

CITY OF SIDNEY, NEBRASKA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 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 February 23, 2021, 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 cursive script that reads "Rauner & Associates P.C.".

Rauner & Associates, P.C.
Sidney, Nebraska

February 23, 2021



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, 2020. 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, 2020, 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, 2020 by \$79,451,607 (net position). Of this amount \$21,788,104 (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 \$1,879,577 in comparison to the prior year. Of the increase, \$386,591 or 21% was an increase in governmental activities and \$1,492,986 or 79% related to business-type activities.
- ◆ The City's Governmental Fund Balance Sheet (Exhibit C) as of September 30, 2020 shows an increase from \$19,280,602 to \$20,336,969 in comparison with the prior year which is an increase of \$1,056,367. Deferred Inflows of Resources in the amount of \$4,232,708 is \$289,600 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 - .12% or \$18,765 (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 - 54.72% or \$8,602,877 (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 - 19.24% \$3,024,165 which is \$1,227,421 in the General Fund (of which approximately \$1,104,478 is committed to the Insurance Reserve Fund), \$1,657,522 is Capital Projects, LB840 Economic Development, Cemetery Perpetual Care, Golf Development, Unemployment, golf credit card balances, Dare, 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 - 25.92% or \$4,075,619 (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, 2020, indicate there was an increase in the net position of \$1,492,986 compared to \$1,026,310 in 2019. The Electric, Water and Landfill Funds realized an increase in Net Position for FYE 2020 while the Sewer Fund realized a small decrease (Exhibit H). Operating Revenues were higher this year in Water and but lower in Electric, Sewer and Landfill. Operating Expenses were lower in Electric and Sewer, but higher in Water and Landfill.
- ◆ In the Statement of Cash Flows for Proprietary Funds (Exhibit I), there was a net increase in Cash and Cash Equivalents of \$1,326,382 in 2020 and a net decrease of \$424,099 in 2019.

- ◆ The Governmental Activities total liabilities decreased by \$125,920 due to a decrease in total current liabilities and the amount of bonds being added.
- ◆ The Business-Type Activities total liabilities shows a decrease of \$2,453,125.

USING THIS ANNUAL FINANCIAL REPORT

Our government's presentation of financial statements follows 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 like a private-sector business. The Statement of Net Position presents information on all 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, 2020. 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 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, 2020 and 2019:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
ASSETS						
Current and Other Assets	\$ 20,086,812	\$ 18,986,255	\$ 16,475,734	\$ 16,282,839	\$ 36,562,546	\$ 35,269,094
Capital Assets	36,089,117	37,081,661	35,775,978	36,928,382	71,865,095	74,010,043
TOTAL ASSETS	56,175,929	56,067,916	52,251,712	53,211,221	108,427,641	109,279,137
LIABILITIES						
Long Term Liabilities Outstanding	18,208,185	18,607,714	7,328,497	9,609,156	25,536,682	28,216,870
Other Liabilities	1,940,268	1,819,314	1,499,084	1,670,920	3,439,352	3,490,234
TOTAL LIABILITIES	20,148,453	20,427,028	8,827,581	11,280,076	28,976,034	31,707,104
NET POSITION						
Net Investment in Capital Assets	16,588,883	17,322,226	28,926,369	27,649,060	45,515,252	44,971,286
Restricted	8,742,099	7,722,924	3,406,152	3,026,018	12,148,251	10,748,942
Unrestricted	10,696,494	10,595,735	11,091,610	11,256,067	21,788,104	21,851,802
TOTAL NET POSITION	\$ 36,027,476	\$ 35,640,885	\$ 43,424,131	\$ 41,931,145	\$ 79,451,607	\$ 77,572,030

City of Sidney
Condensed Statement of Activities
September 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,476,018	\$ 1,511,638	\$ 13,972,967	\$ 13,813,914	\$ 15,448,985	\$ 15,325,552
Operating Grants and Contributions	1,145,241	1,056,034	-	-	1,145,241	1,056,034
Capital Grants and Contributions	138,860	705,219	-	-	138,860	705,219
General Revenues:						
Property Taxes	2,141,106	2,287,149	-	-	2,141,106	2,287,149
Sales and Use Tax	3,305,472	3,791,640	-	-	3,305,472	3,791,640
Other Local Taxes	373,243	529,003	-	-	373,243	529,003
Motor Vehicle Taxes	138,709	131,902	-	-	138,709	131,902
Intergovernmental Revenues	219,873	224,398	-	-	219,873	224,398
Franchise Fees	846,226	867,338	-	-	846,226	867,338
Miscellaneous State Revenues	192,452	135,180	-	-	192,452	135,180
Investment Income	48,746	13,350	103,752	133,517	152,498	146,867
Miscellaneous Revenues	393,451	174,026	313,068	597,205	706,519	771,231
Transfers of Capital	989,701	-	(989,701)	-	-	-
Equity Transfers	(1,410,493)	-	1,410,493	-	-	-
Bond Premiums	-	-	-	-	-	-
Debt Forgiveness	-	-	-	-	-	-
Insurance Proceeds	35,084	-	-	-	35,084	-
Total Revenues	10,033,689	11,426,877	14,810,579	14,544,636	24,844,268	25,971,513
Expenses:						
General Government	2,297,736	2,491,808	-	-	2,297,736	2,491,808
Public Safety	1,544,418	1,508,032	-	-	1,544,418	1,508,032
Public Works	2,534,237	2,632,950	-	-	2,534,237	2,632,950
Health & Social Services	369,954	366,722	-	-	369,954	366,722
Culture and Recreation	2,265,671	2,333,744	-	-	2,265,671	2,333,744
Interest on Long-Term debt	635,082	588,268	-	-	635,082	588,268
Electric	-	-	8,393,517	8,604,063	8,393,517	8,604,063
Water	-	-	2,009,425	1,961,327	2,009,425	1,961,327
Sewer	-	-	1,224,987	1,243,067	1,224,987	1,243,067
Landfill	-	-	1,689,664	1,709,869	1,689,664	1,709,869
Total Expenses	9,647,098	9,921,524	13,317,593	13,518,326	22,964,691	23,439,850
Increase in Net Assets	386,591	1,505,353	1,492,986	1,026,310	1,879,577	2,531,663
Net Assets - Beginning	35,640,885	34,135,532	41,931,145	40,904,835	77,572,030	75,040,367
Net Assets - Ending	\$ 36,027,476	\$ 35,640,885	\$ 43,424,131	\$ 41,931,145	\$ 79,451,607	\$ 77,572,030

GOVERNMENTAL ACTIVITIES

As stated previously in the Financial Highlights, governmental activities increased the City's net position by \$386,591, accounting for 21% of the total growth in the net assets of the City of Sidney. The Governmental Activities had an increase in capital position due to a \$108,016 increase in total assets, and a decrease of \$278,575 total liabilities.

BUSINESS-TYPE ACTIVITIES

Business-Type activities (see Exhibit H) increased the city's net position by \$1,492,986, accounting for 79% 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 \$158,783, Electric Fund change in net position decreased from \$1,279,334 in 2019 to \$165,346 in 2020 due to transfers-out totaling \$974,181, Water Fund change in net position increased from (\$34,540) in 2019 vs. \$148,304 in 2020 due to an increase in operating revenues, Sewer Fund change in net position increased from \$(114,122) in 2019 to \$(106,843) in 2020, and Landfill Fund change in net position increase from (\$104,362) in 2019 to \$1,286,179 in 2020 due to a \$1,410,493 equity transfer.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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, 2020, the City's Governmental Funds reported combined ending fund balances of \$15,721,426 an increase of \$1,458,672 compared to the prior year.

The Governmental Funds are the chief operating funds of the City. As of September 30, 2020, the **Nonspendable Fund** balance of the General Fund was \$18,765 which represents the Golf Course inventory; the **Committed Fund** was \$3,024,165. Committed Funds includes the Payroll Insurance Reserve Account and Economic Development funds; the **Unassigned Fund** was \$4,075,619 which is the remainder of the Governmental Fund Balances; and **Restricted Funds** was \$8,602,877 which is committed for Street Department and Debt Service. Total Liabilities, Deferred Inflows of Resources and Fund Balance for Governmental Funds was \$20,336,969. The fund balance of the City's General Fund increased by \$1,452,551 during this fiscal year.

The Street Fund had a total restricted fund balance of \$5,577,666, 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 \$3,025,211 which is entirely reserved for debt payments. The other non-major Governmental Funds had a total committed fund balance of \$1,657,522 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 \$9,774,989. Restricted Assets for the same funds consist of \$293,265 for Customer Deposits, \$1,316,621 for Capital Improvements, \$1,907,599 for Debt Service, and \$1,205,288 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 \$274,682 under budget in General Fund and \$259,871 over budget in the Street Fund. The overall General Fund was under budget due to close monitoring of expenses and a reduction in Communications Center allocations. 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:

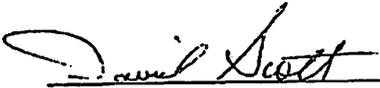
During the last decade, Sidney saw unprecedented growth along with uncertainty in some areas of business created by outside private forces. Oil and gas prices are still at levels that are far below historic highs earlier that decade. That affected some local energy projects related to oil and gas production, including one company in the area which produced coated piping for oil production which closed, and now has reopened with increased drilling activity in western Nebraska and adjoining states. 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 company from back east and was subsequently consolidated with their 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 even larger impact locally is 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 1800 positions. This move originally had a direct effect on 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. Throughout 2018 and 2019, home sales skyrocketed with 8 -10 homes closing each week. Over 900 new 'family units' have moved to Sidney over the last three years due to housing and job availability. There are currently less than 40 homes available for sale. Retail sales have dropped significantly as six figure salaries to a large extent have disappeared from the economy and have been replaced by blue collar workers and retirees looking for a lower cost and more relaxed lifestyle.

In other good news during the last 5-7 years, new construction in the area included a new hospital, new office headquarters building for Cabela's and remodeling and renovation of other Cabela's facilities, two new hotels, a new Applebee's, a new Love's truck stop with apartments, and 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 (now 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 three years include Lukjan Metals, Progress Rail, a new medical clinic, an emergency care facility, Agri-plastics, Sand Hills Publishing, GL Huyett, 308 Ag, UST Global/Xpansion, Vitalix, NexGen, Highby Outdoors, Worldwide Trophy Adventures, an expanded Bomgaars and the pipe coating business is back open. I believe this is possible due to Sidney's aggressive recruiting strategy, room for growth and available human capital to fill the jobs. There are 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 citymanager@cityofsidney.org) at 1115 13th Avenue, Sidney, Nebraska.



David Scott, City Manager



Lane Kizzire, City Finance Director

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

EXHIBIT A

September 30, 2020

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 12,982,942	\$ 4,108,118	\$ 17,091,060
Cash with Fiscal Agent	173,994	-	173,994
Equity in Pooled Cash and Investments	2,150,861	6,187,312	8,338,173
Receivables (Net of Allowances for Uncollectibles)			
Taxes	677,270	-	677,270
Accounts	-	1,046,842	1,046,842
Special Assessments	4,322,653	10,830	4,333,483
Accrued Interest	10,484	3,445	13,929
Interfund Balances	(262,943)	262,943	-
Inventory	18,765	464,036	482,801
Bond Issue Costs	12,786	2,768	15,554
Discount on Bonds Payable	-	1,707	1,707
Restricted Assets			
Cash and Cash Equivalents	-	3,485,378	3,485,378
Investments	-	239,089	239,089
Equity in Pooled Cash and Investments	-	663,266	663,266
Capital Assets:			
Land and Land Improvements	2,045,410	1,738,338	3,783,748
Buildings and Structures	6,759,793	25,528,019	32,287,812
Vehicles	2,847,522	1,483,221	4,330,743
Equipment	4,060,356	10,073,783	14,134,139
Infrastructure	39,776,896	32,179,551	71,956,447
Accumulated Depreciation	(19,400,860)	(35,226,934)	(54,627,794)
TOTAL ASSETS	56,175,929	52,251,712	108,427,641
LIABILITIES			
Current Liabilities:			
Taxes Payable	-	74,412	74,412
Accounts Payable	20,510	3,737	24,247
Accrued Interest	135,346	37,277	172,623
Accrued Salaries and Employee Benefits Payable	24,151	13,267	37,418
Compensated Absences Payable within one year	34,256	25,742	59,998
Bonds, Notes and Leases Payable within one year	1,685,030	1,051,384	2,736,414
Other	40,975	-	40,975
Customer Deposits Payable	-	293,265	293,265
Total Current Liabilities	1,940,268	1,499,084	3,439,352
Non-Current Liabilities:			
Construction & Demolition Landfill Closure Costs	-	61,608	61,608
Landfill Closure Care	-	1,236,547	1,236,547
Compensated Absences	392,981	232,117	625,098
Bonds, Notes and Leases Payable	17,815,204	5,798,225	23,613,429
Total Non-Current Liabilities	18,208,185	7,328,497	25,536,682
TOTAL LIABILITIES	20,148,453	8,827,581	28,976,034
NET POSITION			
Net Investment in Capital Assets	16,588,883	28,926,369	45,515,252
Restricted for:			
Debt Service	3,025,211	1,907,599	4,932,810
Street Improvements	5,716,888	-	5,716,888
Landfill Closure	-	1,205,288	1,205,288
Customer Deposits	-	293,265	293,265
Unrestricted	10,696,494	11,091,610	21,788,104
TOTAL NET POSITION	\$ 36,027,476	\$ 43,424,131	\$ 79,451,607

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, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT:							
Governmental Activities							
General Government	\$ 2,297,736	\$ -	\$ 2,377	\$ 4,153	\$ (2,291,206)	\$ -	\$ (2,291,206)
Public Safety	1,544,418	-	-	-	(1,544,418)	-	(1,544,418)
Public Works	2,534,237	28,600	903,136	134,707	(1,467,794)	-	(1,467,794)
Health & Social Services	369,954	19,853	196,823	-	(153,278)	-	(153,278)
Culture and Recreation	2,265,671	1,427,565	42,905	-	(795,201)	-	(795,201)
Interest on Long-Term debt	635,082	-	-	-	(635,082)	-	(635,082)
Total Governmental Activities	9,647,098	1,476,018	1,145,241	138,860	(6,886,979)	-	(6,886,979)
Business-Type Activities							
Electric	8,393,517	9,292,460	-	-	-	898,943	898,943
Water	2,009,425	2,096,933	-	-	-	87,508	87,508
Sewer	1,224,987	1,084,413	-	-	-	(140,574)	(140,574)
Landfill	1,689,664	1,499,161	-	-	-	(190,503)	(190,503)
Total Business-Type Activities	13,317,593	13,972,967	-	-	-	655,374	655,374
Total Primary Government	\$ 22,964,691	\$ 15,448,985	\$ 1,145,241	\$ 138,860	(6,886,979)	655,374	(6,231,605)

General Revenues:

Taxes:

Property Taxes	2,141,106	-	2,141,106
Sales Tax	3,305,472	-	3,305,472
Other Local Taxes	132,209	-	132,209
Motor Vehicle Taxes	138,709	-	138,709
Miscellaneous Special Assessments	241,034	-	241,034
Intergovernmental Revenues	219,873	-	219,873
Franchise Fees	846,226	-	846,226
Miscellaneous State Revenues	192,452	-	192,452
Investment Income	48,746	103,752	152,498
Miscellaneous Revenues	393,451	313,068	706,519
Transfers of Capital	989,701	(989,701)	-
Bond Transfer	(1,410,493)	1,410,493	-
Insurance Proceeds	35,084	-	35,084
Total General Revenues and Transfers	7,273,570	837,612	8,111,182
Change in Net Position	386,591	1,492,986	1,879,577
Net Position - Beginning	35,640,885	41,931,145	77,572,030
Net Position - Ending	\$ 36,027,476	\$ 43,424,131	\$ 79,451,607

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

CITY OF SIDNEY, NEBRASKA
BALANCE SHEET
GOVERNMENTAL FUNDS

EXHIBIT C

September 30, 2020

	General Fund	Street Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 3,095,602	\$ 5,616,966	\$ 2,953,233	\$ 1,317,141	\$ 12,982,942
Cash with Fiscal Agent	93,864	-	80,130	-	173,994
Equity in Pooled Cash and Investments	1,799,203	(1,938)	-	353,596	2,150,861
Receivables (Net of Allowances for Uncollectibles)					
Taxes	448,135	111,090	118,045	-	677,270
Special Assessments	-	-	4,322,653	-	4,322,653
Accrued Interest	10,484	-	-	-	10,484
Inventory	18,765	-	-	-	18,765
TOTAL ASSETS	\$ 5,466,053	\$ 5,726,118	\$ 7,474,061	\$ 1,670,737	\$ 20,336,969
LIABILITIES					
Liabilities					
Advances from Other Funds	\$ -	\$ -	\$ 262,943	\$ -	\$ 262,943
Accounts Payable	7,295	-	-	13,215	20,510
Compensated Absences Payable	28,059	6,197	-	-	34,256
Accrued Salaries Payable	21,118	3,033	-	-	24,151
Claims Payable	6,593	-	-	-	6,593
Deferred Claims	34,382	-	-	-	34,382
Total Liabilities	97,447	9,230	262,943	13,215	382,835
DEFERRED INFLOWS OF RESOURCES					
Unavailable Property Tax Revenue	46,801	-	45,270	-	92,071
Uncollected Special Assessments	-	-	4,140,637	-	4,140,637
Total Deferred Inflows of Resources	46,801	-	4,185,907	-	4,232,708
FUND BALANCES					
Nonspendable	18,765	-	-	-	18,765
Restricted	-	5,577,666	3,025,211	-	8,602,877
Committed	1,227,421	139,222	-	1,657,522	3,024,165
Unassigned	4,075,619	-	-	-	4,075,619
Total Fund Balances	5,321,805	5,716,888	3,025,211	1,657,522	15,721,426
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,466,053	\$ 5,726,118	\$ 7,474,061	\$ 1,670,737	\$ 20,336,969

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, 2020

Total fund balance - total governmental funds \$ 15,721,426

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	55,489,977	
	Less: Accumulated Depreciation	<u>(19,400,860)</u>	36,089,117

Other assets used in governmental activities are not financial resources and therefore are not reported in governmental funds:

Bond Issue Costs 12,786

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	19,500,234	
	Compensated Absences Payable	<u>392,981</u>	(19,893,215)

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. (135,346)

Other long-term assets are not available to pay for current period expenditures and, therefore, deferred in the funds. 4,140,637

Property tax revenues are not available to pay for current period expenditures and, therefore are deferred in the funds. 92,071

	<u>Net Position of Governmental Activities</u>	<u>\$ 36,027,476</u>
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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, 2020

	General Fund	Street Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 3,261,256	\$ 757,109	\$ 1,399,930	\$ 300,000	\$ 5,718,295
Special Assessments	-	-	529,834	-	529,834
Franchise Fees	846,226	-	-	-	846,226
Intergovernmental Revenues	252,025	936,876	95,668	-	1,284,569
Charges for Services	1,427,565	28,600	-	19,853	1,476,018
Interest	33,197	9,490	3,001	3,058	48,746
Grants	200,883	135,814	28,102	4,153	368,952
Donations	-	-	-	42,905	42,905
Miscellaneous Revenues	176,767	-	189,420	27,266	393,453
Total Revenues	6,197,919	1,867,889	2,245,955	397,235	10,708,998
Expenditures					
General Government	1,813,223	-	-	392,890	2,206,113
Public Safety	1,495,286	-	-	-	1,495,286
Public Works	-	815,530	-	-	815,530
Health and Social Services	357,166	-	-	-	357,166
Culture and Recreation	1,820,200	-	-	-	1,820,200
Capital Outlay	1,032,064	95,914	-	152,142	1,280,120
Bond Payments (Principal, Interest and Charges)	-	-	2,294,203	-	2,294,203
Total Expenditures	6,517,939	911,444	2,294,203	545,032	10,268,618
Excess (Deficiency) of Revenues Over Expenditures	(320,020)	956,445	(48,248)	(147,797)	440,380
Other Financing Sources (Uses)					
Insurance Proceeds	35,084	-	-	-	35,084
Transfers In	974,181	-	137,029	146,000	1,257,210
Transfers Out	(247,951)	(19,558)	-	-	(267,509)
Total Other Financing Sources (Uses)	761,314	(19,558)	130,536	146,000	1,018,292
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	441,294	936,887	82,288	(1,797)	1,458,672
Fund Balances, October 1	4,880,511	4,780,001	2,942,923	1,659,319	14,262,754
Fund Balances, September 30	\$ 5,321,805	\$ 5,716,888	\$ 3,025,211	\$ 1,657,522	\$ 15,721,426

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, 2020

Net change in fund balances - total governmental funds		\$ 1,458,672
Amounts reported for governmental activities in the statement of activities are different because:		
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.		
		1,280,120
Deletion of Retired Capital Assets	(236,985)	
Deletion of Accumulated Depreciation of Retired Capital Assets	<u>224,893</u>	(12,092)
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.		
		(2,260,572)
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.		
		(3,197)
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:		
	Principal Payments on Bond Payable	1,663,201
	Issuance of Long-Term Debt	<u>-</u>
		1,663,201
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.		
		(22,148)
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.		
		(23,794)
Transfer of Debt from Landfill to Debt Service resulting in a decrease to net asset activities.		
		(1,404,000)
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.		
		<u>(289,599)</u>
Change in Net Position of Governmental Funds		<u>\$ 386,591</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, 2020

	Business-Type Activities - Enterprise Funds				
	Electric	Water	Sewer	Landfill	Totals
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 2,511,735	\$ 693,361	\$ 490,130	\$ 412,892	\$ 4,108,118
Equity in Pooled Cash and Investments	5,725,339	(5,254)	466,820	407	6,187,312
Receivables					
Customer Accounts - Net of Allowances for					
Uncollectible Accounts	614,246	211,222	91,780	129,594	1,046,842
Special Assessment	-	4,515	6,315	-	10,830
Advances from Other Funds	262,943	-	-	-	262,943
Accrued Interest	2,256	185	1,004	-	3,445
Inventory	416,910	47,126	-	-	464,036
Total Current Assets	9,533,429	951,155	1,056,049	542,893	12,083,526
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	751,629	58,053	371,085	302,454	1,483,221
Equipment	5,222,389	952,888	481,895	3,416,611	10,073,783
Infrastructure	11,175,789	19,873,385	1,130,377	-	32,179,551
Accumulated Depreciation	(11,552,010)	(11,520,581)	(7,446,174)	(4,708,169)	(35,226,934)
Total Property and Equipment	10,919,056	13,283,175	9,082,777	2,490,970	35,775,978
Other Assets					
Bond Issue Costs	-	-	-	2,768	2,768
Discount on Bonds Payable	-	-	-	1,707	1,707
Restricted Assets					
Cash and Cash Equivalents	276,860	742,490	1,140,372	1,325,656	3,485,378
Investments	200,000	-	-	39,089	239,089
Equity in Pooled Cash and Investments	93,001	325,051	245,214	-	663,266
Total Other Assets	569,861	1,067,541	1,385,586	1,369,220	4,392,208
TOTAL ASSETS	21,022,346	15,301,871	11,524,412	4,403,083	52,251,712
LIABILITIES					
Current Liabilities					
Taxes Payable	74,412	-	-	-	74,412
Accounts Payable	663	520	-	2,554	3,737
Accrued Interest	-	25,779	8,559	2,939	37,277
Compensated Absences Payable Within One Year	11,360	5,841	1,640	6,901	25,742
Bonds, Notes and Leases Payable Within One Year	-	753,779	207,605	90,000	1,051,384
Accrued Salaries and Employee Benefits	5,784	2,211	1,749	3,523	13,267
Customer Deposits	285,294	4,295	-	3,676	293,265
Total Current Liabilities	377,513	792,425	219,553	109,593	1,499,084
Long-Term Liabilities					
Compensated Absences Payable	103,787	32,582	21,658	74,090	232,117
Closure Costs	-	-	-	1,236,547	1,236,547
Construction & Demolition Landfill Closure Costs	-	-	-	61,608	61,608
Bonds and Notes Payable	-	3,320,633	1,987,592	490,000	5,798,225
Total Long-Term Liabilities	103,787	3,353,215	2,009,250	1,862,245	7,328,497
TOTAL LIABILITIES	481,300	4,145,640	2,228,803	1,971,838	8,827,581
NET POSITION					
Net Investment in Capital Assets	10,919,056	9,208,763	6,887,580	1,910,970	28,926,369
Restricted for:					
Customer Deposits	285,294	4,295	-	3,676	293,265
Capital Improvements	66,626	349,305	741,233	159,457	1,316,621
Debt Service	200,000	1,063,246	644,353	-	1,907,599
Landfill Closure Costs	-	-	-	1,205,288	1,205,288
Unrestricted	9,070,070	530,622	1,022,443	(848,146)	9,774,989
TOTAL NET POSITION	\$ 20,541,046	\$ 11,156,231	\$ 9,295,609	\$ 2,431,245	\$ 43,424,131

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, 2020

	Business-Type Activities - Enterprise Funds				Total
	Electric	Water	Sewer	Landfill	
Operating Revenue					
Charges for Services	\$ 9,292,460	\$ 2,096,933	\$ 1,084,413	\$ 1,499,161	\$ 13,972,967
Miscellaneous	183,406	55,561	23,468	50,633	313,068
Total Operating Revenue	9,475,866	2,152,494	1,107,881	1,549,794	14,286,035
Operating Expenses					
Administration	725,593	769,402	647,582	696,647	2,839,224
Distribution	7,068,140	313,249	-	-	7,381,389
Operation	-	180,884	188,653	590,046	959,583
Depreciation	599,784	649,785	358,230	379,159	1,986,958
Amortization	-	-	-	784	784
Total Operating Expenses	8,393,517	1,913,320	1,194,465	1,666,636	13,167,938
Operating Income (Loss)	1,082,349	239,174	(86,584)	(116,842)	1,118,097
Non-Operating Revenue (Expense)					
Interest Income	57,178	5,235	10,263	31,076	103,752
Interest Expense	-	(96,105)	(30,522)	(23,028)	(149,655)
Total Other Revenue (Expense)	57,178	(90,870)	(20,259)	8,048	(45,903)
Income (Loss) Before Contributions & Transfers	1,139,527	148,304	(106,843)	(108,794)	1,072,194
Transfers Out	(974,181)	-	-	(15,520)	(989,701)
Bond Transfer	-	-	-	1,410,493	1,410,493
Change in Net Position	165,346	148,304	(106,843)	1,286,179	1,492,986
Net Position at Beginning of Year	20,375,700	11,007,927	9,402,452	1,145,066	41,931,145
Net Position at End of Year	\$ 20,541,046	\$ 11,156,231	\$ 9,295,609	\$ 2,431,245	\$ 43,424,131

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, 2020

	Business-Type Activities - Enterprise Funds				Total
	Electric	Water	Sewer	Landfill	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Customers	\$ 9,528,303	\$ 2,081,368	\$ 1,111,519	\$ 1,500,625	\$ 14,221,815
Cash Received from Other Funds for Services	-	-	-	50,633	50,633
Other Cash Operating Receipts	-	55,561	-	-	55,561
Cash Payments to Suppliers and Employees for Goods and Services	(7,940,530)	(1,274,787)	(827,472)	(1,092,665)	(11,135,454)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	1,587,773	862,142	284,047	458,593	3,192,555
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Advance of Interfund Receivable	38,390	-	-	-	38,390
Transfers from (to) other funds	(974,181)	-	-	(15,520)	(989,701)
NET CASH (USED FOR) NONCAPITAL FINANCING ACTIVITIES	(935,791)	-	-	(15,520)	(951,311)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES					
Acquisition and Construction of Capital Assets	(703,856)	(14,300)	(19,580)	(215,958)	(953,694)
Principal Paid on Bonds and Notes Payable	-	(735,849)	(204,864)	(85,000)	(1,025,713)
Interest Paid	-	(101,330)	(31,321)	(23,322)	(155,973)
NET CASH (USED FOR) CAPITAL & RELATED FINANCING ACTIVITIES	(703,856)	(851,479)	(255,765)	(324,280)	(2,135,380)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	59,100	5,247	10,108	31,076	105,531
(Increase) Decrease in Investments	1,092,994	4,585	1,654	15,754	1,114,987
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	1,152,094	9,832	11,762	46,830	1,220,518
Net Increase (Decrease) in Cash and Cash Equivalents	1,100,220	20,495	40,044	165,623	1,326,382
Cash and Cash Equivalents, October 1	1,688,375	1,415,356	1,590,458	1,572,925	6,267,114
Cash and Cash Equivalents, September 30	\$ 2,788,595	\$ 1,435,851	\$ 1,630,502	\$ 1,738,548	\$ 7,593,496
Reconciliation of Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 1,082,349	\$ 239,174	\$ (86,584)	\$ (116,842)	\$ 1,118,097
Adjustments to Reconcile Net Income to Net Cash Provided by Operations					
Depreciation and Amortization	530,871	649,785	369,367	525,591	2,075,614
(Increase) Decrease in Receivables	29,823	(15,185)	3,638	914	19,190
(Increase) Decrease in Inventories	(25,158)	(16,484)	-	-	(41,642)
Increase (Decrease) in Taxes and Accounts Payable	(39,934)	(279)	(1,525)	1,176	(40,562)
Increase (Decrease) in Other Accruals	(41,307)	-	(109)	36,668	(4,748)
Increase (Decrease) in Compensated Absences Payable	26,915	4,906	(1,468)	9,451	39,804
Increase (Decrease) in Accrued Salaries Payable	1,600	605	728	1,084	4,017
Increase (Decrease) in Customer Deposits Payable	22,614	(380)	-	550	22,784
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 1,587,773	\$ 862,142	\$ 284,047	\$ 458,592	\$ 3,192,554

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, 2020

Assets	
Cash	\$ 342,083
Total Assets	<u>\$ 342,083</u>
Liabilities	
Due to Projects	\$ 168,567
Due to Other Governments	173,516
Total Liabilities	<u>\$ 342,083</u>

The 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, 2020. 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, 2020.

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, 2020.

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 \$92,071 and uncollected special assessments of \$4,140,637 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 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, \$4,932,810 is restricted for future debt service, \$293,265 for customer deposits, \$5,716,888 for street improvements, and \$1,205,288 for the 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 instances of noncompliance that are considered material to the financial statements or that are required to be reported under *Government Auditing Standards*.

- A. The City was under collateralized with uninsured cash balances for the year ended September 30, 2020, in the amount of \$1,913,874.

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.

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

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

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, 2020.

	Cash and Cash Equivalents	Equity in Pooled Cash & Investments	Investments	Subtotal	Cash with Fiscal Agent	Totals
General Fund	\$ 3,095,602	\$ 1,799,203	\$ -	\$ 4,894,805	\$ 93,864	\$ 4,988,669
Special Revenue and Capital Project Funds	6,934,107	351,658	-	7,285,765	-	7,285,765
Debt Service Fund	2,953,233	-	-	2,953,233	80,130	3,033,363
Proprietary Funds	7,593,496	6,850,578	239,089	14,683,163	-	14,683,163
Agency Fund	342,083	-	-	342,083	-	342,083
Totals	\$ 20,918,521	\$ 9,001,439	\$ 239,089	\$ 30,159,049	\$ 173,994	\$ 30,333,043

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. As of September 30, 2020, \$1,913,874 of the City's bank balance of \$30,814,608 (this does not reflect outstanding checks or deposits in transit) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized - Platte Valley Bank	<u>\$ 1,913,874</u>
Total	<u>\$ 1,913,874</u>

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, 2020, the City had bank balances of \$30,814,608, (this does not reflect outstanding checks or deposits in transit). All securities are held by the City's pledging financial institution, but not in the City's name.

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

Cash held by the Cheyenne County Treasurer of \$173,994 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:

- 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, 2020 are categorized as level 2 investments.

B. Capital Assets

Details of Capital Assets

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

	October 1, 2019		September 30, 2020	
	Balance	Additions	Deletions	Balance
Governmental Activities				
Land/Land Improvements	\$ 2,045,410	\$ -	\$ -	\$ 2,045,410
Buildings & Structures	5,726,204	1,033,589	-	6,759,793
Vehicles	2,839,757	70,802	63,037	2,847,522
Equipment	4,098,222	136,082	173,948	4,060,356
Infrastructure	39,737,249	39,647	-	39,776,896
Total	\$ 54,446,842	\$ 1,280,120	\$ 236,985	\$ 55,489,977

	October 1, 2019		September 30, 2020	
	Balance	Additions	Deletions	Balance
Less Accumulated Depreciation:				
Building/Structure	\$ 2,489,116	\$ 277,951	\$ -	\$ 2,767,067
Vehicles	2,294,104	124,020	50,945	2,367,179
Equipment	3,199,325	167,374	173,948	3,192,751
Infrastructure	9,382,636	1,691,227	-	11,073,863
Total	\$ 17,365,181	\$ 2,260,572	\$ 224,893	\$ 19,400,860

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

*Depreciation expense was charged to governmental functions as follows:

General Government	\$	50,794
Public Safety		56,732
Public Works, which includes the depreciation of general infrastructure assets		1,713,912
Health & Social Services		6,770
Culture and Recreation		432,364
		\$ 2,260,572

Business-Type Activities

A summary of the Proprietary Fund Fixed Assets as of September 30, 2020 is as follows:

	October 1, 2019			September 30, 2020		
	Balance	Additions	Deletions	Balance	Balance	Balance
Proprietary Activities						
Land/Land Improvements	\$ 1,738,338	\$ -	\$ -	\$ -	\$ -	\$ 1,738,338
Buildings and Structures	25,528,019	-	-	-	-	25,528,019
Vehicles	1,504,684	24,004	45,467	-	-	1,483,221
Equipment	9,659,270	437,959	23,446	-	-	10,073,783
Infrastructure	31,806,960	372,591	-	-	-	32,179,551
Total	\$ 70,237,271	\$ 834,554	\$ 68,913	\$ -	\$ -	\$ 71,002,912
Less Accumulated Depreciation:						
	October 1, 2019			September 30, 2020		
	Balance	Additions	Deletions	Balance	Balance	Balance
Building/Structure	\$ 12,587,835	\$ 392,856	\$ -	\$ -	\$ -	\$ 12,980,691
Vehicles	1,206,405	116,961	45,467	-	-	1,277,899
Equipment	4,296,377	497,480	23,446	-	-	4,770,411
Infrastructure	15,218,272	979,661	-	-	-	16,197,933
Total	\$ 33,308,889	\$ 1,986,958	\$ 68,913	\$ -	\$ -	\$ 35,226,934

C. Details of Long-Term Liabilities

Governmental Activities

1. 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.

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

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 once 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, 2020, the City had received \$1,186,225 in loan advances from the NDEQ for the purpose of funding a Joint East Sidney Watershed Authority project.

On August 27, 2019, the City Council voted to transfer its \$1,538,000 Solid Waste Disposal Facilities Revenue Bonds – Series 2018 from the Landfill Fund to a general obligation in the Debt Service Fund. Remaining balance at the time of transfer was \$1,404,000. The bonds have a 3.35% interest rate with semi-annual payments through August 18, 2028.

Various Purpose Bonds and Debt Payable at September 30, 2020 is comprised of the following Individual issues:

\$510,000 Tax Increment Revenue Bonds, Series 2011, due in semi-annual installments through December 15, 2023; interest at 4.00%	\$ 34,741
\$1,915,000 Various Purpose Refunding Bonds, Series 2014, due in annual installments through December 15, 2023; interest at 0.40-2.45%	755,000
\$1,520,000 Recreational Facilities Infrastructure Bonds, Series 2014, due in annual installments through December 15, 2023; interest at 0.40-3.00%	635,000
\$1,075,000 SID & SSED Various Purpose Bonds, Series 2014, due in annual installments through December 15, 2029; interest at 0.40-3.40%	750,000
\$9,625,000 Various Purpose Bonds, Series 2016, due in semi- annual installments through December 15, 2036; interest at 2.00-4.00%	8,460,000
\$4,550,000 Various Purpose Bonds, Series 2017, due in semi-annual installments through December 15, 2036; interest at 2.00-4.00%	3,950,000
\$3,600,000 Limited Tax Refunding Bond, Series 2017B, due in semi- annual installments through May 1, 2026; interest at 2.00-4.00%	2,570,000
\$1,186,225 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	1,077,493
\$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	1,268,000
	\$ 19,500,234

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

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

2. Changes in Various Purpose Bonds and Debt Payable

Description	Issue Date	Interest Rate	Balance October 1	Bonds Transferred	Bonds Paid	Balance September 30	Amounts Due Within One Year
Tax Increment Revenue Bond	07/01/11	4.00%	\$ 104,094	\$ -	\$ 69,353	\$ 34,741	\$ 34,741
Various Purpose Refunding Bonds	09/30/14	0.40-2.45%	970,000	-	215,000	755,000	230,000
Recreational Facility Public Infra. Bonds	01/02/14	0.40-3.00%	785,000	-	150,000	635,000	155,000
SID & SSED Various Purpose Bonds	07/03/14	0.40-3.40%	815,000	-	65,000	750,000	65,000
2017 G. O. Various Purpose Bonds	12/15/16	2.00-4.00%	8,855,000	-	395,000	8,460,000	405,000
2016 G. O. Various Purpose Bonds	02/15/17	2.00-4.00%	4,150,000	-	200,000	3,950,000	200,000
2017-B Limited Tax Refunding Bond	10/05/17	2.00-4.00%	2,945,000	-	375,000	2,570,000	400,000
Joint East Sidney Watershed NDEQ Loan	07/28/18	1.25%	1,135,341	-	57,848	1,077,493	54,289
2018A Solid Waste Disposal Bonds	08/29/18	3.35%	-	1,404,000	136,000	1,268,000	141,000
Total			\$ 19,759,435	\$ 1,404,000	\$ 1,663,201	\$ 19,500,234	\$ 1,685,030

Various Purpose Bonds Payable at September 30, 2020 has the following maturities:

Fiscal Year	Principal	Interest	Total
2021	1,685,030	547,913	\$ 2,232,943
2022	1,605,970	512,251	2,118,221
2023	1,660,659	469,001	2,129,660
2024	1,696,357	431,625	2,127,982
2025	1,373,064	396,492	1,769,556
2026-2030	5,106,232	1,508,102	6,614,334
2031-2035	4,360,277	775,705	5,135,982
2036-2038	2,012,645	77,653	2,090,298
	\$ 19,500,234	\$ 4,718,742	\$ 24,218,976

3. 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.

4. Changes in Long-Term Liabilities

Description	Balance October 1	Debt Issued	Debt Transferred	Debt Retired	Balance September 30	Amounts Due Within One Year
Various Purpose Bonds & Debt Payable	\$ 19,759,435	\$ -	\$ 1,404,000	\$ 1,663,201	\$ 19,500,234	\$ 1,685,030
Compensated Absences	440,898	-	-	13,662	427,236	34,255
	\$ 20,200,333	\$ -	\$ 1,404,000	\$ 1,676,863	\$ 19,927,470	\$ 1,719,285

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

D. Business-Type Activities – Long-Term Liabilities

Bonds and Notes Payable

\$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	\$ 580,000
Total Bonds Payable	580,000
\$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.	1,124,431
\$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.	115,605
\$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.	2,834,376
\$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.	2,195,197
Total Notes Payable	6,269,609
Total Bonds and Notes Payable	\$ 6,849,609

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
2021	\$ 1,051,384	\$ 132,752	\$ 1,184,136
2022	1,072,531	108,768	1,181,299
2023	455,467	88,148	543,615
2024	466,279	79,010	545,289
2025	472,190	69,450	541,640
2026-2030	2,047,744	219,294	2,267,038
2031-2035	898,848	88,692	987,540
2036-2037	385,166	9,674	394,840
	\$ 6,849,609	\$ 795,788	\$ 7,645,397

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 Transferred	Debt Retired	Balance September 30	Due Within One Year
Sidney Area Solid Waste Waste Disposal Facilities Revenue Bonds - 2011 Series	07/19/11	2.10 - 3.95%	\$ 665,000	\$ -	\$ -	\$ 85,000	\$ 580,000	\$ 90,000
Sidney Area Solid Waste Waste Disposal Facilities Revenue Bonds - 2018 Series	08/29/18	3.35%	1,404,000	-	(1,404,000)	-	-	-
Note Payable - Nebraska DEQ - Water Project	2004	2.52%	1,665,877	-	-	541,446	1,124,431	555,176
Note Payable - Nebraska DEQ - Water Project Land	2003	2.52%	171,272	-	-	55,667	115,605	57,079
Note Payable - Nebraska DEQ - Sewer Construction	2009	1.33%	2,400,061	-	-	204,864	2,195,197	207,605
Note Payable - Nebraska DEQ - Water Booster	2016	2.00%	2,973,112	-	-	138,736	2,834,376	141,524
Total			\$ 9,279,322	\$ -	\$ (1,404,000)	\$ 1,025,713	\$ 6,849,609	\$ 1,051,384

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	\$ 974,181	\$ 247,951
Street Fund	-	19,558
Capital Projects Fund	-	-
Debt Service Fund	137,029	-
Electric Fund	-	974,181
Non-Major Governmental Funds	146,000	-
Landfill Fund	-	15,520
Water Fund	-	-
Total Operating Transfers	\$ 1,257,210	\$ 1,257,210

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. Additionally, per the City Council resolution dated October 22, 2019, the office building at 812 13th Avenue was transferred from the Electric Fund to the General Fund at the net investment amount of \$974,181. 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 \$262,943 is not expected to be repaid within one year. The following is a schedule of due to/due from other funds:

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

Fund	Advances from Other Funds	Advances from Other Funds
Debt Service Fund	\$ -	\$ 262,943
Electric Fund	262,943	-
Total Due From/To Other Funds	\$ 262,943	\$ 262,943

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, 2020, which represents 48.14 percent of the cumulative landfill closure and post closure care liability of \$2,568,807. As a result of the new landfill cell configuration that was completed during the prior fiscal years, the City has used approximately 26.13 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post closure care of \$1,332,260 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 \$2,568,807 in fiscal year 2020. 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 \$61,608 reported as construction and demolition landfill closure and post closure care liability at September 30, 2020, 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 \$131,399 as the remaining estimated years end. These amounts are based on what it would cost to perform all closure and post closure cares of \$193,007 in fiscal year 2020. 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, 2020, investments of \$1,166,199 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.

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

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, 2020, 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, 2020 was \$10,923,485. These bonds constituted limited obligations of the Agency payable exclusively from real estate taxes from certain 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 \$170,127 for the year while employee contributions totaled \$190,753.

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, 2020, were \$49,464 and employee contributions were \$49,464.

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 2020-2021 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. Additionally, COVID-19 and its related shutdowns have and will continue to have adverse impacts. Finally, the effects of the Cabela's/Bass Pro merger continues to cause economic uncertainty for the community and for the future planned developments.

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

G. Compensated Absences

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 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 \$40,000 per individual and with an unlimited lifetime maximum benefit on eligible expenses. The aggregate stop loss contract has a total expected claim liability of \$759,193. The liability may go up based on increased enrollment, but the maximum it will ever be is \$948,992. 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, 2020 is \$1,508,492.

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, 2020, the amount of estimated claims payable was \$34,383. 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
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
2018-2019	34,624	1,579,340	1,580,822	33,142
2019-2020	33,142	1,139,464	1,138,223	34,383

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, 2020, \$3,025,211 of the Debt

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

Service Fund's fund balance and \$5,577,666 of the Street Fund's fund balance were reserved for repayments of debt.

At September 30, 2020, the following amounts of net position were reserved: The Landfill Fund's reserve includes \$1,364,745 reserved for landfill closure costs and capital purchases, and \$3,676 for customer deposits. The Electric Fund reserved \$285,294 for customer deposits, \$66,626 for capital purchases, and \$200,000 for bond reserves. The Water fund reserved \$4,295 for customer deposits, \$349,305 for capital purchases, and \$1,063,246 for future bond payments. The Sewer Fund reserved \$741,233 for capital purchases and \$644,353 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, 2020, the Foundation had the \$1,291 in a checking account, and \$195,269 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, 2020

	General Fund			Street Fund			Debt Service Fund		
	Original and Final Budget	Actual Amounts Budgetary Basis See Note	Variance with Final Budget Positive (Negative)	Original and Final Budget	Actual Amounts Budgetary Basis See Note	Variance with Final Budget Positive (Negative)	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance October 1	\$ 3,786,975	\$ 3,786,975	\$ -	\$ 4,339,141	\$ 4,339,141	\$ -	\$ 2,787,229	\$ 2,981,166	\$ (193,937)
Resources (inflows):									
Personal and Real Property Taxes	1,192,670	1,117,653	(75,017)	-	-	-	1,182,633	1,162,848	(19,785)
Federal Receipts	107,100	200,883	93,783	137,970	1,107	(136,863)	-	-	-
Motor Vehicle Pro-Rate	3,700	2,609	(1,091)	-	-	-	-	-	-
Highway Allocation and Incentive	-	-	-	902,689	872,244	(30,445)	-	-	-
Motor Vehicle Fee	-	-	-	65,000	64,632	(368)	-	-	-
State Receipts Other	65,100	149,977	84,877	-	134,707	134,707	-	28,102	28,102
Motor Vehicle Tax	140,200	138,709	(1,491)	-	-	-	-	-	-
Sales Tax	2,287,500	2,012,638	(274,862)	431,250	631,668	200,418	405,375	360,555	(44,820)
Local Receipts Local	2,582,880	2,597,608	14,728	717,169	163,997	(553,172)	35,000	24,503	(10,497)
Other Financing Sources	-	1,009,265	1,009,265	-	-	-	612,825	676,153	63,328
Amounts available for appropriation	6,379,150	7,229,342	850,192	2,254,078	1,868,355	(385,723)	2,235,833	2,252,161	16,328
Charges to appropriations (outflows):									
General Government	1,966,830	1,848,962	117,868	-	-	-	-	-	-
Public Safety	1,884,228	1,495,286	388,942	-	-	-	-	-	-
Streets	-	-	-	2,069,736	830,172	1,239,564	-	-	-
Health & Social Services	396,851	357,166	39,685	-	-	-	-	-	-
Culture and Recreation	2,151,531	1,843,613	307,918	-	-	-	-	-	-
Capital Outlay	-	1,032,064	(1,032,064)	361,000	95,914	265,086	-	-	-
Other Financing Uses	-	247,951	(247,951)	-	19,558	(19,558)	2,235,833	2,199,964	35,869
Total charges to appropriations	6,399,440	6,825,042	(425,602)	2,430,736	945,644	1,485,092	2,235,833	2,199,964	35,869
Budgetary Fund Balance, September 30	\$ 3,766,685	\$ 4,191,275	\$ 424,590	\$ 4,162,483	\$ 5,261,852	\$ 1,099,369	\$ 2,787,229	\$ 3,033,363	\$ 52,197

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, 2020

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, 2020

	General Fund	Street Fund
	<u> </u>	<u> </u>
Sources/inflows of resources:		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 7,229,342	\$ 1,868,355
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	(22,278)	-
MV Sales Tax Receivable	-	4,636
Sales Tax Receivable	5,873	(5,102)
	<u>(16,405)</u>	<u>(466)</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	(5,753)	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u>\$ 7,207,184</u>	<u>\$ 1,867,889</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total charges to appropriation" from the budgetary comparison schedule	\$ 6,825,042	\$ 945,644
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	(35,618)	(1,837)
Accrued Salaries and Benefit Payables	1,401	1,103
	<u>(34,217)</u>	<u>(734)</u>
The City budgets for inventory purchases expected to be paid, rather than on the modified accrual basis		
Accounts Payable	(1,522)	(13,908)
Inventory	(23,413)	-
	<u>(24,935)</u>	<u>(13,908)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance-governmental funds	<u>\$ 6,765,890</u>	<u>\$ 931,002</u>

CITY OF SIDNEY, NEBRASKA
COMBINING BALANCE SHEET

EXHIBIT N

NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2020

	Capital Project Fund	Special Revenue Funds					Totals
		Economic Development	Cemetery	Golf Development	Unemployment	Scouts	
ASSETS							
Cash and Cash Equivalents	\$ 633,590	\$ 676,779	\$ -	\$ -	\$ -	\$ 6,772	\$ 1,317,141
Equity in Pooled Cash & Investments	-	-	257,657	5,516	90,423	-	353,596
TOTAL ASSETS	\$ 633,590	\$ 676,779	\$ 257,657	\$ 5,516	\$ 90,423	\$ 6,772	\$ 1,670,737
FUND BALANCES							
Accounts Payable	\$ 13,215	\$ -	\$ -	\$ -	\$ -	\$ -	13,215
TOTAL LIABILITIES	13,215	-	-	-	-	-	13,215
Fund Balances							
Committed	\$ 620,375	\$ 676,779	\$ 257,657	\$ 5,516	\$ 90,423	\$ 6,772	\$ 1,657,522
TOTAL FUND BALANCES	620,375	676,779	257,657	5,516	90,423	6,772	1,657,522
TOTAL FUND BALANCES	\$ 633,590	\$ 676,779	\$ 257,657	\$ 5,516	\$ 90,423	\$ 6,772	\$ 1,670,737

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, 2020

	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	7,853	-	-	-	19,853
Interest	323	334	2,341	4	50	6	3,058
Grants	-	4,153	-	-	-	-	4,153
Donations	-	42,455	-	450	-	-	42,905
Miscellaneous Revenues	-	27,210	-	-	-	56	27,266
Total Revenues	323	386,152	10,194	454	50	62	397,235
Expenditures							
Operating Expenses	-	390,184	450	1,116	390	750	392,890
Capital Outlay	152,142	-	-	-	-	-	152,142
Total Expenditures	152,142	390,184	450	1,116	390	750	545,032
Excess (Deficiency) of Revenues Over (Under) Expenditures	(151,819)	(4,032)	9,744	(662)	(340)	(688)	(147,797)
Other Financing Sources (Uses)							
Transfers In	146,000	-	-	-	-	-	146,000
Total Other Financing Sources (Uses)	146,000	-	-	-	-	-	146,000
Excess (Deficiency) of Revenues and Other Sources (Uses) Over (Under) Expenditures and Other Uses	(5,819)	(4,032)	9,744	(662)	(340)	(688)	(1,797)
Fund Balance, October 1	626,194	680,811	247,913	6,178	90,763	7,460	1,659,319
Fund Balance, September 30	\$ 620,375	\$ 676,779	\$ 257,657	\$ 5,516	\$ 90,423	\$ 6,772	\$ 1,657,522

CITY OF SIDNEY, NEBRASKA
INDIVIDUAL SCHEDULE OF REVENUES

EXHIBIT P

GENERAL FUND
For the Years Ended September 30, 2020

	2020
Revenues	
Taxes/Shared Intergovernmental Revenue	
General Property	\$ 1,089,622
Motor Vehicle	138,709
Sales	2,018,511
Occupation	14,414
	3,261,256
Licenses, Fees and Permits	
Franchise Fees	846,226
	846,226
Intergovernmental Revenues	
Bookmobile and Police Reimbursement	93,853
Economic Development Reimbursement	20,000
Homestead	38,779
Motor Vehicle Pro-Rate	2,609
Miscellaneous	96,784
	252,025
Charges for Services	
Administration Fees	955,112
Licenses and Permits	45,025
Cemetery Lots, Openings and Perpetual Care	37,875
Swimming Pool and Handibus Fees	25,232
Golf Fees, Storage and Merchandise	325,246
Library Fees	2,251
Animal Control	4,280
Miscellaneous	32,544
	1,427,565
Interest	33,197
State and Federal Grants	200,883
Other Revenue	
Rent	104,400
Miscellaneous	72,367
	176,767
Total Revenues	6,197,919
Other Financing Sources	
Insurance Proceeds	35,084
Transfers In	974,181
	1,009,265
Total Revenues	\$ 7,207,184

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

EXHIBIT Q

GENERAL GOVERNMENT
For the Year Ended September 30, 2020

	Administration	Economic Development	Engineering and Inspection	Total
Expenditures				
Current Commodities				
Office Supplies	\$ 4,289	\$ -	\$ 2,381	\$ 6,670
Department Supplies	12,756	161	673	13,590
Maintenance/Repairs	44,921	-	6,978	51,899
	<u>61,966</u>	<u>161</u>	<u>10,032</u>	<u>72,159</u>
Personal Services				
Salaries - Other	481,296	75,058	65,771	622,125
Employee Benefits	175,599	36,074	13,865	225,538
	<u>656,895</u>	<u>111,132</u>	<u>79,636</u>	<u>847,663</u>
Contractual Services				
Insurance	37,915	-	5,826	43,741
Utilities	24,812	5,568	606	30,986
Travel/Training	1,509	123	770	2,402
Dues and Subscriptions	25,666	2,615	145	28,426
Professional Fees	106,911	-	-	106,911
Advertising and Promotion	8,833	4,085	-	12,918
Janitorial Service	3,797	-	-	3,797
County E911	359,661	-	-	359,661
Economic Development	42,338	-	-	42,338
Contracted Services	19,539	-	-	19,539
Recreation Coordination	108,000	-	-	108,000
13th Ave. Building Expense	77,421	-	-	77,421
Miscellaneous	56,891	-	370	57,261
	<u>873,293</u>	<u>12,391</u>	<u>7,717</u>	<u>893,401</u>
Total Current Expenditures	<u>1,592,154</u>	<u>123,684</u>	<u>97,385</u>	<u>1,813,223</u>
Capital Outlay	1,011,257	-	-	1,011,257
Transfers Out	3,000	2,000	3,500	8,500
	<u>1,014,257</u>	<u>2,000</u>	<u>3,500</u>	<u>1,019,757</u>
Total Expenditures	<u>\$ 2,606,411</u>	<u>\$ 125,684</u>	<u>\$ 100,885</u>	<u>\$ 2,832,980</u>

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

EXHIBIT R

PUBLIC SAFETY
For the Year Ended September 30, 2020

	Police	Fire	Total
Expenditures			
Current Commodities			
Supplies	\$ 34,695	\$ 13,669	\$ 48,364
Maintenance/Repairs	43,614	16,632	60,246
	<u>78,309</u>	<u>30,301</u>	<u>108,610</u>
Personal Services			
Salaries	808,420	26,864	835,284
Employee Benefits	358,899	6,855	365,754
	<u>1,167,319</u>	<u>33,719</u>	<u>1,201,038</u>
Contractual Services			
Insurance	84,009	27,531	111,540
Contract Labor	24,817	10,972	35,789
Utilities	21,392	1,921	23,313
Travel and Training	2,088	25	2,113
Dues and Subscription	-	1,284	1,284
Advertising	-	1,684	1,684
Miscellaneous	9,915	-	9,915
	<u>142,221</u>	<u>43,417</u>	<u>185,638</u>
Total Current Expenditures	<u>1,387,849</u>	<u>107,437</u>	<u>1,495,286</u>
Capital Outlay	11,690	-	11,690
Transfers Out	58,084	47,000	105,084
	<u>69,774</u>	<u>47,000</u>	<u>116,774</u>
Total Expenditures	<u>\$ 1,457,623</u>	<u>\$ 154,437</u>	<u>\$ 1,612,060</u>

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

EXHIBIT S

HEALTH AND SOCIAL SERVICES
For the Year Ended September 30, 2020

	Cemetery	Handibus	Total
Expenditures			
Current Commodities			
Supplies	\$ 7,275	\$ 10,669	\$ 17,944
Maintenance/Repairs	13,242	3,385	16,627
	<u>20,517</u>	<u>14,054</u>	<u>34,571</u>
Personal Services			
Salaries	89,317	96,984	186,301
Employee Benefits	37,254	28,817	66,071
	<u>126,571</u>	<u>125,801</u>	<u>252,372</u>
Contractual Services			
Insurance	13,172	24,144	37,316
Utilities	7,322	4,817	12,139
Travel and Training	80	-	80
Rent	136	12,000	12,136
Miscellaneous	7,652	900	8,552
	<u>28,362</u>	<u>41,861</u>	<u>70,223</u>
Total Current Expenditures	<u>175,450</u>	<u>181,716</u>	<u>357,166</u>
Transfers Out			
	7,000	3,000	10,000
	<u>7,000</u>	<u>3,000</u>	<u>10,000</u>
Total Expenditures	<u>\$ 182,450</u>	<u>\$ 184,716</u>	<u>\$ 367,166</u>

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

EXHIBIT T

CULTURE AND RECREATION
For the Year Ended September 30, 2020

	Park	Pool	Golf	Library	Total
Expenditures					
Current Commodities					
Supplies	\$ 21,257	\$ 2,448	\$ 115,178	\$ 13,847	\$ 152,730
Maintenance/Repairs	79,376	9,389	30,298	5,930	124,993
Books and Periodicals	-	-	-	36,644	36,644
Printing	-	-	-	570	570
Pro Shop Merchandise and Concessions	-	154	82,579	-	82,733
	<u>100,633</u>	<u>11,991</u>	<u>228,055</u>	<u>56,991</u>	<u>397,670</u>
Personal Services					
Salaries	309,214	32,136	255,938	224,585	821,873
Employees Benefits	148,719	2,458	62,772	103,137	317,086
	<u>457,933</u>	<u>34,594</u>	<u>318,710</u>	<u>327,722</u>	<u>1,138,959</u>
Contractual Services					
Insurance	53,648	20,286	23,824	13,870	111,628
Utilities	42,894	13,945	42,678	14,231	113,748
Travel and Training	27	-	401	53	481
Dues and Subscriptions	60	-	7,153	715	7,928
Advertising and Promotion	-	-	759	214	973
Janitorial Service	-	-	-	-	-
Contract Services	-	-	-	18,354	18,354
Miscellaneous	25	414	28,822	1,198	30,459
	<u>96,654</u>	<u>34,645</u>	<u>103,637</u>	<u>48,635</u>	<u>283,571</u>
Total Current Expenditures	<u>655,220</u>	<u>81,230</u>	<u>650,402</u>	<u>433,348</u>	<u>1,820,200</u>
Capital Outlay	9,117	-	-	-	9,117
Transfers Out	18,500	3,500	102,367	-	124,367
	<u>27,617</u>	<u>3,500</u>	<u>102,367</u>	<u>-</u>	<u>133,484</u>
Total Expenditures	<u>\$ 682,837</u>	<u>\$ 84,730</u>	<u>\$ 752,769</u>	<u>\$ 433,348</u>	<u>\$ 1,953,684</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 the City of Sidney (the City), Sidney, Nebraska, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 23, 2021.

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.

A handwritten signature in black ink, appearing to read "Rauner & Associates P.C.", with a stylized flourish at the end.

Rauner & Associates, P.C.
Sidney, Nebraska

February 23, 2021