

CITY OF ALLIANCE, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2015

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alliance, Nebraska as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting

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policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alliance, Nebraska, as of September 30, 2015, 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 6-15 and 64-70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Alliance, Nebraska's basic financial statements. The nonmajor governmental funds combining statements and the internal service funds combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The nonmajor governmental funds combining statements, the internal service funds combining statements, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other

records used to prepare the 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 in the first sentence of this paragraph and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the 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 January 27, 2016, on our consideration of the City of Alliance, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Alliance, Nebraska's internal control over financial reporting and compliance.

Almgvist, Malthahn.
Gallsway & Luth, P.C.

Grand Island, Nebraska
January 27, 2016

**CITY OF ALLIANCE, NEBRASKA
MANAGEMENT’S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2015**

MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of the City of Alliance, we offer readers of the City of Alliance financial statements this narrative overview and analysis of the financial activities of the City of Alliance for the fiscal year ended September 30, 2015.

Financial Highlights

- The assets of the City of Alliance exceeded its liabilities at the close of the most recent fiscal year by \$70,759,282 (*net position*). Of this amount, \$12,697,952 (*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 Alliance governmental funds reported combined ending net position of \$43,369,416. Approximately 9.3 percent of this total amount, \$4,025,240, is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,224,693, or 38.6 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 Alliance’s basic financial statements. The City of Alliance’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 Alliance’s finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Alliance’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 Alliance is improving or deteriorating.

CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015

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 Alliance that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Alliance include general government, public safety, highways and streets, economic development, and culture and recreation. The business-type activities of the City of Alliance include the Electric, Water, Sewer and Refuse Funds. The government-wide financial statements can be found on pages 16 and 17 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 Alliance, 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 Alliance 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 Alliance maintains 23 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Street Fund, Sales Tax Fund, Capital Projects Fund, Redevelopment Fund, and Airport Fund, all of which are considered to be major funds. Data from the other 17 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of *combining statements* elsewhere in this report.

CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015

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

The basic governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary funds. The City of Alliance maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Alliance uses enterprise funds to account for its Electric, Water, Sewer and Refuse Funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Alliance's various functions. The City of Alliance uses an internal service fund to account for its employee health insurance. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric, Water, Sewer and Refuse Funds. All four funds are considered to be major funds of the City of Alliance.

The basic proprietary fund financial statements can be found on pages 22-25 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 26-63 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 Alliance's budgetary comparison schedules. Required supplementary information can be found on pages 64-70 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 71-77 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Alliance, assets exceeded liabilities by \$70,759,282 at the close of the most recent fiscal year.

**CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015**

Summary Statements of Net Position

	September 30, 2015			September 30, 2014		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 15,667,571	\$ 13,144,453	\$ 28,812,024	\$ 12,061,716	\$ 11,908,304	\$ 23,970,020
Capital Assets	34,120,369	22,728,187	56,848,556	30,060,521	23,439,922	53,500,443
Total Assets	49,787,940	35,872,640	85,660,580	42,122,237	35,348,226	77,470,463
Long-term Liabilities	1,535,980	5,943,421	7,479,401	1,687,704	6,890,098	8,577,802
Other Liabilities	4,882,544	2,539,353	7,421,897	1,095,435	3,004,894	4,100,329
Total Liabilities	6,418,524	8,482,774	14,901,298	2,783,139	9,894,992	12,678,131
Net Position:						
Net Investment in						
Capital Assets	34,013,400	17,754,598	51,767,998	29,912,589	17,455,193	47,367,782
Restricted	5,330,776	962,556	6,293,332	4,247,079	955,517	5,202,596
Unrestricted	4,025,240	8,672,712	12,697,952	5,179,430	7,042,524	12,221,954
Total Net Position	<u>\$ 43,369,416</u>	<u>\$ 27,389,866</u>	<u>\$ 70,759,282</u>	<u>\$ 39,339,098</u>	<u>\$ 25,453,234</u>	<u>\$ 64,792,332</u>

By far the largest portion of the City of Alliance's net position (73.2 percent) reflects its investment in capital assets (land, infrastructure, buildings, machinery, vehicles and equipment), net of any related debt used to acquire those assets that is still outstanding. The City of Alliance uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Alliance'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 Alliance's net position (8.9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$12,697,952) 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 Alliance 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.

**CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015**

Expenses and Program Revenues - Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2015</u>		<u>Year Ended September 30, 2014</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 10,561	\$ 774,265	\$ 10,517	\$ 650,775
Public Safety	312,494	2,784,100	300,577	2,660,857
Public Works	131,221	1,136,934	381,839	1,452,664
Environment and leisure	5,468,973	2,663,335	795,744	2,361,625
Economic development	-	338,496	-	259,755
Interest	-	2,564	-	3,387
Depreciation	-	1,677,003	-	1,731,147
Total	<u>\$ 5,923,249</u>	<u>\$ 9,376,697</u>	<u>\$ 1,488,677</u>	<u>\$ 9,120,210</u>

Revenues by Source - Governmental Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2015</u>		<u>Year Ended September 30, 2014</u>	
Charges for Services	\$ 840,688	6.27 %	\$ 991,340	11.28 %
Operating Grants and Contributions	299,177	2.23	207,040	2.36
Capital Grants and Contributions	4,783,384	35.68	290,297	3.30
Property Taxes	1,565,297	11.67	1,490,178	16.95
Motor Vehicle Taxes	175,492	1.31	171,089	1.95
Sales Tax	1,900,607	14.17	1,973,749	22.45
Franchise Taxes	238,219	1.78	237,832	2.71
Occupation Taxes	191,436	1.43	169,622	1.93
TIF Proceeds	216,935	1.62	162,811	1.85
State Allocation	1,264,585	9.43	1,256,826	14.30
Special Assessments	8,701	0.06	9,264	0.11
Keno	17,107	0.13	18,581	0.21
Other	25,194	0.19	23,726	0.27
Interest	43,868	0.33	29,850	0.34
Gain on Sale of Assets	66,725	0.50	27,631	0.31
Interfund Transfer	1,769,600	13.20	1,730,000	19.68
Total	<u>\$ 13,407,015</u>	<u>100.00 %</u>	<u>\$ 8,789,836</u>	<u>100.00 %</u>

Net position increased \$4,030,318 in the governmental funds during the year ended September 30, 2015.

In addition to utility fund transfers, the governmental funds are financed by revenues from property tax, state aid, municipal equalization, mutual fire organization aid, grants, user and license fees and sales tax.

The City received \$1,565,297 in property tax for fiscal year 2015 compared to \$1,490,178 in 2014. Levies are expressed in dollars and cents per \$100 of valuation. The 2014 tax year levies

**CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015**

were collected in the City's Fiscal Year 2015. The following table shows the levies and valuations for the past ten years:

	<u>City</u>	<u>MFO</u>	<u>Public Safety</u>	<u>Airport</u>	<u>Airport Sinking</u>	<u>Total Levy</u>	<u>Assessed Valuation</u>
2005	.24854	.03395	-	.03360	.01459	.33068	\$ 301,309,181
2006	.26916	.03395	-	.03413	.01482	.35206	\$ 307,673,435
2007	.26874	.03395	-	.03395	.01542	.35206	\$ 309,355,307
2008	.27708	.03395	-	.03422	.01211	.35736	\$ 328,332,369
2009	.27642	.03393	-	.03420	.01210	.35665	\$ 338,471,804
2010	.27642	.03395	.03000	.03140	.01210	.38387	\$ 346,899,841
2011	.27642	.03395	.03000	.03140	.01210	.38387	\$ 361,080,370
2012	.27273	.03395	.03000	.03711	.00600	.37979	\$ 376,786,766
2013	.27211	.03395	.03000	.03710	.00600	.37916	\$ 390,837,023
2014	.27210	.03395	.03000	.03100	.01210	.37915	\$ 410,520,412

The Nebraska Legislature allows for cities to levy property taxes up to a maximum of forty-five cents. Because the citizens of Alliance approved a local sales tax, the City has been able to keep its levy well below the maximum limit.

Business-type activities. Business-type activities increased the City of Alliance's net position by \$1,936,632. Key elements of this increase are as follows:

Expenses and Program Revenues - Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2015</u>		<u>Year Ended September 30, 2014</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 13,236,942	\$ 10,115,441	\$ 12,334,546	\$ 10,307,107
Water	1,515,561	1,287,193	1,496,727	1,238,339
Sewer	389,679	446,194	407,417	398,134
Refuse	1,397,864	1,052,891	1,146,093	1,081,880
Total	16,540,046	12,901,719	15,384,783	13,025,460
Interfund Transfer	-	1,769,600	-	1,730,000
	<u>\$ 16,540,046</u>	<u>\$ 14,671,319</u>	<u>\$ 15,384,783</u>	<u>\$ 14,755,460</u>

Revenues by Source - Business-type Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2015</u>		<u>Year Ended September 30, 2014</u>	
Charges for Services	\$ 16,489,436	99.29 %	\$ 15,384,262	99.53 %
Operating Grants and Contributions	50,610	0.30	521	-
Interest	35,774	0.22	27,173	0.18
Miscellaneous	3,672	0.02	15,548	0.10
Gain on Sale of Assets	28,459	0.17	29,783	0.19
Total	<u>\$ 16,607,951</u>	<u>100.00 %</u>	<u>\$ 15,457,287</u>	<u>100.00 %</u>

**CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015**

The largest source of receipts for the City is user fees in the Utility Departments. The Utility Departments transferred \$1,769,000 in revenues to the operations of the governmental funds.

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the City of Alliance'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 Alliance'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 Alliance's governmental funds reported combined ending fund balances of \$8,518,542. Approximately 26.1 percent of this total amount (\$2,224,693) 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 to pay debt service (\$49,301), 2) restricted for street improvements (\$2,678,189), 3) restricted for Federal programs (\$14,090), 4) restricted to fund capital projects (\$375,002), 5) restricted for economic development (\$1,278,516), 6) restricted for maintenance expenses (\$7,833), 7) restricted for tourism promotion (\$173,320), 8) restricted for community betterment (\$71,943), 9) endowed as nonspendable for cemetery perpetual care (\$390,982), 10) restricted for pension plans (\$189,264), 11) restricted for museum projects (\$28,010), 12) restricted for general tax support (\$74,326), 13) committed for sign project (\$7,869), 14) assigned for capital projects (\$366,051), 15) assigned for budgetary stabilization (\$505,700), or 16) assigned for specific special revenue fund purposes (\$83,453).

The General Fund is the chief operating fund of the City of Alliance. At the end of the current fiscal year, the General Fund's unassigned fund balance was \$2,224,693 and total fund balance was \$2,927,526. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 38.6 percent of total General Fund expenditures, while total fund balance was 50.9 percent of total General Fund expenditures.

The fund balance of the City of Alliance's General Fund decreased by \$149,182 during the current fiscal year.

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

Unrestricted net position of the proprietary funds at the end of the year were as follows: Electric Fund - \$5,837,804, Water Fund - \$934,839, Sewer Fund - \$825,976, and Refuse - \$1,074,093. The change in net position for the proprietary funds was as follows: Electric Fund - \$1,726,241, Water Fund - \$82,259, Sewer Fund - decrease of \$(95,650), and Refuse Fund - \$223,782. Other factors concerning the finances of these four funds have already been addressed in the discussion of the City of Alliance's business-type activities.

**CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015**

Budgetary Highlights

There was no difference between the original budget and the final adopted budget for the City of Alliance.

Capital Asset and Debt Administration

Capital Assets. The City of Alliance's investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounts to \$56,848,556 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, building and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Major capital asset events during the current fiscal year included the following:

- Construction in progress on airport runway rejuvenation - \$5,309,957
- 2015 Ford van for animal control - \$22,006
- John Deere mower for the golf course - \$30,000
- Structural improvements at the library - \$28,378
- Sprinkler system at the ballfield - \$29,780
- Two 2016 Ford Explorers with equipment for police - \$74,567
- Relay switch for the 10th Street substation - \$54,344
- Relay switch for the Broadwater substation - \$51,123
- Electric distribution system improvements - \$158,073
- Trash containers - \$59,400
- Caterpillar dozer refurbishing - \$66,753
- Golf course water system improvements - \$170,398

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

	<u>Year Ended September 30, 2015</u>			<u>Year Ended September 30, 2014</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 2,071,205	\$ 566,827	\$ 2,638,032	\$ 2,071,205	\$ 566,827	\$ 2,638,032
Construction						
in Progress	5,860,028	83,212	5,943,240	520,107	6,605	526,712
Infrastructure	7,572,382	-	7,572,382	7,992,104	-	7,992,104
Improvements	5,213,444	-	5,213,444	5,564,897	-	5,564,897
Buildings	11,205,060	1,849,496	13,054,556	11,564,216	1,910,786	13,475,002
Equipment	2,198,250	8,490,575	10,688,825	2,347,992	8,845,598	11,193,590
Distribution						
Systems	-	11,738,077	11,738,077	-	12,110,106	12,110,106
Total	<u>\$ 34,120,369</u>	<u>\$ 22,728,187</u>	<u>\$ 56,848,556</u>	<u>\$ 30,060,521</u>	<u>\$ 23,439,922</u>	<u>\$ 53,500,443</u>

**CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015**

Additional information on the City of Alliance's capital assets can be found in Note C4 on pages 48-50 of this report.

Long-term debt. At the end of the current fiscal year, the City of Alliance had total long-term debt outstanding of \$5,080,558. Of this amount, \$106,969 comprises debt backed by the full faith and credit of the government. The remainder of the City of Alliance's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Alliance's Outstanding Debt

	<u>Year Ended September 30, 2015</u>			<u>Year Ended September 30, 2014</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Notes	\$ 106,969	\$ 3,303,589	\$ 3,410,558	\$ 147,932	\$ 3,484,729	\$ 3,632,661
Revenue Bonds	-	1,670,000	1,670,000	-	2,500,000	2,500,000
Total	<u>\$ 106,969</u>	<u>\$ 4,973,589</u>	<u>\$ 5,080,558</u>	<u>\$ 147,932</u>	<u>\$ 5,984,729</u>	<u>\$ 6,132,661</u>

The City of Alliance's total debt decreased by \$1,052,103 (17.2 percent) during the current fiscal year, as scheduled principal payments were made.

Additional information on the City of Alliance's long-term debt can be found in Note C6 on pages 51-53 of this report.

Economic Factors and Next Year's Budgets and Rates

Recent news of furloughs at Burlington Northern & Sante Fe Railway (BNSF), combined with the closing of two long-time Alliance family businesses, has created concern in the community. Many of the major economic indicators tell a much different story as recent business and commercial investments have an estimated value of approximately \$45 million.

- Box Butte General Hospital - \$40 million expansion just completed with another \$3 million planned for remodeling of the fitness and rehabilitation center
- Grocery Kart - expansion of grocery store and addition of liquor store
- Vitalix - expansion of feed manufacturing warehouse
- Ackerman Ag - new facility construction for agricultural feed and supplies
- MLCS Family and Youth Services - rehabilitation of downtown store for counseling
- New Alliance Bean - expansion of storage facilities
- Viaero and Verizon - new cell tower construction
- Frest Start - expansion of convenience store
- Panhandle Coop - expansion of storage facilities (tank)
- Dietrich & Sautter - expansion of accounting firm
- Jack's Refrigeration - expansion of storage

Six new residential houses started with estimated construct valued at \$1.1 million.

CITY OF ALLIANCE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015

Major State of Nebraska investments are expected to materialize in 2016-2017, as US Highway 385 (Heartland Expressway) is expected to begin construction south of Alliance. In addition, the downtown Streetscape Project appears headed toward construction in the fall of 2016 and the East 10th Street rehabilitation and Meadowood Trail project are targeted for 2016-2017.

Alliance and Box Butte County unemployment remains low around three percent. There are currently 4,000 railroad employees laid off system-wide with 175 conductors affected in Alliance. Railroad shop employees have not been affected to-date; however, the layoffs create an influx of temporary workers who have higher seniority and are able to transfer in order to retain a position.

A number of other financial indicators also indicate a continued strong economy:

- Non-Vehicle Sales Taxes - 2015 was the second highest in history at \$1,888 million
- Motor Vehicles Sales Taxes - 2015 was the highest in history at \$267,297
- Hotel Occupation Taxes - 2015 was the highest in history at \$185,135

The City's taxable property valuation also grew by \$8,156,191 (2.0 percent) to an all-time high in 2015 as a result of the increased building activity and adjustment of a portion of the City valuations. The property tax request for the year ending September 30, 2016 is \$1,581,414, a \$24,910 (1.6 percent) increase over the prior year.

Refuse and landfill rates were adjusted in October 2015 and electric rates will be adjusted in April 2016 in accordance with utility rate studies. All other utility rates were automatically increased by one percent in October 2015 in accordance with the current ordinance.

Request for Information

This financial report is designed to provide a general overview of the City of Alliance'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 Manager or Finance Director, City of Alliance, P.O. Box D, Alliance, NE 69301.

CITY OF ALLIANCE, NEBRASKA

STATEMENT OF NET POSITION

September 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,565,256	\$ 5,044,444	\$ 8,609,700
Certificates of deposit	-	1,183,903	1,183,903
County treasurer cash	311,575	-	311,575
Receivables:			
Property tax	17,610	-	17,610
Special assessments	486,903	-	486,903
Accounts, net of allowance for doubtful accounts	402,360	902,214	1,304,574
Unbilled revenue	-	1,562,002	1,562,002
Interest	643	7,768	8,411
Current portion of notes	40,697	-	40,697
Current portion of TIF	216,935	-	216,935
Due from other governments	3,978,565	-	3,978,565
Due (to) from other funds	(125,169)	125,169	-
Inventory	-	1,237,006	1,237,006
Prepaid expenses	71,141	-	71,141
Total current assets	8,966,516	10,062,506	19,029,022
Noncurrent assets:			
Restricted cash and cash equivalents	4,585,819	1,083,271	5,669,090
Restricted certificates of deposit	173,489	1,998,676	2,172,165
Noncurrent notes receivable	670,084	-	670,084
Noncurrent TIF receivable	1,271,663	-	1,271,663
Capital assets:			
Land and construction in progress	7,931,233	650,039	8,581,272
Other capital assets, net of depreciation	26,189,136	22,078,148	48,267,284
Net capital assets	34,120,369	22,728,187	56,848,556
Total noncurrent assets	40,821,424	25,810,134	66,631,558
Total assets	49,787,940	35,872,640	85,660,580
LIABILITIES			
Current liabilities:			
Accounts payable	2,216,352	973,877	3,190,229
Accrued expenses	220,522	157,408	377,930
Customer deposits	-	378,287	378,287
Current portion of TIF payables	216,935	-	216,935
Unavailable special assessments	486,903	-	486,903
Note payable	1,700,000	-	1,700,000
Current portion of long-term obligations	41,832	1,029,781	1,071,613
Total current liabilities	4,882,544	2,539,353	7,421,897
Noncurrent liabilities:			
Compensated absences - noncurrent	199,180	74,145	273,325
Landfill closure costs	-	1,925,468	1,925,468
Noncurrent TIF payables	1,271,663	-	1,271,663
Noncurrent portion of long-term obligations	65,137	3,943,808	4,008,945
Total noncurrent liabilities	1,535,980	5,943,421	7,479,401
Total liabilities	6,418,524	8,482,774	14,901,298
NET POSITION			
Net investment in capital assets	34,013,400	17,754,598	51,767,998
Restricted for:			
Capital projects/community betterment	446,945	-	446,945
Debt service	49,301	962,556	1,011,857
Cemetery perpetual care	390,982	-	390,982
Economic development	1,278,516	-	1,278,516
Federal programs	14,090	-	14,090
General tax support	74,326	-	74,326
Pension plans	189,264	-	189,264
Street improvements	2,678,189	-	2,678,189
Maintenance expenses	7,833	-	7,833
Museum projects	28,010	-	28,010
Tourism promotion	173,320	-	173,320
Unrestricted	4,025,240	8,672,712	12,697,952
Total net position	\$ 43,369,416	\$ 27,389,866	\$ 70,759,282

See notes to financial statements.

CITY OF ALLIANCE, NEBRASKA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
General government	\$ 774,265	\$ 10,561	\$ -
Public safety	2,784,100	200,665	109,949
Public works	1,136,934	80,878	50,343
Environment and leisure	2,663,335	548,584	138,885
Economic development	338,496	-	-
Interest and related expenses	2,564	-	-
Depreciation - unallocated	1,677,003	-	-
Total governmental activities	9,376,697	840,688	299,177
Business-type activities:			
Electric	10,115,441	13,236,942	-
Water	1,287,193	1,515,040	521
Sewer	446,194	389,679	-
Refuse	1,052,891	1,347,775	50,089
Total business-type activities	12,901,719	16,489,436	50,610
Total primary government	\$ 22,278,416	\$ 17,330,124	\$ 349,787

See notes to financial statements.

<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ -	\$ (763,704)		\$ (763,704)
1,880	(2,471,606)		(2,471,606)
-	(1,005,713)		(1,005,713)
4,781,504	2,805,638		2,805,638
-	(338,496)		(338,496)
-	(2,564)		(2,564)
-	(1,677,003)		(1,677,003)
<u>4,783,384</u>	<u>(3,453,448)</u>	<u>\$ -</u>	<u>(3,453,448)</u>
-	-	3,121,501	3,121,501
-	-	228,368	228,368
-	-	(56,515)	(56,515)
-	-	344,973	344,973
<u>-</u>	<u>-</u>	<u>3,638,327</u>	<u>3,638,327</u>
<u>\$ 4,783,384</u>	<u>(3,453,448)</u>	<u>3,638,327</u>	<u>184,879</u>
General revenues:			
Taxes:			
Property	1,565,297	-	1,565,297
Motor vehicle	175,492	-	175,492
Sales tax	1,900,607	-	1,900,607
Franchise	238,219	-	238,219
Occupation	191,436	-	191,436
TIF proceeds	216,935	-	216,935
State allocation	1,264,585	-	1,264,585
Special assessments	8,701	-	8,701
Keno	17,107	-	17,107
Miscellaneous	25,194	3,672	28,866
Interest income	43,868	35,774	79,642
Gain on sale of assets	66,725	28,459	95,184
Interfund transfers	1,769,600	(1,769,600)	-
Total general revenues	<u>7,483,766</u>	<u>(1,701,695)</u>	<u>5,782,071</u>
Change in net position	4,030,318	1,936,632	5,966,950
Net position - September 30, 2014	<u>39,339,098</u>	<u>25,453,234</u>	<u>64,792,332</u>
Net position - September 30, 2015	<u>\$ 43,369,416</u>	<u>\$ 27,389,866</u>	<u>\$ 70,759,282</u>

CITY OF ALLIANCE, NEBRASKA
BALANCE SHEET -
GOVERNMENTAL FUNDS
September 30, 2015

	<u>General</u>	<u>Street</u>	<u>Sales Tax</u>	<u>Capital Projects</u>
ASSETS				
Cash and cash equivalents	\$ 2,488,330	\$ -	\$ -	\$ 184,305
Restricted cash	189,264	2,504,700	92,564	-
Restricted certificates of deposit	-	173,489	-	-
County treasurer cash	188,532	-	-	-
Receivables:				
Special assessments	-	-	-	-
Accounts, net of allowance for doubtful accounts	82,713	(3)	-	-
Notes receivable	-	-	-	-
Interest	35	608	-	-
Property tax	14,215	-	-	-
TIF	-	-	-	-
Prepaid insurance	2,822	-	-	-
Due from other funds	239,327	40,954	-	41,667
Due from other governments	2,241	122,537	307,883	-
Total assets	\$ 3,207,479	\$ 2,842,285	\$ 400,447	\$ 225,972
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,989	\$ 14,603	\$ -	\$ -
Accrued expenses	157,255	8,857	-	-
Due to other funds	119,709	557	326,121	-
TIF payables	-	-	-	-
Note payable - interim financing	-	-	-	-
Unavailable special assessments	-	-	-	-
Total liabilities	279,953	24,017	326,121	-
Fund balances (deficit):				
Nonspendable:				
Cemetery perpetual care	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Community betterment	-	-	-	-
Debt service	-	-	-	-
Economic development	-	-	-	-
Federal programs	-	-	-	-
General tax support	-	-	74,326	-
Pension plans	189,264	-	-	-
Street improvements	-	2,678,189	-	-
Maintenance expenses	-	-	-	-
Museum projects	-	-	-	-
Tourism promotion	-	-	-	-
Committed for:				
Sign project	7,869	-	-	-
Assigned for:				
Budgetary stabilization	505,700	-	-	-
Capital projects	-	140,079	-	225,972
Other purposes	-	-	-	-
Unassigned	2,224,693	-	-	-
Total fund balances	2,927,526	2,818,268	74,326	225,972
Total liabilities and fund balances	\$ 3,207,479	\$ 2,842,285	\$ 400,447	\$ 225,972

See notes to financial statements.

<u>Redevelopment</u>	<u>Airport</u>	<u>Other Governmental Funds</u>	<u>Eliminations</u>	<u>Total Governmental Funds</u>
\$ -	\$ 15,359	\$ (9,001)	\$ -	\$ 2,678,993
433	-	1,798,858	-	4,585,819
-	-	-	-	173,489
81,687	17,472	23,884	-	311,575
-	-	486,903	-	486,903
-	37,720	37,751	-	158,181
-	-	710,781	-	710,781
-	-	-	-	643
-	1,448	1,947	-	17,610
1,488,598	-	-	-	1,488,598
-	3,112	15,431	-	21,365
-	200,000	18,333	(540,281)	-
-	3,506,061	39,843	-	3,978,565
<u>\$ 1,570,718</u>	<u>\$ 3,781,172</u>	<u>\$ 3,124,730</u>	<u>\$ (540,281)</u>	<u>\$ 14,612,522</u>
\$ 81,687	\$ 2,002,329	\$ 193	\$ -	\$ 2,101,801
-	5,526	20,733	-	192,371
-	1,212	216,989	(540,281)	124,307
1,488,598	-	-	-	1,488,598
-	1,700,000	-	-	1,700,000
-	-	486,903	-	486,903
<u>1,570,285</u>	<u>3,709,067</u>	<u>724,818</u>	<u>(540,281)</u>	<u>6,093,980</u>
-	-	390,982	-	390,982
-	-	375,002	-	375,002
-	-	71,943	-	71,943
-	-	49,301	-	49,301
433	-	1,278,083	-	1,278,516
-	-	14,090	-	14,090
-	-	-	-	74,326
-	-	-	-	189,264
-	-	-	-	2,678,189
-	-	7,833	-	7,833
-	-	28,010	-	28,010
-	-	173,320	-	173,320
-	-	-	-	7,869
-	-	-	-	505,700
-	-	-	-	366,051
-	72,105	11,348	-	83,453
-	-	-	-	2,224,693
<u>433</u>	<u>72,105</u>	<u>2,399,912</u>	<u>-</u>	<u>8,518,542</u>
<u>\$ 1,570,718</u>	<u>\$ 3,781,172</u>	<u>\$ 3,124,730</u>	<u>\$ (540,281)</u>	<u>\$ 14,612,522</u>

See notes to financial statements.

CITY OF ALLIANCE, NEBRASKA

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

September 30, 2015

Total fund balances - governmental funds		\$ 8,518,542
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:		
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 \$68,903,345 and the accumulated depreciation is \$34,782,976.		
		34,120,369
Internal service funds are used by management to charge the costs of employee health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
		1,036,654
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Noncurrent compensated absences	\$ (199,180)	
Long-term notes payable	(106,969)	(306,149)
		<u> </u>
Total net position - governmental activities		<u><u>\$ 43,369,416</u></u>

See notes to financial statements.

CITY OF ALLIANCE, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

For the year ended September 30, 2015

	<u>General</u>	<u>Street</u>	<u>Sales Tax</u>
REVENUES			
Taxes:			
Property	\$ 1,261,186	\$ -	\$ -
Motor vehicle	175,492	-	-
Sales tax	-	267,545	1,212,603
Franchise	238,219	-	-
Occupation	-	-	-
TIF proceeds	-	-	-
Intergovernmental	364,149	1,011,933	-
Grants	2,731	-	-
Keno	-	-	-
Special assessments	-	-	-
Charges for services	502,957	920	-
Contributions	14,938	-	-
Interest income	22,112	5,262	144
Sale of property	5,167	-	-
Other income	7,974	238	-
Total revenues	<u>2,594,925</u>	<u>1,285,898</u>	<u>1,212,747</u>
EXPENDITURES			
General government	717,924	-	-
Public safety	2,623,691	-	-
Public works	435,462	614,363	-
Environment and leisure	1,646,716	-	-
Economic development	-	-	-
Capital outlay	333,337	31,470	-
Principal payments on debt	-	-	-
Interest on long-term debt	-	-	-
Total expenditures	<u>5,757,130</u>	<u>645,833</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(3,162,205)	640,065	1,212,747
OTHER FINANCING SOURCES (USES)			
Transfers in	3,235,373	-	-
Transfers out	(222,350)	-	(1,177,250)
Net transfers	<u>3,013,023</u>	<u>-</u>	<u>(1,177,250)</u>
Net change in fund balances	(149,182)	640,065	35,497
Fund balances - September 30, 2014	<u>3,076,708</u>	<u>2,178,203</u>	<u>38,829</u>
Fund balances - September 30, 2015	<u>\$ 2,927,526</u>	<u>\$ 2,818,268</u>	<u>\$ 74,326</u>

See notes to financial statements.

<u>Capital Projects</u>	<u>Redevelopment</u>	<u>Airport</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 131,681	\$ 172,430	\$ 1,565,297
-	-	-	-	175,492
260,416	-	-	160,043	1,900,607
-	-	-	-	238,219
-	-	-	191,436	191,436
-	216,935	-	-	216,935
-	-	-	55,904	1,431,986
-	-	4,778,879	105,497	4,887,107
-	-	-	17,107	17,107
-	-	-	8,701	8,701
-	-	164,997	171,814	840,688
-	-	-	13,115	28,053
156	19	341	11,516	39,550
-	-	61,558	-	66,725
-	-	25	16,957	25,194
<u>260,572</u>	<u>216,954</u>	<u>5,137,481</u>	<u>924,520</u>	<u>11,633,097</u>
-	-	-	12,787	730,711
-	-	-	9,947	2,633,638
-	-	-	-	1,049,825
44,178	-	388,176	469,438	2,548,508
-	216,935	-	121,561	338,496
-	-	5,342,044	30,000	5,736,851
-	-	-	40,963	40,963
-	-	-	2,564	2,564
<u>44,178</u>	<u>216,935</u>	<u>5,730,220</u>	<u>687,260</u>	<u>13,081,556</u>
216,394	19	(592,739)	237,260	(1,448,459)
-	-	600,000	245,350	4,080,723
(40,000)	-	-	(871,523)	(2,311,123)
<u>(40,000)</u>	<u>-</u>	<u>600,000</u>	<u>(626,173)</u>	<u>1,769,600</u>
176,394	19	7,261	(388,913)	321,141
<u>49,578</u>	<u>414</u>	<u>64,844</u>	<u>2,788,825</u>	<u>8,197,401</u>
<u>\$ 225,972</u>	<u>\$ 433</u>	<u>\$ 72,105</u>	<u>\$ 2,399,912</u>	<u>\$ 8,518,542</u>

CITY OF ALLIANCE, 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, 2015

Total net change in fund balances - governmental funds	\$ 321,141
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
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 (\$5,736,851) exceeded depreciation expense (\$1,677,003) during the period.	4,059,848
Internal service funds are used by management to charge the costs of employee insurance and post-employment benefits to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities in the statement of activities.	(401,111)
The change in noncurrent compensated absences is reported as an expense in the statement of net position. Noncurrent compensated absences are not reported in the governmental funds.	9,477
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	<u>40,963</u>
Change in net position of governmental activities	<u><u>\$ 4,030,318</u></u>

See notes to financial statements.

CITY OF ALLIANCE, NEBRASKA
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
September 30, 2015

	Enterprise Funds	
	Electric Fund	Water Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,940,818	\$ 380,404
Certificates of deposit	744,806	238,719
Receivables:		
Accounts, net of allowance for doubtful accounts	696,463	108,541
Unbilled revenue	1,234,046	226,918
Interest	2,361	570
Due from other funds	132,063	8,621
Inventory	1,182,603	51,723
Prepaid expenses	-	-
Total current assets	6,933,160	1,015,496
Noncurrent assets:		
Restricted cash and cash equivalents	505,061	139,022
Restricted certificates of deposit	495,212	182,000
Capital assets:		
Land	33,070	361,099
Construction in progress	-	-
Distribution systems	11,172,721	10,340,280
Buildings	1,045,060	643,169
Equipment	9,329,674	3,107,157
Less accumulated depreciation	(11,632,578)	(5,370,803)
Net capital assets	9,947,947	9,080,902
Total noncurrent assets	10,948,220	9,401,924
Total assets	17,881,380	10,417,420
LIABILITIES		
Current liabilities:		
Accounts payable	948,319	3,189
Customer deposits	378,287	-
Accrued interest payable	1,915	37,054
Sales tax payable	68,519	94
Other accrued expenses	23,770	10,255
Due to other funds	-	14,510
Current portion of long-term obligations	560,000	469,781
Total current liabilities	1,980,810	534,883
Noncurrent liabilities:		
Compensated absences - noncurrent	33,285	15,555
Landfill closure costs	-	-
Noncurrent portion of long-term obligations	390,000	3,553,808
Total noncurrent liabilities	423,285	3,569,363
Total liabilities	2,404,095	4,104,246
NET POSITION		
Net investment in capital assets	8,997,947	5,057,313
Restricted for:		
Debt service	641,534	321,022
Unrestricted	5,837,804	934,839
Total net position	\$ 15,477,285	\$ 6,313,174

See notes to financial statements.

Enterprise Funds				Internal
Sewer	Refuse		Total	Service
Fund	Fund	Eliminations		Funds
\$ 580,020	\$ 1,143,202	\$ -	\$ 5,044,444	\$ 886,263
200,378	-	-	1,183,903	-
15,629	81,581	-	902,214	244,179
36,879	64,159	-	1,562,002	-
149	4,688	-	7,768	-
-	794	(16,309)	125,169	-
2,680	-	-	1,237,006	-
-	-	-	-	49,776
<u>835,735</u>	<u>1,294,424</u>	<u>(16,309)</u>	<u>10,062,506</u>	<u>1,180,218</u>
-	439,188	-	1,083,271	-
-	1,321,464	-	1,998,676	-
60,978	111,680	-	566,827	-
-	83,212	-	83,212	-
4,487,086	1,695,864	-	27,695,951	-
523,750	561,861	-	2,773,840	-
651,993	2,793,366	-	15,882,190	-
(3,825,496)	(3,444,956)	-	(24,273,833)	-
<u>1,898,311</u>	<u>1,801,027</u>	<u>-</u>	<u>22,728,187</u>	<u>-</u>
<u>1,898,311</u>	<u>3,561,679</u>	<u>-</u>	<u>25,810,134</u>	<u>-</u>
<u>2,734,046</u>	<u>4,856,103</u>	<u>(16,309)</u>	<u>35,872,640</u>	<u>1,180,218</u>
-	22,369	-	973,877	114,551
-	-	-	378,287	-
-	-	-	38,969	-
-	13	-	68,626	-
4,144	11,644	-	49,813	28,151
1,124	675	(16,309)	-	862
-	-	-	1,029,781	-
<u>5,268</u>	<u>34,701</u>	<u>(16,309)</u>	<u>2,539,353</u>	<u>143,564</u>
4,491	20,814	-	74,145	-
-	1,925,468	-	1,925,468	-
-	-	-	3,943,808	-
<u>4,491</u>	<u>1,946,282</u>	<u>-</u>	<u>5,943,421</u>	<u>-</u>
<u>9,759</u>	<u>1,980,983</u>	<u>(16,309)</u>	<u>8,482,774</u>	<u>143,564</u>
1,898,311	1,801,027	-	17,754,598	-
-	-	-	962,556	-
825,976	1,074,093	-	8,672,712	1,036,654
<u>\$ 2,724,287</u>	<u>\$ 2,875,120</u>	<u>\$ -</u>	<u>\$ 27,389,866</u>	<u>\$ 1,036,654</u>

CITY OF ALLIANCE, NEBRASKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS

For the year ended September 30, 2015

	Enterprise Funds	
	Electric Fund	Water Fund
Operating revenues:		
User charges	\$ 13,125,750	\$ 1,506,035
Interdepartmental charges	-	-
Rent income	111,192	9,005
Total operating revenues	13,236,942	1,515,040
Operating expenses:		
Cost of power	7,818,651	-
Personnel	846,942	384,986
Contract services	182,429	285,924
Commodities	276,322	61,132
Generation	73,878	-
Customer service	-	-
Meter reading	-	-
Warehouse	12,517	-
Risk management	-	-
Management information systems	-	-
Administration/finance	295,421	78,984
Insurance claims and health premiums	-	-
Landfill closure	-	-
Depreciation	601,580	353,355
Bond fees	500	450
Total operating expenses	10,108,240	1,164,831
Operating income (loss)	3,128,702	350,209
Nonoperating revenues (expenses):		
Interest income	16,341	5,494
Grant revenue	-	521
Interest expense	(7,201)	(122,362)
Gain on sale of capital assets	7,380	59
Other revenue	2,919	838
Total nonoperating revenues (expenses)	19,439	(115,450)
Income before interfund transfers	3,148,141	234,759
Interfund transfers:		
Transfer to other funds	(1,421,900)	(152,500)
Change in net position	1,726,241	82,259
Net position - September 30, 2014	13,751,044	6,230,915
Net position - September 30, 2015	\$ 15,477,285	\$ 6,313,174

See notes to financial statements.

Enterprise Funds			Internal
Sewer Fund	Refuse Fund	Total	Service Funds
\$ 378,579	\$ 1,343,536	\$ 16,353,900	\$ -
-	-	-	3,422,034
11,100	4,239	135,536	345
<u>389,679</u>	<u>1,347,775</u>	<u>16,489,436</u>	<u>3,422,379</u>
-	-	7,818,651	-
152,511	431,649	1,816,088	151,571
33,524	216,227	718,104	-
19,530	85,522	442,506	-
-	-	73,878	-
-	-	-	288,271
-	-	-	44,818
-	-	12,517	121,220
-	-	-	312,268
-	-	-	224,646
69,279	85,677	529,361	369,673
-	-	-	2,315,341
-	76,645	76,645	-
171,350	157,171	1,283,456	-
-	-	950	-
<u>446,194</u>	<u>1,052,891</u>	<u>12,772,156</u>	<u>3,827,808</u>
(56,515)	294,884	3,717,280	(405,429)
1,857	12,082	35,774	4,318
-	50,089	50,610	-
-	-	(129,563)	-
-	21,020	28,459	-
<u>8</u>	<u>(93)</u>	<u>3,672</u>	<u>-</u>
<u>1,865</u>	<u>83,098</u>	<u>(11,048)</u>	<u>4,318</u>
(54,650)	377,982	3,706,232	(401,111)
(41,000)	(154,200)	(1,769,600)	-
(95,650)	223,782	1,936,632	(401,111)
<u>2,819,937</u>	<u>2,651,338</u>	<u>25,453,234</u>	<u>1,437,765</u>
<u>\$ 2,724,287</u>	<u>\$ 2,875,120</u>	<u>\$ 27,389,866</u>	<u>\$ 1,036,654</u>

See notes to financial statements.

CITY OF ALLIANCE, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the year ended September 30, 2015

	Enterprise Funds	
	Electric Fund	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 13,240,225	\$ 1,450,584
Receipts from other funds	-	-
Payments to suppliers	(9,132,107)	(426,434)
Payments to employees	(833,467)	(383,807)
Net cash provided (used) by operating activities	3,274,651	640,343
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers to other funds	(1,421,900)	(152,500)
(Increase) decrease in due from other funds	25,943	4,453
Increase in due to other funds	-	3,735
Net cash used by noncapital financing activities	(1,395,957)	(144,312)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(258,711)	(170,398)
Proceeds from sale of capital assets	7,380	59
Grant proceeds	-	521
Increase in landfill closure costs	-	-
Payment of DEQ loan fees	-	(34,397)
Principal payments on capital debt	(555,000)	(456,140)
Interest paid on capital debt	(8,091)	(92,071)
Net cash provided (used) by capital and related financing activities	(814,422)	(752,426)
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) decrease in certificates of deposit	(3,517)	(2,669)
Interest received	15,930	5,289
Net cash provided (used) by investing activities	12,413	2,620
Increase (decrease) in cash and cash equivalents	1,076,685	(253,775)
Cash and cash equivalents - beginning of the year	2,369,194	773,201
Cash and cash equivalents - end of the year	\$ 3,445,879	\$ 519,426
Composition of cash and cash equivalents:		
Cash and cash equivalents	\$ 2,940,818	\$ 380,404
Restricted cash and cash equivalents	505,061	139,022
Total cash and cash equivalents	\$ 3,445,879	\$ 519,426

Enterprise Funds			Internal Service Funds
Sewer Fund	Refuse Fund	Total	
\$ 398,958	\$ 1,340,700	\$ 16,430,467	\$ -
-	-	-	3,375,217
(122,278)	(450,770)	(10,131,589)	(3,856,680)
(153,263)	(429,872)	(1,800,409)	-
<u>123,417</u>	<u>460,058</u>	<u>4,498,469</u>	<u>(481,463)</u>
(41,000)	(154,200)	(1,769,600)	-
-	(273)	30,123	-
168	172	4,075	(112)
<u>(40,832)</u>	<u>(154,301)</u>	<u>(1,735,402)</u>	<u>(112)</u>
-	(142,611)	(571,720)	-
-	21,020	28,459	-
-	50,089	50,610	-
-	76,645	76,645	-
-	-	(34,397)	-
-	-	(1,011,140)	-
-	-	(100,162)	-
-	5,143	(1,561,705)	-
(101,378)	(4,991)	(112,555)	-
1,863	8,188	31,270	4,318
<u>(99,515)</u>	<u>3,197</u>	<u>(81,285)</u>	<u>4,318</u>
(16,930)	314,097	1,120,077	(477,257)
<u>596,950</u>	<u>1,268,293</u>	<u>5,007,638</u>	<u>1,363,520</u>
<u>\$ 580,020</u>	<u>\$ 1,582,390</u>	<u>\$ 6,127,715</u>	<u>\$ 886,263</u>
\$ 580,020	\$ 1,143,202	\$ 5,044,444	\$ 886,263
-	439,188	1,083,271	-
<u>\$ 580,020</u>	<u>\$ 1,582,390</u>	<u>\$ 6,127,715</u>	<u>\$ 886,263</u>

CITY OF ALLIANCE, NEBRASKA

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

For the year ended September 30, 2015

	Enterprise Funds	
	Electric Fund	Water Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 3,128,702	\$ 350,209
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	601,580	353,355
Other cash receipts	2,919	838
Change in assets and liabilities:		
Accounts receivable	(19,101)	(65,294)
Inventories	47,199	1,641
Prepaid expenses	-	-
Accounts payable	(519,588)	(1,585)
Customer deposits	19,465	-
Accrued expenses	13,475	1,179
Net cash provided (used) by operating activities	\$ 3,274,651	\$ 640,343

See notes to financial statements.

<u>Enterprise Funds</u>				<u>Internal Service Funds</u>
<u>Sewer Fund</u>	<u>Refuse Fund</u>		<u>Total</u>	
\$ (56,515)	\$ 294,884		\$ 3,717,280	\$ (405,429)
171,350	157,171		1,283,456	-
8	(93)		3,672	-
9,271	(6,982)		(82,106)	(47,162)
55	-		48,895	-
-	-		-	(4,352)
-	13,301		(507,872)	(25,770)
-	-		19,465	-
(752)	1,777		15,679	1,250
<u>\$ 123,417</u>	<u>\$ 460,058</u>		<u>\$ 4,498,469</u>	<u>\$ (481,463)</u>

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

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CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Alliance, 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 Alliance, Nebraska, was incorporated in 1888. The City operates under a Mayor-Council form of government. The City Council is composed of five members elected at large by the citizens. The Council members elect the Mayor from their membership. The administration of the City government is performed under the direction of the Mayor by the City Manager. Services provided to residents include public safety; highways and streets; planning and zoning; parks; recreation; development; electric, water, and sanitary sewer systems; landfill; and general administrative services.

The City’s financial reporting entity comprises the following:

Primary Government:	City of Alliance
Discretely Presented Component Units:	None

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 ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Blended Component Units

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

Discretely Presented Component Units

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

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and 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.

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Governmental Funds, continued

Capital Projects Funds

Capital Projects Funds are used to account for resources restricted for the acquisition or construction of specific capital projects. The reporting entity includes one Capital Projects Fund to account for the acquisition of capital assets with transfers made from Governmental Funds and another to account for the special assessments.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City other than debt service payments made by enterprise funds. Ad valorem taxes are used for the payment of principal and interest on the City's general obligation bonds.

Permanent Fund

The Permanent Fund is used to account for assets held by the City pursuant to a trust agreement. The principal portion of the fund must remain intact, but the earnings may be used to achieve the objectives of the fund.

Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Internal Service Funds

The Internal Service Funds account for activities that provide goods and services to other funds, departments or agencies of the primary government and its component units on a cost-reimbursement basis.

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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 above for description.
Street	The Street Fund is a special revenue fund that accounts for revenues and expenditures for the maintenance, construction, and improvements of the streets and alleys of the City.
Sales Tax	The Sales Tax Fund is a special revenue fund that accounts for local sales tax collected.
Capital Projects	See above for description.
Redevelopment	Accounts for tax increment financing to encourage and promote building and redevelopment in substandard and blighted areas.
Airport	Accounts for airport operations and capital improvements.
Proprietary:	
Enterprise:	
Electric, Water, Sewer, and Refuse	See above for description.

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

<u>Fund</u>	<u>Brief Description</u>
<i>Nonmajor:</i>	
Special Revenue:	
HUD Loan and CDBG	Accounts for Community Development Block Grant proceeds for housing rehabilitation.
Business Improvement District (BID)	Accounts for capital improvements and beautification in the downtown area and Box Butte Avenue.
Economic Development	Accounts for the City’s support of the Box Butte Development Corporation utilizing sales tax and General Fund transfers.
LB840	Accounts for sales tax designated for economic development by LB840.
RSVP	Accounts for federal grant revenue to run the Retired and Senior Volunteer Program.
Handyman	Accounts for state grant revenue to run the Handyman Program.
Community Betterment	Accounts for keno lottery proceeds to be used for community betterment.
Public Safety Tax	Accounts for public safety tax used to purchase equipment.
E911	Accounts for E911 charges to be used to purchase emergency 911 and geographic information system or mapping upgrades.

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

<u>Fund</u>	<u>Brief Description</u>
<i>Nonmajor, continued:</i>	
Special Revenue, continued:	
Airport Sinking	Accounts for property taxes levied to pay principal and interest obligations of the airport.
Marketing	Accounts for hotel occupation tax used for marketing the city.
Museum Exhibit	Accounts for contributions for museum exhibits.
Nuisance Cleanup	Accounts for nuisance cleanup costs.
Golf	Accounts for golf course operations and capital improvements.
Public Transit	Accounts for public transit operations.
Permanent Fund:	
Cemetery Perpetual Care	Accounts for assets held for generation of income to support cemetery perpetual care.
Debt Service Fund:	
See above for description.	
Internal Service:	
Insurance	Accounts for the City's self-insurance for health insurance premiums and claims administration.
Administration	Accounts for governmental administration costs.
Enterprise	Accounts for enterprise customer service, meter reading and warehouse costs.

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

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 is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Basis of Accounting, continued

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. 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 purposes of the Statement of Net Position, “cash and cash equivalents” include all demand accounts and savings accounts. For the purposes 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 ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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, sales tax, and property taxes. Business-type activities report utility billings and unbilled revenue 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 and unbilled revenue compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Due from Other Governments

The total due from other governments consists of the following:

<u>Fund</u>	<u>Amount</u>	<u>Type of Revenue</u>
General	\$ 2,241	Federal Grant
Street	77,853	Highway Allocation
Street	18,342	Motor Vehicle Fees
Street	26,342	Federal Grant
Sales Tax	307,883	Sales Tax
Airport	3,506,061	Federal Grant
RSVP	1,643	Federal Grant
Public Transit	34,182	Federal/State Grant
Handyman	<u>4,018</u>	State Grant
	<u>\$ 3,978,565</u>	

Inventory

All inventories are valued at cost using the average cost method.

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Restricted Assets

Restricted assets include cash and investments that are legally restricted as to their use. The primary restricted assets are related to debt service and 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.

Government-wide Statements

In the government-wide financial statements, capital assets that are purchased or acquired with an original cost of \$5,000 or more are capitalized and reported on the Statement of Net Position. 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	10-20 years
Machinery and Equipment	5-10 years
Utility System	30-50 years
Infrastructure	10-50 years

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets, continued

Government-wide Statements, continued

Prior to July 1, 1980, governmental funds' infrastructure assets were not capitalized. These assets (back to July 1, 1980) have been valued at estimated historical cost. The cost of normal maintenance, preservation, and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Unavailable assessments

Unavailable assessments consist of special assessments expected to be collected after 60 days.

Compensated Absences

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. A portion of the liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this obligation is estimated based on historical trends. In the fund financial statements, governmental funds report only the current compensated absence liability payable from expendable available financial resources, while the proprietary funds report the total liability.

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Long-term Debt

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

Government-wide Statements

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable and accrued compensated absences.

Fund Financial Statements

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

Equity Classifications

Government-wide Statements

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

Government-wide Statements, continued

- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements

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

Effective October 1, 2010, the City adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

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

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

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

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

Unassigned—All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 18). 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 ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses

Sales and Use Tax

The City presently levies a 1 1/2-cent sales tax on taxable sales within the City. 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. The sales tax is used for property tax relief, economic development, and capital improvements. As of October 1, 2006, sales tax collected on the sale of motor vehicles is recorded in the Street Fund as required by LB904.

Sales taxes collected by the State in September (which represent sales for August) and received by the City in October have been accrued and are included under the caption “Due from other governments.”

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 Box Butte 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 2014-2015 are recorded as revenue when expected to be collected within 60 days after September 30, 2015. 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 ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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 Fund – by Operating and Nonoperating

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

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

1. Fund Accounting Requirements

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

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

2. Deposit Laws and Regulations

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

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

3. Revenue Restrictions

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

4. Debt Restrictions and Covenants

Bonds Payable

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

5. Budgetary Data

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

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

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data, continued

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.
- 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 Alliance adopts a budget by ordinance for all fund types.

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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 its 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, 2015. 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	\$ 20,838,601	\$ 2,130,795	\$ 18,707,806	\$ -	\$ <u>17,634,858</u>

Reconciliation to Government-wide Statement of Net Position:

Unrestricted cash and cash equivalents	\$ 8,609,700
Unrestricted certificates of deposit	1,183,903
Restricted cash and cash equivalents	5,669,090
Restricted certificates of deposit	<u>2,172,165</u>
	<u>\$ 17,634,858</u>

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

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

2. Restricted Assets

The restricted assets as of September 30, 2015, are as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Type of Restricted Assets:			
Cash and cash equivalents	\$ 4,585,819	\$ 1,083,271	\$ 5,669,090
Certificates of deposit	<u>173,489</u>	<u>1,998,676</u>	<u>2,172,165</u>
	<u>\$ 4,759,308</u>	<u>\$ 3,081,947</u>	<u>\$ 7,841,255</u>

Restricted cash and certificates of deposit for governmental activities consists of \$189,264 of General Fund cash restricted for pre-84 pension claims; \$2,678,189 of Street Fund cash and certificates of deposit restricted for street improvements; \$92,564 of Sales Tax Fund cash restricted for general tax support; \$433 of Redevelopment Fund cash, \$10,417 of Economic Development cash, and \$540,987 of LB840 Fund cash restricted for economic development; \$390,982 of Cemetery Perpetual Care Fund cash restricted for perpetual care; \$12,030 of HUD Loan and CDBG Fund cash restricted for Federal loans; \$7,638 of BID Fund cash restricted for maintenance expenses; \$885 of RSVP Fund cash restricted for Federal programs; \$66,065 of Community Betterment Fund cash restricted for community betterment; \$274,383 of Public Safety Tax Fund cash restricted for capital projects; \$238,120 of cash restricted for Airport Sinking Fund debt service; \$28,010 of Museum Exhibit Fund cash restricted for museum projects; \$82,158 of E911 Fund cash restricted for emergency equipment; \$143,212 of Marketing Fund cash restricted for tourism promotion; and \$3,971 of Debt Service Fund cash restricted for debt service.

Restricted business-type assets consist of debt service reserves of \$641,534 for the Electric Fund and \$321,022 for the Water Fund. The Electric Fund also has \$358,739 restricted for customer deposits. The Refuse Fund had \$1,760,652 restricted for future landfill closure costs.

3. Accounts and Notes Receivable

Accounts receivable of the business-type activities consist of utilities receivable. Accounts receivable of the governmental activities consist of ambulance, grants, and other minor receivables. Receivables detail at September 30, 2015, is as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>
Accounts receivable	\$ 432,809	\$ 951,064	\$ 1,383,873
Allowance for doubtful accounts	<u>(30,449)</u>	<u>(48,850)</u>	<u>(79,299)</u>
Net accounts receivable	<u>\$ 402,360</u>	<u>\$ 902,214</u>	<u>\$ 1,304,574</u>

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

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

3. Accounts and Notes Receivable, continued

Notes receivable for the governmental funds consist of the following at September 30, 2015:

<u>Note Held By</u>	<u>Due From</u>	<u>Note Balance at September 30, 2015</u>	<u>Terms</u>
LB840 Fund	Nebraska Transport Co., Inc	\$ 10,000	\$10,000 plus 1.5% interest due December 1, 2015
LB840 Fund	Prairie Sky	50,000	0%; forgivable loan – will receive a job credit of \$2,000 per FTE off of the loan balance (maximum of \$10,000 per calendar year)
LB840 Fund	Prairie Sky	67,147	1.5%; amortized over a period of ten years
LB840 Fund	Tridāko Energy Systems, Inc.	142,500	1.5%; amortized over a period of ten years
LB840 Fund	Crossman Trailers, Inc.	27,499	1.5%; amortized over a period of seven years
LB840 Fund	Crossman Trailers, Inc.	50,000	0%; forgivable loan – will receive a job credit of \$1,000 per FTE off of the loan balance (maximum of \$10,000 per calendar year)
LB840 Fund	Box Butte Development Corporation	361,200	0%; due when real estate purchased with the loan proceeds is sold
Golf Fund	Golf Pro	2,435	Non-interest bearing loan to be repaid on terms to be agreed upon by the City and the contractor
		<u> </u>	
		\$ <u>710,781</u>	
Current portion		\$ 40,697	
Noncurrent portion		<u>670,084</u>	
Total		\$ <u>710,781</u>	

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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

4. Capital Assets

Capital asset activity for the year ended September 30, 2015, was as follows:

	Balance at October 1, <u>2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2015</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 2,071,205	\$ -	\$ -	\$ -	\$ 2,071,205
Construction in progress	520,107	5,345,409	-	(5,488)	5,860,028
Total capital assets not being depreciated	2,591,312	5,345,409	-	(5,488)	7,931,233
Other capital assets being depreciated:					
Infrastructure	21,264,545	-	-	-	21,264,545
Improvements	14,699,651	44,889	-	-	14,744,540
Buildings	17,707,794	90,946	(2,730)	5,488	17,801,498
Equipment and vehicles	6,928,179	255,607	(22,257)	-	7,161,529
Total other capital assets at historical cost	60,600,169	391,442	(24,987)	5,488	60,972,112
Less accumulated depreciation for:					
Infrastructure	(13,272,441)	(419,722)	-	-	(13,692,163)
Improvements	(9,134,754)	(396,342)	-	-	(9,531,096)
Buildings	(6,143,578)	(455,590)	2,730	-	(6,596,438)
Equipment and vehicles	(4,580,187)	(405,349)	22,257	-	(4,963,279)
Total accumulated depreciation	(33,130,960)	(1,677,003) *	24,987	-	(34,782,976)
Other capital assets, net	27,469,209	(1,285,561)	-	5,488	26,189,136
Governmental activities capital assets, net	<u>\$ 30,060,521</u>	<u>\$ 4,059,848</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,120,369</u>

* Depreciation expense was charged to governmental activities as follows:

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

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

4. Capital Assets, continued

Governmental Activities, continued:

General Fund:

General government	
City manager's office	\$ 593
Warehouse/purchasing	5,760
Management information systems	36,393
Facility maintenance	1,953
Municipal buildings	59,695
Accounting	4,559
Utility customer service	4,459
Meter reading	<u>4,682</u>
Total general government	118,094
Public safety	
Fire	104,860
Ambulance	26,060
Police	<u>100,340</u>
Total public safety	231,260
Public services	
Building and zoning	3,223
Cemetery	22,773
Fleet services	<u>1,966</u>
Total public services	27,962
Environment and leisure	
Library	109,568
Parks	106,997
Museum	162,515
Carhenge	3,189
Swimming pool	<u>92,728</u>
Total environment and leisure	<u>474,997</u>
Total General Fund	852,313
Street Fund	439,694
BID Fund	3,710
RSVP Fund	4,055
Airport Fund	312,694
Golf Fund	<u>64,537</u>
Total governmental activities depreciation	\$ <u>1,677,003</u>

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

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

4. Capital Assets, continued

Governmental Activities, continued:

Construction in progress at September 30, 2015, consists of \$331,750 of costs incurred for various street projects, \$5,473,369 of engineering and construction costs on the airport runway project, \$7,455 of engineering on a park building, and \$47,454 of costs on the Laing Lake renovation project. See Note D3 for details of commitments in place on these projects as of September 30, 2015.

	Balance at October 1, <u>2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2015</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 566,827	\$ -	\$ -	\$ -	\$ 566,827
Construction in progress	6,605	83,212	-	(6,605)	83,212
Total capital assets not being depreciated	573,432	83,212	-	(6,605)	650,039
Other capital assets being depreciated:					
Buildings	2,773,840	-	-	-	2,773,840
Distribution systems	27,741,159	323,642	(375,455)	6,605	27,695,951
Equipment	15,769,227	164,867	(51,904)	-	15,882,190
Total other capital assets at historical cost	46,284,226	488,509	(427,359)	6,605	46,351,981
Less accumulated depreciation for:					
Buildings	(863,054)	(61,290)	-	-	(924,344)
Distribution systems	(15,631,053)	(702,276)	375,455	-	(15,957,874)
Equipment	(6,923,629)	(519,890)	51,904	-	(7,391,615)
Total accumulated depreciation	(23,417,736)	(1,283,456) *	427,359	-	(24,273,833)
Other capital assets, net	22,866,490	(794,947)	-	6,605	22,078,148
Business-type capital assets, net	<u>\$ 23,439,922</u>	<u>\$ (711,735)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,728,187</u>

* Depreciation expense was charged to functions as follows:

Electric	\$ 601,580
Water	353,355
Sewer	171,350
Refuse	157,171
Total business-type activities depreciation expense	<u>\$ 1,283,456</u>

Construction in progress at September 30, 2015, consists of \$66,753 of dozer refurbishments in progress and \$16,459 of baler refurbishments in progress in the Refuse Fund.

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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

5. Accounts Payable

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

6. Long-term Debt

The reporting entity’s long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2015:

<u>Type of Debt</u>	Balance October 1, 2014	<u>Additions</u>	<u>Deductions</u>	Balance September 30, 2015	Amounts Due Within One Year
Governmental Activities:					
Notes payable	\$ 147,932	\$ -	\$ (40,963)	\$ 106,969	\$ 41,832
Business-type Activities:					
Bonds and notes payable	\$ 5,984,729	\$ -	\$ (1,011,140)	\$ 4,973,589	\$ 1,029,781

Governmental Activities

As of September 30, 2015, the governmental long-term liabilities consisted of the following:

Notes payable:

Fire truck note payable to First National Bank, with original principal balance of \$351,000, due in monthly installments of \$3,632, bearing interest of 2.0 percent with final maturity March 13, 2020. The note is secured by a Smeal fire truck.	\$ <u>106,969</u>
Current portion	\$ 41,832
Noncurrent portion	<u>65,137</u>
Total	\$ <u>106,969</u>

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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

6. Long-term Debt, continued

Governmental Activities, continued

The Debt Service Fund made the principal and interest payments fire truck note.

Business-type Activities

As of September 30, 2015, the long-term debt payable from proprietary fund resources consisted of the following:

Bonds and notes payable:

Electric revenue refunding bonds - series 2012, with original issue amount of \$2,060,000. Interest ranges from 0.40 to 0.75 percent with final maturity December 15, 2016. \$ 950,000

Water revenue refunding bonds - series 2011, with original issue amount of \$1,820,000. Interest ranges from 0.50 to 2.85 percent with final maturity on April 15, 2018. 720,000

DEQ water note - project D311511, with original issue amount of \$595,224. Interest of two percent and administration fees of one percent are due semi-annually with semi-annual principal payments commencing December 15, 2010, through June 15, 2030. 467,747

DEQ water note - project D311496, with total loan principal of \$3,894,789. As of September 30, 2015, the City had drawn \$3,513,951 on this note. Interest of two percent and administration fees of one percent are due semi-annually with semi-annual principal payments commencing June 15, 2011, through December 15, 2030. 2,835,842

Total business-type activity bonds and notes payable \$ 4,973,589

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

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

6. Long-term Debt, continued

Business-type Activities, continued

Current portion	\$ 1,029,781
Noncurrent portion	<u>3,943,808</u>
Total	<u>\$ 4,973,589</u>

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2015, are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>
2016	\$ 41,832	\$ 1,757	\$ 1,029,781	\$ 87,675	\$ 32,576
2017	42,676	913	873,495	74,266	30,719
2018	22,461	136	332,284	61,640	28,825
2019	-	-	196,149	53,785	26,892
2020	-	-	200,091	49,842	24,921
2021-2025	-	-	1,062,426	187,242	93,621
2026-2030	-	-	1,173,579	76,088	38,044
2031-2035	-	-	105,784	1,058	529
	<u>\$ 106,969</u>	<u>\$ 2,806</u>	<u>\$ 4,973,589</u>	<u>\$ 591,596</u>	<u>\$ 276,127</u>

7. Short-term Note Payable

The City obtained a \$4,000,000 line of credit with First National Bank on August 3, 2015 to provide short-term financing for the airport runway renovation project. As of September 30, 2015, the City had drawn \$1,700,000 on the note, which bears interest of 2.7 percent and matures February 3, 2016.

8. TIF Receivables/Payables

The City has the following receivables and payables under Tax Increment Financing (TIF) agreements.

<u>Redeveloper</u>	<u>Receivable</u>	<u>Payable</u>
West Plains	\$ 1,028,007	\$ 1,028,007
Otto	45,572	45,572
Pepsi-Cola of Western Nebraska	<u>415,019</u>	<u>415,019</u>
	<u>\$ 1,488,598</u>	<u>\$ 1,488,598</u>

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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

9. Interfund Transactions and Balances

Transfers consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
From Electric	\$ 1,421,900	\$ -
From Refuse	154,200	-
From Water	152,500	-
From Sewer	41,000	-
From Debt Service	-	43,600
From Sales Tax	1,177,250	-
From Capital Projects	40,000	-
From Public Safety Tax	65,000	-
From Tourism	176,900	-
From Nuisance Cleanup	6,623	-
To Golf	<u>-</u>	<u>178,750</u>
Total General Fund	3,235,373	222,350
Sales Tax Fund:		
To General	-	1,177,250
Capital Projects Fund:		
To General	-	40,000
Airport Fund:		
From Airport Sinking	600,000	-
Nonmajor Governmental Funds:		
	245,350	871,523
Electric Fund:		
To General	-	1,421,900
Water Fund:		
To General	-	152,500
Sewer Fund:		
To General	-	41,000

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

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

9. Interfund Transactions and Balances, continued

	<u>Transfers In</u>	<u>Transfers Out</u>
Nonmajor Governmental Funds, continued:		
Refuse Fund:		
To General	-	154,200
	<u>\$ 4,080,723</u>	<u>\$ 4,080,723</u>
Interfund balances:		
<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
General	Electric	\$ 110,566
General	Water	8,467
General	Refuse	676
Sales Tax	General	225,167
E911	General	14,160
Sales Tax	Street	40,954
Sales Tax	Economic Development	18,333
Sales Tax	Capital Projects	41,667
Street	Electric	557
Airport Sinking	Airport	200,000
Airport	Electric	1,212
Golf	Electric	2,557
Golf	Refuse	118
Golf	Water	154
Water	Electric	14,510
Sewer	Electric	1,124
Refuse	Electric	675
Enterprise Internal Service	Electric	<u>862</u>
		<u>\$ 681,759</u>

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES

1. Employee Pension and Other Benefit Plans

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

General City Employees - General city employees are covered by a defined contribution plan. Under the terms of the plan, an employee must be age 19 or older and have completed six months of service. Participating employees are required to contribute three percent of their earnings, but not more than 13 percent of their earnings to the plan. The City is required to match contributions to the plan up to six percent. Employees are 100 percent vested in the plan after they complete seven years of service, reach normal retirement age (65), meet the requirements for early retirement date, become totally disabled, or die, whichever occurs first. The covered payroll was \$2,218,718 for the year ended September 30, 2015. Both the City and the covered employees' required contributions of \$66,562 were made for the year ended September 30, 2015.

Firefighters - Firefighters are covered by a defined contribution plan. Eligible employees are required to contribute 6 1/2 percent of their monthly salary to the plan, to which the City then contributes with 13 percent of the participant's monthly salary. Employees are fully vested after seven years of service. Normal retirement benefit becomes nonforfeitable. A participant's normal retirement age is the date he or she attains age 55 and completes 21 years of service. Nebraska state statutes govern the coverage afforded to participants under this plan. The covered payroll was \$226,187, with the City contributing \$29,404 and the employees contributing \$14,702 for the year ended September 30, 2015.

Police Officers - Under Nebraska statutes, the City is required to maintain a retirement plan for City policemen. The total contributions under this plan are deposited under a money purchase retirement plan. This plan requires that covered employees and the City contribute an amount equal to 6.5 percent of the employee's monthly salary until such employee becomes eligible for regular retirement, at which time contributions shall cease. Total covered payroll was \$899,049. Both the City's contribution of \$58,438 and the matching employees' contributions were made for the year ended September 30, 2015.

On January 1, 1984, the retirement systems for police officers and firefighters of first-class cities in the State of Nebraska were revised. The system that became effective was a defined contribution plan with the employees and the City each making annual contributions to the pension plans.

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

Police Officers, continued -

Police officers and firefighters who participated in the prior systems were assured of receiving retirement benefits under the new systems at least as great as those that would have been available under the prior systems, which were defined benefit plans. As of September 30, 2015, there were two employees on the pre-1984 plan. The City had an actuarial valuation performed to determine the defined benefit provisions on October 1, 2014, which it was determined to have a sufficient balance in the unallocated account (\$189,264 as of September 30, 2015) to provide the minimum defined benefits for the remaining pre-84 hires.

City Manager - The City Manager is covered by a defined contribution retirement plan. The City Manager's contribution to the plan is discretionary, up to six percent of monthly salary, which is matched by a contribution from the City. The City Manager's account is fully vested. Contributions totaled \$6,165 for the City and the City Manager on \$102,755 of covered payroll.

2. Risk Management

Insurance

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 and administers funds for its self-insured health insurance program. Insurance is maintained for the various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; dishonest employees; injuries to employees; and natural disasters. The City has not paid any amounts in excess of the coverage provided by insurance in the last three audit periods. The City is partially self-insured for health insurance claims up to \$35,000 of individual claims. The self-insurance program is administered within the Internal Service Fund. The City maintains outside insurance coverage through an insurance policy on claim amounts over \$35,000. The maximum out-of-pocket cost for employees ranges from \$4,600 to \$6,200 for family plans. The City pays from \$28,800 to \$30,400 per year, depending on the employee's plan selection (based on family coverage).

Settled claims in the past three years have not exceeded the commercial coverages. The City has estimated unsubmitted claims on health insurance based on prior experience to be \$99,437; this amount represents two months of subsequent claims, net of reinsurance receivables. This has been included as a current year expenditure. A receivable for reinsurance of \$236,770 was also accrued as of September 30, 2015.

CITY OF ALLIANCE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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, 2015, are held by the counterparties not in the name of the City. The underlying securities consist of cash, direct obligations of or guaranteed by the full faith and credit of the U.S. Government, and other similar obligations of the U.S. Government or its agencies.

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 investment maturities are as follows:

<u>Maturities by Month</u>	<u>Amount</u>
October 2015	\$ 498,879
November 2015	567,688
December 2015	349,732
March 2016	365,927
June 2016	629,413
August 2016	762,429
April 2017	<u>182,000</u>
	\$ <u>3,356,068</u>

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

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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, 2015, the City's investments in certificates of deposit and U.S. Government securities consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
First National Bank - Trust	\$ 368,719
First National Bank	429,035
Farmers State Bank	388,000
Sandhills State Bank	710,037
Great Western Bank	<u>1,460,277</u>
	<u>\$ 3,356,068</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 held no investments denominated in foreign currency at September 30, 2015.

3. Commitments and Contingencies

Litigation

The City is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City.

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Construction Commitments

	<u>Contract Amount</u>	<u>Incurred as of 9/30/15</u>	<u>Balance</u>	<u>Expected Completion</u>
Airport improvement project:				
Construction	\$ 6,486,465	\$ 5,101,840	\$ 1,384,625	
Engineering	427,474	348,585	78,889	
	<u>\$ 6,913,939</u>	<u>\$ 5,450,425</u>	<u>\$ 1,463,514</u>	November 2015
Refuse Fund:				
Baler refurbishing	\$ 32,918	\$ 16,459	\$ 16,459	December 2015

4. Interlocal Agreements

The City has the following interlocal agreements in effect as of September 30, 2015:

Parties to Agreement	Agreement Period	Descriptions
Box Butte County	11/27/1987 for usable life of the building	Law enforcement facilities
Alliance Public Schools	June 16, 1994 (Three year Automatic Renewal)	Joint use of meeting room & televising equipment
Alliance Public Schools (Box Butte Co SD 6)	June 1, 2015 (One-year Automatic Renewal)	Cooperative Purchase of Goods and Services
Municipal Electric Agency of Nebraska	April 1, 1982 (Perpetual)	Provision of Electric Power
Box Butte County	June 7, 2004 (Perpetual)	Sweetwater Road Maintenance (North 18th to 25th)
Box Butte County	March 24, 2011 (Perpetual)	Otoe Road Maintenance and Hwy 385 Maintenance
Box Butte County Village of Hemingford Box Butte General Hospital	June 30, 2015 (One-year renewable)	Cooperative Operation of Public Transit System in Box Butte County

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

4. Interlocal Agreements, continued

Parties to Agreement	Agreement Period	Descriptions
Western Nebraska Community College	January 20, 2005 (Five-year renewable)	Leased Space in the Library/ Learning Center
Western Nebraska Community College	October 2, 2005 (Twenty years)	Provision of Lineman Training Facility
City of Scottsbluff	October 1, 2013 (One- year Automatic Renewal	Sharing of City Planner Services
Nebraska Department of Roads STP Project Management	June 21, 2011	Box Butte Avenue Historic Lighting Project; East Tenth (Box Butte to Flack) Resurfacing Project
Box Butte General Hospital	January 15, 2009 (perpetual)	Shared Tower for Radio Antenna
City of Scottsbluff	October 17, 2013 until completion	Provision of Responsible Charge for Streets Projects
Nebraska Department of Aeronautics Federal Aviation Administration Projects (Agreement until Project Completion)	April 4, 2013 March 4, 2014	Rehabilitation of Runway 12/30 Seal Coat Asphalt Taxiways and Aprons
Nebraska Department of Roads	January 20, 2011 (Annual Renewal)	Maintenance of State Highways within City Limits
Nebraska Water and Wastewater Agency Response Network	11/20/2008 through 1/31/2058	Water, Wastewater and Stormwater Mutual Aid Agreement
Box Butte County	1999 (Perpetual)	Deputize City Police Officers for Assistance of the County Sheriff
Box Butte County, Alliance RFD, Village of Hemingford and Hemingford RFD	April 19, 1996 (Annual Renewal)	Joint E911 Emergency Telephone Communications
Alliance Rural Fire District (RFD)	July 1, 1982 (Initial 25-year with 10-year renewals)	Fire Station and Equipment Cost Sharing Agreement

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

4. Interlocal Agreements, continued

Parties to Agreement	Agreement Period	Descriptions
Heart of the Hills Rural Fire District and Alliance Rural Fire District (RFD)	February 29, 2001 (Perpetual)	Fire Protection Mutual Aid Agreement
Central Panhandle Mutual Aid District Inc. Communities and Rural Fire Districts of Alliance, Banner County, Bayard, Bridgeport, Dalton, Gurley, Heart of the Hills, Lisco, Oshkosh and Rackett	February 23, 2000 (Perpetual)	Fire Protection Mutual Aid Agreement
Pine Ridge Mutual Aid Association including Communities and Rural Fire Districts of Alliance, Crawford, Ardmore, Chadron, Harrison, North Sioux RFD, Hay Springs, Hemingford, Merriman, Rushville	September 24, 2009 (Perpetual)	Fire Protection Mutual Aid Agreement
Western Intelligence and Narcotics Group (WING)	February 7, 2013 (Perpetual)	Cooperative Efforts in Drug Trafficking Investigations
Region 23 Emergency Management Agency	March 22, 2012 (Perpetual)	Microwave Equipment Placement on Tower for Nebraska Regional Interoperability Network (NRIN)
State of Nebraska and Nebraska Forest Service Wildland Fire Division	June 13, 2013 (Perpetual)	Single Engine Aircraft Tank (SEAT) Base at Airport
Nebraska State Patrol	June 1, 1992 (Perpetual)	Police Protection Mutual Aid Agreement
City of Alliance, Village of Hemingford, Alliance RFD and Hemingford RFD	July 1, 2013 (Renewed Annually)	Box Butte County Mutual Finance Organization
Nebraska Cooperative Government	August 24, 2010 (Perpetual until Cancelled)	Regulate and Administer a Joint Gaming (Keno) Enterprise
Region 23 Emergency Management Agency	March 18, 2014 (Three Years)	Multi-Jurisdictional Hazard Mitigation Plan

CITY OF ALLIANCE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

5. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the City of Alliance to place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities at the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure is \$1,147,943, with postclosure care costs of \$668,786, for a total of \$1,816,729 as of September 30, 2015, which is based on 51.98 percent usage of the landfill, with a remaining estimated life of 26.92 years. The estimated liability for construction and demolition landfill closure is \$84,587, with postclosure care costs of \$24,153, for a total of \$108,740 as of September 30, 2015.

It is estimated that an additional \$1,094,857 and \$627,670, respectively, will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and postclosure care of \$3,647,996 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2015. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

At September 30, 2015, restricted funds of \$1,760,652 are set aside to finance closure and postclosure care of the City's landfill. It is anticipated that future inflation costs will be financed in part from earnings on funds reserved by the City. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

6. Subsequent Events

Management has evaluated subsequent events through January 27, 2016, the date on which the financial statements were available for issue.

On October 6, 2015, the City approved a \$237,569 contract for the refurbishment of the 1996 aerial ladder platform fire truck.

On November 17, 2015, the City approved creation of a Community Redevelopment Authority.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALLIANCE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND

Year ended September 30, 2015

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 1,266,800	\$ 1,256,729	\$ (10,071)
Motor vehicle	170,300	175,492	5,192
Franchise	242,900	238,219	(4,681)
Intergovernmental	400,400	364,149	(36,251)
Grants	11,500	6,390	(5,110)
Charges for services	701,600	540,915	(160,685)
Contributions	16,900	14,938	(1,962)
Interest income	16,400	22,077	5,677
Sale of property	32,600	5,167	(27,433)
Other	4,200	7,974	3,774
Total resources	2,863,600	2,632,050	(231,550)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	1,019,900	766,112	(253,788)
Public safety	3,044,300	2,738,870	(305,430)
Public works	513,300	457,468	(55,832)
Environment and leisure	2,009,900	1,779,614	(230,286)
Total charges to appropriations	6,587,400	5,742,064	(845,336)
Resources over (under) charges to appropriations	(3,723,800)	(3,110,014)	613,786
OTHER FINANCING SOURCES (USES)			
Transfers in	3,415,700	3,235,373	(180,327)
Transfers out	(228,600)	(222,350)	6,250
Net transfers	3,187,100	3,013,023	(174,077)
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	\$ (536,700)	\$ (96,991)	\$ 439,709

CITY OF ALLIANCE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
STREET FUND

Year ended September 30, 2015

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Sales tax	\$ 275,000	\$ 267,545	\$ (7,455)
Intergovernmental	950,300	984,573	34,273
Charges for services	14,800	226	(14,574)
Interest income	3,300	5,260	1,960
Sale of property	200	-	(200)
Damage reimbursement	2,600	-	(2,600)
Other income	200	238	38
	<hr/>	<hr/>	<hr/>
Total resources	1,246,400	1,257,842	11,442
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	1,253,900	613,997	(639,903)
Capital outlay	1,485,000	31,470	(1,453,530)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	2,738,900	645,467	(2,093,433)
Resources over (under) charges to appropriations	(1,492,500)	612,375	2,104,875
OTHER FINANCING SOURCES (USES)			
Transfers in	158,800	-	(158,800)
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ (1,333,700)</u>	<u>\$ 612,375</u>	<u>\$ 1,946,075</u>

CITY OF ALLIANCE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
SALES TAX FUND**

Year ended September 30, 2015

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Sales tax	\$ 1,142,500	\$ 1,260,908	\$ 118,408
Interest income	-	144	144
	<hr/>	<hr/>	<hr/>
Total resources	1,142,500	1,261,052	118,552
CHARGES TO APPROPRIATIONS (OUTFLOWS)	<hr/>	<hr/>	<hr/>
	-	-	-
Resources over (under) charges to appropriations	1,142,500	1,261,052	118,552
OTHER FINANCING SOURCES (USES)			
Transfers out	<hr/> (1,142,500)	<hr/> (1,177,250)	<hr/> (34,750)
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<hr/> <hr/> \$ -	<hr/> <hr/> \$ 83,802	<hr/> <hr/> \$ 83,802

CITY OF ALLIANCE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
CAPITAL PROJECTS FUND**

Year ended September 30, 2015

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Sales tax	\$ 262,500	\$ 260,416	\$ (2,084)
Grant income	340,000	-	(340,000)
Interest income	<u>100</u>	<u>156</u>	<u>56</u>
Total resources	602,600	260,572	(342,028)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Capital outlay	<u>540,000</u>	<u>44,178</u>	<u>(495,822)</u>
Resources over (under) charges to appropriations	62,600	216,394	153,794
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ 22,600</u>	<u>\$ 176,394</u>	<u>\$ 153,794</u>

CITY OF ALLIANCE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
REDEVELOPMENT FUND

Year ended September 30, 2015

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
TIF proceeds	\$ 255,700	\$ 216,935	\$ (38,765)
Interest income	-	19	19
	<hr/>	<hr/>	<hr/>
Total resources	255,700	216,954	(38,746)
CHARGES TO APPROPRIATIONS			
(OUTFLOWS)			
Economic development	255,700	216,935	(38,765)
	<hr/>	<hr/>	<hr/>
RESOURCES (OVER) UNDER			
CHARGES TO APPROPRIATIONS	<u>\$ -</u>	<u>\$ 19</u>	<u>\$ 19</u>

CITY OF ALLIANCE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
AIRPORT FUND**

Year ended September 30, 2015

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Property tax	\$ 127,400	\$ 131,406	\$ 4,006
Intergovernmental	-	-	-
Grant revenue	6,116,000	1,272,818	(4,843,182)
Charges for services	173,400	146,822	(26,578)
Interest income	1,800	341	(1,459)
Sale of property	175,000	61,558	(113,442)
Loan proceeds	850,000	1,700,000	850,000
Other income	200	25	(175)
	<hr/>	<hr/>	<hr/>
Total resources	7,443,800	3,312,970	(4,130,830)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Operating expenses	429,100	390,640	(38,460)
Capital outlay	7,535,000	3,339,715	(4,195,285)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	7,964,100	3,730,355	(4,233,745)
Resources over (under) charges to appropriations	(520,300)	(417,385)	102,915
OTHER FINANCING SOURCES (USES)			
Transfers in	525,000	600,000	75,000
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	\$ 4,700	\$ 182,615	\$ 177,915
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF ALLIANCE, NEBRASKA

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

Year ended September 30, 2015

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

	<u>General Fund</u>	<u>Street Fund</u>	<u>Sales Tax Fund</u>	<u>Capital Projects Fund</u>	<u>Redevelopment Fund</u>	<u>Airport Fund</u>
Sources/inflows of resources:						
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 2,632,050	\$ 1,257,842	\$ 1,261,052	\$ 260,572	\$ 216,954	\$ 3,312,970
Differences - budget to GAAP:						
Cash to accrual adjustments	<u>(37,125)</u>	<u>28,056</u>	<u>(48,305)</u>	<u>-</u>	<u>-</u>	<u>1,824,511</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,594,925</u>	<u>\$ 1,285,898</u>	<u>\$ 1,212,747</u>	<u>\$ 260,572</u>	<u>\$ 216,954</u>	<u>\$ 5,137,481</u>
Uses/outflows of resources:						
Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedules	\$ 5,742,064	\$ 645,467	\$ -	\$ 44,178	\$ 216,935	\$ 3,730,355
Differences - budget to GAAP:						
Cash to accrual adjustments	<u>15,066</u>	<u>366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,999,865</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 5,757,130</u>	<u>\$ 645,833</u>	<u>\$ -</u>	<u>\$ 44,178</u>	<u>\$ 216,935</u>	<u>\$ 5,730,220</u>
Other financing sources/uses:						
Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedules	\$ 3,013,023	\$ -	\$ (1,177,250)	\$ (40,000)	\$ -	\$ 600,000
Differences - budget to GAAP:						
Cash to accrual adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,013,023</u>	<u>\$ -</u>	<u>\$ (1,177,250)</u>	<u>\$ (40,000)</u>	<u>\$ -</u>	<u>\$ 600,000</u>

SUPPLEMENTARY INFORMATION

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

September 30, 2015

	Permanent Fund	Special Revenue Funds	
	Cemetery Perpetual Care	HUD Loan & CDBG	BID
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Restricted cash	390,982	12,030	7,638
County treasurer cash	-	-	-
Receivables:			
Special assessments	-	-	-
Accounts, net of allowance for doubtful accounts	-	-	195
Property tax	-	-	-
Notes	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
	<u>\$ 390,982</u>	<u>\$ 12,030</u>	<u>\$ 7,833</u>
Total assets	\$ 390,982	\$ 12,030	\$ 7,833
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Accrued expenses	-	-	-
Unavailable special assessments	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit):			
Nonspendable:			
Cemetery perpetual care	390,982	-	-
Restricted for:			
Capital projects	-	-	-
Community betterment	-	-	-
Debt service	-	-	-
Economic development	-	-	-
Federal programs	-	12,030	-
Maintenance expenses	-	-	7,833
Museum projects	-	-	-
Tourism promotion activities	-	-	-
Assigned for:			
Other purposes	-	-	-
Total fund balances (deficit)	<u>390,982</u>	<u>12,030</u>	<u>7,833</u>
Total liabilities and fund balances	\$ 390,982	\$ 12,030	\$ 7,833

Special Revenue Funds

<u>Economic Development</u>	<u>LB840</u>	<u>RSVP</u>	<u>Handyman</u>	<u>Community Betterment</u>	<u>Public Safety Tax</u>
\$ -	\$ -	\$ -	\$ (4,639)	\$ -	\$ -
10,417	540,987	885	-	66,065	274,383
-	-	-	-	-	17,068
-	-	-	-	-	-
-	-	-	1,229	5,878	-
-	-	-	-	-	1,393
-	708,346	-	-	-	-
-	-	1,271	-	-	-
18,333	-	-	-	-	-
-	-	1,643	4,018	-	-
<u>\$ 28,750</u>	<u>\$ 1,249,333</u>	<u>\$ 3,799</u>	<u>\$ 608</u>	<u>\$ 71,943</u>	<u>\$ 292,844</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	1,739	608	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>1,739</u>	<u>608</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	292,844
-	-	-	-	71,943	-
-	-	-	-	-	-
28,750	1,249,333	-	-	-	-
-	-	2,060	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>28,750</u>	<u>1,249,333</u>	<u>2,060</u>	<u>-</u>	<u>71,943</u>	<u>292,844</u>
<u>\$ 28,750</u>	<u>\$ 1,249,333</u>	<u>\$ 3,799</u>	<u>\$ 608</u>	<u>\$ 71,943</u>	<u>\$ 292,844</u>

CITY OF ALLIANCE, NEBRASKA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS, Continued

September 30, 2015

	Special Revenue Funds		
	<u>Airport</u> <u>Sinking</u>	<u>Museum</u> <u>Exhibit</u>	<u>E911</u> <u>Fund</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Restricted cash	238,120	28,010	82,158
County treasurer cash	6,816	-	-
Receivables:			
Special assessments	-	-	-
Accounts, net of allowance for doubtful accounts	-	-	-
Property tax	554	-	-
Notes	-	-	-
Prepaid expenses	-	-	14,160
Due from other funds	-	-	-
Due from other governments	-	-	-
	<u>\$ 245,490</u>	<u>\$ 28,010</u>	<u>\$ 96,318</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	200,000	-	14,160
Accrued expenses	-	-	-
Unavailable special assessments	-	-	-
Total liabilities	<u>200,000</u>	<u>-</u>	<u>14,160</u>
Fund balances (deficit):			
Nonspendable:			
Cemetery perpetual care	-	-	-
Restricted for:			
Capital projects	-	-	82,158
Community betterment	-	-	-
Debt service	45,490	-	-
Economic development	-	-	-
Federal programs	-	-	-
Maintenance expenses	-	-	-
Museum projects	-	28,010	-
Tourism promotion activities	-	-	-
Assigned for:			
Other purposes	-	-	-
Total fund balances (deficit)	<u>45,490</u>	<u>28,010</u>	<u>82,158</u>
Total liabilities and fund balances	\$ 245,490	\$ 28,010	\$ 96,318

Special Revenue Funds				Debt Service Fund	Total Nonmajor Governmental Funds
Nuisance Clean Up	Marketing Fund	Public Transit	Golf Fund		
\$ -	\$ -	\$ (23,897)	\$ 19,535	\$ -	\$ (9,001)
-	143,212	-	-	3,971	1,798,858
-	-	-	-	-	23,884
-	-	-	-	486,903	486,903
-	30,108	341	-	-	37,751
-	-	-	-	-	1,947
-	-	-	2,435	-	710,781
-	-	-	-	-	15,431
-	-	-	-	-	18,333
-	-	34,182	-	-	39,843
<u>\$ -</u>	<u>\$ 173,320</u>	<u>\$ 10,626</u>	<u>\$ 21,970</u>	<u>\$ 490,874</u>	<u>\$ 3,124,730</u>
\$ -	\$ -	\$ -	\$ 193	\$ -	\$ 193
-	-	-	2,829	-	216,989
-	-	6,462	11,764	160	20,733
-	-	-	-	486,903	486,903
-	-	6,462	14,786	487,063	724,818
-	-	-	-	-	390,982
-	-	-	-	-	375,002
-	-	-	-	-	71,943
-	-	-	-	3,811	49,301
-	-	-	-	-	1,278,083
-	-	-	-	-	14,090
-	-	-	-	-	7,833
-	-	-	-	-	28,010
-	173,320	-	-	-	173,320
-	-	4,164	7,184	-	11,348
-	173,320	4,164	7,184	3,811	2,399,912
<u>\$ -</u>	<u>\$ 173,320</u>	<u>\$ 10,626</u>	<u>\$ 21,970</u>	<u>\$ 490,874</u>	<u>\$ 3,124,730</u>

CITY OF ALLIANCE, NEBRASKA

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

For the year ended September 30, 2015

	<u>Permanent Fund</u>	<u>Special Revenue Funds</u>	
	Cemetery <u>Perpetual Care</u>	HUD Loan & CDBG	<u>BID</u>
REVENUES			
Taxes:			
Property tax	\$ -	\$ -	\$ -
Sales tax	-	-	-
Occupation tax	-	-	-
Intergovernmental	-	-	-
Grants	-	-	-
Keno	-	-	-
Special assessments	-	-	8,701
Charges for services	11,060	-	-
Interest income	516	1	10
Contributions	-	-	-
Other revenue	-	-	-
Total revenues	<u>11,576</u>	<u>1</u>	<u>8,711</u>
EXPENDITURES			
General government	-	-	12,787
Public safety	-	-	-
Environment and leisure	-	-	-
Economic development	-	-	-
Capital outlay	-	-	-
Principal payments on debt	-	-	-
Interest on long-term debt	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>12,787</u>
Excess (deficiency) of revenues over expenditures	11,576	1	(4,076)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Net transfers	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	11,576	1	(4,076)
Fund balances - September 30, 2014	<u>379,406</u>	<u>12,029</u>	<u>11,909</u>
Fund balances - September 30, 2015	<u>\$ 390,982</u>	<u>\$ 12,030</u>	<u>\$ 7,833</u>

Special Revenue Funds

<u>Economic Development</u>	<u>LB840</u>	<u>RSVP</u>	<u>Handyman</u>	<u>Community Betterment</u>	<u>Public Safety Tax</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 123,430
89,188	70,855	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	36,388	31,236	-	-
-	-	-	-	17,107	-
-	-	-	-	-	-
-	-	-	-	-	-
12	3,482	1	(2)	129	655
-	-	2,250	10,171	-	-
-	-	13,249	2,918	-	-
89,200	74,337	51,888	44,323	17,236	124,085
-	-	-	-	-	-
-	-	-	-	-	-
-	-	69,275	44,323	-	-
80,258	41,303	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
80,258	41,303	69,275	44,323	-	-
8,942	33,034	(17,387)	-	17,236	124,085
-	-	18,000	-	-	-
-	-	-	-	(18,000)	(65,000)
-	-	18,000	-	(18,000)	(65,000)
8,942	33,034	613	-	(764)	59,085
19,808	1,216,299	1,447	-	72,707	233,759
\$ 28,750	\$ 1,249,333	\$ 2,060	\$ -	\$ 71,943	\$ 292,844

CITY OF ALLIANCE, NEBRASKA

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

For the year ended September 30, 2015

	Special Revenue Funds		
	Airport <u>Sinking</u>	Museum <u>Exhibit</u>	E911 <u>Fund</u>
REVENUES			
Taxes:			
Property tax	\$ 49,000	\$ -	\$ -
Sales tax	-	-	-
Occupation tax	-	-	-
Intergovernmental	-	-	49,154
Grants	-	-	-
Keno	-	-	-
Special assessments	-	-	-
Charges for services	-	-	-
Interest income	1,733	24	59
Contributions	-	-	-
Other revenue	-	-	-
Total revenues	50,733	24	49,213
EXPENDITURES			
General government	-	-	-
Public safety	-	-	9,947
Environment and leisure	-	-	-
Economic development	-	-	-
Capital outlay	-	-	-
Principal payments on debt	-	-	-
Interest on long-term debt	-	-	-
Total expenditures	-	-	9,947
Excess (deficiency) of revenues over expenditures	50,733	24	39,266
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(600,000)	-	-
Net transfers	(600,000)	-	-
Net change in fund balances	(549,267)	24	39,266
Fund balances - September 30, 2014	594,757	27,986	42,892
Fund balances - September 30, 2015	\$ 45,490	\$ 28,010	\$ 82,158

Special Revenue Funds				Debt Service Fund	Total Nonmajor Governmental Funds
Nuisance Cleanup	Marketing Fund	Public Transit	Golf Fund		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172,430
-	-	-	-	-	160,043
-	191,436	-	-	-	191,436
-	-	6,750	-	-	55,904
-	-	37,873	-	-	105,497
-	-	-	-	-	17,107
-	-	-	-	-	8,701
-	-	4,274	156,480	-	171,814
-	4,880	(3)	15	4	11,516
-	-	694	-	-	13,115
-	-	-	790	-	16,957
-	196,316	49,588	157,285	4	924,520
-	-	-	-	-	12,787
-	-	-	-	-	9,947
-	-	50,424	305,416	-	469,438
-	-	-	-	-	121,561
-	-	-	30,000	-	30,000
-	-	-	-	40,963	40,963
-	-	-	-	2,564	2,564
-	-	50,424	335,416	43,527	687,260
-	196,316	(836)	(178,131)	(43,523)	237,260
-	-	5,000	178,750	43,600	245,350
(6,623)	(181,900)	-	-	-	(871,523)
(6,623)	(181,900)	5,000	178,750	43,600	(626,173)
(6,623)	14,416	4,164	619	77	(388,913)
6,623	158,904	-	6,565	3,734	2,788,825
\$ -	\$ 173,320	\$ 4,164	\$ 7,184	\$ 3,811	\$ 2,399,912

CITY OF ALLIANCE, NEBRASKA

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS

September 30, 2015

	Health Insurance <u>Fund</u>	Administration Internal Service <u>Fund</u>	Enterprise Internal Service <u>Fund</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 852,875	\$ 9,326	\$ 24,062	\$ 886,263
Insurance receivable	236,770	7,409	-	244,179
Prepaid insurance	-	49,776	-	49,776
	<u>1,089,645</u>	<u>66,511</u>	<u>24,062</u>	<u>1,180,218</u>
LIABILITIES				
Current liabilities:				
Accounts payable	99,437	15,114	-	114,551
Accrued payroll	-	15,997	12,154	28,151
Due to other funds	-	-	862	862
Total current liabilities	<u>99,437</u>	<u>31,111</u>	<u>13,016</u>	<u>143,564</u>
NET POSITION				
Unrestricted	<u>\$ 990,208</u>	<u>\$ 35,400</u>	<u>\$ 11,046</u>	<u>\$ 1,036,654</u>

CITY OF ALLIANCE, NEBRASKA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - INTERNAL SERVICE FUNDS**

For the year ended September 30, 2015

	Health Insurance <u>Fund</u>	Administration Internal Service <u>Fund</u>	Enterprise Internal Service <u>Fund</u>	<u>Total</u>
Operating revenues:				
Interdepartmental charges	\$ -	\$ 1,056,300	\$ 463,500	\$ 1,519,800
Health insurance premiums	1,902,234	-	-	1,902,234
Rent income	-	-	345	345
Total operating revenues	<u>1,902,234</u>	<u>1,056,300</u>	<u>463,845</u>	<u>3,422,379</u>
Operating expenses:				
Personnel	-	151,571	-	151,571
Legal	-	127,071	-	127,071
Risk management	-	312,268	-	312,268
Management information systems	-	224,646	-	224,646
Accounting	-	242,602	-	242,602
Utility customer service	-	-	288,271	288,271
Meter reading	-	-	44,818	44,818
Warehouse	-	-	121,220	121,220
Insurance claims and health premiums	2,315,341	-	-	2,315,341
Total operating expenses	<u>2,315,341</u>	<u>1,058,158</u>	<u>454,309</u>	<u>3,827,808</u>
Operating income (loss)	(413,107)	(1,858)	9,536	(405,429)
Nonoperating revenues:				
Interest income	<u>4,182</u>	<u>78</u>	<u>58</u>	<u>4,318</u>
Change in net position	(408,925)	(1,780)	9,594	(401,111)
Net position - September 30, 2014	<u>1,399,133</u>	<u>37,180</u>	<u>1,452</u>	<u>1,437,765</u>
Net position - September 30, 2015	<u><u>\$ 990,208</u></u>	<u><u>\$ 35,400</u></u>	<u><u>\$ 11,046</u></u>	<u><u>\$ 1,036,654</u></u>

CITY OF ALLIANCE, NEBRASKA

**COMBINING STATEMENT OF CASH FLOWS -
INTERNAL SERVICE FUNDS**

For the year ended September 30, 2015

	Health Insurance <u>Fund</u>	Administration Internal Service <u>Fund</u>	Enterprise Internal Service <u>Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from other funds	\$ 1,847,294	\$ 1,064,078	\$ 463,845	\$ 3,375,217
Payments to suppliers	(2,338,254)	(1,064,625)	(453,801)	(3,856,680)
Net cash provided (used) by operating activities	<u>(490,960)</u>	<u>(547)</u>	<u>10,044</u>	<u>(481,463)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Decrease in due to other funds	-	-	(112)	(112)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income received	<u>4,182</u>	<u>78</u>	<u>58</u>	<u>4,318</u>
Increase (decrease) in cash and cash equivalents	(486,778)	(469)	9,990	(477,257)
Cash and cash equivalents - beginning of the year	<u>1,339,653</u>	<u>9,795</u>	<u>14,072</u>	<u>1,363,520</u>
Cash and cash equivalents - end of the year	<u><u>\$ 852,875</u></u>	<u><u>\$ 9,326</u></u>	<u><u>\$ 24,062</u></u>	<u><u>\$ 886,263</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (413,107)	\$ (1,858)	\$ 9,536	\$ (405,429)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Change in assets and liabilities:				
Insurance receivable	(54,940)	7,778	-	(47,162)
Prepaid insurance	-	(4,352)	-	(4,352)
Accounts payable	(22,913)	(2,857)	-	(25,770)
Accrued payroll	-	742	508	1,250
Net cash provided (used) by operating activities	<u><u>\$ (490,960)</u></u>	<u><u>\$ (547)</u></u>	<u><u>\$ 10,044</u></u>	<u><u>\$ (481,463)</u></u>

SINGLE AUDIT REPORTS

CITY OF ALLIANCE, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Expenditures</u>
<u>Department of Transportation</u>			
Passed Through the Nebraska Department of Roads			
Highway Planning & Construction	20.205	4008	\$ 26,342
Formula Grants for Rural Areas	20.509	47-6006071	29,963
Total passed through the Nebraska Department of Roads			<u>56,305</u>
Passed through the Nebraska Department of Aeronautics			
Airport Improvement Program	20.106	47-6006071	4,779,694 *
Total Department of Transportation			<u>4,835,999</u>
<u>Corporation for National and Community Service</u>			
Retired and Senior Volunteer Program	94.002	47-6006071	36,388
<u>Department of Justice</u>			
Bullet Proof Vest Partnership Program	16.607	47-6006071	801
<u>Department of Health and Human Services</u>			
Passed Through the Nebraska Department on Aging			
Aging Cluster:			
Special Programs for the Aging - Title III, Part B	93.044	47-6006071	26,613
Total Expenditures of Federal Awards			<u><u>\$ 4,899,801</u></u>

* Major program

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant and loan activity of the City of Alliance, Nebraska, and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.



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

SHAREHOLDERS

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

To the Mayor and Members of the City Council
City of Alliance, 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 Alliance, Nebraska, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated January 27, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2015-001 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Alliance'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 Alliance's Response to Findings

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

Purpose of this Report

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

*Amquist, Malthahn,
Galloway & Luth, PC*

Grand Island, Nebraska
January 27, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

To the Mayor and Members of the City Council
City of Alliance, Nebraska

Report on Compliance for Each Major Federal Program

We have audited the City of Alliance, Nebraska's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2015. The City of Alliance, Nebraska's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Alliance, Nebraska's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

SHAREHOLDERS

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

Opinion on Each Major Federal Program

In our opinion, the City of Alliance, Nebraska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control over Compliance

Management of the City of Alliance, Nebraska is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Amquist, Malthalm,
Galloway & Luth, P.C.*

Grand Island, Nebraska
January 27, 2016

CITY OF ALLIANCE, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2015

1. A summary of auditors' results:

- (i) An unmodified opinion was issued on the financial statements of the City of Alliance, Nebraska, as of September 30, 2015.
- (ii) One significant deficiency disclosed during the audit of the financial statements is reported in the "Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*." The deficiency is not reported as a material weakness.
- (iii) The audit did not disclose any noncompliance which is material to the financial statements of the City of Alliance, Nebraska.
- (iv) The audit did not disclose any significant deficiencies in the internal control over major programs for the City of Alliance, Nebraska.
- (v) An unmodified opinion was issued on compliance for major programs.
- (vi) The audit did not disclose any audit findings which we are required to be reported under §___.510(a).
- (vii) Major Program: CFDA #20.106 – Airport Improvement Program.
- (viii) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (ix) The City of Alliance, Nebraska, did not qualify as a low-risk auditee under §___.530.

2. Findings relating to the financial statements which are required to be reported in accordance with GAGAS.

2015-001 Due to a limited number of personnel, there is not adequate segregation of duties to ensure internal control over cash receipts, disbursements, and recording of transactions.

Management's Response – It is impractical to further segregate duties due to the limited number of accounting personnel.

3. Findings and questioned costs for Federal awards which shall include audit findings as defined in §___.510(a).

None

CITY OF ALLIANCE, NEBRASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended September 30, 2015

There were no prior audit findings for the year ended September 30, 2014.