

CITY OF SIDNEY, NEBRASKA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
AND
ACCOUNTANT'S OPINION THEREON

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Sidney, Nebraska 69162

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 Sidney (the City), Sidney, Nebraska, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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, as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 38 through 40 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 inquires 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's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our

testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Rauner & Assoc P.C." in a cursive, stylized font.

RAUNER & ASSOCIATES, P.C.
Sidney, Nebraska

January 31, 2019



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CITY OF SIDNEY, NEBRASKA Management's Discussion and Analysis

As financial management of the municipal government, we offer readers of this financial statement an overview and analysis of the financial activities of the City of Sidney, Nebraska for the fiscal year ended September 30, 2018. This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in the government's financial position, identify any material deviations from the approved budget documents, and identify individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is designed to focus on the activities of the current fiscal year ended September 30, 2018, the resulting changes and currently known facts. It should be read in conjunction with the City's financial statements that begin with Exhibit A.

FINANCIAL HIGHLIGHTS

- ◆ The assets of the city (Exhibit A) exceeded its liabilities as of September 30, 2018 by \$75,040,367 (net position). Of this amount \$21,061,736 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The City's total net position increased by \$1,750,814 in comparison to the prior year. Of the increase, \$861,056 or 49% was an increase in governmental activities and \$889,758 or 51% related to business-type activities.
- ◆ The City's Governmental Fund Balance Sheet (Exhibit C) as of September 30, 2018 shows an increase from \$16,174,952 to \$17,819,347 in comparison with the prior year which is an increase of \$1,644,395. Deferred Inflows of Resources in the amount of \$4,792,196 is \$485,617 less than last year. This is uncollected property tax and special assessment revenues that are not available to pay for current period expenditures and, therefore, are deferred in the funds. In past reports, these were shown as Deferred Revenue liability. Current year Fund Balances are as follows: Nonspendable Fund Balance - .36% or \$43,784 (which is the Golf Inventory) is defined as amounts that are not in a spendable form or are required to be maintained intact. Restricted Fund Balance - 51.35% or \$6,195,895 (which is Street and Debt Service carryover funds) is defined as amounts constrained to specific purposes by their providers, through constitutional provisions or by enabling legislation. Committed Fund Balance - 26.08% \$3,147,026 (which is \$1,351,142 in the General Fund (of which approximately \$1,273,303 is committed to the Insurance Reserve Fund), \$1,595,818 is Capital Projects, LB840 Economic Development, Cemetery Perpetual Care, Golf Development, Unemployment, police grants, golf credit card balances, Dare, Crime Prevention Fund, Boy Scouts, and the Economic Development Fund) is defined as amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed amounts that cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint. Unassigned Fund Balance - 22.21% or \$2,678,812 (which is all other General Fund assets) is defined as amounts that are available for any purpose - positive amounts are reported only in the General Fund.
- ◆ The City's Statement of Net Position for Proprietary Funds/Business-Type Activities - Enterprise Funds (Exhibit G) as of September 30, 2018, indicate there was an increase in the net position of \$889,758 compared to \$1,079,633 in 2017. The Electric Department realized an increase in Net Position for FY2018 year-end while the Water, Sewer, and Landfill funds realized small decreases (Exhibit H). Operating Revenues were higher this year in Electric but lower in Water, Sewer and Landfill. Operating Expenses were lower in Electric, but higher for Water, Sewer and Landfill.

- ◆ In the Statement of Cash Flows for Proprietary Funds (Exhibit I), there was a net increase in 2017 Cash and Cash Equivalents of \$884,484 and \$454,888 in 2018, decreasing due to the completion of capital projects in prior years.
- ◆ The Governmental Activities total liabilities decreased by \$910,779 due to a decrease in total current liabilities and the amount of bonds being added.
- ◆ The Business-Type Activities total liabilities shows an increase of \$600,135.

USING THIS ANNUAL FINANCIAL REPORT

Our government's presentation of financial statements is in compliance with the Governmental Accounting Standards Board Statement 34. The statements focus on the government as a whole (government-wide) and the major individual funds. Both perspectives (government-wide and major fund) allow the reader to address relevant questions, broaden a basis for comparison (year to year or government to government) and should enhance the City's accountability.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City'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 other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Exhibits A & B of this report)

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the City'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 is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the year ended September 30, 2018. 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. Therefore, 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, earned but unused vacation and sick leave, etc.)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) or 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 include most of the City's basic services including police, fire, general administration, streets, parks, cemetery, golf, library, public transportation, and economic development. Further explanation of individual line items reported for each function are: (1) General Government-Administration and Inspection; (2) Public Safety - Police and Fire; (3) Public Works-Streets; (4) Health & Social Services-Cemetery and Public Transportation; (5) Culture & Recreation-Park, Pool, Golf, and Library. The business-type activities include the Electric, Water, Sewer, and Landfill.

FUND FINANCIAL STATEMENTS (Exhibits C-V of this report)

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. The City, 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 can be divided into the following three categories:

Governmental Funds are used to account for essentially the same functions reported as governmental activities. 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. This information may be useful in evaluating the City'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 maintains three individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Street Fund, and the Debt Service Fund which are considered to be major funds. Data from the non-major governmental fund (Exhibits P-Q-individual fund data) are combined into a single, aggregated presentation. They include Capital Projects, Economic Development LB840, Cemetery Perpetual Care, Golf Development, Unemployment Compensation, and Boy Scouts. The City adopts an annual appropriation budget ordinance for its General Fund and all other governmental funds. Exhibit L provides supplementary information which presents budgetary comparison information. The basic governmental fund financial statements for individual schedules for General Fund Accounts can be found on Exhibits P-T of this report.

Proprietary Funds are the business-type activities-enterprise funds which include the Electric, Water, Sewer, and Landfill as major enterprises. These are in Exhibits G-I of this report.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. In this report, these are shown in Exhibit J and include the Tax Increment Financing Projects, CDBG, the Volunteer Fire Department and its Auxiliary.

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 in Exhibit K 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. The following is the Condensed Statement of Net Position and the Condensed Statement of Activities for September 30, 2018 and 2017:

City of Sidney Condensed Statement of Net Position September 30, 2018 and 2017						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
ASSETS						
Current and Other Assets	\$ 17,422,822	\$ 16,020,393	\$ 15,987,639	\$ 15,358,488	\$ 33,390,461	\$ 31,378,881
Capital Assets	38,404,334	39,856,486	37,363,355	36,482,613	75,767,689	76,339,099
TOTAL ASSETS	55,827,156	55,876,879	53,330,994	51,841,101	109,158,150	107,717,980
LIABILITIES						
Long Term Liabilities Outstanding	19,542,258	20,356,486	10,747,131	10,323,145	30,289,389	30,679,631
Other Liabilities	2,149,366	2,245,917	1,679,028	1,502,879	3,828,394	3,748,796
TOTAL LIABILITIES	21,691,624	22,602,403	12,426,159	11,826,024	34,117,783	34,428,427
NET POSITION						
Net Investment in Capital Assets	17,762,662	17,953,401	26,944,527	26,642,916	44,707,189	44,596,317
Restricted	6,395,961	-	2,875,481	2,891,958	9,271,442	2,891,958
Unrestricted	9,976,909	15,321,075	11,084,827	10,480,203	21,061,736	25,801,278
TOTAL NET POSITION	\$ 34,135,532	\$ 33,274,476	\$ 40,904,835	\$ 40,015,077	\$ 75,040,367	\$ 73,289,553

City of Sidney
Condensed Statement of Activities
September 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,550,561	\$ 912,572	\$ 13,940,816	\$ 13,903,774	\$ 15,491,377	\$ 14,816,346
Operating Grants and Contributions	1,060,489	1,090,136	-	-	1,060,489	1,090,136
Capital Grants and Contributions	458,566	1,160,596	-	-	458,566	1,160,596
General Revenues:						
Property Taxes	2,485,748	1,929,082	-	-	2,485,748	1,929,082
Sales and Use Tax	3,396,552	3,627,078	-	-	3,396,552	3,627,078
Other Local Taxes	544,409	2,466,631	-	-	544,409	2,466,631
Motor Vehicle Taxes	134,991	141,499	-	-	134,991	141,499
Intergovernmental Revenues	238,733	240,586	-	-	238,733	240,586
Franchise Fees	839,115	818,968	-	-	839,115	818,968
Miscellaneous State Revenues	152,012	118,746	-	-	152,012	118,746
Investment Income	16,178	9,540	83,772	71,678	99,950	81,218
Miscellaneous Revenues	223,901	160,539	559,978	226,105	783,879	376,644
Bond Premiums	55,099	324,474	-	-	55,099	324,474
Debt Forgiveness	-	-	3,463	-	3,463	-
Insurance Proceeds	156,885	182,530	-	-	156,885	182,530
Total Revenues	11,313,239	13,172,977	14,588,029	14,201,557	25,901,268	27,374,534
Expenses:						
General Government	2,573,176	3,437,037	-	-	2,573,176	3,437,037
Public Safety	1,759,193	1,758,477	-	-	1,759,193	1,758,477
Public Works	2,553,060	2,144,847	-	-	2,553,060	2,144,847
Health & Social Services	368,719	347,581	-	-	368,719	347,581
Culture and Recreation	2,453,638	2,313,567	-	-	2,453,638	2,313,567
Interest on Long-Term debt	744,397	704,362	-	-	744,397	704,362
Electric	-	-	8,892,439	9,029,995	8,892,439	9,029,995
Water	-	-	2,081,261	1,736,622	2,081,261	1,736,622
Sewer	-	-	1,237,127	1,109,535	1,237,127	1,109,535
Landfill	-	-	1,487,444	1,245,772	1,487,444	1,245,772
Total Expenses	10,452,183	10,705,871	13,698,271	13,121,924	24,150,454	23,827,795
Increase in Net Assets	861,056	2,467,106	889,758	1,079,633	1,750,814	3,546,739
Net Assets - Beginning	33,274,476	30,807,370	40,015,077	38,935,444	73,289,553	69,742,814
Net Assets - Ending	\$ 34,135,532	\$ 33,274,476	\$ 40,904,835	\$ 40,015,077	\$ 75,040,367	\$ 73,289,553

GOVERNMENTAL ACTIVITIES

As earlier stated in the Financial Highlights, governmental activities increased the City's net position by \$861,056, accounting for 49% of the total growth in the net assets of the City of Sidney. The Governmental Activities had an increase in capital position due to approximately \$262,787 in capital assets recorded in the current period; i.e. additions to structures, buildings, vehicles, equipment and infrastructure throughout the Governmental funds. See Exhibit D and Exhibit K, Note 3, Section B on Page 28 and 29 for details as well as increase in non-current liabilities.

BUSINESS-TYPE ACTIVITIES

Business-Type activities (see Exhibit H) increased the city's net position by \$889,758, accounting for 51% of the total growth in the government's net position. Some explanatory remarks regarding this statement are as follows:

- ◆ The overall operating revenues for business-type activities increased by \$370,915.
- ◆ Electric Fund increased in net position - \$1,067,872 vs. \$348,548 in 2017.
- ◆ Water Fund change in net position was \$(32,937) vs. \$428,900 in 2017 due to higher operating costs.
- ◆ Sewer reflected \$(52,025) change in net position vs. \$122,667 in 2017 which is also due to higher operating costs.
- ◆ Landfill reflected a loss of \$(93,152) in net assets in 2018.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

GOVERNMENTAL FUNDS

The focus of the City'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's financing requirements. In particular, unreserved 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 per Resolution No. 20120102, adopted by the City Council on January 10, 2012, a Fund Balance Policy in Accordance with GASB 54 was adopted. The following categories are in compliance with that resolution: As of September 30, 2018, the City's Governmental Funds reported combined ending fund balances of \$12,065,517 an increase of \$1,855,074 in comparison with the prior year.

The Governmental Funds are the chief operating funds of the City. As of September 30, 2018, the **Nonspendable Fund** balance of the General Fund was \$43,784 which represents the Golf Course inventory; the **Committed Fund** was \$3,147,026. Committed Funds includes the Payroll Insurance Reserve Account and Economic Development funds; the **Unassigned Fund** was \$2,678,812 which is the remainder of the Governmental Fund Balances; and **Restricted Funds** was \$6,195,895 which is committed for Street Department and Debt Service. Total Liabilities, Deferred Inflows of Resources and Fund Balance for Governmental Funds was \$961,634. As a measure of the Governmental 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 43.27% of total general fund expenditures, while Total Liabilities, Deferred Inflows of Resources and Fund Balance represents 65.80% of that same amount. The fund balance of the City's General Fund decreased by \$215,149 during this fiscal year.

The Street Fund had a total restricted fund balance of \$3,569,578, which was carried over to the next fiscal year budget to fund scheduled street projects. The Debt Service Fund had a total restricted fund balance of \$2,626,317 which is entirely reserved for debt payments. The other non-major Governmental Funds had a total committed fund balance of \$1,595,818 which include Capital Projects, Economic Development, Cemetery Perpetual Care, Golf Development, Unemployment and Boy Scouts.

PROPRIETARY FUNDS

The City'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 Sewer, Water, Electric, and Landfill amounted to a total of \$10,041,437. Restricted Assets for the same funds consist of \$234,821 for Customer Deposits, \$1,043,390 for Capital Improvements, \$1,519,709 for Debt Service, and \$1,120,951 for Landfill Closure Costs. Factors concerning the finances of these funds have already been addressed in the discussion of the city's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

There was no difference between the original advertised budget and the final approved budget. The budget relies heavily on sales and property tax revenue. This year the sales tax revenue came in approximately \$403,653 under budget in General Fund and \$63,281 under budget in the Street Fund. The overall General Fund was under budget due to grants issued being budgeted but not received and consequently no expenditures made in this particular fund. Also, bond issues were budgeted for but only partially received. In the Street Fund, a contributing factor in the variance between the income and expense side was street projects that were in the budget but were not completed in this fiscal year and had to be carried over to the next budget.

The budget and budgetary accounting process for the municipality is explained in detail in Exhibit M Notes to the Required Supplementary Information that accompanies the schedule entitled Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General and Major Special Revenue Fund - Budgetary Basis.

CAPITAL ASSET AND DEBT ADMINISTRATION

This year's changes in assets and long-term debt are explained in detail in Note 3 of the Financial Statements.

The long-term debt is explained in Notes to the Financial Statements in categories for General Obligation, Special Assessment Bonds, Notes Payable, Capital Leases and Proprietary Fund illustrating the changes throughout the fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic factors and conditions which may affect future budgets and revenues:

During the first half of this decade, Sidney saw unprecedented growth along with uncertainty in some areas of business created by outside private forces. Oil and gas prices are still at levels that are far below historic highs earlier this decade. That affected some local energy projects related to oil and gas production, including one company in the area which produced coated piping for oil production which closed. Even more significant is the affect energy prices have had on the coal market (mainly in NE Wyoming) and the subsequent impact on both railroads running through Sidney as the demand for coal and the price of coal has dropped significantly in favor of cheaper natural gas from fracking. This has reduced the train traffic in the area and thus the staffing necessary to facilitate that rail traffic.

More locally, CommScope, maker of copper wiring and fiber was purchased by a firm from back east and was subsequently consolidated with the other locations and the Sidney facility was closed. This move adversely affected Anderson Forest products (maker of pallets and wooden spools) which then significantly reduced production. Of an even larger impact locally was the purchase by Bass Pro of Cabela's, Sidney's largest employer with almost 2,000 employees and the reorganization/consolidation has led to a staffing reduction in Sidney of an estimated 1500 positions. This move had directly affected home sales which slowed significantly for a period, and prices dropped as more houses entered the market. Previously, homes were a scarce commodity in Sidney. Over the last year to year and a half, home sales have skyrocketed with 8 -10 homes closing each week. Over 800 new "family units" have moved to Sidney over the last two years due to housing and job availability. There are less than 90 homes available for sale at the moment. Retail sales have dropped significantly as six figure salaries to a large extent have disappeared from the economy.

In other good news in that same 3-4 year period, new construction included a new hospital, new office headquarters building for Cabela's and the remodeling and renovation of other Cabela's facilities, two new hotels, a new Appleby's, a new Love's truck stop with apartments, an IHOP, a truck service facility, a renovated hotel complex, new roads to facilitate proposed new housing projects, a new apartment complex, new trails, a new water park, a new airport terminal, a new private commercial development park, utilities and roads were built in the City's industrial park (with its first new business), and the industrial park outside of town has added more property, more rail lines (already served by three railroads) and Bell Pole to its already burgeoning repertoire. New and expanding businesses in and around Sidney over the last two years include Lukjan Metals, Progress Rail, a new medical clinic, Agri-Plastics, Sand Hills Publishing, AD Rutherford, UST Global/Xpansion, MMP from Canada, Vitalix, NexGen, Highby Outdoors, an expanded Bomgaars and Progress Rail, and the pipe coating business is back open, with more businesses approaching the City and State each week regarding opening new facilities in Sidney.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City Manager or City Clerk/Treasurer's Office (telephone number 308-254-5300 and email address – esadler@cityofsidney.org or gerianthony@cityofsidney.org) at 1115 13th Avenue, Sidney, Nebraska.

Ed Sadler
City Manager

G.F. Anthony, MMC
City Clerk/Treasurer

CITY OF SIDNEY, NEBRASKA
GOVERNMENT-WIDE STATEMENT OF NET POSITION

EXHIBIT A

September 30, 2018

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 9,919,180	\$ 3,819,506	\$ 13,738,686
Cash with Fiscal Agent	261,510	-	261,510
Equity in Pooled Cash and Investments	2,010,549	6,325,457	8,336,006
Receivables (Net of Allowances for Uncollectibles)			
Taxes	697,220	-	697,220
Accounts	-	1,125,731	1,125,731
Special Assessments	4,886,715	10,830	4,897,545
Accrued Interest	389	11,540	11,929
Interfund Balances	(415,704)	415,704	-
Inventory	43,784	478,528	522,312
Bond Issue Costs	19,179	2,768	21,947
Discount on Bonds Payable	-	3,276	3,276
Restricted Assets			
Cash and Cash Equivalents	-	2,871,707	2,871,707
Investments	-	774,326	774,326
Equity in Pooled Cash and Investments	-	128,266	128,266
Capital Assets:			
Land and Land Improvements	2,045,410	1,738,338	3,783,748
Buildings and Structures	5,726,204	25,528,019	31,254,223
Vehicles	2,487,878	1,504,684	3,992,562
Equipment	4,091,771	6,899,580	10,991,351
Infrastructure	39,171,666	33,214,370	72,386,036
Accumulated Depreciation	(15,118,595)	(31,521,636)	(46,640,231)
TOTAL ASSETS	55,827,156	53,330,994	109,158,150
LIABILITIES			
Current Liabilities:			
Taxes Payable	-	74,009	74,009
Accounts Payable	103,762	92,464	196,226
Accrued Interest	112,555	50,135	162,690
Accrued Salaries and Employee Benefits Payable	123,367	63,901	187,268
Compensated Absences Payable within one year	37,395	24,191	61,586
Bonds, Notes and Leases Payable within one year	1,490,881	1,139,507	2,630,388
Other	281,406	-	281,406
Customer Deposits Payable	-	234,821	234,821
Total Current Liabilities	2,149,366	1,679,028	3,828,394
Non-Current Liabilities:			
Construction & Demolition Landfill Closure Costs	-	51,458	51,458
Landfill Closure Care	-	1,236,547	1,236,547
Compensated Absences	391,467	179,805	571,272
Bonds, Notes and Leases Payable	19,150,791	9,279,321	28,430,112
Total Non-Current Liabilities	19,542,258	10,747,131	30,289,389
TOTAL LIABILITIES	21,691,624	12,426,159	34,117,783
NET POSITION			
Net Investment in Capital Assets	17,762,662	26,944,527	44,707,189
Restricted for:			
Debt Service	2,626,317	1,519,709	4,146,026
Street Improvements	3,769,644	-	3,769,644
Landfill Closure	-	1,120,951	1,120,951
Customer Deposits	-	234,821	234,821
Unrestricted	9,976,909	11,084,827	21,061,736
TOTAL NET POSITION	\$ 34,135,532	\$ 40,904,835	\$ 75,040,367

The Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

EXHIBIT B

For the Year Ended September 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT:							
Governmental Activities							
General Government	\$ 2,573,176	\$ -	\$ 5,034	\$ 292,000	\$ (2,276,142)	\$ -	\$ (2,276,142)
Public Safety	1,759,193	-	-	-	(1,759,193)	-	(1,759,193)
Public Works	2,553,060	23,897	822,233	166,566	(1,540,364)	-	(1,540,364)
Health & Social Services	368,719	21,925	173,222	-	(173,572)	-	(173,572)
Culture and Recreation	2,453,638	1,504,739	60,000	-	(888,899)	-	(888,899)
Interest on Long-Term debt	744,397	-	-	-	(744,397)	-	(744,397)
Total Governmental Activities	10,452,183	1,550,561	1,060,489	458,566	(7,382,567)	-	(7,382,567)
Business-Type Activities							
Electric	8,892,439	9,459,044	-	-	-	566,605	566,605
Water	2,081,261	1,995,925	-	-	-	(85,336)	(85,336)
Sewer	1,237,127	1,159,997	-	-	-	(77,130)	(77,130)
Landfill	1,487,444	1,325,850	-	-	-	(161,594)	(161,594)
Total Business-Type Activities	13,698,271	13,940,816	-	-	-	242,545	242,545
Total Primary Government	\$ 24,150,454	\$ 15,491,377	\$ 1,060,489	\$ 458,566	(7,382,567)	242,545	(7,140,022)

General Revenues:

Taxes:

Property Taxes	2,485,748	-	2,485,748
Sales Tax	3,396,552	-	3,396,552
Other Local Taxes	255,246	-	255,246
Motor Vehicle Taxes	134,991	-	134,991
Miscellaneous Special Assessments	289,163	-	289,163
Intergovernmental Revenues	238,733	-	238,733
Franchise Fees	839,115	-	839,115
Miscellaneous State Revenues	152,012	-	152,012
Investment Income	16,178	83,772	99,950
Miscellaneous Revenues	223,901	559,978	783,879
Bond Premiums	55,099	-	55,099
Debt Forgiveness	-	3,463	3,463
Insurance Proceeds	156,885	-	156,885
Total General Revenues and Transfers	8,243,623	647,213	8,890,836
Change in Net Position	861,056	889,758	1,750,814
Net Position - Beginning	33,274,476	40,015,077	73,289,553
Net Position - Ending	\$ 34,135,532	\$ 40,904,835	\$ 75,040,367

Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
BALANCE SHEET
GOVERNMENTAL FUNDS

EXHIBIT C

September 30, 2018

	General Fund	Street Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 2,308,738	\$ 3,686,407	\$ 2,666,745	\$ 1,257,290	\$ 9,919,180
Cash with Fiscal Agent	141,026	-	120,484	-	261,510
Equity in Pooled Cash and Investments	1,673,975	(1,938)	-	338,512	2,010,549
Receivables (Net of Allowances for Uncollectibles)					
Taxes	474,382	107,185	115,653	-	697,220
Special Assessments	-	-	4,886,715	-	4,886,715
Accrued Interest	373	-	-	16	389
Inventory	43,784	-	-	-	43,784
TOTAL ASSETS	\$ 4,642,278	\$ 3,791,654	\$ 7,789,597	\$ 1,595,818	\$ 17,819,347
LIABILITIES					
Liabilities					
Advances from Other Funds	\$ -	\$ -	\$ 415,704	\$ -	\$ 415,704
Accounts Payable	101,396	2,366	-	-	103,762
Compensated Absences Payable	31,146	6,249	-	-	37,395
Accrued Salaries Payable	109,972	13,395	-	-	123,367
Claims Payable	34,623	-	-	-	34,623
Deferred Claims	246,783	-	-	-	246,783
Total Liabilities	523,920	22,010	415,704	-	961,634
DEFERRED INFLOWS OF RESOURCES					
Unavailable Property Tax Revenue	44,620	-	36,757	-	81,377
Uncollected Special Assessments	-	-	4,710,819	-	4,710,819
Total Deferred Inflows of Resources	44,620	-	4,747,576	-	4,792,196
FUND BALANCES					
Nonspendable	43,784	-	-	-	43,784
Restricted	-	3,569,578	2,626,317	-	6,195,895
Committed	1,351,142	200,066	-	1,595,818	3,147,026
Unassigned	2,678,812	-	-	-	2,678,812
Total Fund Balances	4,073,738	3,769,644	2,626,317	1,595,818	12,065,517
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,642,278	\$ 3,791,654	\$ 7,789,597	\$ 1,595,818	\$ 17,819,347

The Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENTS OF NET POSITION

EXHIBIT D

September 30, 2018

Total fund balance - total governmental funds		\$ 12,065,517
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		
	Governmental Capital Assets	53,522,929
	Less: Accumulated Depreciation	<u>(15,118,595)</u>
		38,404,334
Other assets used in governmental activities are not financial resources and therefore are not reported in governmental funds:		
Bond Issue Costs		19,179
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
	Bonds and Notes Payable	20,641,672
	Compensated Absences Payable	<u>391,467</u>
		(21,033,139)
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		
		(112,555)
Other long-term assets are not available to pay for current period expenditures and, therefore, deferred in the funds.		
		4,710,819
Property tax revenues are not available to pay for current period expenditures and, therefore are deferred in the funds.		
		81,377
		<hr/>
Net Position of Governmental Activities		<u><u>\$ 34,135,532</u></u>

The Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

EXHIBIT E

GOVERNMENTAL FUNDS
For the Year Ended September 30, 2018

	General Fund	Street Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 3,571,868	\$ 821,759	\$ 1,561,650	\$ 300,000	\$ 6,255,277
Special Assessments	-	-	782,277	-	782,277
Franchise Fees	839,115	-	-	-	839,115
Intergovernmental Revenues	229,059	888,305	95,614	-	1,212,978
Charges for Services	1,504,739	23,897	9,764	21,925	1,560,325
Interest	10,892	3,073	344	1,870	16,179
Grants	178,256	166,566	-	292,000	636,822
Donations	-	-	60,000	-	60,000
Miscellaneous Revenues	83,916	-	132,843	7,142	223,901
Total Revenues	6,417,845	1,903,600	2,642,492	622,937	11,586,874
Expenditures					
General Government	2,121,709	-	-	339,829	2,461,538
Public Safety	1,628,132	-	-	-	1,628,132
Public Works	-	876,709	-	-	876,709
Health and Social Services	354,856	-	-	-	354,856
Culture and Recreation	1,993,152	-	-	-	1,993,152
Capital Outlay	93,619	568,831	-	287,704	950,154
Bond Payments (Principal, Interest and Charges)	-	-	2,285,088	-	2,285,088
Total Expenditures	6,191,468	1,445,540	2,285,088	627,533	10,549,629
Excess (Deficiency) of Revenues Over Expenditures	226,377	458,060	357,404	(4,596)	1,037,245
Other Financing Sources (Uses)					
Insurance Proceeds	156,885	-	-	-	156,885
Transfers In	16,472	-	97,633	837,373	951,478
Transfers Out	(614,883)	(32,419)	(304,176)	-	(951,478)
Loan Proceeds	-	586,618	-	-	586,618
Bond Premiums	-	-	55,099	-	55,099
Refunding Bond Proceeds	-	-	3,600,000	-	3,600,000
Payment for Refunding Bonds	-	-	(3,580,773)	-	(3,580,773)
Total Other Financing Sources (Uses)	(441,526)	554,199	(132,217)	837,373	817,829
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(215,149)	1,012,259	225,187	832,777	1,855,074
Fund Balances, October 1	4,288,887	2,757,385	2,401,130	763,041	10,210,443
Fund Balances, September 30	\$ 4,073,738	\$ 3,769,644	\$ 2,626,317	\$ 1,595,818	\$ 12,065,517

The Notes to the Financial Statements are an integral part of these statements.

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

EXHIBIT F

For the Year Ended September 30, 2018

Net change in fund balances - total governmental funds		\$ 1,855,074
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.</p>		950,154
Deletion of Retired Capital Assets	(687,367)	
Deletion of Accumulated Depreciation of Retired Capital Assets	<u>624,220</u>	(63,147)
<p>Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.</p>		(2,339,159)
<p>Amortization expense of bond issue costs is reported in the government-wide statement of activities and changes in net position, but the amortization is not recognized as an expenditure in governmental funds.</p>		(3,197)
<p>The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
	Principal Payments on Bond Payable	5,022,057
	Issuance of Long-Term Debt	<u>(4,186,618)</u>
		835,439
<p>Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as an expenditure in governmental funds.</p>		103,913
<p>Compensated absences payments reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.</p>		7,594
<p>Some property taxes and assessments will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues in the governmental funds.</p>		<u>(485,615)</u>
Change in Net Position of Governmental Funds		<u>\$ 861,056</u>

The Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
STATEMENT OF NET POSITION

EXHIBIT G

PROPRIETARY FUNDS
September 30, 2018

	Business-Type Activities - Enterprise Funds				Totals
	Electric	Water	Sewer	Landfill	
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 1,408,623	\$ 1,174,383	\$ 679,472	\$ 557,028	\$ 3,819,506
Equity in Pooled Cash and Investments	5,861,868	(4,740)	467,628	701	6,325,457
Receivables					
Customer Accounts - Net of Allowances for					
Uncollectible Accounts	677,009	217,552	114,108	117,062	1,125,731
Special Assessment	-	4,515	6,315	-	10,830
Advances from Other Funds	415,704	-	-	-	415,704
Accrued Interest	7,682	1,781	2,077	-	11,540
Inventory	452,857	25,671	-	-	478,528
Total Current Assets	8,823,743	1,419,162	1,269,600	674,791	12,187,296
Capital Assets:					
Land and Land Improvements	152,138	1,241,313	135,087	209,800	1,738,338
Buildings and Structures	5,169,121	2,678,117	14,410,507	3,270,274	25,528,019
Vehicles	797,096	58,053	371,085	278,450	1,504,684
Equipment	4,804,194	937,388	484,589	3,336,475	9,562,646
Infrastructure	9,547,542	19,873,385	1,130,377	-	30,551,304
Accumulated Depreciation	(10,465,643)	(10,218,065)	(6,718,133)	(4,119,795)	(31,521,636)
Total Property and Equipment	10,004,448	14,570,191	9,813,512	2,975,204	37,363,355
Other Assets					
Bond Issue Costs	-	-	-	2,768	2,768
Discount on Bonds Payable	-	-	-	3,276	3,276
Restricted Assets					
Cash and Cash Equivalents	421,209	359,409	844,303	1,246,786	2,871,707
Investments	200,000	304,950	230,050	39,326	774,326
Equity in Pooled Cash and Investments	93,001	20,101	15,164	-	128,266
Total Other Assets	714,210	684,460	1,089,517	1,292,156	3,780,343
TOTAL ASSETS	19,542,401	16,673,813	12,172,629	4,942,151	53,330,994
LIABILITIES					
Current Liabilities					
Taxes Payable	74,009	-	-	-	74,009
Accounts Payable	27,845	20,413	14,970	29,236	92,464
Accrued Interest	-	36,103	10,536	3,496	50,135
Compensated Absences Payable Within One Year	7,532	5,156	7,662	3,841	24,191
Bonds, Notes and Leases Payable Within One Year	-	718,347	202,160	219,000	1,139,507
Accrued Salaries and Employee Benefits	29,382	11,168	7,770	15,581	63,901
Customer Deposits	226,895	5,190	-	2,736	234,821
Total Current Liabilities	365,663	796,377	243,098	273,890	1,679,028
Long-Term Liabilities					
Compensated Absences Payable	80,372	24,708	12,897	61,828	179,805
Closure Costs	-	-	-	1,236,547	1,236,547
Construction & Demolition Landfill Closure Costs	-	-	-	51,458	51,458
Bonds and Notes Payable	-	4,810,261	2,400,060	2,069,000	9,279,321
Total Long-Term Liabilities	80,372	4,834,969	2,412,957	3,418,833	10,747,131
TOTAL LIABILITIES	446,035	5,631,346	2,656,055	3,692,723	12,426,159
NET POSITION					
Net Investment in Capital Assets	10,004,448	9,041,583	7,211,292	687,204	26,944,527
Restricted for:					
Customer Deposits	226,895	5,190	-	2,736	234,821
Capital Improvements	270,099	159,052	449,078	165,161	1,043,390
Debt Service	200,000	679,270	640,439	-	1,519,709
Landfill Closure Costs	-	-	-	1,120,951	1,120,951
Unrestricted	8,394,924	1,157,372	1,215,765	(726,624)	10,041,437
TOTAL NET POSITION	\$ 19,096,366	\$ 11,042,467	\$ 9,516,574	\$ 1,249,428	\$ 40,904,835

The Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

EXHIBIT H

PROPRIETARY FUNDS
For the Year Ended September 30, 2018

	Business-Type Activities - Enterprise Funds				Total
	Electric	Water	Sewer	Landfill	
Operating Revenue					
Charges for Services	\$ 9,459,044	\$ 1,995,925	\$ 1,159,997	\$ 1,325,850	\$ 13,940,816
Miscellaneous	452,128	41,718	17,100	49,032	559,978
Total Operating Revenue	9,911,172	2,037,643	1,177,097	1,374,882	14,500,794
Operating Expenses					
Administration	724,517	828,389	660,336	648,650	2,861,892
Distribution	7,612,518	315,037	-	-	7,927,555
Operation	-	164,105	175,858	593,775	933,738
Depreciation	555,404	642,973	365,245	179,204	1,742,826
Amortization	-	-	-	784	784
Total Operating Expenses	8,892,439	1,950,504	1,201,439	1,422,413	13,466,795
Operating Income (Loss)	1,018,733	87,139	(24,342)	(47,531)	1,033,999
Non-Operating Revenue (Expense)					
Interest Income	49,139	7,218	8,005	19,410	83,772
Interest Expense	-	(130,757)	(35,688)	(27,531)	(193,976)
Debt Forgiveness	-	3,463	-	-	3,463
Bond Issue Costs	-	-	-	(37,500)	(37,500)
Total Other Revenue (Expense)	49,139	(120,076)	(27,683)	(45,621)	(144,241)
Income (Loss) Before Contributions & Transfers	1,067,872	(32,937)	(52,025)	(93,152)	889,758
Net Position at Beginning of Year	18,028,494	11,075,404	9,568,599	1,342,580	40,015,077
Net Position at End of Year	\$ 19,096,366	\$ 11,042,467	\$ 9,516,574	\$ 1,249,428	\$ 40,904,835

The Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
STATEMENT OF CASH FLOWS

EXHIBIT I

PROPRIETARY FUNDS
For the Year Ended September 30, 2018

	Business-Type Activities - Enterprise Funds				
	Electric	Water	Sewer	Landfill	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Customers	\$ 9,944,967	\$ 2,005,754	\$ 1,178,362	\$ 1,336,509	\$ 14,465,592
Cash Received from Other Funds for Services	-	-	-	49,032	49,032
Other Cash Operating Receipts	-	41,169	-	-	41,169
Cash Payments to Suppliers and Employees for Goods and Services	(8,458,847)	(1,318,591)	(833,832)	(1,213,943)	(11,825,213)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	1,486,120	728,332	344,530	171,598	2,730,580
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Advance of Interfund Receivable	(266,916)	-	-	-	(266,916)
NET CASH (USED FOR) NONCAPITAL FINANCING ACTIVITIES	(266,916)	-	-	-	(266,916)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES					
Acquisition and Construction of Capital Assets	(736,338)	(123,584)	(136,078)	(1,490,366)	(2,486,366)
Principal Paid on Bonds and Notes Payable	-	(704,244)	(199,491)	(85,000)	(988,735)
Debt Forgiveness	-	3,463	-	-	3,463
Proceeds from Bonds	-	29,866	-	1,538,000	1,567,866
Bond Issue Costs	-	-	-	(37,500)	(37,500)
Interest Paid	-	(135,575)	(36,716)	(27,743)	(200,034)
NET CASH (USED FOR) CAPITAL & RELATED FINANCING ACTIVITIES	(736,338)	(930,074)	(372,285)	(102,609)	(2,141,306)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	48,879	7,038	8,028	19,410	83,355
(Increase) Decrease in Investments	47,756	2,022	(422)	(181)	49,175
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	96,635	9,060	7,606	19,229	132,530
Net Increase (Decrease) in Cash and Cash Equivalents	579,501	(192,682)	(20,149)	88,218	454,888
Cash and Cash Equivalents, October 1	1,250,331	1,726,474	1,543,924	1,715,596	6,236,325
Cash and Cash Equivalents, September 30	\$ 1,829,832	\$ 1,533,792	\$ 1,523,775	\$ 1,803,814	\$ 6,691,213
Reconciliation of Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 1,018,733	\$ 87,139	\$ (24,342)	\$ (47,531)	\$ 1,033,999
Adjustments to Reconcile Net Income to Net Cash Provided by Operations					
Depreciation and Amortization	418,203	642,973	365,245	179,988	1,606,409
(Increase) Decrease in Receivables	32,544	9,784	1,265	10,644	54,237
(Increase) Decrease in Inventories	16,715	(7,843)	-	-	8,872
Increase (Decrease) in Taxes and Accounts Payable	9,792	2,927	(2,729)	17,761	27,751
Increase (Decrease) in Other Accruals	(1,641)	(550)	-	2,826	635
Increase (Decrease) in Compensated Absences Payable	(7,885)	(5,270)	4,873	7,843	(439)
Increase (Decrease) in Accrued Salaries Payable	(1,592)	(873)	218	52	(2,195)
Increase (Decrease) in Customer Deposits Payable	1,251	45	-	15	1,311
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 1,486,120	\$ 728,332	\$ 344,530	\$ 171,598	\$ 2,730,580

The Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
STATEMENT OF FIDUCIARY NET POSITION

EXHIBIT J

AGENCY FUND
September 30, 2018

Assets	
Cash	\$ 362,208
Total Assets	<u>\$ 362,208</u>
 Liabilities	
Due to Projects	\$ 196,995
Due to Other Governments	165,213
Total Liabilities	<u>\$ 362,208</u>

Notes to the Financial Statements are an integral part of these statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City Council (the Council) is the basic level of government, which has oversight responsibility and control over all activities related to the City of Sidney (the City). The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services. The City receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the City is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since Council members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Component Units

The financial statements of the City include the accounts of all City operations. The financial statements include the following component unit:

1. The Sidney Area Solid Waste Agency is a blended component unit, meaning although it is a legally separate entity, it is in substance part of the City's operations. The agency was created pursuant to Sections 13-801 to 13-827 of R.R.S. Nebraska 1943 as amended and is the owner of the Sidney Area's Solid Waste Landfill. The City and the Agency entered into an agreement whereas the City has been designated manager and operator of the Sidney Area Solid Waste Landfill. The agency is included in the Landfill Enterprise Fund.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. Fiduciary activities, whose resources are not available to finance the City's programs, are excluded from the government-wide statements. The material effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the total economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including interest on long-term debt, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes, sales taxes, highway user fees, interdepartmental charges, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual. Special assessments are recorded as revenues in the year the assessments become current. Annual installments not yet due are reflected as special assessment receivables and deferred revenues. Other revenue items are considered to be measurable and available only when cash is received by the City.

Government funds include the following fund types:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The special revenue funds are used to account for specific revenues that are legally restricted or committed to expenditure for specific purposes. These, for the City, happen to be part of the City's non-major governmental funds that the City hold. They are the Economic Development, Cemetery, Golf Development, Unemployment and a Boy Scout Fund.

The debt service fund accounts for the servicing of general long-term debt not being financed by proprietary funds.

The capital projects fund accounts for the purchase of fixed assets, the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds, and the future acquisition of capital endeavors. Funding sources include debt proceeds, intergovernmental sources, third party contributions and General Fund operating transfers.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund.

The Street Fund accounts for the resources accumulated and payments made for the maintenance, construction, and improvement of the streets in the City.

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related expenses of general long-term debt paid primarily from taxes. The fund balance of the Debt Service Fund is reserved to signify that the amounts are restricted exclusively for debt service expenditures.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included in the Statement of Net Position. The City reports the following major enterprise funds:

The Electric Fund accounts for the activities of the City's electric distribution operations. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for Electric debt. All costs are financed through charges to utility customers with rates regularly reviewed and adjusted if necessary.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

The Water Fund accounts for the activities of the City's water distribution operations. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for Water debt. All costs are financed through charges to utility customers with rates regularly reviewed and adjusted if necessary.

The Sewer Fund accounts for the activities of the City's wastewater utility. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for Sewer debt. All costs are financed through charges to utility customers with rates regularly reviewed and adjusted if necessary.

The Landfill Fund accounts for all operations of the Sidney Area Solid Waste Agency and the activities of the City's sanitation operations. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for Landfill debt. All costs are financed through charges to utility customers with rates regularly reviewed and adjusted if necessary.

Additionally, the City reports the following fund type:

The Agency Fund is used to account for assets held by the City in a purely custodial capacity. The reporting entity includes two agency funds at September 30, 2018. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. The City's Agency Fund includes the TIF and the Volunteer Fire Department activity.

The effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the business-type functions and various other functions of the government. Elimination of these charges would not distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, fines and forfeitures, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for goods and services. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

D. Assets, Liabilities and Net Position or Equity

1. Cash and Cash Equivalents and Cash with Fiscal Agent

Cash is comprised of the City's checking and savings accounts, money market accounts, and certificates of deposit with maturity dates of three months or less from purchase date. Cash with fiscal agent represents taxes collected by the county treasurer but not remitted to the City as of September 30, 2018.

2. Equity in Pooled Cash and Investments

Equity in pooled cash and investments consist of each fund's excess cash that is pooled with other funds' cash and invested through a brokerage firm or local banks in certificates of deposits, savings accounts and government securities. This is an internal investment pool between the City's funds. The city treasurer is responsible for making investment decisions and monitors the accounts.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

3. Receivables

Receivables are stated net of an allowance for uncollectible accounts. In the governmental fund financial statements, taxes receivable is offset by the deferral of the related revenues until payment is received, except amounts received within sixty days of the balance sheet date. Special assessments receivable is investments purchased from external entities. Other receivables include notes and merchandise receivables, and receivables for requested cost reimbursement relating to capital projects.

4. Inventory

Inventory consists of golf resale inventory in the general fund and repair parts and supplies to be used in the Enterprise Funds. Inventory is valued at cost. The costs of inventories are recorded as expenses when consumed rather than when purchased.

5. Interfund Transactions

The City eliminates interfund transactions in the government-wide financial statements, with the exception of charges between the business-type functions and various other functions of the government.

6. Bond Issue Costs

Bond issue costs consist of the costs incurred related to bond issuance in the proprietary funds. These costs are reported as expenditures in the period in which they are incurred.

7. Bond Premiums

Bond Premiums consist of the receipt generated on the pricing of a bond being higher than the par value or the prevailing interest rates being offered. These receipts are reported as income in the period in which they are received.

8. Discount on Bonds Payable

Discount on bonds payable in the proprietary funds are deferred and amortized over the life of the bonds using the straight-line method.

8. Restricted Assets

Investments consist of certificates of deposit with maturity dates of more than three months from the purchase date. Certain bank accounts and investments are used to hold and pay customer deposits in the enterprise funds. The landfill enterprise fund includes cash that is restricted for payment of closure and post-closure costs.

9. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, drainage systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalization value of the assets constructed.

Interest costs for fixed-asset construction within enterprise funds are capitalized. However, all other interest costs are expensed in the debt service fund.

Property, plant and equipment of the government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	10 - 50
Improvements	5 - 40
Infrastructure	20 - 35
Equipment	2 - 20
Utility Plant	30 - 40

10. Taxes Payable and Accounts Payable

Taxes Payable includes payroll taxes and sales taxes. Accounts payable represents amounts due for goods or services received but not paid for at September 30, 2018.

11. Compensated Absences Payable and Accrued Salaries Payable

Compensated absences payable and accrued salaries payable include accrued payroll payable, and vacation and sick leave earned but not paid as of the fiscal year end.

12. Advances from Other Funds

Advances from other funds are long-term borrowing between funds.

13. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the fund level financial statements will sometimes report a separate section for deferred outflows of resources and for deferred inflows of resources. A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditure) until then. A deferred inflow of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. Accordingly, the unavailable revenue of property taxes of \$81,376 and uncollected special assessments of \$4,471,011 are reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

14. Other Liabilities

Other liabilities include health insurance payables, landfill closure costs payable and payables due on CDBG projects.

15. Customer Deposits Payable

Funds hold cash as a deposit until certain conditions of an agreement are met, at which time the cash is returned to the owner. Occasionally, the owner will default on the conditions and the cash held as a deposit becomes the property of the City and is recorded as revenue at that time.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

16. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Previously, bond premiums and discounts were deferred and amortized over the life of the bonds using the effective interest method. Under new standards they are reported as income in the year received. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenditures in the periods in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current debt service expenditures.

17. Deferred Loss on Early Retirement of Debt

Deferred loss on early retirement of debt is the result of the proprietary funds advance refunding of utilities revenue and refunding bonds. This deferred loss was capitalized and is amortized over the term of the bonds using the straight-line method.

18. Fund Equity

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 improvements of those assets and adjusted for deferred inflows and outflows of resources attributable to capital assets and long-term debt.

b. *Restricted* – Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets with restriction constraints placed on the use of either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Of the total net position, \$1,968,832 is restricted for future debt service, \$234,821 customer deposits, \$1,043,390 capital outlay, and \$1,120,951 landfill closure.

c. *Unrestricted* – Net amounts of assets, deferred inflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the City's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Financial Statements:

Beginning with fiscal year 2011, the City implemented GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form or are required to be maintained intact;

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

- Restricted fund balance – amounts constrained to specific purposes by their providers, through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest-level action to remove or change the constraint;
- Assigned fund balance – amounts the City intends to use for a specific purpose; intent can be expressed by the Council or by an official or body to which the Council delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the General Fund.

The Council established (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This could typically be done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Council through adoption or amendment of the budget as intended for specific purpose.

The City strives to maintain an unassigned fund balance to be used for unanticipated emergencies that should arise from state or governmental funding shortfalls.

19. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

20. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reporting period. Actual results could differ from these estimates.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual regulations. The results of audit tests disclosed no instances of noncompliance that are considered material to the financial statements or that is required to be reported under *Government Auditing Standards*.

Note 3: DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Cash and Cash Equivalents and Investments

State laws authorize the City, with the consent of its Council, to invest the funds of the City in securities of which individuals of prudence, discretion and intelligence acquire or retain in dealing with the property of others. The City may also invest in certificates of deposit of banks that are members of the FDIC to the extent that deposits are insured by the FDIC.

Internal Investment Pool

The City maintains a cash and investment pool that is available for use by all funds. Each fund types' portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments." Included in this account are certificates of deposit and savings accounts from local banks and investments from a

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

brokerage firm that include certificates of deposit and government securities. In addition, the City has other assets that are classified as investments. Investments are stated at cost, which approximates fair value, with accrued interest shown under a separate caption on the balance sheet.

The following summarizes cash and cash equivalents, equity in pooled cash and investments, investments, and cash with fiscal agent by fund type at September 30, 2018.

	Cash and Cash Equivalents	Equity in Pooled Cash & Investments	Investments	Subtotal	Cash with Fiscal Agent	Totals
General Fund	\$ 2,308,738	\$ 1,673,975	\$ -	\$ 3,982,713	\$ 141,026	\$ 4,123,739
Special Revenue and Capital Project Funds	4,943,697	336,574	-	5,280,271	-	5,280,271
Debt Service Fund	2,666,745	-	-	2,666,745	120,484	2,787,229
Proprietary Funds	6,691,213	6,453,723	774,326	13,919,262	-	13,919,262
Agency Fund	362,208	-	-	362,208	-	362,208
Totals	\$ 16,972,601	\$ 8,464,272	\$ 774,326	\$ 26,211,199	\$ 261,510	\$ 26,472,709

Deposits and Investments

Deposit risks include:

- **Custodial Credit Risk** – for deposits, custodial credit risk is the risk that in the event of the failure of a bank or other counterparty, the City will not be able to recover the value of its deposits or collateral securities in the possession of a third party.
- **Credit Risk** – for deposits, credit risk is the risk that a bank or other counterparty defaults on its principal and/or interest payments owed to the City.
- **Interest Rate Risk** – for deposits, interest rate risk is the risk that the value of deposits will decrease as a result of a rise in interest rates.

The City has not adopted a specific risk management policy for deposits, but does require all deposits and investments be in compliance with the provisions of State statutes. Statutes authorize the City to invest in time deposits at banks selected as depositories of City funds, direct debt securities of the United States government, and certain government agency bonds.

Cash and investments are stated at cost, which approximates fair value. The City's cash deposits, including certificates of deposit, are insured by the Federal Deposit Insurance Corporation ("FDIC") and securities held in safekeeping pledged to the entity where the security is held. At September 30, 2018, the City had bank balances of \$27,079,650, (this does not reflect outstanding checks or deposits in transit). Cash and Cash equivalents include demand deposits that at the balance sheet date were entirely insured or collateralized as of September 30, 2018. All securities are held by the City's pledging financial institution, but not in the City's name.

Cash held by the Cheyenne County Treasurer of \$261,510 was covered by collateral held by the County or was invested in U.S. Government Securities held by the County and are held by the County's agent in the City's name.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets.

Assets and liabilities are classified into one of the following categories:

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. All of the City's certificate of deposits as of September 30, 2018 are categorized as level 2 investments.

B. Capital Assets

Details of Capital Assets

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

	October 1, 2017		September 30, 2018	
	Balance	Additions	Deletions	Balance
Governmental Activities				
Land/Land Improvements	\$ 2,070,781	\$ -	\$ 25,371	\$ 2,045,410
Buildings & Structures	5,710,696	309,200	293,692	5,726,204
Vehicles	2,710,954	706	223,782	2,487,878
Equipment	4,127,205	71,417	106,851	4,091,771
Infrastructure	38,640,506	568,831	37,671	39,171,666
Total	\$ 53,260,142	\$ 950,154	\$ 687,367	\$ 53,522,929

	October 1, 2017		September 30, 2018	
	Balance	Additions	Deletions	Balance
Less Accumulated Depreciation:				
Building/Structure	\$ 2,215,206	\$ 283,450	\$ 293,692	\$ 2,204,964
Vehicles	2,237,333	161,021	223,677	2,174,677
Equipment	2,875,842	256,641	106,851	3,025,632
Infrastructure	6,075,275	1,638,047	-	7,713,322
Total	\$ 13,403,656	\$ 2,339,159	\$ 624,220	\$ 15,118,595

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

*Depreciation expense was charged to governmental functions as follows:

General Government	\$	53,350
Public Safety		128,842
Public Works, which includes the depreciation of general infrastructure assets		1,689,746
Health & Social Services		12,017
Culture and Recreation		455,204
		455,204
	\$	2,339,159

Business-Type Activities

A summary of the Proprietary Fund Fixed Assets as of September 30, 2018 is as follows:

	October 1, 2017			September 30, 2018		
	Balance	Additions	Deletions	Balance	Balance	Balance
Proprietary Activities						
Land/Land Improvements	\$ 1,738,338	\$ -	\$ -	\$ -	\$ -	\$ 1,738,338
Buildings and Structures	25,582,000	7,500	61,481	25,528,019	25,528,019	25,528,019
Vehicles	1,428,810	154,666	78,792	1,504,684	1,504,684	1,504,684
Equipment	8,024,617	1,616,509	78,480	9,562,646	9,562,646	9,562,646
Infrastructure	29,711,910	844,893	5,499	30,551,304	30,551,304	30,551,304
Total	\$ 66,485,675	\$ 2,623,568	\$ 224,252	\$ 68,884,991	\$ 68,884,991	\$ 68,884,991
Less Accumulated						
Depreciation:						
Building/Structure	\$ 11,845,488	\$ 409,996	\$ 61,481	\$ 12,194,003	\$ 12,194,003	\$ 12,194,003
Vehicles	973,636	150,429	78,792	1,045,273	1,045,273	1,045,273
Equipment	3,794,295	284,094	78,480	3,999,909	3,999,909	3,999,909
Infrastructure	13,389,643	898,307	5,499	14,282,451	14,282,451	14,282,451
Total	\$ 30,003,062	\$ 1,742,826	\$ 224,252	\$ 31,521,636	\$ 31,521,636	\$ 31,521,636

C. Details of Long-Term Liabilities

Governmental Activities

1. Bonds Payable – General Obligation Bonds Payable

General Obligation Bonds Payable at September 30, 2018 were paid in full following the final payment made on December 15, 2017.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

2. Changes in General Obligation Bonds Payable

Description	Issue Date	Interest Rate	Balance October 1	Bonds Issued	Bonds Paid	Balance September 30	Amounts Due within One Year
Public Safety Bonds	1/8/2008	3.25 - 3.90%	\$ 120,000	\$ -	\$ 120,000	\$ -	\$ -
Total			\$ 120,000	\$ -	\$ 120,000	\$ -	\$ -

3. Bonds Payable – Various Purpose Bonds Payable

On October 5, 2017 the City issued limited tax refunding Series 2017B Bonds of \$102.681 (par value) with an interest rate of 2.319% to advance refund a term note with an interest rate of 3.20%. The term bonds mature on May 1, 2026, and are callable on May 1, 2022. The general obligation bonds were issued at par and, after paying an issuance cost, the net proceeds were \$3,580,773. The net proceeds from the issuance of the general obligation bonds were used to provide permanent financing for the City's past swimming pool project originally financed with a recreational facilities infrastructure bond issued in 2016. The proceeds were deposited in a trust with an escrow agent to provide debt service payments until the term bonds are called on May 1, 2022. The interest rate on the obligation is 2.0 to 4.0 percent through the new debt's maturity. The advance refunding met the requirements of an in-substance debt defeasance and the term note was removed from the City's government-wide financial statements. As a result of the advance refunding, the City reduced its total debt service requirements by \$109,786.02, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of 1.79%.

On December 18, 2015 the City entered into a loan agreement, with the principal sum not to exceed \$1,892,000 with the Nebraska Department of Environmental Quality (NDEQ). The City has started receiving advances on the loan this fiscal period as invoices were submitted to and approved by the NDEQ. The repayment of the loan will begin one the project is completed and must be paid in full no later than 20 years from the date the project is placed in operation with semi-annual payments due at 1.25%. At September 30, 2018, the City had received \$586,618 in loan advances from the NDEQ for the purpose of funding a Joint East Sidney Watershed Authority project.

Various Purpose Bonds and Debt Payable at September 30, 2018 is comprised of the following Individual issues:

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

\$510,000 Tax Increment Revenue Bonds, Series 2011, due in semi-annual installments through December 15, 2023; interest at 4.00%	\$ 140,054
\$1,915,000 Various Purpose Refunding Bonds, Series 2014, due in annual installments through December 15, 2023; interest at 0.40-2.45%	1,180,000
\$1,520,000 Recreational Facilities Infrastructure Bonds, Series 2014, due in annual installments through December 15, 2023; interest at 0.40-3.00%	935,000
\$1,075,000 SID & SSED Various Purpose Bonds, Series 2014, due in annual installments through December 15, 2029; interest at 0.40-3.40%	880,000
\$9,625,000 Various Purpose Bonds, Series 2016, due in semi- annual installments through December 15, 2036; interest at 2.00-4.00%	9,245,000
\$4,550,000 Various Purpose Bonds, Series 2017, due in semi-annual installments through December 15, 2036; interest at 2.00-4.00%	4,350,000
\$3,600,000 Limited Tax Refunding Bond, Series 2017B, due in semi- annual installments through May 1, 2026; interest at 2.00-4.00%	3,325,000
\$586,618 Note Payment to Nebraska Department of Environmental Quality for JESWA, due in semi-annual installments through June 15, 2038 with a 1.25% interest rate and a 1.00% administration fee	586,618
	\$ 20,641,672

Funds are accumulated from assessments, interest collections and tax levies.

4. Changes in Various Purpose Bonds and Debt Payable

Description	Issue Date	Interest Rate	Balance October 1	Bonds Issued	Bonds Paid	Balance September 30	Amounts Due Within One Year
Tax Increment Revenue Bond	07/01/11	4.00%	\$ 186,338	\$ -	\$ 46,284	\$ 140,054	\$ 51,525
Various Purpose Refunding Bonds	09/30/14	0.40-2.45%	1,385,000	-	205,000	1,180,000	210,000
Recreational Facility Public Infra. Bonds	01/02/14	0.40-3.00%	1,085,000	-	150,000	935,000	150,000
SID & SSED Various Purpose Bonds	07/03/14	0.40-3.40%	945,000	-	65,000	880,000	65,000
2017 G. O. Various Purpose Bonds	12/15/16	2.00-4.00%	9,625,000	-	380,000	9,245,000	390,000
2016 G. O. Various Purpose Bonds	02/15/17	2.00-4.00%	4,550,000	-	200,000	4,350,000	200,000
Recreational Facility Note, 2016	03/31/16	3.20%	3,580,773	-	3,580,773	-	-
2017-B Limited Tax Refunding Bond	10/05/17	2.00-4.00%	-	3,600,000	275,000	3,325,000	380,000
Joint East Sidney Watershed NDEQ Loan	7/28/2018	1.25%	-	586,618	-	586,618	44,356
Total			\$ 21,357,111	\$ 4,186,618	\$ 4,902,057	\$ 20,641,672	\$ 1,490,881

Various Purpose Bonds Payable at September 30, 2018 has the following maturities:

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

Fiscal Year	Principal	Interest	Total
2019	\$ 1,490,881	\$ 566,570	\$ 2,057,451
2020	1,486,958	549,225	2,036,183
2021	1,542,492	511,715	2,054,207
2022	1,448,770	480,102	1,928,872
2023	1,499,318	461,443	1,960,761
2024-2028	5,555,069	1,783,029	7,338,098
2029-2033	4,083,184	1,067,628	5,150,812
2034-2037	3,535,000	286,600	3,821,600
	<u>\$ 20,641,672</u>	<u>\$ 5,706,312</u>	<u>\$ 26,347,984</u>

5. Tax Increment Revenue Bond

During the 2011 fiscal year, a series 2011 Tax Increment Revenue Bond of \$510,000 was issued for the purpose of paying costs of constructing street improvements serving the East Old Post Road area. The bond is due in semi-annual installments at a rate of four percent. Payments shall be paid from available funds which include levied real estate taxes and proceeds of the business occupation tax imposed on businesses with respect to certain real estate located within the project area. The bonds were purchased by the City of Sidney Electric Fund and are shown as a long-term investment of that fund.

6. Changes in Long-Term Liabilities

Description	Balance October 1	Debt Issued	Debt Retired	Balance September 30	Amounts Due Within One Year
General Obligation Bonds Payable	\$ 120,000	\$ -	\$ 120,000	\$ -	\$ -
Various Purpose Bonds & Debt Payable	21,357,111	4,186,618	4,902,057	20,641,672	1,490,881
Compensated Absences	426,233	2,629	-	428,862	37,395
	<u>\$ 21,903,344</u>	<u>\$ 4,189,247</u>	<u>\$ 5,022,057</u>	<u>\$ 21,070,534</u>	<u>\$ 1,528,276</u>

D. Business-Type Activities – Long-Term Liabilities

Bonds and Notes Payable

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

\$915,000 Waste Disposal Facilities Revenue Bonds issued to the Sidney Area Solid Waste due in semi-annual installments through August 15, 2026 with 2.10-3.95% interest rates	\$ 750,000
\$1,538,000 Waste Disposal Facilities Revenue Bonds issued to the Sidney Area Solid Waste due in semi-annual installments through August 15, 2028 with 3.350% interest rates	1,538,000
Total Bonds Payable	2,288,000
\$7,975,000 Note Payable to Nebraska Department of Environmental Quality for improvements to public water supply, storage, and distribution, due in semi-annual installments through June 15, 2022 with a 2.52% interest rate and a 1% administration fee.	2,193,932
\$825,000 Note Payable to Nebraska Department of Environmental Quality for land acquisition for new water well field, due in semi-annual installments through June 15, 2022 with a 2.52% interest rate and a 1% administration fee.	225,562
\$3,215,548 Note Payable to Nebraska Department of Environmental Quality for improvements to public water booster, due in semi-annual installments through June 15, 2037 with a 2.00 % interest rate and a 0.5% administration fee.	3,109,114
\$4,125,000 Note Payable to Nebraska Department of Environmental Quality for improvements to wastewater treatment system, due in semi-annual installments through June 15, 2030 with a 1.33 % interest rate and administration fee waived for the life of the loan. This note is the result of previously issued separate \$2,750,000 and \$1,375,000 notes being combined into one by the State agency during the current year.	2,602,220
Total Notes Payable	8,130,828
Total Bonds and Notes Payable	\$ 10,418,828

The City has included the bonded indebtedness of the Sidney Area Solid Waste Agency into these financial statements. The City has control of the agency with the agency to provide money for the payment of the bonded indebtedness. All receipts and expenditures of the agency will be the City's responsibility.

Bonds and Notes Payable have the following maturities:

Fiscal Year	Principal	Interest	Total
2019	\$ 1,139,507	\$ 227,526	\$ 1,367,033
2020	1,160,554	202,520	1,363,074
2021	1,191,201	174,767	1,365,968
2022	1,217,325	146,084	1,363,409
2023	604,237	120,596	724,833
2024-2028	3,020,967	384,318	3,405,285
2029-2033	1,311,040	130,252	1,441,292
2034-2037	773,997	34,117	808,114
	\$ 10,418,828	\$ 1,420,180	\$ 11,839,008

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

Changes in Bonds and Notes Payable

Description	Issue Date	Interest Rate	Balance October 1	Debt Issued	Debt Retired	Balance September 30	Amounts Due Within One Year
Sidney Area Solid Waste Waste Disposal Facilities Revenue Bonds - 2011 Series	07/19/11	2.10 - 3.95%	\$ 835,000	\$ -	\$ 85,000	\$ 750,000	\$ 85,000
Sidney Area Solid Waste Waste Disposal Facilities Revenue Bonds - 2018 Series	08/29/18	3.35%	-	1,538,000	-	1,538,000	134,000
Note Payable - Nebraska DEQ - Water Project	2004	2.52%	2,708,928	-	514,996	2,193,932	528,055
Note Payable - Nebraska DEQ - Water Project Land	2003	2.52%	278,510	-	52,948	225,562	54,290
Note Payable - Nebraska DEQ - Sewer Construction	2009	1.33%	2,801,711	-	199,491	2,602,220	202,160
Note Payable - Nebraska DEQ - Water Booster	2016	2.00%	3,215,548	29,866	136,300	3,109,114	136,002
Total			<u>\$ 9,839,697</u>	<u>\$ 1,567,866</u>	<u>\$ 988,735</u>	<u>\$ 10,418,828</u>	<u>\$ 1,139,507</u>

E. Interfund Transactions

Operating Transfers are authorized cash transfers between funds. The following is a schedule of operating transfers:

Fund	Transfers In	Transfers Out
General Fund	\$ 16,472	\$ 614,883
Street Fund	-	32,419
Debt Service Fund	97,633	304,176
Non-Major Governmental Funds	837,373	-
Total Operating Transfers	<u>\$ 951,478</u>	<u>\$ 951,478</u>

Transfers are used to service the Debt Service Fund by maintaining debt related payments in that fund and to service the projects taking place in the Capital Projects Fund therefore, governmental activities funds transfer monies to these funds. The remaining transfers were for normal operating purposes and were within the normal operations of the City.

Advances from Other Funds are proceeds from other funds. These interfund balances were the result of internal financing. The balance of \$415,704 is not expected to be repaid within one year. The following is a schedule of due to/due from other funds:

Fund	Advances from Other Funds	Advances from Other Funds
Debt Service Fund	\$ -	\$ 415,704
Electric Fund	415,704	-
Total Due From/To Other Funds	<u>\$ 415,704</u>	<u>\$ 415,704</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

Note 4: OTHER INFORMATION

A. Landfill Closure and Post-Closure Cost

The Nebraska Environmental Protection Act, the Integrated Solid Waste Management Act, and the Nebraska Administrative Code Title 132-Integrated Solid Waste Management Regulations require owners of a solid waste disposal area to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance monitoring functions at the site after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each fiscal year end.

The amount of \$1,236,547 was reported as landfill closure and post closure care liability at September 30, 2018, which represents 50.08 percent of the cumulative landfill closure and post closure care liability of \$2,468,832. As a result of the new landfill cell configuration that was completed during the prior fiscal years, the City has used approximately 23.88 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post closure care of \$1,232,285 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care of \$2,468,832 in fiscal year 2018. The City expects to close the landfill in the year 2047. Actual cost may be higher because of inflation, changes in technology, or changes in regulations.

The City submitted to the State of Nebraska Department of Environmental Quality a request to modify the cell configuration at the facilities. It was accepted November 17, 2011. The cost estimates for new closure costs and post-closure costs were revised when the Department of Environmental Quality approved these modifications. As the result of the cell modification, the life of the landfill has been extended for over 30 years. However, the remaining site life is assumed to be the maximum of 30 years as allowed by the State of Nebraska Department of Environmental Quality.

The \$51,458 reported as construction and demolition landfill closure and post closure care liability at September 30, 2018, represents the cumulative amount reported to date based on the use of the expected life of 30 years. The City will recognize the remaining estimated cost of closure and post closure care of \$81,961 as the remaining estimated years end. These amounts are based on what it would cost to perform all closure and post closure cares of \$133,419 in fiscal year 2018. The City expects to close the landfill in the year 2047. Actual cost may be higher because of inflation, changes in technology, or changes in regulations.

The City is required to make annual contributions to a separate account to finance closure and post-closure care. The City is in compliance with these requirements and, at September 30, 2018, investments of \$1,081,625 are held for these purposes. These are reported as restricted assets on the balance sheet. The City expects future inflation costs to be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post closure care requirements are determined (because of changes in technology or applicable laws and regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

B. Tax Increment Financing (TIF)

During the 1996 - 1997 year, the Council created the Community Development Agency of the City of Sidney, Nebraska. The purpose of the Agency is to assist with redevelopment of real estate located within the City. The Agency has all of the powers of a redevelopment authority provided for under the Community Development Law of the State of Nebraska. As of September 30, 2018, the Agency has eleven contracts issued. To finance these grants the Agency originally issued separate bonds totaling \$12,416,450. The outstanding balance of these bonds including interest, as of September 30, 2018 was \$12,225,653. These bonds constituted limited obligations of the Agency payable exclusively from real estate taxes from certain

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

real estate located within the respected project areas. These real estate taxes have been pledged for the payment of the separate bond issues and are not included in these financial statements. The City acts only as a paying agent by receiving the tax money from the county and paying the bond payments to the bondholders. This activity is included in the Agency Fund.

C. Unemployment Insurance

Unemployment insurance is paid by the City on a reimbursement basis to the State of Nebraska.

D. Risk Management

The City is exposed to various other risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The City is covered by commercial insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years. The City is currently involved in legal actions where certain parties have made tort claims for damages. Management believes the outcome of these proceedings will not have any material financial impact on the City.

E. Pension Plans

General Government – The City participates in the City of Sidney, Nebraska 401(K) Employee Savings Plan, which covers all employees except for police. Under the plan, each employee participating in the plan can contribute up to 15 percent of salary to the plan. The City will make a contribution on behalf of the employee in the amount matching the percent of the contribution made by the employee up to a maximum of six percent. City contributions for the employees range from three and one-half percent to seven percent. Contributions are submitted monthly. Contributions to the plan by the City were \$186,425 for the year while employee contributions totaled \$202,254.

Police Employees – City of Sidney police sworn officers are covered by a separate pension plan, which was amended on January 1, 1989. Each police officer participating in the retirement system must contribute six and one-half percent of salary. Such payment shall be made by regular payroll deductions from said salary and shall be credited to the employees account on a monthly basis. The City contributed to the retirement system a sum equal to seven percent of the participating employee's salary. Employer contributions to the plan for the year ended September 30, 2018, were \$56,234 and employee contributions were \$56,234.

F. Contingencies and Commitments

1. Property Tax Receipts:

A movement towards property tax reduction is present in the political and legal environment in the State of Nebraska. The City will be subject to a tax levy limit of \$.45 per hundred dollars of assessed valuation for the 2018-2019 year. In addition, the full impact of current legislation and proposed initiatives regarding spending and revenue limitations cannot be assessed.

2. Economic Uncertainty:

The City of Sidney has experienced growth in the last few years, but also is experiencing an uncertainty that has been created by outside economic forces. Lower energy prices and consolidations have caused a significant impact on local businesses. Sidney's major employer has gone through a buy-out from an outstate company which has caused economic uncertainty for the community and for the future planned developments.

G. Compensated Absences

Compensated absences payable has been recorded in accordance with GASB (Governmental Accounting Standards Board), Statement 16. Employees earn vacation leave based on hours worked and years of employee service. Sick leave accrues at the rate of eight hours per full month of service. Upon termination, an employee is paid for unused vacation accrued. After two full years of continued service, employees will be

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

paid at termination, one day for every two days of sick leave accrued, based on years of employment and employment status.

Compensated absence liabilities related to governmental funds are recorded in both governmental funds and the government wide. The portion of the liability expected to be funded by current available resources is recognized in the governmental funds. The portion of the liability that is not expected to be funded by current available resources is recognized in the government wide statement. For the proprietary fund types, compensated absence liabilities are recorded as individual fund liabilities.

H. Group Medical Insurance

The City's medical insurance program is a "self-insured" plan funded by both the City and participating employees which began on September 1, 2013. The City makes a predetermined contribution to the plan each month for a portion of health insurance coverage. This is done on a bi-monthly basis for qualifying City employees and their dependents. Employees contribute through payroll deductions for the balance of their health insurance coverage.

The City's medical insurance program is made up of two contracts, a specific stop loss contract and an aggregate stop loss contract. The specific stop loss contract has a specific annual deductible of \$25,000 per individual and with an unlimited lifetime maximum benefit on eligible expenses. The aggregate stop loss contract has a total expected claim liability of \$1,108,676. The liability may go up based on increased enrollment, but the minimum or lowest it will ever be is \$1,108,676. The aggregate contract will pay up to \$1,000,000 on total claims over the attachment point. The total annual maximum outlay expected for premiums, claims, administration, and laser liability as of September 30, 2018 is \$1,587,170.

All claims are reviewed and processed by an independent insurance company. The insurance company pays claims based on the health plan the city reimburses the insurance company for the amount of each claim paid. The insurance company charges the City for a fee for this service. At September 30, 2018, the amount of estimated claims payable was \$34,624. Changes in the reported liability for the last five years resulted from the following:

Fiscal Year	Balance October 1	Current Year Claims	Claim Payments	Balance September 30
2013-2014	\$ 41,819	\$ 951,109	\$ 920,314	\$ 72,614
2014-2015	72,614	1,645,710	1,664,753	53,571
2015-2016	53,571	1,833,260	1,624,679	262,152
2016-2017	262,152	1,568,620	1,785,362	45,410
2017-2018	45,410	1,428,789	1,439,575	34,624

Accrued liabilities include provisions for claims reported and claims incurred but not reported. The provision for reported claims and for claims incurred but not yet reported is determined by an independent consultant.

I. Fund Equity

Reservations of fund balances and net assets represent amounts that are legally segregated and that cannot be appropriated in subsequent years. Designations of unreserved fund equity reflect tentative management plans or intent for future use of available financial resources. At September 30, 2018, \$2,866,125 of the Debt Service Fund's fund balance and \$3,569,578 of the Street Fund's fund balance were reserved for repayments of debt.

At September 30, 2018, the following amounts of net position were reserved: The Landfill Fund's reserve includes \$1,246,786 reserved for landfill closure costs and capital purchases, and \$2,736 for customer

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

deposits. The Electric Fund reserved \$226,895 for customer deposits, \$270,099 for capital purchases, and \$200,000 for bond reserves. The Water fund reserved \$5,190 for customer deposits, \$159,052 for capital purchases, and \$679,270 for future bond payments. The Sewer Fund reserved \$449,078 for capital purchases and \$640,439 for future bond payments.

J. Library Foundation

In 2003, The Library Board, a component of the City, began a foundation primarily for the expansion of the library. These funds are within the City authority. The City will budget for the resource and expenditures of these funds. On September 30, 2018, the Foundation had the \$2,059 in a checking account, and \$188,315 invested in a savings account and certificates of deposit.

CITY OF SIDNEY, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL AND
MAJOR SPECIAL REVENUE FUND - BUDGETARY BASIS

EXHIBIT L

For the Year Ended September 30, 2018

	General Fund			Street Fund			Debt Service Fund		
	Original and Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)	Original and Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance October 1	\$ 2,932,573	\$ 2,932,573	\$ -	\$ 2,533,583	\$ 2,533,583	\$ -	\$ 2,980,466	\$ 2,394,034	\$ 586,432
Resources (inflows):									
Personal and Real Property Taxes	1,389,689	1,303,008	(86,681)	9,500	7,484	(2,016)	1,269,968	1,241,155	(28,813)
Federal Receipts	112,500	178,256	65,756	133,830	619,354	485,524	-	-	-
Motor Vehicle Pro-Rate	3,700	3,287	(413)	-	-	-	-	-	-
Highway Allocation and Incentive	-	-	-	811,070	822,233	11,163	-	-	-
Motor Vehicle Fee	-	-	-	62,767	65,402	2,635	-	-	-
State Receipts Other	37,500	199,977	162,477	-	134,500	134,500	-	-	-
Motor Vehicle Tax	145,798	134,991	(10,807)	-	-	-	-	-	-
Sales Tax	2,502,750	2,099,097	(403,653)	742,750	679,469	(63,281)	388,507	329,151	(59,356)
Local Receipts Local	2,920,582	2,575,128	(345,454)	605,517	178,234	(427,283)	36,000	10,108	(25,892)
Other Financing Sources	-	156,885	156,885	-	-	-	4,996,519	1,001,597	(3,994,922)
Amounts available for appropriation	7,112,519	6,650,829	(461,690)	2,365,434	2,506,676	141,242	6,690,994	2,582,011	(4,108,983)
Charges to appropriations (outflows):									
General Government	2,234,413	2,077,533	156,880	-	-	-	-	-	-
Public Safety	2,001,528	1,628,132	373,396	-	-	-	-	-	-
Streets	-	-	-	1,579,161	878,443	700,718	-	-	-
Health & Social Services	417,889	354,856	63,033	-	-	-	-	-	-
Culture and Recreation	2,243,381	1,993,474	249,907	-	-	-	-	-	-
Capital Outlay	172,562	93,619	78,943	165,000	568,831	(403,831)	-	-	-
Other Financing Uses	-	614,883	(614,883)	100,000	32,419	67,581	6,302,487	2,188,816	4,113,671
Total charges to appropriations	7,069,773	6,762,497	307,276	1,844,161	1,479,693	364,468	6,302,487	2,188,816	4,113,671
Budgetary Fund Balance, September 30	\$ 2,975,319	\$ 2,820,705	\$ (154,614)	\$ 3,054,856	\$ 3,560,566	\$ 505,710	\$ 3,368,973	\$ 2,787,229	\$ 4,688

The Notes to the Required Supplementary Information (RSI) is an integral part of the Statements.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (RSI) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGETARY BASIS

SEPTEMBER 30, 2018

A. Budget and Budgetary Accounting

The City is required by state law to adopt annual budgets for all funds. The budget is presented on the cash basis of accounting, which is consistent with the requirements of the state budget act. The City files an All-Purpose Budget for all funds.

State Statutes of the Nebraska Budget Act provide 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 expenditures and/or tax levy limitations. Proprietary funds are also allowed to follow the municipal proprietary function act when filing their budget.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

As of August 1, or shortly thereafter, the department heads submit to the Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain taxpayer comments.

Prior to the budget filing date, the budget is legally adopted by the Council through passage of an ordinance.

Total actual expenditures may not legally exceed the total budget of expenditures. Appropriations for expenditures lapse at year-end. Revisions require a public hearing and council approval.

The property tax request for the prior year shall be the property tax request for the current year for purposes of the levy set by the County Board of Equalization unless the governing body of the City passes, by a majority vote, a resolution or ordinance setting the tax request at a different amount prior to October 13.

The resolutions shall only be passed after a special hearing called for such purpose is held and after notice is published in a newspaper of general circulation in the area of the City at least five days prior to the hearing.

The property tax requirement resulting from the budget process is utilized to establish the tax levy in accordance with the procedures discussed above, which attaches as an enforceable lien on property within the City as of December 31. Taxes are due as of that date. One-half of the real estate taxes due December 31 become delinquent after the following May 1, with the second one-half becoming delinquent after September 1.

B. Budgetary Statement Reconciliation of Generally Accepted Accounting Principles (GAAP) and Budgetary Basis

The accompanying Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual – Budgetary Basis presents comparisons of the budget with actual data on a budgetary basis for the general fund and major special revenue fund. The budget document has a separate line item for capital outlay. On the GAAP-basis financial statements, these expenditures are not broken out by function. Also, debt service requirements are included in other funds' budgets and not as transfers to the debt service fund as shown on the financial statements. The following reconciles the budgetary inflows and outflows and GAAP revenues and expenditures:

CITY OF SIDNEY, NEBRASKA

EXHIBIT M
(Continued)

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (RSI) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGETARY BASIS

September 30, 2018

	General Fund	Street Fund
	<u> </u>	<u> </u>
Sources/inflows of resources:		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 6,650,629	\$ 2,506,676
Differences—budget to GAAP:		
Receipts from accounts receivable are a budgetary resource but may not be a current year revenue for financial reporting purposes		
Taxes Receivables	2,025	-
MV Sales Tax Receivable	-	(9,437)
Sales Tax Receivable	(58,570)	(7,022)
	<u>(56,545)</u>	<u>(16,459)</u>
Revenue from deferred property taxes are not a budgetary resource but is recognized as a current year revenue for financial reporting		
Deferred Revenue Taxes	(2,882)	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u><u>\$ 6,591,202</u></u>	<u><u>\$ 2,490,217</u></u>
 Uses/outflows of resources:		
Actual amounts (budgetary basis) "total charges to appropriation" from the budgetary comparison schedule	\$ 6,762,497	\$ 1,479,693
Differences—budget to GAAP		
The City budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis		
Compensated Absences	11,483	(1,258)
Accrued Salaries and Benefit Payables	1,634	(99)
	<u>13,117</u>	<u>(1,357)</u>
The City budgets for inventory purchases expected to be paid, rather than on the modified accrual basis		
Accounts Payable	31,059	(378)
Inventory	(322)	-
	<u>30,737</u>	<u>(378)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance-governmental funds	<u><u>\$ 6,806,351</u></u>	<u><u>\$ 1,477,958</u></u>

CITY OF SIDNEY, NEBRASKA
 COMBINING BALANCE SHEET

EXHIBIT N

NON-MAJOR GOVERNMENTAL FUNDS
 September 30, 2018

	Capital Project Fund	Special Revenue Funds					Totals
		Economic Development	Cemetery	Golf Development	Unemployment	Scouts	
ASSETS							
Cash and Cash Equivalents	\$ 551,275	\$ 698,646	\$ -	\$ -	\$ -	\$ 7,369	\$ 1,257,290
Equity in Pooled Cash & Investments	-	-	240,659	7,136	90,717	-	338,512
Accrued Interest	-	-	16	-	-	-	16
TOTAL ASSETS	\$ 551,275	\$ 698,646	\$ 240,675	\$ 7,136	\$ 90,717	\$ 7,369	\$ 1,595,818
FUND BALANCES							
Fund Balances							
Committed	\$ 551,275	\$ 698,646	\$ 240,675	\$ 7,136	\$ 90,717	\$ 7,369	\$ 1,595,818
TOTAL FUND BALANCES	551,275	698,646	240,675	7,136	90,717	7,369	1,595,818
TOTAL FUND BALANCES	\$ 551,275	\$ 698,646	\$ 240,675	\$ 7,136	\$ 90,717	\$ 7,369	\$ 1,595,818

CITY OF SIDNEY, NEBRASKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

EXHIBIT O

NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2018

	Capital Project Fund	Special revenue Funds					Totals
		Economic Development	Cemetery	Golf Development	Unemployment	Scouts	
Revenues							
Taxes	\$ -	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ 300,000
Charges for Services	-	12,000	9,925	-	-	-	21,925
Interest	94	292	1,426	4	47	7	1,870
Grants	-	292,000	-	-	-	-	292,000
Miscellaneous Revenues	-	6,472	-	600	-	70	7,142
Total Revenues	94	610,764	11,351	604	47	77	622,937
Expenditures							
Operating Expenses	-	338,092	247	1,022	-	468	339,829
Capital Outlay	287,704	-	-	-	-	-	287,704
Total Expenditures	287,704	338,092	247	1,022	-	468	627,533
Excess (Deficiency) of Revenues Over (Under) Expenditures	(287,610)	272,672	11,104	(418)	47	(391)	(4,596)
Other Financing Sources (Uses)							
Transfers In	837,373	-	-	-	-	-	837,373
Total Other Financing Sources (Uses)	837,373	-	-	-	-	-	837,373
Excess (Deficiency) of Revenues and Other Sources (Uses) Over (Under) Expenditures and Other Uses	549,763	272,672	11,104	(418)	47	(391)	832,777
Fund Balance, October 1	1,512	425,974	229,571	7,554	90,670	7,760	763,041
Fund Balance, September 30	\$ 551,275	\$ 698,646	\$ 240,675	\$ 7,136	\$ 90,717	\$ 7,369	\$ 1,595,818

CITY OF SIDNEY, NEBRASKA
INDIVIDUAL SCHEDULE OF REVENUES

EXHIBIT P

GENERAL FUND
For the Years Ended September 30, 2018

	2018
Revenues	
Taxes/Shared Intergovernmental Revenue	
General Property	\$ 1,298,102
Motor Vehicle	134,991
Sales	2,040,527
Occupation	98,248
	3,571,868
Licenses, Fees and Permits	
Franchise Fees	839,115
	839,115
Intergovernmental Revenues	
Bookmobile and Police Reimbursement	104,043
Economic Development Reimbursement	20,000
Homestead	45,739
Motor Vehicle Pro-Rate	3,287
Miscellaneous	55,990
	229,059
Charges for Services	
Administration Fees	963,034
Licenses and Permits	69,534
Cemetery Lots, Openings and Perpetual Care	49,954
Swimming Pool and Handibus Fees	81,332
Golf Fees, Storage and Merchandise	333,157
Library Fees	3,853
Animal Control	3,875
	1,504,739
Interest	10,892
State and Federal Grants	178,256
Miscellaneous	83,916
Total Revenues	6,417,845
Other Financing Sources	
Insurance Proceeds	156,885
Transfers In	16,472
	173,357
Total Revenues and Other Sources	\$ 6,591,202

CITY OF SIDNEY, NEBRASKA
INDIVIDUAL SCHEDULE OF EXPENDITURES
GENERAL FUND ACCOUNTS

EXHIBIT Q

GENERAL GOVERNMENT
For the Year Ended September 30, 2018

	Administration	Economic Development	Engineering and Inspection	Total
Expenditures				
Current Commodities				
Office Supplies	\$ 4,285	\$ -	\$ 2,096	\$ 6,381
Department Supplies	12,347	617	1,050	14,014
Maintenance/Repairs	321,309	-	6,044	327,353
	<u>337,941</u>	<u>617</u>	<u>9,190</u>	<u>347,748</u>
Personal Services				
Salaries - Other	613,975	69,409	60,748	744,132
Employee Benefits	131,192	37,684	2,082	170,958
	<u>745,167</u>	<u>107,093</u>	<u>62,830</u>	<u>915,090</u>
Contractual Services				
Insurance	34,768	-	3,360	38,128
Utilities	23,855	1,265	630	25,750
Travel/Training	5,208	2,708	1,786	9,702
Dues and Subscriptions	22,962	4,881	956	28,799
Professional Fees	116,361	14,655	-	131,016
Advertising and Promotion	7,073	23,555	-	30,628
Janitorial Service	13,550	-	-	13,550
County E911	401,115	-	-	401,115
Economic Development	39,000	-	-	39,000
Ambulance Subsidy	71,384	-	-	71,384
Miscellaneous	68,442	-	1,357	69,799
	<u>803,718</u>	<u>47,064</u>	<u>8,089</u>	<u>858,871</u>
Total Current Expenditures	<u>1,886,826</u>	<u>154,774</u>	<u>80,109</u>	<u>2,121,709</u>
Capital Outlay	-	-	6,464	6,464
Transfers Out	16,002	4,001	14,002	34,005
	<u>16,002</u>	<u>4,001</u>	<u>20,466</u>	<u>40,469</u>
Total Expenditures	<u>\$ 1,902,828</u>	<u>\$ 158,775</u>	<u>\$ 100,575</u>	<u>\$ 2,162,178</u>

CITY OF SIDNEY, NEBRASKA
INDIVIDUAL SCHEDULE OF EXPENDITURES
GENERAL FUND ACCOUNTS

EXHIBIT R

PUBLIC SAFETY
For the Year Ended September 30, 2018

	Police	Fire	Total
Expenditures			
Current Commodities			
Supplies	\$ 62,665	\$ 42,095	\$ 104,760
Maintenance/Repairs	31,785	9,168	40,953
	<u>94,450</u>	<u>51,263</u>	<u>145,713</u>
Personal Services			
Salaries	961,233	28,688	989,921
Employee Benefits	274,225	11,216	285,441
	<u>1,235,458</u>	<u>39,904</u>	<u>1,275,362</u>
Contractual Services			
Insurance	93,003	26,154	119,157
Contract Labor	18,821	11,125	29,946
Utilities	17,929	5,164	23,093
Travel and Training	9,541	3,832	13,373
Volunteer Funds	-	2,562	2,562
Miscellaneous	18,926	-	18,926
	<u>158,220</u>	<u>48,837</u>	<u>207,057</u>
Total Current Expenditures	<u>1,488,128</u>	<u>140,004</u>	<u>1,628,132</u>
Capital Outlay	9,135	-	9,135
Transfers Out	106,427	268,054	374,481
	<u>115,562</u>	<u>268,054</u>	<u>383,616</u>
Total Expenditures	<u>\$ 1,603,690</u>	<u>\$ 408,058</u>	<u>\$ 2,011,748</u>

CITY OF SIDNEY, NEBRASKA
INDIVIDUAL SCHEDULE OF EXPENDITURES
GENERAL FUND ACCOUNTS

EXHIBIT S

HEALTH AND SOCIAL SERVICES
For the Year Ended September 30, 2018

	Cemetery	Handibus	Total
Expenditures			
Current Commodities			
Supplies	\$ 5,823	\$ 19,522	\$ 25,345
Maintenance/Repairs	11,381	14,171	25,552
	<u>17,204</u>	<u>33,693</u>	<u>50,897</u>
Personal Services			
Salaries	88,953	109,994	198,947
Employee Benefits	23,909	22,918	46,827
	<u>112,862</u>	<u>132,912</u>	<u>245,774</u>
Contractual Services			
Insurance	8,439	13,661	22,100
Utilities	6,365	4,733	11,098
Travel and Training	15	676	691
Rent	-	12,000	12,000
Miscellaneous	9,571	2,725	12,296
	<u>24,390</u>	<u>33,795</u>	<u>58,185</u>
Total Current Expenditures	<u>154,456</u>	<u>200,400</u>	<u>354,856</u>
Capital Outlay	-	706	706
Transfers Out	31,028	20,003	51,031
	<u>31,028</u>	<u>20,709</u>	<u>51,737</u>
Total Expenditures	<u>\$ 185,484</u>	<u>\$ 221,109</u>	<u>\$ 406,593</u>

CITY OF SIDNEY, NEBRASKA
INDIVIDUAL SCHEDULE OF EXPENDITURES
GENERAL FUND ACCOUNTS

EXHIBIT T

CULTURE AND RECREATION
For the Year Ended September 30, 2018

	Park	Pool	Golf	Library	Total
Expenditures					
Current Commodities					
Supplies	\$ 41,216	\$ 13,660	\$ 119,502	\$ 14,349	\$ 188,727
Maintenance/Repairs	87,027	11,741	47,929	5,846	152,543
Books and Periodicals	-	-	-	36,495	36,495
Printing	-	-	-	551	551
Pro Shop Merchandise and Concessions	-	5,273	66,457	-	71,730
	<u>128,243</u>	<u>30,674</u>	<u>233,888</u>	<u>57,241</u>	<u>450,046</u>
Personal Services					
Salaries	331,104	79,109	268,549	268,194	946,956
Employees Benefits	109,316	5,368	16,236	87,970	218,890
	<u>440,420</u>	<u>84,477</u>	<u>284,785</u>	<u>356,164</u>	<u>1,165,846</u>
Contractual Services					
Insurance	37,581	16,025	22,723	9,812	86,141
Recreation Coordination	130,000	-	-	-	130,000
Utilities	41,407	20,028	25,844	14,632	101,911
Travel and Training	908	1,630	2,888	729	6,155
Dues and Subscriptions	-	-	1,849	928	2,777
Advertising and Promotion	-	-	3,722	455	4,177
Janitorial Service	-	-	-	14,800	14,800
Contract Services	-	-	14,520	8,635	23,155
Miscellaneous	191	1,719	6,234	-	8,144
	<u>210,087</u>	<u>39,402</u>	<u>77,780</u>	<u>49,991</u>	<u>377,260</u>
Total Current Expenditures	<u>778,750</u>	<u>154,553</u>	<u>596,453</u>	<u>463,396</u>	<u>1,993,152</u>
Capital Outlay	-	-	77,314	-	77,314
Transfers Out	38,307	8,001	83,054	26,004	155,366
	<u>38,307</u>	<u>8,001</u>	<u>160,368</u>	<u>26,004</u>	<u>232,680</u>
Total Expenditures	<u>\$ 817,057</u>	<u>\$ 162,554</u>	<u>\$ 756,821</u>	<u>\$ 489,400</u>	<u>\$ 2,225,832</u>



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

To the Honorable Mayor and City Council
City of Sidney, Nebraska 69162

We have audited, in accordance with the 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 City of Sidney (the City), Sidney, Nebraska, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 31, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

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.



RAUNER & ASSOCIATES, P.C.
Sidney, Nebraska

January 31, 2019