u>	<u>66,276</u>
173,318	4,188	16,563	310,303
(176,454)	(2,549)	-	(158,071)
(3,136)	1,639	16,563	152,232
<u>206,108</u>	<u>292,319</u>	<u>160,867</u>	<u>2,435,599</u>
<u>\$ 202,972</u>	<u>\$ 293,958</u>	<u>\$ 177,430</u>	<u>\$ 2,587,831</u>

**CITY OF ALMA, NEBRASKA**

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS**

**For the Year Ended September 30, 2017**

	Enterprise Funds	
	Gas Fund	Water Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 482,467	\$ 229,278
Payments to suppliers	(294,886)	(86,156)
Payments to employees	(81,668)	(126,142)
Net cash provided by operating activities	105,913	16,980
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Change in due to/from other funds	5,845	-
Transfers from (to) other funds	-	-
Net cash provided (used) by noncapital financing activities	5,845	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of property and equipment	-	-
Grants and contributions received	-	-
Proceeds from issuance of capital debt	-	-
Principal payments on capital debt	-	(41,000)
Interest paid on capital debt	-	(730)
Net cash provided (used) by capital and related financing activities	-	(41,730)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Decrease in restricted cash	1,500	500
Interest received	-	-
Net cash provided by investing activities	1,500	500
Increase (decrease) in cash and cash equivalents	113,258	(24,250)
Cash and cash equivalents - beginning of the year	92,330	71,738
Cash and cash equivalents - end of the year	\$ 205,588	\$ 47,488

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>
\$ 76,117	\$ 175,067	\$ 182,064	\$ 272,752	\$ 50,745	\$ 1,468,490
(23,198)	(69,966)	-	(121,872)	(17,623)	(613,701)
(30,914)	(52,789)	-	(115,429)	(9,043)	(415,985)
<u>22,005</u>	<u>52,312</u>	<u>182,064</u>	<u>35,451</u>	<u>24,079</u>	<u>438,804</u>
(5,845)	-	-	-	-	-
-	20,932	(176,454)	(2,549)	-	(158,071)
<u>(5,845)</u>	<u>20,932</u>	<u>(176,454)</u>	<u>(2,549)</u>	<u>-</u>	<u>(158,071)</u>
(164,320)	-	-	-	(11,948)	(176,268)
72,601	2,131	-	4,969	-	79,701
132,056	-	-	-	-	132,056
-	(77,499)	(14,060)	(20,520)	-	(153,079)
-	(1,320)	-	(4,110)	-	(6,160)
<u>40,337</u>	<u>(76,688)</u>	<u>(14,060)</u>	<u>(19,661)</u>	<u>(11,948)</u>	<u>(123,750)</u>
500	-	-	-	-	2,500
-	-	-	41	-	41
<u>500</u>	<u>-</u>	<u>-</u>	<u>41</u>	<u>-</u>	<u>2,541</u>
56,997	(3,444)	(8,450)	13,282	12,131	159,524
-	3,444	8,450	18,556	44,524	239,042
<u>\$ 56,997</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,838</u>	<u>\$ 56,655</u>	<u>\$ 398,566</u>

**CITY OF ALMA, NEBRASKA**

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

**For the Year Ended September 30, 2017**

	Enterprise Funds	
	Gas Fund	Water Fund
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ 76,221	\$ (27,676)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	9,820	52,893
Change in assets and liabilities:		
Accounts receivable and unbilled revenue	18,151	(10,747)
Inventories	(1,361)	(9,819)
Accounts payable	(11,233)	2,077
Advance utility collections	8,991	-
Accrued payroll	6,853	10,940
Sales tax payable	(29)	(188)
Customer deposits	(1,500)	(500)
Net cash provided by operating activities	\$ 105,913	\$ 16,980

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>
\$ 937	\$ (3,912)	\$ 173,318	\$ 8,576	\$ 16,563	\$ 244,027
28,940	61,974	6,892	29,297	8,663	198,479
(9,716)	(6,918)	1,854	-	-	(7,376)
-	-	-	(308)	-	(11,488)
(33)	(1,214)	-	(3,033)	(1,195)	(14,631)
-	-	-	-	-	8,991
2,295	2,382	-	665	23	23,158
82	-	-	254	25	144
(500)	-	-	-	-	(2,500)
<u>\$ 22,005</u>	<u>\$ 52,312</u>	<u>\$ 182,064</u>	<u>\$ 35,451</u>	<u>\$ 24,079</u>	<u>\$ 438,804</u>

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS**

**INDEX**

	Page
<b>NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</b>	
1. Financial Reporting Entity	25
2. Basis of Presentation	26
3. Measurement Focus and Basis of Accounting	29
4. Assets, Liabilities, and Equity	30
5. Revenues, Expenditures, and Expenses	35
<b>NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY</b>	
1. Fund Accounting Requirements	37
2. Deposit Laws and Regulations	37
3. Revenue Restrictions	37
4. Debt Restrictions and Covenants	37
5. Budgetary Data	38
<b>NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS</b>	
1. Cash and Certificates of Deposit	39
2. Restricted Assets	40
3. Accounts Receivable	41
4. Notes Receivable	41
5. Capital Assets	42
6. Accounts Payable	45
7. Long-term Debt	45
8. Interfund Transactions	50
<b>NOTE D – OTHER NOTES</b>	
1. Employee Pension Plans	50
2. Risk Management	50
3. Commitments and Contingencies	52
4. Interlocal Agreements	53
5. Tax Abatements	53
6. Subsequent Events	54

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2017**

**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
---------------------	--------------

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, 2017**

**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, 2017**

**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, 2017**

**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:

<b><u>Fund</u></b>	<b><u>Brief Description</u></b>
<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, 2017**

**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, 2017**

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

**3. Measurement Focus and Basis of Accounting, continued**

**Basis of Accounting, continued**

In the fund financial statements, governmental funds 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, 2017**

**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. The City has recorded an allowance for uncollectible accounts of \$4,500.

**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, 2017**

**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, 2017**

**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, 2017**

**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, 2017**

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

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

**Sales and Use Tax**

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

- 1 cent – General operating costs
- 1/2 cent – Pool debt service
- 1/2 cent – 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.

**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 2016-2017 are recorded as revenue when expected to be collected within 60 days after September 30, 2017. 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.

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2017**

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

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

**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

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:

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2017**

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

**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.

**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.

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2017**

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

**5. Budgetary Data**

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

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

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

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

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2017**

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

**5. Budgetary Data, continued**

- 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, 2017. The categories of collateral are defined as follows:

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.

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2017**

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

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

**Deposits, continued**

<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	\$ 1,335,181	\$ 850,437	\$ 484,744	\$ -	\$ <u>1,301,846</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –

Unrestricted cash and cash equivalents	\$ 592,939
Restricted cash and cash equivalents	138,907
Unrestricted certificates of deposit	400,000
Restricted certificates of deposit	<u>170,000</u>
	<u>\$ 1,301,846</u>

**2. Restricted Assets**

The restricted assets as of September 30, 2017, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Type of Restricted Assets:			
Cash and cash equivalents	\$ 119,907	\$ 19,000	\$ 138,907
Certificates of deposit	170,000	-	170,000
	<u>\$ 289,907</u>	<u>\$ 19,000</u>	<u>\$ 308,907</u>

The governmental activities' restricted assets as of September 30, 2017, consisted of \$170,000 in the Street Fund restricted for street improvements, \$15,154 in the CDBG Fund restricted for federal programs and \$104,753 in the Hospital Bond Sinking Fund restricted for hospital bond debt service.

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2017**

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

**2. Restricted Assets, continued**

The business-type activities restricted assets as of September 30, 2017, consisted of \$8,050 in the Gas Fund, \$5,550 in the Water Fund and \$5,400 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, 2017, is as follows:

	<u>Business-type Activities</u>
Accounts receivable	\$ 83,613
Allowance for doubtful accounts	<u>(4,500)</u>
Net accounts receivable	<u><u>\$ 79,113</u></u>

**4. Notes Receivable**

The CDBG Fund has made two rehab loans. Notes receivable at September 30, 2017, 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.	\$ 5,954
Interest-free note for \$10,000 dated August 31, 2005; due in 240 monthly payments of \$41.67 through October 1, 2025.	<u>2,850</u>
Total governmental activities notes receivable	<u>\$ 8,804</u>
Current portion	\$ 1,275
Noncurrent portion	<u>7,529</u>
Total	<u>\$ 8,804</u>

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2017**

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

**5. Capital Assets**

Capital asset activity for the year ended September 30, 2017, was as follows:

	<u>Balance at</u> <u>October 1, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance at</u> <u>September 30, 2017</u>
<b><u>Governmental Activities:</u></b>					
Capital assets not being depreciated:					
Land	\$ 163,751	\$ -	\$ -	\$ -	\$ 163,751
Construction in progress	<u>545,750</u>	<u>82,106</u>	<u>-</u>	<u>(627,856)</u>	<u>-</u>
Total capital assets not being depreciated	709,501	82,106	-	(627,856)	163,751
Other capital assets being depreciated:					
Infrastructure	1,369,501	-	-	-	1,369,501
Building and improvements	6,874,249	31,661	-	627,856	7,533,766
Equipment	<u>1,341,034</u>	<u>60,925</u>	<u>(595,979)</u>	<u>-</u>	<u>805,980</u>
Total other capital assets at historical cost	9,584,784	92,586	(595,979)	627,856	9,709,247
Less accumulated depreciation for:					
Infrastructure	(161,226)	(34,338)	-	-	(195,564)
Building and improvements	(1,769,640)	(230,604)	-	-	(2,000,244)
Equipment	<u>(877,531)</u>	<u>(74,400)</u>	<u>510,175</u>	<u>-</u>	<u>(441,756)</u>
Total accumulated depreciation	<u>(2,808,397)</u>	<u>(339,342) *</u>	<u>510,175</u>	<u>-</u>	<u>(2,637,564)</u>
Other capital assets, net	<u>6,776,387</u>	<u>(246,756)</u>	<u>(85,804)</u>	<u>627,856</u>	<u>7,071,683</u>
Governmental activities capital assets, net	<u>\$ 7,485,888</u>	<u>\$ (164,650)</u>	<u>\$ (85,804)</u>	<u>\$ -</u>	<u>\$ 7,235,434</u>

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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	\$ 13,917
Public safety:	
Fire	5,886
Public works:	
Shop	3,161
Environment and leisure:	
Community buildings	6,039
Library	1,323
Park	7,660
Pheasant Ridge trail	35,873
Pool	78,577
Recreation	<u>4,421</u>
Total environment and leisure	<u>133,893</u>
Total General Fund	156,857
Street Fund	73,794
Airport Fund	<u>108,691</u>
Total governmental activities depreciation expense	\$ <u>339,342</u>

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2017**

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

**5. Capital Assets, continued**

	Balance at October 1, 2016	Additions	Disposals	Reclass	Balance at September 30, 2017
<b><u>Business-type Activities:</u></b>					
Capital assets not being depreciated:					
Land	\$ 242,856	\$ -	\$ -	\$ -	\$ 242,856
Construction in progress	47,761	156,895	-	(204,656)	-
Total capital assets not being depreciated	<u>290,617</u>	<u>156,895</u>	<u>-</u>	<u>(204,656)</u>	<u>242,856</u>
Other capital assets being depreciated:					
Distribution systems	2,366,064	-	-	204,656	2,570,720
Buildings and improvements	1,114,090	11,948	(45,642)	-	1,080,396
Equipment	1,143,813	7,425	(32,533)	-	1,118,705
Total other capital assets at historical cost	4,623,967	19,373	(78,175)	204,656	4,769,821
Less accumulated depreciation for:					
Distribution systems	(1,203,547)	(52,135)	-	-	(1,255,682)
Buildings and improvements	(530,756)	(31,551)	41,282	-	(521,025)
Equipment	(849,368)	(114,793)	29,873	-	(934,288)
Total accumulated depreciation	<u>(2,583,671)</u>	<u>(198,479) *</u>	<u>71,155</u>	<u>-</u>	<u>(2,710,995)</u>
Other capital assets, net	<u>2,040,296</u>	<u>(179,106)</u>	<u>(7,020)</u>	<u>204,656</u>	<u>2,058,826</u>
Business-type activities capital assets, net	<u>\$ 2,330,913</u>	<u>\$ (22,211)</u>	<u>\$ (7,020)</u>	<u>\$ -</u>	<u>\$ 2,301,682</u>

\* Depreciation expense was charged to functions as follows:

Gas	\$ 9,820
Water	52,893
Sewer	28,940
Trash	61,974
Electric	6,892
Golf	29,297
RV Park	8,663
Total business-type activities depreciation expense	<u>\$ 198,479</u>

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2017**

**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, 2017:

<u>Type of Debt</u>	<u>Balance at October 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at September 30, 2017</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds and notes payable	<u>\$ 2,528,346</u>	<u>\$ 160,000</u>	<u>\$ (340,522)</u>	<u>\$ 2,347,824</u>	<u>\$ 153,326</u>
Business-type Activities:					
Bonds and notes payable	<u>\$ 415,359</u>	<u>\$ 132,056</u>	<u>\$ (153,079)</u>	<u>\$ 394,336</u>	<u>\$ 111,577</u>

**Governmental Activities**

As of September 30, 2017, 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.

\$ 1,640,000

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2017**

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

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

**Governmental Activities, continued**

Bonds and notes payable, 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. 390,000

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. 32,400

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. These bonds were refunded during the year ended September 30, 2017. -

Various purpose refunding bonds, Series 2016, with an original issue amount of \$160,000. Interest rates range from 1.10 percent to 1.70 percent. Interest is due in semi-annual installments and principal is due in annual installments through September 1, 2026. Paid by the Street Fund. 143,000

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2017**

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

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

**Governmental Activities, continued**

Bonds and notes payable, continued:

On November 21, 2014, the City entered into an agreement with Community Bank for the purpose of purchasing a mower. The original loan was \$7,902. Principal and interest at 2.40 percent are due in monthly payments of \$228 through November 20, 2017. Paid by the General Fund. 447

On September 14, 2015, the City entered into an agreement with Banner Capital Bank for the purpose of building a pool slide. The original loan was \$192,000. Principal and interest at 2.99 percent are due in annual payments of \$22,500 through September 14, 2021 with a balloon payment of \$86,123 due September 14, 2022. Paid by the General Fund. 141,977

Total governmental activities bonds and notes payable \$ 2,347,824

Current portion \$ 153,326

Noncurrent portion 2,194,498

Total \$ 2,347,824

**Business-type Activities**

As of September 30, 2017, 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. \$ 45,000

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2017**

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

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

**Business-type Activities, continued**

Bonds and notes payable, continued:

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. 25,727

On May 3, 2017, the City entered into an agreement with the Nebraska Department of Environmental Quality for the sewer force main project. The original loan was \$132,056. The loan bears interest at 1.50 percent and has a fee of 1.00 percent. The loan is due in semi-annual payments with final maturity on June 15, 2037. Paid by the Sewer Fund. 132,056

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. 89,717

On January 1, 2016, the City entered into an agreement with Nebraska Public Power District to acquire electric distribution system fringe area properties. The original loan was \$98,420. The note is non-interest bearing. Principal is due in quarterly payments of \$3,515 through March 15, 2023. Paid by the Electric Fund. 77,330

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2017**

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

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

**Business-type Activities, continued**

Bonds and notes payable, 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>24,506</u>
Total business-type activity bonds and notes payable	\$ <u>394,336</u>
Current portion	\$ 111,577
Noncurrent portion	<u>282,759</u>
Total	\$ <u>394,336</u>

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2017, 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>	<u>Fees</u>
2018	\$ 153,326	\$ 62,030	\$ 111,577	\$ 6,022	\$ 646
2019	154,518	59,928	41,716	4,641	1,249
2020	160,080	57,600	42,484	3,872	1,191
2021	159,178	54,845	43,276	3,081	1,132
2022	201,722	51,683	43,096	2,266	1,072
2023-2027	704,000	199,315	41,222	6,732	4,430
2028-2032	575,000	102,597	34,150	4,186	2,790
2033-2037	240,000	13,560	36,815	1,536	1,024
	<u>\$ 2,347,824</u>	<u>\$ 601,558</u>	<u>\$ 394,336</u>	<u>\$ 32,336</u>	<u>\$ 13,534</u>

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2017**

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

**8. Interfund Transactions**

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 210,112	\$ 143,913
Street Fund	14,317	-
Airport Fund	59,030	-
Nonmajor Funds	20,000	1,475
Trash Fund	20,932	-
Electric Fund	-	176,454
Golf Fund	<u>15,000</u>	<u>17,549</u>
Total operating transfers	<u>\$ 339,391</u>	<u>\$ 339,391</u>

**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, 2017, the City's total payroll and covered payroll under the plan was \$621,588 and \$446,474, respectively. Both the City's contribution of \$22,005 and the covered employees' contribution of \$28,279 were made for the year ended September 30, 2017.

**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.

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

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, 2017, 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 2017	\$ 100,000
March 2018	80,000
April 2018	240,000
July 2018	50,000
July 2019	100,000
	<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, 2017**

**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, 2017, 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, 2017.

**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 \$2,335 for the year ended September 30, 2017. The following payments are due under the leases:

<u>Year Ending</u> <u>September 30,</u>	
2018	\$ 2,335
2019	584
2020	-
2021	-
2022	-
	<u>\$ 2,919</u>

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2017**

**NOTE D – OTHER NOTES, continued**

**4. Interlocal Agreements**

The City had the following interlocal agreements in effect as of September 30, 2017:

<u>Parties to Agreement</u>	<u>Term</u>	<u>Description</u>
Harlan County	October 1, 2016 - September 30, 2017	Agreement for law enforcement
Alma Public School	September 2012 - September 2022	Educational recreational facilities
Alma Public School	December 7, 2016 - indefinite	Maintenance of school tennis court
Alma Rural Fire Protection District	April 18, 2017 - indefinite	Fire and EMT services

**5. Tax Abatements**

The City has created a Community Redevelopment Agency (CRA) to provide for development of blighted areas. Five members, who are appointed by the City Council, constitute the Agency. Because the CRA does not maintain a separate bank account and all transactions are accounted for in the General Fund of the City, the CRA is not reported separately in the financial statements.

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

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

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2017**

**NOTE D – OTHER NOTES, continued**

**5. Tax Abatements, continued**

Information relevant to the abatements granted by the CRA for the year ended September 30, 2017 is as follows:

<u>TIF Project:</u>	<u>Years Remaining on TIF Agreements</u>	<u>2017 TIF Valuation</u>	<u>TIF Proceeds Received during the year 9-30-2017</u>
Joe Camera	1	\$ 22,985	\$ 402
Alma Auto Parts	12	182,985	3,211
Harlan Lodging	4	2,045,980	35,766
Auto Creations	4	141,520	2,618
Tripe Motor	4	126,670	<u>2,214</u>
			<u>\$ 44,211</u>

**6. Subsequent Events**

Management has evaluated subsequent events through February 23, 2018, 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, 2017**

	Budget <u>(Original)</u>	Budget <u>(Final)</u>	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>				
Taxes:				
Property	\$ 288,200	\$ 288,200	\$ 298,639	\$ 10,439
Motor vehicle	20,000	20,000	25,273	5,273
Sales	236,000	236,000	260,057	24,057
Franchise	1,800	1,800	3,963	2,163
TIF proceeds	-	-	44,211	44,211
Intergovernmental	95,119	95,119	91,326	(3,793)
Licenses and permits	5,560	5,560	6,719	1,159
Charges for services	15,500	15,500	19,853	4,353
Rent	6,940	6,940	6,900	(40)
Grants and contributions	43,175	63,175	28,027	(35,148)
Interest income	4,060	4,060	4,933	873
Other	2,000	2,000	4,502	2,502
	<hr/>	<hr/>	<hr/>	<hr/>
Total resources	718,354	738,354	794,403	56,049
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
General government	322,817	322,817	328,967	6,150
Public safety	77,389	77,389	65,568	(11,821)
Public works	10,715	10,715	9,087	(1,628)
Environment and leisure	248,159	260,159	272,247	12,088
Economic development	32,500	32,500	75,874	43,374
Capital outlay	65,429	65,429	31,661	(33,768)
Principal payments on debt	105,250	133,250	128,802	(4,448)
Interest payments on debt	48,460	48,460	53,106	4,646
	<hr/>	<hr/>	<hr/>	<hr/>
Total charges to appropriations	910,719	950,719	965,312	14,593
Resources over (under) charges to appropriations	(192,365)	(212,365)	(170,909)	41,456
<b>OTHER FINANCING SOURCES (USES)</b>				
Net transfers	(56,700)	(56,700)	66,199	122,899
	<hr/>	<hr/>	<hr/>	<hr/>
<b>RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u>\$ (249,065)</u>	<u>\$ (269,065)</u>	<u>\$ (104,710)</u>	<u>\$ 164,355</u>

**CITY OF ALMA, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
STREET FUND**

**Year Ended September 30, 2017**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Sales tax	\$ 73,000	\$ 75,043	\$ 2,043
Intergovernmental	147,063	151,279	4,216
Bond proceeds	-	160,000	160,000
Other income	-	4,756	4,756
	<hr/>	<hr/>	<hr/>
Total resources	220,063	391,078	171,015
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Public works	173,964	164,746	(9,218)
Capital outlay	71,700	71,175	(525)
Bond issuance costs	-	4,300	4,300
Principal payments on debt	45,000	202,000	157,000
Interest payments on debt	13,933	11,672	(2,261)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	304,597	453,893	149,296
Resources over (under) charges to appropriations	(84,534)	(62,815)	21,719
<b>OTHER FINANCING SOURCES</b>			
Net transfers	108,000	14,317	(93,683)
	<hr/>	<hr/>	<hr/>
<b>RESOURCES AND OTHER FINANCING SOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u>\$ 23,466</u>	<u>\$ (48,498)</u>	<u>\$ (71,964)</u>

**CITY OF ALMA, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
AIRPORT FUND**

**Year Ended September 30, 2017**

	<u>Budget (Original)</u>	<u>Budget (Final)</u>	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>				
Charges for services	\$ 27,000	\$ 27,000	\$ 22,650	\$ (4,350)
Rent	13,904	13,904	12,565	(1,339)
Grant income	-	165,000	91,142	(73,858)
Other income	-	-	3,279	3,279
	<hr/>	<hr/>	<hr/>	<hr/>
Total resources	40,904	205,904	129,636	(76,268)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Operating expenditures	38,245	38,245	38,635	390
Capital outlay	-	165,000	161,728	(3,272)
Principal payments on debt	9,720	9,720	9,720	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total charges to appropriations	47,965	212,965	210,083	(2,882)
Resources over (under) charges to appropriations	(7,061)	(7,061)	(80,447)	(73,386)
<b>OTHER FINANCING SOURCES</b>				
Net transfers	7,600	7,600	59,030	51,430
	<hr/>	<hr/>	<hr/>	<hr/>
<b>RESOURCES AND OTHER FINANCING SOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u>\$ 539</u>	<u>\$ 539</u>	<u>\$ (21,417)</u>	<u>\$ (21,956)</u>

**CITY OF ALMA, NEBRASKA**

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

**Year Ended September 30, 2017**

**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>
<b>Sources/inflows of resources:</b>			
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 794,403	\$ 391,078	\$ 129,636
Differences - budget to GAAP:			
Cash to accrual adjustments	14,772	(4,285)	644
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 809,175	\$ 386,793	\$ 130,280
<b>Uses/outflows of resources:</b>			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedules	\$ 965,312	\$ 453,893	\$ 210,083
Differences - budget to GAAP:			
Cash to accrual adjustments	(8,073)	5,452	(83,126)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 957,239	\$ 459,345	\$ 126,957

## **SUPPLEMENTARY INFORMATION**

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

**September 30, 2017**

	Special Revenue Funds		
	<u>CDBG</u>	<u>Hospital Bond Sinking</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,154	\$ 104,753	\$ 119,907
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities	\$ -	\$ -	\$ -
Fund balances:			
Restricted for:			
Federal programs	15,154	-	15,154
Hospital bond debt service	-	104,753	104,753
Total fund balances	15,154	104,753	119,907
<b>Total liabilities and fund balances</b>	<b>\$ 15,154</b>	<b>\$ 104,753</b>	<b>\$ 119,907</b>

**CITY OF ALMA, NEBRASKA**

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

**For the Year Ended September 30, 2017**

	Special Revenue Funds		
	CDBG	Hospital Bond Sinking	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Interest income	\$ 24	\$ 327	\$ 351
Loan collections	1,380	-	1,380
Total revenues	1,404	327	1,731
<b>EXPENDITURES</b>			
General government	-	-	-
<b>Excess of revenues over expenditures</b>	1,404	327	1,731
<b>OTHER FINANCING SOURCES</b>			
Transfers from other funds	(1,475)	20,000	18,525
<b>Net change in fund balances</b>	(71)	20,327	20,256
Fund balances - September 30, 2016	15,225	84,426	99,651
Fund balances - September 30, 2017	\$ 15,154	\$ 104,753	\$ 119,907

**CITY OF ALMA, NEBRASKA**

**COMBINING STATEMENT OF REVENUES AND EXPENDITURES -**

**GENERAL FUND DEPARTMENTS**

**Year Ended September 30, 2017**

	<u>Administrative</u>	<u>Fire</u>	<u>Police</u>	<u>Shop</u>
<b>REVENUES</b>				
Taxes:				
General property tax	\$ 218,759	\$ -	\$ -	\$ -
Motor vehicle tax	25,273	-	-	-
Sales tax	198,953	-	-	-
Franchise	3,963	-	-	-
TIF proceeds	44,211	-	-	-
Intergovernmental revenue:				
State assistance	83,793	-	-	-
Charges for services	-	-	-	-
Grants and donations	150	-	-	-
Licenses and permits	6,719	-	-	-
Rent	3,815	-	-	-
Interest income	4,871	62	-	-
Other receipts	916	-	-	-
Total revenues	<u>591,423</u>	<u>62</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Personnel services:				
Salaries and benefits	217,897	-	-	-
Operating expenses:				
Law enforcement	-	-	41,616	-
Insurance	7,134	6,124	-	921
Professional fees	30,693	-	-	-
Fuel and transportation	-	1,210	-	-
Meetings, seminars, and dues	5,007	-	-	-
Repairs and maintenance	9,849	10,529	-	277
Printing, postage, and publications	3,700	-	-	-
Utilities and telephone	2,854	3,366	-	6,681
Total operating expenses	<u>59,237</u>	<u>21,229</u>	<u>41,616</u>	<u>7,879</u>
Supplies	12,276	244	-	1,073
Other expenses	116,738	2,069	-	13
Capital outlay	-	-	-	-
Principal payments on debt	-	-	-	-
Interest payments	-	-	-	-
Total expenditures	<u>406,148</u>	<u>23,542</u>	<u>41,616</u>	<u>8,965</u>
Excess (deficiency) of revenues over expenditures before transfers	185,275	(23,480)	(41,616)	(8,965)
<b>TRANSFERS FROM (TO) OTHER FUNDS</b>	<u>(120,373)</u>	<u>(23,540)</u>	<u>41,616</u>	<u>9,087</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 64,902</u>	<u>\$ (47,020)</u>	<u>\$ -</u>	<u>\$ 122</u>

<u>Community Building</u>	<u>Park</u>	<u>Pool</u>	<u>Recreation</u>	<u>Library</u>	<u>Pheasant Ridge Trail</u>	<u>Total</u>
\$ -	\$ -	\$ 79,785	\$ -	\$ -	\$ -	\$ 298,544
-	-	-	-	-	-	25,273
-	-	75,971	-	-	-	274,924
-	-	-	-	-	-	3,963
-	-	-	-	-	-	44,211
-	-	6,674	-	859	-	91,326
-	-	17,817	-	2,036	-	19,853
-	-	8,381	-	19,496	-	28,027
-	-	-	-	-	-	6,719
3,085	-	-	-	-	-	6,900
-	-	-	-	-	-	4,933
-	2	-	925	2,659	-	4,502
<u>3,085</u>	<u>2</u>	<u>188,628</u>	<u>925</u>	<u>25,050</u>	<u>-</u>	<u>809,175</u>
-	15,085	65,776	-	54,536	-	353,294
-	-	-	-	-	-	41,616
3,299	2,098	6,618	1,962	2,184	-	30,340
-	-	6,877	-	-	-	37,570
-	1,107	18	-	-	-	2,335
-	-	40	-	90	-	5,137
10,004	902	6,181	5,810	1,482	135	45,169
84	-	318	-	322	-	4,424
<u>8,588</u>	<u>7,031</u>	<u>8,794</u>	<u>5,240</u>	<u>4,438</u>	<u>1,069</u>	<u>48,061</u>
21,975	11,138	28,846	13,012	8,516	1,204	214,652
5,903	437	16,389	189	11,941	38	48,490
31	-	4,548	-	4,081	-	127,480
-	-	25,071	-	6,590	-	31,661
-	2,687	126,115	-	-	-	128,802
-	46	52,814	-	-	-	52,860
<u>27,909</u>	<u>29,393</u>	<u>319,559</u>	<u>13,201</u>	<u>85,664</u>	<u>1,242</u>	<u>957,239</u>
(24,824)	(29,391)	(130,931)	(12,276)	(60,614)	(1,242)	(148,064)
<u>24,689</u>	<u>29,979</u>	<u>29,103</u>	<u>13,386</u>	<u>60,866</u>	<u>1,386</u>	<u>66,199</u>
<u>\$ (135)</u>	<u>\$ 588</u>	<u>\$ (101,828)</u>	<u>\$ 1,110</u>	<u>\$ 252</u>	<u>\$ 144</u>	<u>\$ (81,865)</u>

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

SHAREHOLDERS

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

To the Honorable Mayor and 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, 2017, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated February 23, 2018.

**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**

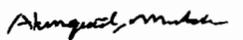
As part of obtaining reasonable assurance about whether the City of Alma's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material 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 are 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.

  
Gregory L. Smith, P.C.

Grand Island, Nebraska  
February 23, 2018