

CITY OF ALMA, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2020

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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, 2020, 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.

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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, 2020, 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 March 12, 2021, 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.

AMGL, P.C.

Grand Island, Nebraska
March 12, 2021

**CITY OF ALMA, NEBRASKA
MANAGEMENT’S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2020**

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, 2020.

Financial Highlights

- The assets of the City of Alma exceeded its liabilities at the close of the most recent fiscal year by \$8,902,093 (*net position*). Of this amount, \$2,104,996 (*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 \$5,910,443. Approximately 15.5 percent of this total amount, \$915,240, is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$670,610, or 29.6 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, 2020

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, 2020

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 \$8,902,093 at the close of the most recent fiscal year.

Summary Statements of Net Position

	September 30, 2020			September 30, 2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 1,309,057	\$ 1,337,103	\$ 2,646,160	\$ 972,074	\$ 1,210,783	\$ 2,182,857
Capital Assets	6,867,032	2,762,840	9,629,872	7,158,161	2,836,017	9,994,178
Total Assets	8,176,089	4,099,943	12,276,032	8,130,235	4,046,800	12,177,035
Long-term Liabilities	2,056,315	881,742	2,938,057	2,221,494	960,934	3,182,428
Other Liabilities	209,331	226,551	435,882	229,744	177,353	407,097
Total Liabilities	2,265,646	1,108,293	3,373,939	2,451,238	1,138,287	3,589,525
Net Position:						
Net Investment in						
Capital Assets	4,630,627	1,801,894	6,432,521	4,761,050	1,799,874	6,560,924
Restricted	364,576	-	364,576	313,173	-	313,173
Unrestricted	915,240	1,189,756	2,104,996	604,774	1,108,639	1,713,413
Total Net Position	\$ 5,910,443	\$ 2,991,650	\$ 8,902,093	\$ 5,678,997	\$ 2,908,513	\$ 8,587,510

CITY OF ALMA, NEBRASKA
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2020

By far the largest portion of the City of Alma’s net position (72.3 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 (4.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$2,104,996) may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Alma is able to report positive balances in all three categories of net position, both for the government as a whole and for its separate governmental and business-type activities.

Expenses and Program Revenues – Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2020</u>		<u>Year Ended September 30, 2019</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 45,225	\$ 232,827	\$ 101,084	\$ 288,720
Public Safety	-	44,427	-	44,576
Public Works	-	186,876	-	191,902
Recreation	46,131	244,209	52,079	261,194
Airport	41,930	38,189	105,663	33,221
Economic Development	-	66,968	-	104,135
Interest	-	69,475	-	67,601
Depreciation	-	353,838	-	348,868
Total	<u>\$ 133,286</u>	<u>\$ 1,236,809</u>	<u>\$ 258,826</u>	<u>\$ 1,340,217</u>

CITY OF ALMA, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2020

Revenues by Source – Governmental Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2020</u>		<u>Year Ended September 30, 2019</u>	
Charges for Services	\$ 39,985	2.72 %	\$ 58,321	4.15 %
Operating Grants and Contributions	69,997	4.77	126,174	8.98
Capital Grants and Contributions	23,304	1.59	74,331	5.29
Property Taxes	302,294	20.59	306,809	21.85
Motor Vehicle Taxes	29,781	2.03	27,104	1.93
Sales Tax	441,697	30.08	382,480	27.24
Franchise Taxes	3,547	0.24	4,073	0.29
TIF Proceeds	65,209	4.44	68,847	4.90
State Allocation	244,842	16.68	256,805	18.29
Miscellaneous	27,726	1.89	24,374	1.74
Interest	18,275	1.24	9,713	0.69
Transfers	201,598	13.73	65,250	4.65
Total	<u>\$ 1,468,255</u>	<u>100.00 %</u>	<u>\$ 1,404,281</u>	<u>100.00 %</u>

Net position increased \$231,446 in the governmental funds during the year ended September 30, 2020.

Business-type activities. Business-type activities increased the City of Alma's net position by \$83,137. Key elements of this increase are as follows:

Expenses and Program Revenues – Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2020</u>		<u>Year Ended September 30, 2019</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Gas	\$ 454,729	\$ 401,548	\$ 640,518	\$ 465,348
Water	322,868	321,555	247,122	292,788
Sewer	96,246	109,859	77,453	114,911
Trash	192,901	133,337	170,365	162,132
Electric	-	12,588	-	9,719
Golf	256,800	270,023	267,313	270,598
RV Park	66,515	43,226	59,804	54,138
Total	<u>1,390,059</u>	<u>1,292,136</u>	<u>1,462,575</u>	<u>1,369,634</u>
Interfund transfers	-	201,598	-	65,250
	<u>\$ 1,390,059</u>	<u>\$ 1,493,734</u>	<u>\$ 1,462,575</u>	<u>\$ 1,434,884</u>

CITY OF ALMA, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2020

Revenues by Source – Business-type Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2020</u>		<u>Year Ended September 30, 2019</u>	
Charges for Services	\$ 1,385,090	87.84 %	\$ 1,457,606	88.29 %
Grants and Contributions	4,969	0.31	4,969	0.30
Franchise Fees	186,781	11.85	188,287	11.41
Interest	31	-	108	-
Total	<u>\$ 1,576,871</u>	<u>100.00 %</u>	<u>\$ 1,650,970</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 \$1,170,611. Approximately 57.3 percent of this total amount (\$670,610) 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 (\$166,504), 2) restricted for street improvements (\$198,006), 3) restricted for Federal programs (\$66), 4) nonspendable for inventory (\$12,733), 5) assigned for airport operations (\$51,142), or 6) assigned for budgetary stabilization (\$71,550).

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 \$670,610, while total fund balance was \$742,160. 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 29.6 percent of total General Fund expenditures, while total fund balance represents 32.8 percent of the same amount.

The fund balance of the City of Alma's General Fund increased by \$327,089 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, 2020

Unrestricted net position of the proprietary funds at the end of the year were as follows: Gas Fund – \$588,605, Water Fund – \$244,215, Sewer Fund – \$50,417, Trash Fund – \$140,614, Electric Fund – \$53,683, Golf Fund – \$8,931, and RV Park Fund – \$103,291. The change in net position for the proprietary funds was as follows: Gas Fund – increase of \$53,181, Water Fund – increase of \$31,313, Sewer Fund – decrease of \$(13,613), Trash Fund – increase of \$59,564, Electric Fund – decrease of \$(55,807), Golf Fund – decrease of \$(14,790), and RV Park Fund – increase of \$23,289. 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, 2020.

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, 2020, amounts to \$9,629,872 (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:

- Airport runway construction in progress - \$17,994
- QTPod M400 fuel tank - \$14,715
- 2019 Bobcat Toolcat 5600 - \$30,000
- Perkins 1106D generator - \$28,833

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

	<u>Year Ended September 30, 2020</u>			<u>Year Ended September 30, 2019</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>
Land	\$ 163,751	\$ 242,856	\$ 406,607	\$ 163,751	\$ 242,856	\$ 406,607
Construction in Progress	101,008	-	101,008	83,014	-	83,014
Buildings and Improvements	4,876,120	467,705	5,343,825	5,123,304	498,086	5,621,390
Machinery and Equipment	302,544	85,050	387,594	321,103	81,122	402,225
Infrastructure	1,423,609	-	1,423,609	1,466,989	-	1,466,989
Distribution Systems	-	1,967,229	1,967,229	-	2,013,953	2,013,953
Total	<u>\$ 6,867,032</u>	<u>\$ 2,762,840</u>	<u>\$ 9,629,872</u>	<u>\$ 7,158,161</u>	<u>\$ 2,836,017</u>	<u>\$ 9,994,178</u>

**CITY OF ALMA, NEBRASKA
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2020**

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 \$3,197,351.

City of Alma's Outstanding Debt

	<u>Year Ended September 30, 2020</u>			<u>Year Ended September 30, 2019</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>	
Bonds Payable	\$ 2,145,300	\$ 760,700	\$ 2,906,000	\$ 2,273,000	\$ 794,000	\$ 3,067,000
Notes Payable	91,105	200,246	291,351	124,111	242,143	366,254
Total	<u>\$ 2,236,405</u>	<u>\$ 960,946</u>	<u>\$ 3,197,351</u>	<u>\$ 2,397,111</u>	<u>\$ 1,036,143</u>	<u>\$ 3,433,254</u>

The City of Alma’s total debt decreased by \$235,903 (6.9 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, 2021, is \$310,222, an increase of \$5,047 (1.7 percent) over the prior year. The general tax asking was \$230,432, an increase of \$5,047 (2.2 percent) over the prior year. The pool bond debt service tax asking was \$79,790, the same as the prior year.
- The City has total commitments of \$1,188,288 on the airport runway project. This project is expected to be completed during the Fall 2021.

All of these factors were considered in preparing the City of Alma’s budget for the 2021 fiscal year.

CITY OF ALMA, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2020

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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 310,381	\$ 751,779	\$ 1,062,160
Certificates of deposit	405,298	407,000	812,298
County treasurer cash	12,827	-	12,827
Receivables:			
Accounts, net of allowance for doubtful accounts	-	84,772	84,772
Unbilled revenue	-	11,495	11,495
Current portion of notes receivable	2,383	-	2,383
Lease	-	14,285	14,285
Property tax	8,708	-	8,708
Sales tax	81,949	-	81,949
Grants	9,826	-	9,826
Inventory	12,733	46,272	59,005
Total current assets	<u>844,105</u>	<u>1,315,603</u>	<u>2,159,708</u>
Noncurrent assets:			
Restricted cash and cash equivalents	188,130	21,500	209,630
Restricted certificates of deposit	170,000	-	170,000
Noncurrent portion of notes receivable	106,822	-	106,822
Capital assets:			
Land	163,751	242,856	406,607
Construction in progress	101,008	-	101,008
Depreciable capital assets, net of depreciation	6,602,273	2,519,984	9,122,257
Net capital assets	<u>6,867,032</u>	<u>2,762,840</u>	<u>9,629,872</u>
Total noncurrent assets	<u>7,331,984</u>	<u>2,784,340</u>	<u>10,116,324</u>
Total assets	<u>8,176,089</u>	<u>4,099,943</u>	<u>12,276,032</u>
LIABILITIES			
Current liabilities:			
Accounts payable	8,154	52,682	60,836
Advance utility collections	-	20,846	20,846
Accrued expenses	21,087	52,319	73,406
Customer deposits	-	21,500	21,500
Current portion of long-term obligations	180,090	79,204	259,294
Total current liabilities	<u>209,331</u>	<u>226,551</u>	<u>435,882</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	2,056,315	881,742	2,938,057
Total liabilities	<u>2,265,646</u>	<u>1,108,293</u>	<u>3,373,939</u>
NET POSITION			
Net investment in capital assets	4,630,627	1,801,894	6,432,521
Restricted for:			
Street improvements	198,006	-	198,006
Federal programs	66	-	66
Hospital bond debt service	166,504	-	166,504
Unrestricted	915,240	1,189,756	2,104,996
Total net position	<u>\$ 5,910,443</u>	<u>\$ 2,991,650</u>	<u>\$ 8,902,093</u>

See notes to financial statements.

CITY OF ALMA, NEBRASKA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
General government	\$ 232,827	\$ 4,158	\$ 41,067
Public safety	44,427	-	-
Public works	186,876	-	-
Environment and leisure	244,209	10,059	28,930
Airport	38,189	25,768	-
Economic development	66,968	-	-
Interest and fees on long-term debt	69,475	-	-
Depreciation - unallocated	353,838	-	-
Total governmental activities	1,236,809	39,985	69,997
Business-type activities:			
Gas	401,548	454,729	-
Water	321,555	322,868	-
Sewer	109,859	96,246	-
Trash	133,337	192,901	-
Electric	12,588	-	-
Golf	270,023	251,831	4,969
RV Park	43,226	66,515	-
Total business-type activities	1,292,136	1,385,090	4,969
Total primary government	\$ 2,528,945	\$ 1,425,075	\$ 74,966

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>
\$ -	\$ (187,602)		\$ (187,602)
-	(44,427)		(44,427)
-	(186,876)		(186,876)
7,142	(198,078)		(198,078)
16,162	3,741		3,741
-	(66,968)		(66,968)
-	(69,475)		(69,475)
-	(353,838)		(353,838)
<u>23,304</u>	<u>(1,103,523)</u>	<u>\$ -</u>	<u>(1,103,523)</u>
-	-	53,181	53,181
-	-	1,313	1,313
-	-	(13,613)	(13,613)
-	-	59,564	59,564
-	-	(12,588)	(12,588)
-	-	(13,223)	(13,223)
-	-	23,289	23,289
-	-	97,923	97,923
<u>\$ 23,304</u>	<u>(1,103,523)</u>	<u>97,923</u>	<u>(1,005,600)</u>
General revenues:			
Taxes:			
Property	302,294	-	302,294
Motor vehicle	29,781	-	29,781
Sales tax	441,697	-	441,697
Franchise	3,547	186,781	190,328
TIF proceeds	65,209	-	65,209
State allocation	244,842	-	244,842
Miscellaneous	27,726	-	27,726
Interest income	18,275	31	18,306
Interfund transfers	201,598	(201,598)	-
Total general revenues	<u>1,334,969</u>	<u>(14,786)</u>	<u>1,320,183</u>
Change in net position	231,446	83,137	314,583
Net position - September 30, 2019	<u>5,678,997</u>	<u>2,908,513</u>	<u>8,587,510</u>
Net position - September 30, 2020	<u>\$ 5,910,443</u>	<u>\$ 2,991,650</u>	<u>\$ 8,902,093</u>

CITY OF ALMA, NEBRASKA

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

September 30, 2020

	<u>General</u>	<u>Street</u>	<u>Airport</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 264,120	\$ 21,560	\$ 46,261	\$ 166,570	\$ 498,511
Certificates of deposit	400,298	170,000	5,000	-	575,298
County treasurer cash	12,827	-	-	-	12,827
Receivables:					
Property tax	8,708	-	-	-	8,708
Sales tax	62,713	19,236	-	-	81,949
Grants	9,826	-	-	-	9,826
Inventory	-	-	12,733	-	12,733
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 758,492	\$ 210,796	\$ 63,994	\$ 166,570	\$ 1,199,852
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 5,430	\$ 2,605	\$ 119	\$ -	\$ 8,154
Payroll withholdings	(9,671)	-	-	-	(9,671)
Accrued payroll	11,480	3,540	-	-	15,020
Accrued interest payable	9,093	6,645	-	-	15,738
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	16,332	12,790	119	-	29,241
Fund balances:					
Nonspendable:					
Inventory	-	-	12,733	-	12,733
Restricted for:					
Street improvements	-	198,006	-	-	198,006
Federal programs	-	-	-	66	66
Hospital bond debt service	-	-	-	166,504	166,504
Assigned for:					
Airport	-	-	51,142	-	51,142
Budgetary stabilization	71,550	-	-	-	71,550
Unassigned	670,610	-	-	-	670,610
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	742,160	198,006	63,875	166,570	1,170,611
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 758,492	\$ 210,796	\$ 63,994	\$ 166,570	\$ 1,199,852
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See notes to financial statements.

CITY OF ALMA, NEBRASKA

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

September 30, 2020

Total fund balances - governmental funds		\$ 1,170,611
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.		109,205
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 \$10,500,853 and the accumulated depreciation is \$3,633,821.		6,867,032
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	\$ (2,145,300)	
Notes payable	(91,105)	(2,236,405)
Total net position - governmental activities		\$ 5,910,443

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, 2020

	<u>General</u>	<u>Street</u>	<u>Airport</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes:					
Property	\$ 302,294	\$ -	\$ -	\$ -	\$ 302,294
Motor vehicle	29,781	-	-	-	29,781
Sales tax	337,132	104,565	-	-	441,697
Franchise	3,547	-	-	-	3,547
TIF proceeds	65,209	-	-	-	65,209
Intergovernmental	68,909	175,933	-	-	244,842
Licenses and permits	8,488	-	-	-	8,488
Charges for services	7,606	-	13,445	-	21,051
Rent	6,611	-	12,323	-	18,934
Grants and donations	77,139	-	16,162	-	93,301
Loan collections	-	-	-	2,528	2,528
Interest income	17,282	-	-	993	18,275
Bond proceeds	1,500,000	-	-	-	1,500,000
Other income	18,278	955	5	-	19,238
Total revenues	<u>2,442,276</u>	<u>281,453</u>	<u>41,935</u>	<u>3,521</u>	<u>2,769,185</u>
EXPENDITURES					
General government	259,631	-	-	8	259,639
Public safety	44,427	-	-	-	44,427
Public works	10,946	175,930	-	-	186,876
Environment and leisure	244,209	-	-	-	244,209
Airport	-	-	38,189	-	38,189
Economic development	66,968	-	-	-	66,968
Capital outlay	-	30,000	32,709	-	62,709
Bond issuance costs	14,250	-	-	-	14,250
Principal payments on debt	1,588,286	62,700	9,720	-	1,660,706
Interest on long-term debt	35,071	20,154	-	-	55,225
Total expenditures	<u>2,263,788</u>	<u>288,784</u>	<u>80,618</u>	<u>8</u>	<u>2,633,198</u>
Excess (deficiency) of revenues over expenditures	178,488	(7,331)	(38,683)	3,513	135,987
OTHER FINANCING SOURCES					
Transfers from other funds	148,601	36,341	-	16,656	201,598
Net change in fund balances	327,089	29,010	(38,683)	20,169	337,585
Fund balances - September 30, 2019	<u>415,071</u>	<u>168,996</u>	<u>102,558</u>	<u>146,401</u>	<u>833,026</u>
Fund balances - September 30, 2020	<u>\$ 742,160</u>	<u>\$ 198,006</u>	<u>\$ 63,875</u>	<u>\$ 166,570</u>	<u>\$ 1,170,611</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, 2020

Total net change in fund balances - governmental funds	\$ 337,585
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 net position.	(2,528)
Advances on notes receivable are reported in the governmental funds as expenditures, but the advances increase notes receivable in the statement of net position.	26,812
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 (\$62,709) is exceeded by depreciation expense (\$353,838).	(291,129)
Bond proceeds are reported as revenue in the governmental funds, but the proceeds increase long-term liabilities in the statement of net position.	(1,500,000)
Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	<u>1,660,706</u>
Change in net position of governmental activities	<u><u>\$ 231,446</u></u>

See notes to financial statements.

CITY OF ALMA, NEBRASKA

STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS

September 30, 2020

	Enterprise Funds			
	Gas Fund	Water Fund	Sewer Fund	Trash Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 256,276	\$ 183,037	\$ 34,272	\$ 125,627
Certificates of deposit	360,000	40,000	7,000	-
Receivables:				
Accounts, net of allowance for doubtful accounts	-	46,736	14,785	23,251
Lease	-	-	-	-
Unbilled revenue	3,600	6,484	1,411	-
Inventory	13,780	18,334	-	-
Total current assets	<u>633,656</u>	<u>294,591</u>	<u>57,468</u>	<u>148,878</u>
Noncurrent assets:				
Restricted cash and cash equivalents	9,050	6,225	6,225	-
Capital assets:				
Land	1,000	77,068	135,588	7,200
Distribution systems	222,693	2,216,084	605,863	-
Buildings and improvements	4,882	5,785	415,546	52,123
Equipment	78,997	225,134	165,746	336,282
Less accumulated depreciation	(222,751)	(1,316,865)	(575,328)	(354,577)
Net capital assets	<u>84,821</u>	<u>1,207,206</u>	<u>747,415</u>	<u>41,028</u>
Total noncurrent assets	<u>93,871</u>	<u>1,213,431</u>	<u>753,640</u>	<u>41,028</u>
Total assets	<u>727,527</u>	<u>1,508,022</u>	<u>811,108</u>	<u>189,906</u>
LIABILITIES				
Current liabilities:				
Accounts payable	12,511	29,824	25	2,795
Advance utility collections	20,846	-	-	-
Accrued payroll	10,643	14,508	4,466	5,469
Accrued interest payable	-	4,041	2,091	-
Sales tax payable	1,051	2,003	469	-
Customer deposits	9,050	6,225	6,225	-
Current portion of long-term obligations	-	17,150	20,969	-
Total current liabilities	<u>54,101</u>	<u>73,751</u>	<u>34,245</u>	<u>8,264</u>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	-	409,150	323,716	-
Total liabilities	<u>54,101</u>	<u>482,901</u>	<u>357,961</u>	<u>8,264</u>
NET POSITION				
Net investment in capital assets	84,821	780,906	402,730	41,028
Unrestricted	588,605	244,215	50,417	140,614
Total net position	<u>\$ 673,426</u>	<u>\$ 1,025,121</u>	<u>\$ 453,147</u>	<u>\$ 181,642</u>

See notes to financial statements.

Enterprise Funds			
<u>Electric Fund</u>	<u>Golf Fund</u>	<u>RV Park Fund</u>	<u>Total</u>
\$ 40,388	\$ 5,988	\$ 106,191	\$ 751,779
-	-	-	407,000
-	-	-	84,772
14,285	-	-	14,285
-	-	-	11,495
-	14,158	-	46,272
<u>54,673</u>	<u>20,146</u>	<u>106,191</u>	<u>1,315,603</u>
-	-	-	21,500
-	22,000	-	242,856
364,798	-	-	3,409,438
-	470,969	131,091	1,080,396
-	330,272	21,047	1,157,478
(76,139)	(529,257)	(52,411)	(3,127,328)
<u>288,659</u>	<u>293,984</u>	<u>99,727</u>	<u>2,762,840</u>
<u>288,659</u>	<u>293,984</u>	<u>99,727</u>	<u>2,784,340</u>
<u>343,332</u>	<u>314,130</u>	<u>205,918</u>	<u>4,099,943</u>
-	4,695	2,832	52,682
-	-	-	20,846
-	4,717	-	39,803
990	498	-	7,620
-	1,305	68	4,896
-	-	-	21,500
<u>18,260</u>	<u>22,825</u>	<u>-</u>	<u>79,204</u>
<u>19,250</u>	<u>34,040</u>	<u>2,900</u>	<u>226,551</u>
<u>121,290</u>	<u>27,586</u>	<u>-</u>	<u>881,742</u>
<u>140,540</u>	<u>61,626</u>	<u>2,900</u>	<u>1,108,293</u>
149,109	243,573	99,727	1,801,894
53,683	8,931	103,291	1,189,756
<u>\$ 202,792</u>	<u>\$ 252,504</u>	<u>\$ 203,018</u>	<u>\$ 2,991,650</u>

CITY OF ALMA, NEBRASKA

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

For the Year Ended September 30, 2020

	Enterprise Funds			
	Gas Fund	Water Fund	Sewer Fund	Trash Fund
Operating revenues:				
Charges for services	\$ 450,481	\$ 318,142	\$ 92,471	\$ 190,406
Franchise fees	-	-	-	-
Other revenue	4,248	4,726	3,775	2,495
Total operating revenues	<u>454,729</u>	<u>322,868</u>	<u>96,246</u>	<u>192,901</u>
Operating expenses:				
Purchased energy	213,450	-	-	-
Personnel services	143,473	172,365	41,728	57,867
Utilities and telephone	1,947	20,591	9,181	516
Repairs and maintenance	10,616	18,684	4,282	14,327
Supplies	1,230	3,581	435	936
Professional fees	5,662	6,544	4,757	4,567
Insurance and bonds	4,271	11,612	1,674	3,504
Fuel and transportation	906	2,321	247	9,727
Dues and fees	5,947	3,596	870	880
Contractual obligations	-	-	-	32,242
Miscellaneous	10,118	10,077	5,431	4,044
Depreciation	3,928	58,019	33,135	4,727
Total operating expenses	<u>401,548</u>	<u>307,390</u>	<u>101,740</u>	<u>133,337</u>
Operating income (loss)	53,181	15,478	(5,494)	59,564
Nonoperating revenues (expenses):				
Interest income	-	-	-	-
Contributions	-	-	-	-
Interest expense	-	(14,165)	(6,928)	-
Loan administration fees	-	-	(1,191)	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>(14,165)</u>	<u>(8,119)</u>	<u>-</u>
Income (loss) before interfund transfers	53,181	1,313	(13,613)	59,564
Interfund transfers:				
Transfers from (to) other funds	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
Change in net position	53,181	31,313	(13,613)	59,564
Net position - September 30, 2019	<u>620,245</u>	<u>993,808</u>	<u>466,760</u>	<u>122,078</u>
Net position - September 30, 2020	<u>\$ 673,426</u>	<u>\$ 1,025,121</u>	<u>\$ 453,147</u>	<u>\$ 181,642</u>

See notes to financial statements.

Enterprise Funds			
Electric Fund	Golf Fund	RV Park Fund	Total
\$ -	\$ 251,831	\$ 66,354	\$ 1,369,685
186,781	-	-	186,781
-	-	161	15,405
<u>186,781</u>	<u>251,831</u>	<u>66,515</u>	<u>1,571,871</u>
-	-	-	213,450
-	120,768	-	536,201
-	21,168	9,601	63,004
-	20,355	3,923	72,187
-	67,299	414	73,895
-	-	-	21,530
-	7,760	1,941	30,762
-	3,665	-	16,866
-	603	-	11,896
-	-	16,427	48,669
-	2,094	3,777	35,541
9,119	23,843	7,143	139,914
<u>9,119</u>	<u>267,555</u>	<u>43,226</u>	<u>1,263,915</u>
177,662	(15,724)	23,289	307,956
-	31	-	31
-	4,969	-	4,969
(3,469)	(2,468)	-	(27,030)
-	-	-	(1,191)
<u>(3,469)</u>	<u>2,532</u>	<u>-</u>	<u>(23,221)</u>
174,193	(13,192)	23,289	284,735
(230,000)	(1,598)	-	(201,598)
(55,807)	(14,790)	23,289	83,137
<u>258,599</u>	<u>267,294</u>	<u>179,729</u>	<u>2,908,513</u>
<u>\$ 202,792</u>	<u>\$ 252,504</u>	<u>\$ 203,018</u>	<u>\$ 2,991,650</u>

CITY OF ALMA, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the Year Ended September 30, 2020

	Enterprise Funds	
	Gas Fund	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 486,365	\$ 301,351
Payments to suppliers	(252,322)	(91,337)
Payments to employees	(142,545)	(167,073)
Net cash provided by operating activities	91,498	42,941
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers from (to) other funds	-	30,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	-	(37,904)
Grants and contributions received	-	-
Proceeds from issuance of capital debt	-	-
Principal payments on capital debt	-	(14,700)
Interest paid on capital debt	-	(15,448)
Loan administration fees on capital debt	-	-
Net cash used by capital and related financing activities	-	(68,052)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in certificates of deposit	(100,000)	-
Increase in restricted cash	(1,050)	(450)
Interest received	-	-
Net cash provided (used) by investing activities	(101,050)	(450)
Increase (decrease) in cash and cash equivalents	(9,552)	4,439
Cash and cash equivalents - beginning of the year	265,828	178,598
Cash and cash equivalents - end of the year	\$ 256,276	\$ 183,037

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>
\$ 88,998	\$ 183,648	\$ 190,946	\$ 251,831	\$ 66,515	\$ 1,569,654
(27,181)	(71,467)	-	(123,094)	(34,079)	(599,480)
(39,668)	(56,899)	-	(120,333)	-	(526,518)
<u>22,149</u>	<u>55,282</u>	<u>190,946</u>	<u>8,404</u>	<u>32,436</u>	<u>443,656</u>
-	-	(230,000)	(1,598)	-	(201,598)
-	-	-	-	-	(37,904)
-	-	-	4,969	-	4,969
-	-	-	-	-	-
(20,881)	-	(17,660)	(21,956)	-	(75,197)
(6,065)	-	(3,783)	(2,673)	-	(27,969)
(1,191)	-	-	-	-	(1,191)
<u>(28,137)</u>	<u>-</u>	<u>(21,443)</u>	<u>(19,660)</u>	<u>-</u>	<u>(137,292)</u>
-	-	-	-	-	(100,000)
(500)	-	-	-	-	(2,000)
-	-	-	31	-	31
<u>(500)</u>	<u>-</u>	<u>-</u>	<u>31</u>	<u>-</u>	<u>(101,969)</u>
(6,488)	55,282	(60,497)	(12,823)	32,436	2,797
<u>40,760</u>	<u>70,345</u>	<u>100,885</u>	<u>18,811</u>	<u>73,755</u>	<u>748,982</u>
<u>\$ 34,272</u>	<u>\$ 125,627</u>	<u>\$ 40,388</u>	<u>\$ 5,988</u>	<u>\$ 106,191</u>	<u>\$ 751,779</u>

CITY OF ALMA, NEBRASKA

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

For the Year Ended September 30, 2020

	Enterprise Funds	
	Gas Fund	Water Fund
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 53,181	\$ 15,478
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	3,928	58,019
Change in assets and liabilities:		
Accounts receivable and unbilled revenue	9,740	(21,967)
Inventories	362	(4,118)
Prepaid expenses	954	2,661
Accounts payable	345	(13,188)
Advance utility collections	20,846	-
Accrued payroll	928	5,292
Sales tax payable	164	314
Customer deposits	1,050	450
Net cash provided by operating activities	\$ 91,498	\$ 42,941

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>
\$ (5,494)	\$ 59,564	\$ 177,662	\$ (15,724)	\$ 23,289	\$ 307,956
33,135	4,727	9,119	23,843	7,143	139,914
(7,748)	(9,253)	4,165	-	-	(25,063)
-	-	-	283	-	(3,473)
386	833	-	1,746	433	7,013
(679)	(1,557)	-	(1,776)	1,539	(15,316)
-	-	-	-	-	20,846
2,060	968	-	435	-	9,683
(11)	-	-	(403)	32	96
500	-	-	-	-	2,000
<u>\$ 22,149</u>	<u>\$ 55,282</u>	<u>\$ 190,946</u>	<u>\$ 8,404</u>	<u>\$ 32,436</u>	<u>\$ 443,656</u>

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

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CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

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, 2020

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, 2020

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, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds

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

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

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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, 2020

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, 2020

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 \$10,000 in the business-type activities.

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, 2020

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, 2020

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, 2020

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, 2020

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 2019-2020 are recorded as revenue when expected to be collected within 60 days after September 30, 2020. 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, 2020

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, 2020

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, 2020

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, 2020

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, 2020. 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.

<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	\$ 2,282,385	\$ 833,701	\$ 1,448,684	\$ -	\$ <u>2,254,088</u>

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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

1. Cash and Certificates of Deposit, continued

Deposits, continued

Reconciliation to Government-wide Statement of Net Position:

Primary Government –	
Unrestricted cash and cash equivalents	\$ 1,062,160
Restricted cash and cash equivalents	209,630
Unrestricted certificates of deposit	812,298
Restricted certificates of deposit	<u>170,000</u>
	<u>\$ 2,254,088</u>

2. Restricted Assets

The restricted assets as of September 30, 2020, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Type of Restricted Assets:			
Cash and cash equivalents	\$ 188,130	\$ 21,500	\$ 209,630
Certificates of deposit	<u>170,000</u>	<u>-</u>	<u>170,000</u>
	<u>\$ 358,130</u>	<u>\$ 21,500</u>	<u>\$ 379,630</u>

The governmental activities' restricted assets as of September 30, 2020, consisted of \$191,560 in the Street Fund restricted for street improvements, \$66 in the CDBG Fund restricted for federal programs and \$166,504 in the Hospital Bond Sinking Fund restricted for hospital bond debt service.

The business-type activities restricted assets as of September 30, 2020, consisted of \$9,050 in the Gas Fund, \$6,225 in the Water Fund and \$6,225 in the Sewer Fund restricted for customer deposits.

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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

3. Accounts Receivable

Accounts receivable of the business-type activities consist of utilities receivable. Receivables detail at September 30, 2020, is as follows:

	<u>Business-type Activities</u>
Accounts receivable	\$ 94,772
Allowance for doubtful accounts	<u>(10,000)</u>
Net accounts receivable	<u><u>\$ 84,772</u></u>

4. Notes Receivable

The CDBG Fund has made six rehab loans. Notes receivable at September 30, 2020, consisted of the following:

Note for \$15,501 dated November 9, 2005; due in 240 monthly payments of \$64.59 through November 1, 2025; non-interest bearing.	\$ 3,614
Note for \$10,000 dated August 31, 2005; due in 240 monthly payments of \$41.67 through October 1, 2025; non-interest bearing.	1,050
Note for up to \$25,000 with interest at 2.0 percent. As of September 30, 2020, this note had not been finalized and only \$21,700 had been advanced.	21,700
Note for up to \$25,000 with interest at 2.0 percent. As of September 30, 2020, this note had not been finalized and only \$19,628 had been advanced.	19,628
Note for up to \$25,000 with interest at 2.0 percent. As of September 30, 2020, this note had not been finalized and only \$18,641 had been advanced.	18,641

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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

4. Notes Receivable, continued

Note for up to \$25,000, forgivable over five years and non-interest bearing. As of September 30, 2020, this note had not been finalized and only \$21,340 had been advanced. 21,340

Note for \$24,999 dated December 24, 2018; due in 240 monthly payments of \$126.25 through January 1, 2039; bearing interest at 2.0 percent. 23,232

Total governmental activities notes receivable \$ 109,205

Current portion \$ 2,383

Noncurrent portion 106,822

Total \$ 109,205

5. Capital Assets

Capital asset activity for the year ended September 30, 2020, was as follows:

	<u>Balance at</u> <u>October 1, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at</u> <u>September 30, 2020</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 163,751	\$ -	\$ -	\$ 163,751
Construction in progress	83,014	17,994	-	101,008
Total capital assets not being depreciated	<u>246,765</u>	<u>17,994</u>	<u>-</u>	<u>264,759</u>
Other capital assets being depreciated:				
Infrastructure	1,731,228	-	-	1,731,228
Building and improvements	7,615,630	-	-	7,615,630
Equipment	851,144	44,715	(6,623)	889,236
Total other capital assets at historical cost	10,198,002	44,715	(6,623)	10,236,094
Less accumulated depreciation for:				
Infrastructure	(264,239)	(43,380)	-	(307,619)
Building and improvements	(2,492,326)	(247,184)	-	(2,739,510)
Equipment	(530,041)	(63,274)	6,623	(586,692)
Total accumulated depreciation	<u>(3,286,606)</u>	<u>(353,838) *</u>	<u>6,623</u>	<u>(3,633,821)</u>
Other capital assets, net	<u>6,911,396</u>	<u>(309,123)</u>	<u>-</u>	<u>6,602,273</u>
Governmental activities capital assets, net	<u>\$ 7,158,161</u>	<u>\$ (291,129)</u>	<u>\$ -</u>	<u>\$ 6,867,032</u>

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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	\$ 10,765
Public safety	
Fire	5,886
Public works:	
Shop	2,740
Environment and leisure:	
Community buildings	6,365
Library	2,216
Park	3,084
Pheasant Ridge trail	35,872
Pool	79,973
Recreation	<u>3,793</u>
Total environment and leisure	<u>131,303</u>
Total General Fund	150,694
Street Fund	80,011
Airport Fund	<u>123,133</u>
Total governmental activities depreciation expense	\$ <u>353,838</u>

Construction in progress at September 30, 2020 consists of design and geotechnical services of \$101,008 on the airport runway project. See Note D3 for additional details on this project.

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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

5. Capital Assets, continued

	<u>Balance at</u> <u>October 1, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at</u> <u>September 30, 2020</u>
<u>Business-type Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 242,856	\$ -	\$ -	\$ 242,856
Other capital assets being depreciated:				
Distribution systems	3,380,071	29,367	-	3,409,438
Buildings and improvements	1,080,396	-	-	1,080,396
Equipment	<u>1,141,106</u>	<u>37,370</u>	<u>(20,998)</u>	<u>1,157,478</u>
Total other capital assets at historical cost	5,601,573	66,737	(20,998)	5,647,312
Less accumulated depreciation for:				
Distribution systems	(1,366,118)	(76,091)	-	(1,442,209)
Buildings and improvements	(582,310)	(30,381)	-	(612,691)
Equipment	<u>(1,059,984)</u>	<u>(33,442)</u>	<u>20,998</u>	<u>(1,072,428)</u>
Total accumulated depreciation	<u>(3,008,412)</u>	<u>(139,914) *</u>	<u>20,998</u>	<u>(3,127,328)</u>
Other capital assets, net	<u>2,593,161</u>	<u>(73,177)</u>	<u>-</u>	<u>2,519,984</u>
Business-type activities capital assets, net	<u>\$ 2,836,017</u>	<u>\$ (73,177)</u>	<u>\$ -</u>	<u>\$ 2,762,840</u>

* Depreciation expense was charged to functions as follows:

Gas	\$ 3,928
Water	58,019
Sewer	33,135
Trash	4,727
Electric	9,119
Golf	23,843
RV Park	<u>7,143</u>
Total business-type activities depreciation expense	<u>\$ 139,914</u>

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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, 2020:

<u>Type of Debt</u>	<u>Balance at October 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at September 30, 2020</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds and notes payable	<u>\$ 2,397,111</u>	<u>\$ 1,500,000</u>	<u>\$ (1,660,706)</u>	<u>\$ 2,236,405</u>	<u>\$ 180,090</u>
Business-type Activities:					
Bonds and notes payable	<u>\$ 1,036,143</u>	<u>\$ -</u>	<u>\$ (75,197)</u>	<u>\$ 960,946</u>	<u>\$ 79,204</u>

Governmental Activities

As of September 30, 2020, the governmental long-term liabilities consisted of the following:

Bonds and notes payable:

General obligation swimming pool bonds, Series 2019, with an original issue amount of \$1,500,000. Interest rates range from 1.55 percent to 2.65 percent. Interest is due in semi-annual installments and principal is due in annual installments through June 15, 2034. Paid by the General Fund.

\$ 1,415,000

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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

7. Long-term Debt, continued

Governmental Activities, continued

Bonds and notes payable, continued:

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. These bonds were refunded during the year ended September 30, 2020.	-
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.	295,000
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.	3,240
Various purpose bonds, Series 2019, with an original issue amount of \$351,000. Interest at 3.25 percent is due in semi-annual installments and principal is due in annual installments through June 15, 2039. Paid by the Street Fund.	339,300
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.	96,000

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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. 2,337

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. 85,528

Total governmental activities bonds and notes payable \$ 2,236,405

Current portion \$ 180,090

Noncurrent portion 2,056,315

Total \$ 2,236,405

Business-type Activities

As of September 30, 2020, 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. \$ 38,643

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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

7. Long-term Debt, continued

Business-type Activities, continued

Bonds and notes payable, continued:

Various purpose bonds, Series 2019, with an original issue amount of \$351,000. Interest at 3.25 percent is due in semi-annual installments and principal is due in annual installments through June 15, 2039. Paid by the Water and Electric Funds. 530,700

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. 114,685

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. 35,150

General obligation bonds, Series 2019, with an original issue amount of \$245,000. Interest rates range from 1.70 percent to 2.65 percent. Interest is due in semi-annual installments and principal is due in annual installments through June 15, 2034. Paid by the Sewer Fund. 230,000

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. 11,768

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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

7. Long-term Debt, continued

Business-type Activities, continued

Bonds and notes payable, continued:

Total business-type activity bonds and notes payable	\$ <u>960,946</u>
Current portion	\$ 79,204
Noncurrent portion	<u>881,742</u>
Total	\$ <u>960,946</u>

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2020, are as follows:

Year Ending September 30,	Governmental Activities			
	Direct Placement Debt		Other Debt Issues	
	Principal	Interest	Principal	Interest
2021	\$ 25,440	\$ 2,663	\$ 154,650	\$ 50,341
2022	65,665	1,963	154,650	47,679
2023	-	-	154,650	44,851
2024	-	-	158,650	41,772
2025	-	-	159,600	38,554
2026-2030	-	-	725,900	138,918
2031-2035	-	-	547,500	54,138
2036-2039	-	-	89,700	7,415
	<u>\$ 91,105</u>	<u>\$ 4,626</u>	<u>\$ 2,145,300</u>	<u>\$ 423,668</u>

Year Ending September 30,	Business-type Activities				
	Direct Placement Debt			Other Debt Issues	
	Principal	Interest	Fees	Principal	Interest
2021	\$ 42,854	\$ 3,502	\$ 1,132	\$ 36,350	\$ 22,398
2022	45,190	2,488	1,072	36,350	21,449
2023	15,695	1,605	1,011	36,350	20,500
2024	6,243	1,424	950	36,350	19,551
2025	6,337	1,330	887	39,400	18,602
2026-2030	33,145	5,191	3,461	203,100	76,180
2031-2035	35,717	2,620	1,746	232,500	43,364
2036-2039	15,065	284	189	140,300	11,598
	<u>\$ 200,246</u>	<u>\$ 18,444</u>	<u>\$ 10,448</u>	<u>\$ 760,700</u>	<u>\$ 233,642</u>

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

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

8. Interfund Transactions

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 219,942	\$ 71,341
Street Fund	36,341	-
Nonmajor Funds	20,000	3,344
Water Fund	30,000	-
Electric Fund	-	230,000
Golf Fund	<u>15,000</u>	<u>16,598</u>
Total operating transfers	<u>\$ 321,283</u>	<u>\$ 321,283</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, 2020, the City's total payroll and covered payroll under the plan was \$639,570 and \$470,046, respectively. Both the City's contribution of \$23,502 and the covered employees' contribution of \$33,904 were made for the year ended September 30, 2020.

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, 2020

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, 2020, 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 2020	\$ 204,205
April 2021	100,000
July 2021	358,093
February 2022	200,000
March 2022	80,000
April 2022	40,000
	<u>\$ 982,298</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, 2020

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, 2020, the City’s investments and certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
First State Bank	\$ 454,205
Banner Capital Bank	448,093
Community Bank	80,000
Totals	<u><u>\$ 982,298</u></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, 2020.

3. Commitments and Contingencies

Leases

On November 15, 2018, the City entered into a five-year lease for a copier from Eakes Office Plus. Rent of \$189 is due monthly through October 2024.

Rent expense was \$2,266 for the year ended September 30, 2020. The following payments are due under the leases:

<u>Year Ending</u> <u>September 30,</u>	
2021	\$ 2,266
2022	2,266
2023	2,266
2024	189
2025	-
	<u><u>\$ 6,987</u></u>

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Construction Commitments

At September 30, 2020, the City had a \$206,510 contractual commitment to the Nebraska Department of Transportation - Division of Aeronautics for the airport runway construction management. The City had paid \$101,008 on this contract as of September 30, 2020, leaving \$105,502 to be paid under the contractual obligation. This project is expected to be completed during Fall 2021.

At September 30, 2020, the City had a \$1,082,786 contractual commitment to Paulsen, Inc. for the airport runway construction. There had been no payments on this contract as of September 30, 2020, leaving \$1,082,786 to be paid under the contractual obligation. This project is expected to be completed during Fall 2021.

Contingencies

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen worldwide. While the disruption this pandemic is causing is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, the financial impact to the City that could occur as a result of this issue is unknown and cannot be reasonably estimated at this time.

4. Interlocal Agreements

The City had the following interlocal agreements in effect as of September 30, 2020:

<u>Parties to Agreement</u>	<u>Term</u>	<u>Description</u>
Harlan County	October 1, 2019 - September 30, 2020	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

CITY OF ALMA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

NOTE D – OTHER NOTES, continued

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.

Information relevant to the abatements granted by the CRA for the year ended September 30, 2020 is as follows:

<u>TIF Project:</u>	<u>Years Remaining on TIF Agreements</u>	<u>2020 TIF Valuation</u>	<u>TIF Proceeds Received during the year 9-30-2020</u>
Tripe Motor	13	\$ 964,085	\$ 17,812
Alma Auto Parts	9	201,062	3,715
Harlan Lodging	1	2,045,858	37,800
Auto Creations	1	157,357	2,907
Tripe Motor	1	161,004	<u>2,975</u>
			<u>\$ 65,209</u>

6. Subsequent Events

Management has evaluated subsequent events through March 12, 2021, 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, 2020

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 302,150	\$ 301,404	\$ (746)
Motor vehicle	25,000	29,781	4,781
Sales	300,000	337,178	37,178
Franchise	3,963	3,547	(416)
TIF proceeds	65,000	65,209	209
Intergovernmental	91,997	68,909	(23,088)
Licenses and permits	6,580	8,488	1,908
Charges for services	21,327	7,606	(13,721)
Rent	6,640	6,611	(29)
Grants and contributions	355,965	85,006	(270,959)
Interest income	6,000	17,282	11,282
Bond proceeds	1,511,250	1,500,000	(11,250)
Other	3,000	18,278	15,278
	<hr/>	<hr/>	<hr/>
Total resources	2,698,872	2,449,299	(249,573)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	246,403	278,538	32,135
Public safety	47,191	44,165	(3,026)
Public works	10,500	10,758	258
Environment and leisure	256,754	239,598	(17,156)
Economic development	78,100	66,968	(11,132)
Capital outlay	393,976	-	(393,976)
Bond issuance costs	-	14,250	14,250
Principal payments on debt	1,614,157	1,588,286	(25,871)
Interest payments on debt	44,640	39,313	(5,327)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	2,691,721	2,281,876	(409,845)
Resources over charges to appropriations	7,151	167,423	160,272
OTHER FINANCING SOURCES (USES)			
Net transfers	(21,400)	148,601	170,001
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ (14,249)</u>	<u>\$ 316,024</u>	<u>\$ 330,273</u>

CITY OF ALMA, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
STREET FUND

Year Ended September 30, 2020

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Sales tax	\$ 80,000	\$ 94,487	\$ 14,487
Intergovernmental	176,262	175,933	(329)
Other income	-	955	955
	<hr/>	<hr/>	<hr/>
Total resources	256,262	271,375	15,113
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	254,645	175,567	(79,078)
Capital outlay	43,150	30,000	(13,150)
Principal payments on debt	62,700	62,700	-
Interest payments on debt	21,776	17,889	(3,887)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	382,271	286,156	(96,115)
Resources under charges to appropriations	(126,009)	(14,781)	111,228
OTHER FINANCING SOURCES			
Net transfers	131,150	36,341	(94,809)
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES OVER CHARGES TO APPROPRIATIONS	<u>\$ 5,141</u>	<u>\$ 21,560</u>	<u>\$ 16,419</u>

CITY OF ALMA, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
AIRPORT FUND

Year Ended September 30, 2020

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Charges for services	\$ 26,000	\$ 13,445	\$ (12,555)
Rent	12,810	12,323	(487)
Grant income	1,211,342	16,162	(1,195,180)
Other income	500	5	(495)
	<hr/>	<hr/>	<hr/>
Total resources	1,250,652	41,935	(1,208,717)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Operating expenditures	45,040	39,219	(5,821)
Capital outlay	1,473,952	32,709	(1,441,243)
Principal payments on debt	9,720	9,720	-
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	1,528,712	81,648	(1,447,064)
Resources under charges to appropriations	(278,060)	(39,713)	238,347
OTHER FINANCING SOURCES			
Net transfers	72,250	-	(72,250)
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES UNDER CHARGES TO APPROPRIATIONS	<u>\$ (205,810)</u>	<u>\$ (39,713)</u>	<u>\$ 166,097</u>

CITY OF ALMA, NEBRASKA

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

Year Ended September 30, 2020

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

	<u>General Fund</u>	<u>Street Fund</u>	<u>Airport Fund</u>
Sources/inflows of resources:			
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 2,449,299	\$ 271,375	\$ 41,935
Differences - budget to GAAP:			
Cash to accrual adjustments	<u>(7,023)</u>	<u>10,078</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,442,276</u>	<u>\$ 281,453</u>	<u>\$ 41,935</u>
Uses/outflows of resources:			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedules	\$ 2,281,876	\$ 286,156	\$ 81,648
Differences - budget to GAAP:			
Cash to accrual adjustments	<u>(18,088)</u>	<u>2,628</u>	<u>(1,030)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,263,788</u>	<u>\$ 288,784</u>	<u>\$ 80,618</u>

SUPPLEMENTARY INFORMATION

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

September 30, 2020

	Special Revenue Funds		
	CDBG	Hospital Bond Sinking	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 66	\$ 166,504	\$ 166,570
LIABILITIES AND FUND BALANCES			
Liabilities	\$ -	\$ -	\$ -
Fund balances:			
Restricted for:			
Federal programs	66	-	66
Hospital bond debt service	-	166,504	166,504
Total fund balances	66	166,504	166,570
Total liabilities and fund balances	\$ 66	\$ 166,504	\$ 166,570

CITY OF ALMA, NEBRASKA

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

For the Year Ended September 30, 2020

	Special Revenue Funds		
	<u>CDBG</u>	Hospital Bond <u>Sinking</u>	Total Nonmajor Governmental <u>Funds</u>
REVENUES			
Interest income	\$ 473	\$ 520	\$ 993
Loan collections	2,528	-	2,528
Total revenues	3,001	520	3,521
EXPENDITURES			
General government	8	-	8
Excess of revenues over expenditures	2,993	520	3,513
OTHER FINANCING SOURCES (USES)			
Transfers from (to) other funds	(3,344)	20,000	16,656
Net change in fund balances	(351)	20,520	20,169
Fund balances - September 30, 2019	417	145,984	146,401
Fund balances - September 30, 2020	\$ 66	\$ 166,504	\$ 166,570

CITY OF ALMA, NEBRASKA

COMBINING STATEMENT OF REVENUES AND EXPENDITURES -

GENERAL FUND DEPARTMENTS

Year Ended September 30, 2020

	<u>Administrative</u>	<u>Fire</u>	<u>Police</u>	<u>Shop</u>
REVENUES				
Taxes:				
General property tax	\$ 223,546	\$ -	\$ -	\$ -
Motor vehicle tax	29,781	-	-	-
Sales tax	174,568	-	-	-
Franchise	3,547	-	-	-
TIF proceeds	65,209	-	-	-
Intergovernmental revenue:				
State assistance	68,309	-	-	-
Charges for services	-	-	-	-
Grants and donations	41,067	-	-	-
Licenses and permits	8,488	-	-	-
Rent	4,158	-	-	-
Interest income	17,282	-	-	-
Loan proceeds	-	-	-	-
Other receipts	12,299	-	-	-
Total revenues	<u>648,254</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Personnel services:				
Salaries and benefits	129,905	-	-	-
Operating expenses:				
Law enforcement	-	-	41,616	-
Insurance	9,252	524	-	1,612
Professional fees	6,315	-	-	-
Fuel and transportation	-	-	-	-
Meetings, seminars, and dues	3,278	-	-	-
Repairs and maintenance	5,852	135	-	608
Printing, postage, and publications	3,447	-	-	-
Utilities and telephone	5,886	2,152	-	7,162
Total operating expenses	<u>34,030</u>	<u>2,811</u>	<u>41,616</u>	<u>9,382</u>
Supplies	6,040	-	-	1,564
Other expenses	156,624	-	-	-
Bond issuance costs	-	-	-	-
Principal payments on debt	-	-	-	-
Interest payments	-	-	-	-
Total expenditures	<u>326,599</u>	<u>2,811</u>	<u>41,616</u>	<u>10,946</u>
Excess (deficiency) of revenues over expenditures before transfers	321,655	(2,811)	(41,616)	(10,946)
TRANSFERS FROM (TO) OTHER FUNDS	<u>(17,744)</u>	<u>2,549</u>	<u>41,616</u>	<u>10,758</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 303,911</u>	<u>\$ (262)</u>	<u>\$ -</u>	<u>\$ (188)</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>
\$ -	\$ -	\$ 78,748	\$ -	\$ -	\$ -	\$ 302,294
-	-	-	-	-	-	29,781
-	-	162,564	-	-	-	337,132
-	-	-	-	-	-	3,547
-	-	-	-	-	-	65,209
-	-	600	-	-	-	68,909
-	-	6,306	-	1,300	-	7,606
6,250	-	450	-	29,372	-	77,139
-	-	-	-	-	-	8,488
2,453	-	-	-	-	-	6,611
-	-	-	-	-	-	17,282
-	-	1,500,000	-	-	-	1,500,000
-	-	740	3,745	1,494	-	18,278
<u>8,703</u>	<u>-</u>	<u>1,749,408</u>	<u>3,745</u>	<u>32,166</u>	<u>-</u>	<u>2,442,276</u>
-	14,572	39,933	-	55,333	-	239,743
-	-	-	-	-	-	41,616
4,879	2,424	7,714	2,623	2,965	-	31,993
-	-	-	-	-	-	6,315
-	1,216	-	-	-	-	1,216
-	-	121	-	1,366	-	4,765
9,118	1,651	7,639	6,275	2,945	6,302	40,525
-	46	230	-	97	-	3,820
<u>10,268</u>	<u>9,245</u>	<u>4,891</u>	<u>3,842</u>	<u>5,666</u>	<u>2,642</u>	<u>51,754</u>
24,265	14,582	20,595	12,740	13,039	8,944	182,004
2,766	2,423	17,981	2,385	9,886	162	43,207
-	-	1,838	-	2,765	-	161,227
-	-	14,250	-	-	-	14,250
-	3,914	1,584,372	-	-	-	1,588,286
-	147	34,924	-	-	-	35,071
<u>27,031</u>	<u>35,638</u>	<u>1,713,893</u>	<u>15,125</u>	<u>81,023</u>	<u>9,106</u>	<u>2,263,788</u>
(18,328)	(35,638)	35,515	(11,380)	(48,857)	(9,106)	178,488
<u>24,434</u>	<u>34,177</u>	<u>(14,020)</u>	<u>11,847</u>	<u>45,874</u>	<u>9,110</u>	<u>148,601</u>
<u>\$ 6,106</u>	<u>\$ (1,461)</u>	<u>\$ 21,495</u>	<u>\$ 467</u>	<u>\$ (2,983)</u>	<u>\$ 4</u>	<u>\$ 327,089</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
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, 2020, and the related notes to the financial statements, which collectively comprise the City’s financial statements, and have issued our report thereon dated March 12, 2021.

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.

AMGL, P.C.

Grand Island, Nebraska
March 12, 2021