

**CITY OF ALMA, NEBRASKA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**September 30, 2018**

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## 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, 2018, 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  
Tracy A. Cannon

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, 2018, 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.

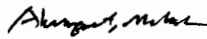
### *Other Information*

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 8, 2019, 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.

  
Alan J. M. ...  
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Grand Island, Nebraska  
February 8, 2019

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

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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, 2018.

**Financial Highlights**

- The assets of the City of Alma exceeded its liabilities at the close of the most recent fiscal year by \$8,307,360 (*net position*). Of this amount, \$1,332,581 (*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 \$5,614,933. Approximately 10.1 percent of this total amount, \$566,912, is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$278,729, or 31.5 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, 2018**

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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, 2018**

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 \$8,307,360 at the close of the most recent fiscal year.

**Summary Statements of Net Position**

	September 30, 2018			September 30, 2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 936,452	\$ 861,444	\$ 1,797,896	\$ 830,531	\$ 771,854	\$ 1,602,385
Capital Assets	6,932,887	2,209,773	9,142,660	7,235,434	2,301,682	9,537,116
Total Assets	7,869,339	3,071,217	10,940,556	8,065,965	3,073,536	11,139,501
Long-term Liabilities	2,046,205	242,125	2,288,330	2,194,498	282,759	2,477,257
Other Liabilities	208,201	136,665	344,866	212,282	202,946	415,228
Total Liabilities	2,254,406	378,790	2,633,196	2,406,780	485,705	2,892,485
Net Position:						
Net Investment in						
Capital Assets	4,728,457	1,926,758	6,655,215	4,887,610	1,907,346	6,794,956
Restricted	319,564	-	319,564	275,245	-	275,245
Unrestricted	566,912	765,669	1,332,581	496,330	680,485	1,176,815
Total Net Position	\$ 5,614,933	\$ 2,692,427	\$ 8,307,360	\$ 5,659,185	\$ 2,587,831	\$ 8,247,016



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

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By far the largest portion of the City of Alma’s net position (80.1 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 (3.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$1,332,581) 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**

<b><u>Function</u></b>	<b><u>Year Ended September 30, 2018</u></b>		<b><u>Year Ended September 30, 2017</u></b>	
	<b><u>Program Revenues</u></b>	<b><u>Program Expenses</u></b>	<b><u>Program Revenues</u></b>	<b><u>Program Expenses</u></b>
General Government	\$ 10,215	\$ 296,466	\$ 3,965	\$ 330,274
Public Safety	-	46,464	-	65,158
Public Works	-	189,166	-	189,792
Recreation	62,911	268,294	50,815	263,645
Airport	94,052	40,716	127,001	35,131
Economic Development	-	83,215	-	75,874
Interest	-	61,617	-	68,453
Depreciation	-	344,061	-	339,342
Total	<u>\$ 167,178</u>	<u>\$ 1,329,999</u>	<u>\$ 181,781</u>	<u>\$ 1,367,669</u>

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

**Revenues by Source – Governmental Activities**

**SOURCES OF REVENUE**

	<u>Year Ended September 30, 2018</u>		<u>Year Ended September 30, 2017</u>	
Charges for Services	\$ 64,522	5.02 %	\$ 62,612	5.05 %
Operating Grants and Contributions	42,422	3.30	28,027	2.26
Capital Grants and Contributions	60,234	4.68	91,142	7.36
Property Taxes	291,559	22.68	298,544	24.10
Motor Vehicle Taxes	26,888	2.09	25,273	2.04
Sales Tax	350,864	27.29	345,682	27.90
Franchise Taxes	3,936	0.31	3,963	0.32
TIF Proceeds	45,795	3.56	44,211	3.57
State Allocation	235,805	18.34	242,605	19.58
Miscellaneous	33,073	2.57	19,256	1.56
Loss on Disposal of Equipment	-	-	(85,804)	(6.93)
Interest	6,944	0.54	5,284	0.43
Transfers	123,705	9.62	158,071	12.76
Total	<u>\$ 1,285,747</u>	<u>100.00 %</u>	<u>\$ 1,238,866</u>	<u>100.00 %</u>

Net position decreased \$44,252 in the governmental funds during the year ended September 30, 2018.

**Business-type activities.** Business-type activities increased the City of Alma's net position by \$104,596. Key elements of this increase are as follows:

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

<u>Function</u>	<u>Year Ended September 30, 2018</u>		<u>Year Ended September 30, 2017</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Gas	\$ 562,342	\$ 435,287	\$ 456,825	\$ 380,604
Water	229,838	301,038	240,525	268,859
Sewer	83,248	97,043	158,934	85,980
Trash	178,911	147,671	184,116	187,129
Electric	-	6,891	-	6,892
Golf	260,374	281,151	277,721	268,148
RV Park	51,267	54,634	50,745	34,182
Total	<u>1,365,980</u>	<u>1,323,715</u>	<u>1,368,866</u>	<u>1,231,794</u>
Interfund transfers	-	123,705	-	158,071
	<u>\$ 1,365,980</u>	<u>\$ 1,447,420</u>	<u>\$ 1,368,866</u>	<u>\$ 1,389,865</u>

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

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

**SOURCES OF REVENUE**

	<u>Year Ended September 30, 2018</u>		<u>Year Ended September 30, 2017</u>	
Charges for Services	\$ 1,361,011	87.70 %	\$ 1,289,165	83.60 %
Grants and Contributions	4,969	0.32	79,701	5.17
Franchise Fees	185,638	11.96	180,210	11.69
Disposal of Equipment	341	0.02	(7,020)	(0.46)
Interest	57	-	41	-
Total	<u>\$ 1,552,016</u>	<u>100.00 %</u>	<u>\$ 1,542,097</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 \$879,052. Approximately 31.7 percent of this total amount (\$278,729) 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 (\$125,304), 2) restricted for street improvements (\$177,686), 3) restricted for Federal programs (\$16,574), 4) nonspendable for inventory (\$2,776), 5) assigned for airport operations (\$56,064), or 6) assigned for budgetary stabilization (\$221,919).

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 \$278,729, while total fund balance was \$500,648. 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 31.5 percent of total General Fund expenditures, while total fund balance represents 56.6 percent of the same amount.

The fund balance of the City of Alma's General Fund increased by \$27,926 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, 2018**

Unrestricted net position of the proprietary funds at the end of the year were as follows: Gas Fund – \$425,464, Water Fund – \$79,968, Sewer Fund – \$77,434, Trash Fund – \$45,371, Electric Fund – \$57,064, Golf Fund – \$20,317, and RV Park Fund – \$60,051. The change in net position for the proprietary funds was as follows: Gas Fund – increase of \$127,055, Water Fund – decrease of \$(21,200), Sewer Fund – decrease of \$(13,454), Trash Fund – increase of \$31,240, Electric Fund – increase of \$6,559, Golf Fund – decrease of \$(22,237), and RV Park Fund – decrease of \$(3,367). 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**

There were no differences between the original and final budget for the City of Alma for the year ended September 30, 2018.

**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, 2018, amounts to \$9,142,660 (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:

- 2018 John Deere Z950R mower - \$11,500
- 2 furnaces at the library - \$13,624
- Traffic speed display sign - \$11,322
- 2018 Chevy Silverado - \$23,045
- Water main improvement construction in progress - \$28,706

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

	<u>Year Ended September 30, 2018</u>			<u>Year Ended September 30, 2017</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>	<u>Activities</u>	
Land	\$ 163,751	\$ 242,856	\$ 406,607	\$ 163,751	\$ 242,856	\$ 406,607
Construction in Progress	-	42,392	42,392	-	-	-
Buildings and Improvements	5,301,377	528,690	5,830,067	5,533,522	559,371	6,092,893
Machinery and Equipment	328,159	135,922	464,081	364,224	184,417	548,641
Infrastructure	1,139,600	-	1,139,600	1,173,937	-	1,173,937
Distribution Systems	-	1,259,913	1,259,913	-	1,315,038	1,315,038
Total	<u>\$ 6,932,887</u>	<u>\$ 2,209,773</u>	<u>\$ 9,142,660</u>	<u>\$ 7,235,434</u>	<u>\$ 2,301,682</u>	<u>\$ 9,537,116</u>

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

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 \$2,487,445.

**City of Alma's Outstanding Debt**

	<u>Year Ended September 30, 2018</u>			<u>Year Ended September 30, 2017</u>		
	<u>Governmental</u>		<u>Business-type</u>	<u>Governmental</u>		<u>Business-type</u>
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
General Obligation Bonds	\$ 1,560,000	\$ -	\$ 1,560,000	\$ 1,640,000	\$ -	\$ 1,640,000
Various Purpose Bonds	360,000	-	360,000	390,000	-	390,000
Refunding Bonds	128,000	-	128,000	143,000	45,000	188,000
Notes Payable	156,430	283,015	439,445	174,824	349,336	524,160
Total	<u>\$ 2,204,430</u>	<u>\$ 283,015</u>	<u>\$ 2,487,445</u>	<u>\$ 2,347,824</u>	<u>\$ 394,336</u>	<u>\$ 2,742,160</u>

The City of Alma's total debt decreased by \$254,715 (9.3 percent) during the current fiscal year, due to scheduled payments.

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.

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

- Property tax asking for the year ending September 30, 2019, is \$303,080, an increase of \$9,675 (3.3 percent) over the prior year. The general tax asking was \$223,290, an increase of \$9,675 (4.5 percent) over the prior year. The pool bond debt service tax asking was \$79,790, the same as the prior year.
- The City is considering increasing water rates during the year ending September 30, 2019.

All of these factors were considered in preparing the City of Alma's budget for the 2019 fiscal year.

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

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**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, 2018**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 279,188	\$ 504,273	\$ 783,461
Certificates of deposit	243,000	157,000	400,000
County treasurer cash	12,130	-	12,130
Receivables:			
Accounts, net of allowance for doubtful accounts	-	78,752	78,752
Unbilled revenue	-	7,554	7,554
Current portion of notes receivable	1,275	-	1,275
Lease	-	57,064	57,064
Property tax	5,824	-	5,824
Sales tax	59,617	-	59,617
Inventory	2,776	39,851	42,627
Total current assets	603,810	844,494	1,448,304
Noncurrent assets:			
Restricted cash and cash equivalents	156,493	16,950	173,443
Restricted certificates of deposit	170,000	-	170,000
Noncurrent portion of notes receivable	6,149	-	6,149
Capital assets:			
Land	163,751	242,856	406,607
Construction in progress	-	42,392	42,392
Depreciable capital assets, net of depreciation	6,769,136	1,924,525	8,693,661
Net capital assets	6,932,887	2,209,773	9,142,660
Total noncurrent assets	7,265,529	2,226,723	9,492,252
<b>Total assets</b>	7,869,339	3,071,217	10,940,556
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	19,245	13,369	32,614
Advance utility collections	-	24,354	24,354
Accrued expenses	30,731	41,102	71,833
Customer deposits	-	16,950	16,950
Current portion of long-term obligations	158,225	40,890	199,115
Total current liabilities	208,201	136,665	344,866
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	2,046,205	242,125	2,288,330
<b>Total liabilities</b>	2,254,406	378,790	2,633,196
<b>NET POSITION</b>			
Net investment in capital assets	4,728,457	1,926,758	6,655,215
Restricted for:			
Street improvements	177,686	-	177,686
Federal programs	16,574	-	16,574
Hospital bond debt service	125,304	-	125,304
Unrestricted	566,912	765,669	1,332,581
<b>Total net position</b>	\$ 5,614,933	\$ 2,692,427	\$ 8,307,360

See notes to financial statements.

**CITY OF ALMA, NEBRASKA**

**STATEMENT OF ACTIVITIES**

**For the Year Ended September 30, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
<b>Primary government:</b>			
<b>Governmental activities:</b>			
General government	\$ 296,466	\$ 3,940	\$ 6,275
Public safety	46,464	-	-
Public works	189,166	-	-
Environment and leisure	268,294	24,764	36,147
Airport	40,716	35,818	-
Economic development	83,215	-	-
Interest and fees on long-term debt	61,617	-	-
Depreciation - unallocated	344,061	-	-
Total governmental activities	1,329,999	64,522	42,422
<b>Business-type activities:</b>			
Gas	435,287	562,342	-
Water	301,038	229,838	-
Sewer	97,043	83,248	-
Trash	147,671	178,911	-
Electric	6,891	-	-
Golf	281,151	255,405	4,969
RV Park	54,634	51,267	-
Total business-type activities	1,323,715	1,361,011	4,969
<b>Total primary government</b>	\$ 2,653,714	\$ 1,425,533	\$ 47,391

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>
\$ -	\$ (286,251)		\$ (286,251)
-	(46,464)		(46,464)
-	(189,166)		(189,166)
2,000	(205,383)		(205,383)
58,234	53,336		53,336
-	(83,215)		(83,215)
-	(61,617)		(61,617)
-	(344,061)		(344,061)
<u>60,234</u>	<u>(1,162,821)</u>	<u>\$ -</u>	<u>(1,162,821)</u>
-	-	127,055	127,055
-	-	(71,200)	(71,200)
-	-	(13,795)	(13,795)
-	-	31,240	31,240
-	-	(6,891)	(6,891)
-	-	(20,777)	(20,777)
-	-	(3,367)	(3,367)
<u>-</u>	<u>-</u>	<u>42,265</u>	<u>42,265</u>
<u>\$ 60,234</u>	<u>(1,162,821)</u>	<u>42,265</u>	<u>(1,120,556)</u>
General revenues:			
Taxes:			
Property	291,559	-	291,559
Motor vehicle	26,888	-	26,888
Sales tax	350,864	-	350,864
Franchise	3,936	185,638	189,574
TIF proceeds	45,795	-	45,795
State allocation	235,805	-	235,805
Miscellaneous	33,073	-	33,073
Gain on disposal of equipment	-	341	341
Interest income	6,944	57	7,001
Interfund transfers	123,705	(123,705)	-
Total general revenues	<u>1,118,569</u>	<u>62,331</u>	<u>1,180,900</u>
Change in net position	(44,252)	104,596	60,344
Net position - September 30, 2017	<u>5,659,185</u>	<u>2,587,831</u>	<u>8,247,016</u>
Net position - September 30, 2018	<u>\$ 5,614,933</u>	<u>\$ 2,692,427</u>	<u>\$ 8,307,360</u>

**CITY OF ALMA, NEBRASKA**

**BALANCE SHEET -  
GOVERNMENTAL FUNDS**

**September 30, 2018**

	<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	\$ 227,807	\$ 14,615	\$ 51,381	\$ 141,878	\$ 435,681
Certificates of deposit	238,000	170,000	5,000	-	413,000
County treasurer cash	12,130	-	-	-	12,130
Receivables:					
Property tax	5,824	-	-	-	5,824
Sales tax	50,593	9,024	-	-	59,617
Inventory	-	-	2,776	-	2,776
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 534,354</b>	<b>\$ 193,639</b>	<b>\$ 59,157</b>	<b>\$ 141,878</b>	<b>\$ 929,028</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 10,290	\$ 8,638	\$ 317	\$ -	\$ 19,245
Accrued payroll	9,702	3,421	-	-	13,123
Accrued interest payable	13,714	3,894	-	-	17,608
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total liabilities</b>	<b>33,706</b>	<b>15,953</b>	<b>317</b>	<b>-</b>	<b>49,976</b>
Fund balances:					
Nonspendable:					
Inventory	-	-	2,776	-	2,776
Restricted for:					
Street improvements	-	177,686	-	-	177,686
Federal programs	-	-	-	16,574	16,574
Hospital bond debt service	-	-	-	125,304	125,304
Assigned for:					
Airport	-	-	56,064	-	56,064
Budgetary stabilization	221,919	-	-	-	221,919
Unassigned	278,729	-	-	-	278,729
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total fund balances</b>	<b>500,648</b>	<b>177,686</b>	<b>58,840</b>	<b>141,878</b>	<b>879,052</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total liabilities and fund balances</b>	<b>\$ 534,354</b>	<b>\$ 193,639</b>	<b>\$ 59,157</b>	<b>\$ 141,878</b>	<b>\$ 929,028</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, 2018**

<b>Total fund balances - governmental funds</b>		\$	879,052
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.			
			7,424
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 \$9,886,262 and the accumulated depreciation is \$2,953,375.			
			6,932,887
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	\$	(2,048,000)	
Notes payable		(156,430)	(2,204,430)
			<u>(2,204,430)</u>
<b>Total net position - governmental activities</b>		\$	<u><u>5,614,933</u></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, 2018**

	<u>General</u>	<u>Street</u>	<u>Airport</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Taxes:					
Property	\$ 291,559	\$ -	\$ -	\$ -	\$ 291,559
Motor vehicle	26,888	-	-	-	26,888
Sales tax	267,723	83,141	-	-	350,864
Franchise	3,936	-	-	-	3,936
TIF proceeds	45,795	-	-	-	45,795
Intergovernmental	78,766	157,039	-	-	235,805
Licenses and permits	6,896	-	-	-	6,896
Charges for services	21,444	-	23,010	-	44,454
Rent	7,260	-	12,808	-	20,068
Grants and donations	44,422	-	58,234	-	102,656
Loan collections	-	-	-	1,380	1,380
Interest income	6,353	-	-	591	6,944
Loan proceeds	11,550	-	-	-	11,550
Other income	11,080	14,677	420	-	26,177
Total revenues	<u>823,672</u>	<u>254,857</u>	<u>94,472</u>	<u>1,971</u>	<u>1,174,972</u>
<b>EXPENDITURES</b>					
General government	296,466	-	-	-	296,466
Public safety	46,464	-	-	-	46,464
Public works	13,007	176,159	-	-	189,166
Environment and leisure	268,294	-	-	-	268,294
Airport	-	-	40,716	-	40,716
Economic development	83,215	-	-	-	83,215
Capital outlay	25,124	16,390	-	-	41,514
Principal payments on debt	100,224	45,000	9,720	-	154,944
Interest on long-term debt	51,246	10,371	-	-	61,617
Total expenditures	<u>884,040</u>	<u>247,920</u>	<u>50,436</u>	<u>-</u>	<u>1,182,396</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(60,368)	6,937	44,036	1,971	(7,424)
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	88,294	15,411	-	20,000	123,705
<b>Net change in fund balances</b>	27,926	22,348	44,036	21,971	116,281
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>
Fund balances - September 30, 2018	<u>\$ 500,648</u>	<u>\$ 177,686</u>	<u>\$ 58,840</u>	<u>\$ 141,878</u>	<u>\$ 879,052</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, 2018**

<b>Total net change in fund balances - governmental funds</b>	\$ 116,281
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 (\$41,514) is exceeded by depreciation expense (\$344,061).	(302,547)
Loan proceeds are reported as revenue in the governmental funds, but the proceeds increase long-term liabilities in the statement of net position.	(11,550)
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>154,944</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ (44,252)</u></u>

See notes to financial statements.

**CITY OF ALMA, NEBRASKA**

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

**September 30, 2018**

	Enterprise Funds			
	Gas Fund	Water Fund	Sewer Fund	Trash Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 334,495	\$ 2,521	\$ 60,208	\$ 27,587
Certificates of deposit	110,000	40,000	7,000	-
Receivables:				
Accounts, net of allowance for doubtful accounts	-	39,829	15,501	23,422
Lease	-	-	-	-
Unbilled revenue	2,539	3,899	1,116	-
Inventory	14,573	12,870	-	-
<b>Total current assets</b>	<u>461,607</u>	<u>99,119</u>	<u>83,825</u>	<u>51,009</u>
Noncurrent assets:				
Restricted cash and cash equivalents	7,250	4,875	4,825	-
Capital assets:				
Land	1,000	77,068	135,588	7,200
Construction in progress	6,843	35,549	-	-
Distribution systems	142,572	1,803,921	348,549	-
Buildings and improvements	4,882	5,785	415,546	52,123
Equipment	85,620	186,377	165,746	336,282
Less accumulated depreciation	(221,306)	(1,214,694)	(512,286)	(327,131)
Net capital assets	<u>19,611</u>	<u>894,006</u>	<u>553,143</u>	<u>68,474</u>
<b>Total noncurrent assets</b>	<u>26,861</u>	<u>898,881</u>	<u>557,968</u>	<u>68,474</u>
<b>Total assets</b>	<u>488,468</u>	<u>998,000</u>	<u>641,793</u>	<u>119,483</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,030	4,573	789	1,943
Advance utility collections	24,354	-	-	-
Accrued payroll	9,804	13,243	4,570	3,695
Accrued interest payable	-	-	553	-
Sales tax payable	955	1,335	479	-
Customer deposits	7,250	4,875	4,825	-
Current portion of long-term obligations	-	-	5,793	-
<b>Total current liabilities</b>	<u>43,393</u>	<u>24,026</u>	<u>17,009</u>	<u>5,638</u>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	-	-	120,566	-
<b>Total liabilities</b>	<u>43,393</u>	<u>24,026</u>	<u>137,575</u>	<u>5,638</u>
<b>NET POSITION</b>				
Net investment in capital assets	19,611	894,006	426,784	68,474
Unrestricted	425,464	79,968	77,434	45,371
<b>Total net position</b>	<u>\$ 445,075</u>	<u>\$ 973,974</u>	<u>\$ 504,218</u>	<u>\$ 113,845</u>

See notes to financial statements.

Enterprise Funds			
<u>Electric Fund</u>	<u>Golf Fund</u>	<u>RV Park Fund</u>	<u>Total</u>
\$ -	\$ 18,186	\$ 61,276	\$ 504,273
-	-	-	157,000
-	-	-	78,752
57,064	-	-	57,064
-	-	-	7,554
-	12,408	-	39,851
<u>57,064</u>	<u>30,594</u>	<u>61,276</u>	<u>844,494</u>
-	-	-	16,950
-	22,000	-	242,856
-	-	-	42,392
275,678	-	-	2,570,720
-	470,969	131,091	1,080,396
-	330,272	29,906	1,134,203
(59,941)	(478,451)	(46,985)	(2,860,794)
<u>215,737</u>	<u>344,790</u>	<u>114,012</u>	<u>2,209,773</u>
<u>215,737</u>	<u>344,790</u>	<u>114,012</u>	<u>2,226,723</u>
272,801	375,384	175,288	3,071,217
-	3,850	1,184	13,369
-	-	-	24,354
-	4,156	-	35,468
-	1,003	-	1,556
-	1,268	41	4,078
-	-	-	16,950
14,060	21,037	-	40,890
<u>14,060</u>	<u>31,314</u>	<u>1,225</u>	<u>136,665</u>
49,210	72,349	-	242,125
<u>63,270</u>	<u>103,663</u>	<u>1,225</u>	<u>378,790</u>
152,467	251,404	114,012	1,926,758
57,064	20,317	60,051	765,669
<u>\$ 209,531</u>	<u>\$ 271,721</u>	<u>\$ 174,063</u>	<u>\$ 2,692,427</u>

**CITY OF ALMA, NEBRASKA**

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

**For the Year Ended September 30, 2018**

	Enterprise Funds			
	Gas Fund	Water Fund	Sewer Fund	Trash Fund
<b>Operating revenues:</b>				
Charges for services	\$ 561,329	\$ 227,583	\$ 83,218	\$ 176,066
Franchise fees	-	-	-	-
Other revenue	1,013	2,255	30	2,845
Total operating revenues	<u>562,342</u>	<u>229,838</u>	<u>83,248</u>	<u>178,911</u>
<b>Operating expenses:</b>				
Purchased energy	252,515	-	-	-
Personnel services	146,416	159,892	35,178	54,803
Utilities and telephone	1,868	19,713	8,176	476
Repairs and maintenance	5,386	27,537	11,290	15,290
Supplies	4,983	12,733	902	920
Professional fees	1,380	5,075	385	-
Insurance and bonds	4,671	11,522	1,695	3,391
Fuel and transportation	1,427	2,371	86	10,989
Dues and fees	4,638	3,892	235	380
Contractual obligations	-	-	-	32,249
Miscellaneous	4,696	6,092	3,844	2,990
Depreciation	7,307	51,908	32,667	26,116
Total operating expenses	<u>435,287</u>	<u>300,735</u>	<u>94,458</u>	<u>147,604</u>
Operating income (loss)	127,055	(70,897)	(11,210)	31,307
<b>Nonoperating revenues (expenses):</b>				
Interest income	-	-	-	-
Contributions	-	-	-	-
Gain on disposal of capital assets	-	-	341	-
Interest expense	-	(303)	(1,939)	(67)
Loan administration fees	-	-	(646)	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>(303)</u>	<u>(2,244)</u>	<u>(67)</u>
Income (loss) before interfund transfers	127,055	(71,200)	(13,454)	31,240
<b>Interfund transfers:</b>				
Transfers from (to) other funds	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	127,055	(21,200)	(13,454)	31,240
Net position - September 30, 2017	<u>318,020</u>	<u>995,174</u>	<u>517,672</u>	<u>82,605</u>
Net position - September 30, 2018	<u>\$ 445,075</u>	<u>\$ 973,974</u>	<u>\$ 504,218</u>	<u>\$ 113,845</u>

See notes to financial statements.



Enterprise Funds			
Electric Fund	Golf Fund	RV Park Fund	Total
\$ -	\$ 255,405	\$ 51,049	\$ 1,354,650
185,638	-	-	185,638
-	-	218	6,361
<u>185,638</u>	<u>255,405</u>	<u>51,267</u>	<u>1,546,649</u>
-	-	-	252,515
-	117,980	4,298	518,567
-	22,079	9,673	61,985
-	25,165	19,210	103,878
-	69,795	480	89,813
-	42	-	6,882
-	6,716	2,390	30,385
-	5,701	11	20,585
-	250	-	9,395
-	-	6,000	38,249
-	2,390	5,134	25,146
6,891	27,172	7,438	159,499
<u>6,891</u>	<u>277,290</u>	<u>54,634</u>	<u>1,316,899</u>
178,747	(21,885)	(3,367)	229,750
-	57	-	57
-	4,969	-	4,969
-	-	-	341
-	(3,861)	-	(6,170)
-	-	-	(646)
<u>-</u>	<u>1,165</u>	<u>-</u>	<u>(1,449)</u>
178,747	(20,720)	(3,367)	228,301
(172,188)	(1,517)	-	(123,705)
6,559	(22,237)	(3,367)	104,596
<u>202,972</u>	<u>293,958</u>	<u>177,430</u>	<u>2,587,831</u>
<u>\$ 209,531</u>	<u>\$ 271,721</u>	<u>\$ 174,063</u>	<u>\$ 2,692,427</u>

**CITY OF ALMA, NEBRASKA**

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS**

**For the Year Ended September 30, 2018**

	Enterprise Funds	
	Gas Fund	Water Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 561,335	\$ 230,905
Payments to suppliers	(275,666)	(81,869)
Payments to employees	(146,110)	(159,137)
Net cash provided (used) by operating activities	139,559	(10,101)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers from (to) other funds	-	50,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of property and equipment	(11,452)	(40,158)
Proceeds from sale of property and equipment	-	-
Grants and contributions received	-	-
Principal payments on capital debt	-	(45,000)
Interest paid on capital debt	-	(383)
Loan administration fees on capital debt	-	-
Net cash used by capital and related financing activities	(11,452)	(85,541)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Decrease in restricted cash	800	675
Interest received	-	-
Net cash provided by investing activities	800	675
Increase (decrease) in cash and cash equivalents	128,907	(44,967)
Cash and cash equivalents - beginning of the year	205,588	47,488
Cash and cash equivalents - end of the year	\$ 334,495	\$ 2,521

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>
\$ 82,648	\$ 178,299	\$ 186,248	\$ 255,405	\$ 51,267	\$ 1,546,107
(26,480)	(65,421)	-	(130,198)	(42,071)	(621,705)
(34,189)	(54,855)	-	(117,740)	(4,575)	(516,606)
<u>21,979</u>	<u>58,023</u>	<u>186,248</u>	<u>7,467</u>	<u>4,621</u>	<u>407,796</u>
-	-	(172,188)	(1,517)	-	(123,705)
(11,371)	(4,609)	-	-	-	(67,590)
341	-	-	-	-	341
-	-	-	4,969	-	4,969
(5,697)	(25,727)	(14,060)	(20,837)	-	(111,321)
(1,970)	(100)	-	(3,791)	-	(6,244)
(646)	-	-	-	-	(646)
<u>(19,343)</u>	<u>(30,436)</u>	<u>(14,060)</u>	<u>(19,659)</u>	<u>-</u>	<u>(180,491)</u>
575	-	-	-	-	2,050
-	-	-	57	-	57
<u>575</u>	<u>-</u>	<u>-</u>	<u>57</u>	<u>-</u>	<u>2,107</u>
3,211	27,587	-	(13,652)	4,621	105,707
<u>56,997</u>	<u>-</u>	<u>-</u>	<u>31,838</u>	<u>56,655</u>	<u>398,566</u>
<u>\$ 60,208</u>	<u>\$ 27,587</u>	<u>\$ -</u>	<u>\$ 18,186</u>	<u>\$ 61,276</u>	<u>\$ 504,273</u>

**CITY OF ALMA, NEBRASKA**

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

**For the Year Ended September 30, 2018**

	Enterprise Funds	
	Gas Fund	Water Fund
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 127,055	\$ (70,897)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	7,307	51,908
Change in assets and liabilities:		
Accounts receivable and unbilled revenue	302	1,742
Inventories	4,937	7,644
Accounts payable	1,003	(247)
Advance utility collections	(509)	-
Accrued payroll	306	755
Sales tax payable	(42)	(331)
Customer deposits	(800)	(675)
Net cash provided (used) by operating activities	\$ 139,559	\$ (10,101)

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>
\$ (11,210)	\$ 31,307	\$ 178,747	\$ (21,885)	\$ (3,367)	\$ 229,750
32,667	26,116	6,891	27,172	7,438	159,499
(25)	(612)	610	-	-	2,017
-	-	-	(531)	-	12,050
140	1,264	-	2,698	875	5,733
-	-	-	-	-	(509)
989	(52)	-	240	(277)	1,961
(7)	-	-	(227)	(48)	(655)
(575)	-	-	-	-	(2,050)
<u>\$ 21,979</u>	<u>\$ 58,023</u>	<u>\$ 186,248</u>	<u>\$ 7,467</u>	<u>\$ 4,621</u>	<u>\$ 407,796</u>

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS**

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**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2018**

**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; 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, 2018**

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

**1. Financial Reporting Entity, continued**

**Blended Component Units**

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City by appropriate activity type to compose the primary government presentation. Currently, the City has no blended component units.

**Discretely Presented Component Units**

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. 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, 2018**

**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, 2018**

**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, 2018**

**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, 2018**

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

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

**Basis of Accounting, continued**

In the fund financial statements, governmental funds 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, 2018**

**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, 2018**

**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, 2018**

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

**4. Assets, Liabilities, and Equity, continued**

**Long-term Debt**

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

*Government-wide Statements*

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of 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, 2018**

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

**4. Assets, Liabilities, and Equity, continued**

**Equity Classifications, continued**

*Fund Financial Statements*

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

Effective October 1, 2010, the City 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, 2018**

**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 2017-2018 are recorded as revenue when expected to be collected within 60 days after September 30, 2018. 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, 2018**

**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, 2018**

**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, 2018**

**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, 2018**

**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 ordinance 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, 2018. 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, 2018**

**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	\$ 1,553,169	\$ 829,611	\$ 723,558	\$ -	\$ <u>1,526,904</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –

Unrestricted cash and cash equivalents	\$ 783,461
Restricted cash and cash equivalents	173,443
Unrestricted certificates of deposit	400,000
Restricted certificates of deposit	<u>170,000</u>
	<u>\$ 1,526,904</u>

**2. Restricted Assets**

The restricted assets as of September 30, 2018, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Type of Restricted Assets:			
Cash and cash equivalents	\$ 156,493	\$ 16,950	\$ 173,443
Certificates of deposit	170,000	-	170,000
	<u>\$ 326,493</u>	<u>\$ 16,950</u>	<u>\$ 343,443</u>

The governmental activities' restricted assets as of September 30, 2018, consisted of \$184,615 in the Street Fund restricted for street improvements, \$16,574 in the CDBG Fund restricted for federal programs and \$125,304 in the Hospital Bond Sinking Fund restricted for hospital bond debt service.

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

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

**2. Restricted Assets, continued**

The business-type activities restricted assets as of September 30, 2018, consisted of \$7,250 in the Gas Fund, \$4,875 in the Water Fund and \$4,825 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, 2018, is as follows:

	<u>Business-type Activities</u>
Accounts receivable	\$ 83,252
Allowance for doubtful accounts	<u>(4,500)</u>
Net accounts receivable	<u>\$ 78,752</u>

**4. Notes Receivable**

The CDBG Fund has made two rehab loans. Notes receivable at September 30, 2018, 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.	\$ 5,174
Interest-free note for \$10,000 dated August 31, 2005; due in 240 monthly payments of \$41.67 through October 1, 2025.	<u>2,250</u>
Total governmental activities notes receivable	\$ <u>7,424</u>
Current portion	\$ 1,275
Noncurrent portion	<u>6,149</u>
Total	\$ <u>7,424</u>

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

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

**5. Capital Assets**

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

	<u>Balance at</u> <u>October 1, 2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at</u> <u>September 30, 2018</u>
<b><u>Governmental Activities:</u></b>				
Capital assets not being depreciated:				
Land	\$ 163,751	\$ -	\$ -	\$ 163,751
Other capital assets being depreciated:				
Infrastructure	1,369,501	-	-	1,369,501
Building and improvements	7,533,766	13,624	-	7,547,390
Equipment	<u>805,980</u>	<u>27,890</u>	<u>(28,250)</u>	<u>805,620</u>
Total other capital assets at historical cost	9,709,247	41,514	(28,250)	9,722,511
Less accumulated depreciation for:				
Infrastructure	(195,564)	(34,337)	-	(229,901)
Building and improvements	(2,000,244)	(245,769)	-	(2,246,013)
Equipment	<u>(441,756)</u>	<u>(63,955)</u>	<u>28,250</u>	<u>(477,461)</u>
Total accumulated depreciation	<u>(2,637,564)</u>	<u>(344,061) *</u>	<u>28,250</u>	<u>(2,953,375)</u>
Other capital assets, net	<u>7,071,683</u>	<u>(302,547)</u>	<u>-</u>	<u>6,769,136</u>
Governmental activities capital assets, net	<u>\$ 7,235,434</u>	<u>\$ (302,547)</u>	<u>\$ -</u>	<u>\$ 6,932,887</u>



CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2018

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	\$ 13,376
Public safety:	
Fire	5,886
Public works:	
Shop	3,161
Environment and leisure:	
Community buildings	6,038
Library	2,541
Park	8,426
Pheasant Ridge trail	35,872
Pool	78,516
Recreation	<u>4,138</u>
Total environment and leisure	<u>135,531</u>
Total General Fund	157,954
Street Fund	63,466
Airport Fund	<u>122,641</u>
Total governmental activities depreciation expense	\$ <u>344,061</u>

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

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

**5. Capital Assets, continued**

	<u>Balance at</u> <u>October 1, 2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at</u> <u>September 30, 2018</u>
<b><u>Business-type Activities:</u></b>				
Capital assets not being depreciated:				
Land	\$ 242,856	\$ -	\$ -	\$ 242,856
Construction in progress	-	42,392	-	42,392
Total capital assets not being depreciated	<u>242,856</u>	<u>42,392</u>	<u>-</u>	<u>285,248</u>
Other capital assets being depreciated:				
Distribution systems	2,570,720	-	-	2,570,720
Buildings and improvements	1,080,396	-	-	1,080,396
Equipment	1,118,705	25,198	(9,700)	1,134,203
Total other capital assets at historical cost	4,769,821	25,198	(9,700)	4,785,319
Less accumulated depreciation for:				
Distribution systems	(1,255,682)	(55,125)	-	(1,310,807)
Buildings and improvements	(521,025)	(30,681)	-	(551,706)
Equipment	(934,288)	(73,693)	9,700	(998,281)
Total accumulated depreciation	<u>(2,710,995)</u>	<u>(159,499) *</u>	<u>9,700</u>	<u>(2,860,794)</u>
Other capital assets, net	<u>2,058,826</u>	<u>(134,301)</u>	<u>-</u>	<u>1,924,525</u>
Business-type activities capital assets, net	<u>\$ 2,301,682</u>	<u>\$ (91,909)</u>	<u>\$ -</u>	<u>\$ 2,209,773</u>

\* Depreciation expense was charged to functions as follows:

Gas	\$ 7,307
Water	51,908
Sewer	32,667
Trash	26,116
Electric	6,891
Golf	27,172
RV Park	7,438
Total business-type activities depreciation expense	<u>\$ 159,499</u>

Construction in progress at September 30, 2018 consists of gas and water line extension costs of \$42,392 to annexed properties. There are no commitments on these projects.

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**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, 2018:

<u>Type of Debt</u>	<u>Balance at October 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at September 30, 2018</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds and notes payable	<u>\$ 2,347,824</u>	<u>\$ 11,550</u>	<u>\$ (154,944)</u>	<u>\$ 2,204,430</u>	<u>\$ 158,225</u>
Business-type Activities:					
Bonds and notes payable	<u>\$ 394,336</u>	<u>\$ -</u>	<u>\$ (111,321)</u>	<u>\$ 283,015</u>	<u>\$ 40,890</u>

**Governmental Activities**

As of September 30, 2018, 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.

\$ 1,560,000

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**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. 360,000

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. 22,680

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. This loan was paid off during the year ended September 30, 2018. -

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. 128,000

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

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

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

**Governmental Activities, continued**

Bonds and notes payable, continued:

On April 10, 2018, the City entered into an agreement with Banner Capital Bank for the purpose of purchasing a mower. The original loan was \$11,550. Principal and interest at 3.25 percent are due in monthly payments of \$338 through April 10, 2021. Paid by the General Fund. 10,039

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. 123,711

Total governmental activities bonds and notes payable \$ 2,204,430

Current portion \$ 158,225

Noncurrent portion 2,046,205

Total \$ 2,204,430

**Business-type Activities**

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

Bonds and notes payable:

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. \$ 72,979

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**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. This loan was paid during the year ended September 30, 2018.

-

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.

126,359

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. This loan was paid during the year ended September 30, 2018.

-

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.

63,270

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**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>20,407</u>
Total business-type activity bonds and notes payable	\$ <u>283,015</u>
Current portion	\$ 40,890
Noncurrent portion	<u>242,125</u>
Total	\$ <u>283,015</u>

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2018, 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>
2019	\$ 158,225	\$ 60,282	\$ 40,890	\$ 5,466	\$ 1,249
2020	163,997	57,744	41,929	4,427	1,191
2021	161,515	54,869	42,883	3,475	1,132
2022	201,693	51,682	45,119	2,485	1,072
2023	136,000	46,773	15,688	1,605	1,011
2024-2028	708,000	180,748	32,169	6,167	4,111
2029-2033	555,000	83,393	34,665	3,671	2,448
2034-2037	120,000	4,560	29,672	1,011	674
	<u>\$ 2,204,430</u>	<u>\$ 540,051</u>	<u>\$ 283,015</u>	<u>\$ 28,307</u>	<u>\$ 12,888</u>

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

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

**8. Interfund Transactions**

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 138,705	\$ 50,411
Street Fund	15,411	-
Nonmajor Funds	20,000	-
Water Fund	50,000	-
Electric Fund	-	172,188
Golf Fund	<u>15,000</u>	<u>16,517</u>
Total operating transfers	<u>\$ 239,116</u>	<u>\$ 239,116</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, 2018, the City's total payroll and covered payroll under the plan was \$638,688 and \$455,215, respectively. Both the City's contribution of \$22,761 and the covered employees' contribution of \$29,302 were made for the year ended September 30, 2018.

**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, 2018

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, 2018, 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 2018	\$ 100,000
April 2019	100,000
July 2019	150,000
October 2019	100,000
March 2020	80,000
April 2020	40,000
	<u>\$ 570,000</u>

*Credit Risk.* Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City’s investments consist of certificates of deposit and money market funds, minimizing credit risk associated with the City’s investment portfolio.

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**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, 2018, 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, 2018.

**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, 2018. The following payments are due under the leases:

<u>Year Ending</u> <u>September 30,</u>	
2019	\$ 584
2020	-
2021	-
2022	-
2023	-
	<u>\$ 584</u>

**CITY OF ALMA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**NOTE D – OTHER NOTES, continued**

**4. Interlocal Agreements**

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

<u>Parties to Agreement</u>	<u>Term</u>	<u>Description</u>
Harlan County	October 1, 2017 - September 30, 2018	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, 2018**

**NOTE D – OTHER NOTES, continued**

**5. Tax Abatements, continued**

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

<u>TIF Project:</u>	<u>Years Remaining on TIF Agreements</u>	<u>2018 TIF Valuation</u>	<u>TIF Proceeds Received during the year 9-30-2018</u>
Alma Auto Parts	11	\$ 182,985	\$ 3,267
Harlan Lodging	3	2,045,980	37,749
Auto Creations	3	141,520	2,527
Tripe Motor	3	126,670	<u>2,252</u>
			\$ <u>45,795</u>

**6. Subsequent Events**

On October 11, 2018, the City entered into a contract for \$128,000 with Olsson Associates for engineering on the Western Sky Properties Subdivision project.

On January 16, 2019, the City approved a bid for \$596,581 with Van Kirk Bros Contracting for construction on the Western Sky Properties Subdivision project.

Management has evaluated subsequent events through February 8, 2019, 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, 2018**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Taxes:			
Property	\$ 290,500	\$ 291,637	\$ 1,137
Motor vehicle	24,000	26,888	2,888
Sales	251,000	271,023	20,023
Franchise	3,900	3,936	36
TIF proceeds	-	45,795	45,795
Intergovernmental	81,064	78,766	(2,298)
Licenses and permits	5,760	6,896	1,136
Charges for services	16,000	21,444	5,444
Rent	6,840	7,260	420
Grants and contributions	21,000	44,422	23,422
Interest income	5,000	6,353	1,353
Loan proceeds	11,510	11,550	40
Other	1,700	11,080	9,380
	<hr/>	<hr/>	<hr/>
Total resources	718,274	827,050	108,776
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
General government	273,591	302,065	28,474
Public safety	48,613	46,600	(2,013)
Public works	8,805	13,001	4,196
Environment and leisure	255,473	263,393	7,920
Economic development	32,880	83,215	50,335
Capital outlay	35,010	25,124	(9,886)
Principal payments on debt	103,276	100,224	(3,052)
Interest payments on debt	51,869	51,562	(307)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	809,517	885,184	75,667
Resources over (under) charges to appropriations	(91,243)	(58,134)	33,109
<b>OTHER FINANCING SOURCES (USES)</b>			
Net transfers	80,050	88,294	8,244
	<hr/>	<hr/>	<hr/>
<b>RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u>\$ (11,193)</u>	<u>\$ 30,160</u>	<u>\$ 41,353</u>

**CITY OF ALMA, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
STREET FUND**

**Year Ended September 30, 2018**

	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	\$ 83,451	\$ 10,451
Intergovernmental	154,924	157,039	2,115
Other income	-	14,677	14,677
	<hr/>	<hr/>	<hr/>
Total resources	227,924	255,167	27,243
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Public works	191,939	184,037	(7,902)
Capital outlay	25,550	16,390	(9,160)
Principal payments on debt	45,000	45,000	-
Interest payments on debt	13,348	10,536	(2,812)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	275,837	255,963	(19,874)
Resources over (under) charges to appropriations	(47,913)	(796)	47,117
<b>OTHER FINANCING SOURCES</b>			
Net transfers	72,600	15,411	(57,189)
	<hr/>	<hr/>	<hr/>
<b>RESOURCES AND OTHER FINANCING SOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<b>\$ 24,687</b>	<b>\$ 14,615</b>	<b>\$ (10,072)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CITY OF ALMA, NEBRASKA**  
**BUDGETARY COMPARISON SCHEDULE -**  
**AIRPORT FUND**

**Year Ended September 30, 2018**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Charges for services	\$ 27,000	\$ 23,154	\$ (3,846)
Rent	12,564	12,808	244
Grant income	-	58,234	58,234
Other income	-	420	420
	<hr/>	<hr/>	<hr/>
Total resources	39,564	94,616	55,052
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Operating expenditures	38,229	33,542	(4,687)
Capital outlay	-	-	-
Principal payments on debt	9,720	9,720	-
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	47,949	43,262	(4,687)
Resources over (under) charges to appropriations	(8,385)	51,354	59,739
<b>OTHER FINANCING SOURCES</b>			
Net transfers	8,350	-	(8,350)
	<hr/>	<hr/>	<hr/>
<b>RESOURCES AND OTHER FINANCING SOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u>\$ (35)</u>	<u>\$ 51,354</u>	<u>\$ 51,389</u>



**CITY OF ALMA, NEBRASKA**

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

**Year Ended September 30, 2018**

**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	\$ 827,050	\$ 255,167	\$ 94,616
Differences - budget to GAAP:			
Cash to accrual adjustments	<u>(3,378)</u>	<u>(310)</u>	<u>(144)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 823,672</u>	<u>\$ 254,857</u>	<u>\$ 94,472</u>
<b>Uses/outflows of resources:</b>			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedules	\$ 885,184	\$ 255,963	\$ 43,262
Differences - budget to GAAP:			
Cash to accrual adjustments	<u>(1,144)</u>	<u>(8,043)</u>	<u>7,174</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 884,040</u>	<u>\$ 247,920</u>	<u>\$ 50,436</u>

**SUPPLEMENTARY INFORMATION**

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

**September 30, 2018**

	Special Revenue Funds		
	CDBG	Hospital Bond Sinking	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 16,574	\$ 125,304	\$ 141,878
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities	\$ -	\$ -	\$ -
Fund balances:			
Restricted for:			
Federal programs	16,574	-	16,574
Hospital bond debt service	-	125,304	125,304
Total fund balances	16,574	125,304	141,878
<b>Total liabilities and fund balances</b>	<b>\$ 16,574</b>	<b>\$ 125,304</b>	<b>\$ 141,878</b>

**CITY OF ALMA, NEBRASKA**

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

**For the Year Ended September 30, 2018**

	Special Revenue Funds		
	<u>CDBG</u>	Hospital Bond <u>Sinking</u>	Total Nonmajor Governmental <u>Funds</u>
<b>REVENUES</b>			
Interest income	\$ 40	\$ 551	\$ 591
Loan collections	1,380	-	1,380
Total revenues	1,420	551	1,971
<b>EXPENDITURES</b>			
General government	-	-	-
<b>Excess of revenues over expenditures</b>	1,420	551	1,971
<b>OTHER FINANCING SOURCES</b>			
Transfers from other funds	-	20,000	20,000
<b>Net change in fund balances</b>	1,420	20,551	21,971
Fund balances - September 30, 2017	15,154	104,753	119,907
Fund balances - September 30, 2018	\$ 16,574	\$ 125,304	\$ 141,878

**CITY OF ALMA, NEBRASKA**

**COMBINING STATEMENT OF REVENUES AND EXPENDITURES -**

**GENERAL FUND DEPARTMENTS**

**Year Ended September 30, 2018**

	<u>Administrative</u>	<u>Fire</u>	<u>Police</u>	<u>Shop</u>
<b>REVENUES</b>				
Taxes:				
General property tax	\$ 212,597	\$ -	\$ -	\$ -
Motor vehicle tax	26,888	-	-	-
Sales tax	133,566	-	-	-
Franchise	3,936	-	-	-
TIF proceeds	45,795	-	-	-
Intergovernmental revenue:				
State assistance	71,595	-	-	-
Charges for services	-	-	-	-
Grants and donations	6,275	-	-	-
Licenses and permits	6,896	-	-	-
Rent	3,940	-	-	-
Interest income	6,353	-	-	-
Loan proceeds	-	-	-	-
Other receipts	8,656	-	-	-
Total revenues	<u>526,497</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Personnel services:				
Salaries and benefits	137,869	-	-	-
Operating expenses:				
Law enforcement	-	-	41,616	-
Insurance	(4,249)	2,679	-	1,205
Professional fees	34,100	-	-	-
Fuel and transportation	-	-	-	-
Meetings, seminars, and dues	4,765	-	-	-
Repairs and maintenance	6,576	391	-	2,883
Printing, postage, and publications	5,011	-	-	-
Utilities and telephone	4,897	1,778	-	7,467
Total operating expenses	<u>51,100</u>	<u>4,848</u>	<u>41,616</u>	<u>11,555</u>
Supplies	6,830	-	-	1,452
Other expenses	183,882	-	-	-
Capital outlay	-	-	-	-
Principal payments on debt	-	-	-	-
Interest payments	-	-	-	-
Total expenditures	<u>379,681</u>	<u>4,848</u>	<u>41,616</u>	<u>13,007</u>
Excess (deficiency) of revenues over expenditures before transfers	146,816	(4,848)	(41,616)	(13,007)
<b>TRANSFERS FROM (TO) OTHER FUNDS</b>	<u>(186,638)</u>	<u>4,984</u>	<u>41,616</u>	<u>13,001</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (39,822)</u>	<u>\$ 136</u>	<u>\$ -</u>	<u>\$ (6)</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>
\$ -	\$ -	\$ 78,962	\$ -	\$ -	\$ -	\$ 291,559
-	-	-	-	-	-	26,888
-	-	134,157	-	-	-	267,723
-	-	-	-	-	-	3,936
-	-	-	-	-	-	45,795
-	-	6,312	-	859	-	78,766
-	-	19,649	-	1,795	-	21,444
-	-	1,300	-	36,847	-	44,422
-	-	-	-	-	-	6,896
3,320	-	-	-	-	-	7,260
-	-	-	-	-	-	6,353
-	11,550	-	-	-	-	11,550
-	-	-	-	2,424	-	11,080
<u>3,320</u>	<u>11,550</u>	<u>240,380</u>	<u>-</u>	<u>41,925</u>	<u>-</u>	<u>823,672</u>
3,476	16,021	58,308	-	56,390	-	272,064
-	-	-	-	-	-	41,616
4,312	2,432	8,741	2,554	2,841	-	20,515
-	-	12,506	-	-	-	46,606
-	1,617	11	-	-	-	1,628
-	-	40	-	100	-	4,905
5,789	8,063	3,417	1,541	2,958	200	31,818
-	-	140	-	71	-	5,222
<u>10,810</u>	<u>7,488</u>	<u>8,255</u>	<u>9,489</u>	<u>4,325</u>	<u>1,394</u>	<u>55,903</u>
20,911	19,600	33,110	13,584	10,295	1,594	208,213
1,345	1,279	14,778	90	9,344	-	35,118
-	-	3,505	-	4,664	-	192,051
-	11,500	-	-	13,624	-	25,124
-	1,958	98,266	-	-	-	100,224
-	183	51,063	-	-	-	51,246
<u>25,732</u>	<u>50,541</u>	<u>259,030</u>	<u>13,674</u>	<u>94,317</u>	<u>1,594</u>	<u>884,040</u>
(22,412)	(38,991)	(18,650)	(13,674)	(52,392)	(1,594)	(60,368)
<u>22,143</u>	<u>38,796</u>	<u>91,150</u>	<u>11,813</u>	<u>50,049</u>	<u>1,380</u>	<u>88,294</u>
<u>\$ (269)</u>	<u>\$ (195)</u>	<u>\$ 72,500</u>	<u>\$ (1,861)</u>	<u>\$ (2,343)</u>	<u>\$ (214)</u>	<u>\$ 27,926</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  
Tracy A. Cannon

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, 2018, and the related notes to the financial statements, which collectively comprise the City’s financial statements, and have issued our report thereon dated February 8, 2019.

**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.

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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.

  
Gardner & Lusk, P.C.

Grand Island, Nebraska  
February 8, 2019