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CITY OF SIDNEY, NEBRASKA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
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 of 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplemental 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 3 through 8 and 36 through 38 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 and schedules 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 and schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

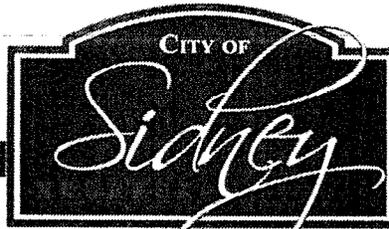
**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



RAUNER & ASSOCIATES, P.C.  
Sidney, Nebraska

January 31, 2016



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## CITY OF SIDNEY, NEBRASKA

### Management's Discussion and Analysis

As financial management of the municipal government, we offer readers of this financial statement an overview and analysis of the financial activities of the City of Sidney, Nebraska for the fiscal year ended September 30, 2015. 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, 2015, 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, 2015 by \$64,574,055 (net position). Of this amount \$22,529,880 (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 \$4,990,828 in comparison to the prior year. Of the increase, \$2,530,967 or 50.7% was an increase in governmental activities and \$2,459,861 or 49.3% related to business-type activities.
- ◆ The City's Governmental Fund Balance Sheet (Exhibit C) as of September 30, 2015 shows a decrease from \$10,501,527 to \$10,397,390 in comparison with the prior year which is a decrease of \$104,137. Deferred Inflows of Resources in the amount of \$303,668 is higher from 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 - .4% or \$41,219 (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 - 28.2% or \$2,931,959 (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 - 33.4% or \$3,470,000 (which is \$403,033 in the Insurance Reserve Account and the remainder is LB840 Economic Development, Cemetery Perpetual Care, Golf Development, Unemployment, police grants, golf credit card balances, Dare, Crime Prevention Fund and Boy Scouts) 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 - 38% or \$3,954,212 (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, 2015, indicates there was an increase in the net position of \$2,459,861 compared to \$223,609 in 2014. The Electric, Water, Sewer, Landfill Departments each realized an increase in Net Position for FY2015 year end (Exhibit H). Capital Contributions were significantly higher for Water and Sewer Departments. Operating Revenues were higher this year in Electric, Landfill and Sewer. Operating Expenses were higher in Electric, Sewer and Landfill. None of these Departments realized a loss this year.
- ◆ In the Statement of Cash Flows for Proprietary Funds (Exhibit I), there is a net decrease in 2015 in Cash and Cash Equivalents of \$554,720 due to funding of capital projects in Electric and Water.
- ◆ The Governmental Activities total liabilities increased by \$5,334,038 due to the amount of bonds being added.
- ◆ The Business-Type Activities total liabilities decreased by \$1,151,131, due to a decrease in current liabilities and an increase in non-current liabilities.

## **USING THIS ANNUAL FINANCIAL REPORT**

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

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the year ended September 30, 2015. 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 thru T of this report)**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following three categories:

Governmental Funds are used to account for essentially the same functions reported as governmental activities. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating the City's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The City maintains four 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, the Debt Service Fund, and the Capital Projects Fund which are considered to be major funds. Data from the non-major governmental fund (Exhibits N-O-individual fund data) are combined into a single, aggregated presentation. They include 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 required 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

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 it's Auxiliary.

NOTES TO THE FINANCIAL STATEMENTS 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, 2015 and 2014:

City of Sidney  
Condensed Statement of Net Position  
September 30, 2015 and 2014

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>ASSETS</b>						
Current and Other Assets	\$ 11,459,189	\$ 11,377,875	\$ 14,564,847	\$ 15,780,502	\$ 26,024,036	\$ 27,158,377
Capital Assets	31,301,574	23,517,883	33,417,051	31,003,666	64,718,625	54,521,549
<b>TOTAL ASSETS</b>	<b>42,760,763</b>	<b>34,895,758</b>	<b>47,981,898</b>	<b>46,784,168</b>	<b>90,742,661</b>	<b>81,679,926</b>
<b>LIABILITIES</b>						
Long Term Liabilities Outstanding	14,787,800	9,417,328	8,961,286	9,833,957	23,749,086	19,251,285
Other Liabilities	1,063,465	1,099,899	1,356,055	1,745,515	2,419,520	2,845,414
<b>TOTAL LIABILITIES</b>	<b>15,851,265</b>	<b>10,517,227</b>	<b>10,317,341</b>	<b>11,579,472</b>	<b>26,168,606</b>	<b>22,096,699</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	14,090,741	23,517,883	25,103,722	21,852,364	39,194,463	45,370,247
Restricted	-	-	2,849,712	2,816,987	2,849,712	2,816,987
Unrestricted	12,818,757	860,648	9,711,123	10,535,345	22,529,880	11,395,993
<b>TOTAL NET POSITION</b>	<b>\$ 26,909,498</b>	<b>\$ 24,378,531</b>	<b>\$ 37,664,557</b>	<b>\$ 35,204,696</b>	<b>\$ 64,574,055</b>	<b>\$ 69,583,227</b>

City of Sidney  
Condensed Statement of Activities  
September 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 1,020,376	\$ 1,000,958	\$ 13,127,696	\$ 12,088,189	\$ 14,148,072	\$ 13,089,147
Operating Grants and Contributions	1,049,780	1,026,753	-	-	1,049,780	1,026,753
Capital Grants and Contributions	1,649,113	375,347	-	-	1,649,113	375,347
<b>General Revenues:</b>						
Property Taxes	1,811,345	1,592,700	-	-	1,811,345	1,592,700
Sales and Use Tax	4,463,169	4,089,842	-	-	4,463,169	4,089,842
Other Local Taxes	714,146	477,824	-	-	714,146	477,824
Motor Vehicle Taxes	152,871	204,880	-	-	152,871	204,880
Franchise Fees	792,367	756,200	-	-	792,367	756,200
Intergovernmental Revenues	288,099	218,701	-	-	288,099	218,701
Miscellaneous State Revenues	85,535	71,524	-	-	85,535	71,524
Investment Income	20,030	12,952	64,488	77,426	84,518	90,378
Miscellaneous Revenues	133,770	94,141	166,313	118,323	300,083	212,464
Sale of Assets	257,250	-	-	-	257,250	-
Capital Contribution	-	614,181	-	19,782	-	633,963
Transfer of Capital Assets	(1,461,806)	-	1,461,806	-	-	-
<b>Total Revenues</b>	<b>10,976,045</b>	<b>10,536,003</b>	<b>14,820,303</b>	<b>12,303,720</b>	<b>25,796,348</b>	<b>22,839,723</b>
<b>Expenses:</b>						
General Government	2,339,500	2,412,027	-	-	2,339,500	2,412,027
Public Safety	1,814,592	1,761,027	-	-	1,814,592	1,761,027
Public Works	1,688,568	1,822,983	-	-	1,688,568	1,822,983
Health & Social Services	359,103	356,122	-	-	359,103	356,122
Culture and Recreation	2,083,298	2,079,962	-	-	2,083,298	2,079,962
Interest on Long-Term debt	190,017	253,139	-	-	190,017	253,139
Electric	-	-	8,100,251	7,659,114	8,100,251	7,659,114
Water	-	-	1,782,606	1,966,455	1,782,606	1,966,455
Sewer	-	-	1,113,797	1,014,815	1,113,797	1,014,815
Landfill	-	-	1,363,788	1,439,727	1,363,788	1,439,727
<b>Total Expenses</b>	<b>8,445,078</b>	<b>8,685,260</b>	<b>12,360,442</b>	<b>12,080,111</b>	<b>20,805,520</b>	<b>20,765,371</b>
Increase in Net Assets	2,530,967	1,850,743	2,459,861	223,609	4,990,828	2,074,352
Net Assets - Beginning	24,378,531	22,527,788	35,204,696	34,981,087	59,583,227	57,508,875
<b>Net Assets - Ending</b>	<b>\$ 26,909,498</b>	<b>\$ 24,378,531</b>	<b>\$ 37,664,557</b>	<b>\$ 35,204,696</b>	<b>\$ 64,574,055</b>	<b>\$ 59,583,227</b>

### GOVERNMENTAL ACTIVITIES

As earlier stated in the Financial Highlights, governmental activities increased the City's net position by \$2,530,967, accounting for 50.7% of the total growth in the net assets of the City of Sidney. The Governmental Activities had an increase in capital position due to approximately \$7,507,390 in capital assets recorded in the current period; i.e. additions to structures, buildings, vehicles, equipment and infrastructure throughout the Governmental funds. See Exhibit D and Exhibit K, Note 3, Section B on Page 26 and 27 for details as well as increase in non-current liabilities.

### BUSINESS-TYPE ACTIVITIES

Business-Type activities (see Exhibit H) increased the city's net position by \$2,459,861, accounting for 49.3% 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 \$1,087,497.
- ◆ Electric Fund increased in net position - \$544,350 vs. \$109,583 in 2014.
- ◆ Water Fund change in net position was \$902,510 vs. 343,466 in 2014 due to a increase in operating income in capital contributions, i.e. several Water Extension Districts.
- ◆ Sewer reflected \$847,342 change in net position vs. \$23,376 in 2014 which is due an increase in operating income, and decrease in operating expenses, increase to capital contributions, i.e., several Sewer Extension Districts which were started in 2015.
- ◆ Landfill reflected a gain of \$165,659 in net assets in 2015 due to increased revenues and decreased operating expenses (which includes depreciation and amortization).

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

### **GOVERNMENTAL FUNDS**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As per Resolution No. 20120102, adopted by the City Council on January 10, 2012, a Fund Balance Policy in Accordance with GASB 54 was adopted. The following categories are in compliance with that resolution: As of September 30, 2015, the City's Governmental Funds reported combined ending fund balances of \$10,397,390, a decrease of \$104,137 in comparison with the prior year. For the current year Fund Balance the categories are as follows: .4% is considered Nonspendable which are amounts that are not in a spendable form or are required to be maintained intact such as inventory; 29.9% is considered Restricted which are amounts constrained to specific purposes by their providers, through constitutional provisions or by enabling legislation such as occupation taxes, Economic Development, Cemetery Perpetual Care, Golf Development, Unemployment, and Boy Scouts; 31.6% is considered Committed which is amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority - to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint which is all other General Fund assets; 38% is considered Unassigned which is all other General Fund assets and are positive amounts and are available for any purpose in the General Fund.

The General Fund is the chief operating fund of the City. As of September 30, 2015, the Nonspendable fund balance of the General Fund was \$41,219 which represents the Golf Course inventory; the Committed Fund was \$3,470,000 which is Payroll Insurance Reserve Account, Debt Service and Capital Projects funds; and the Unassigned Fund was \$3,954,212 which is the remainder of the General Fund Balances. Total Liabilities and Fund balance for General Fund was \$4,818,348. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 57.2% of total general fund expenditures, while Total liabilities, Deferred Inflows of Resources and Fund Balance represent 69.7% of that same amount. The fund balance of the City's General Fund decreased by \$167,248 during this fiscal year.

The Street Fund had a total restricted fund balance of \$1,482,097, 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 \$1,449,862 which is entirely reserved for debt payments. The other non-major Governmental Funds had a total committed fund balance of \$3,041,635 which includes Capital Projects Fund, Economic Development LB840, 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 \$9,713,027. Restricted Assets for the same funds consist \$230,881 for Customer Deposits, \$1,652,712 for Debt Service, and \$964,215 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 the sales and property tax revenue. This year the sales tax revenue came in approximately \$147,858 over budget in General Fund and \$107,508 over budget in Street Department. The overall General Fund was under budget due to grants issues being budgeted but not received and consequently no expenditures made in this particular fund. Also bond issues were budgeted for but no received. However some expenditures were made (pool and park projects). In the Street Fund, a contributing factor in the variance between the income and expense side was street projects that were in the budgeted 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 Supplementary Information that accompanies the schedule entitled Revenues, Expenditures, and Changes in Fund Balances - 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 CURRENTLY KNOWN FACTS, DECISIONS or CONDITIONS ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials considered many factors when setting the fiscal year 2014-2015 budget, tax rates and fees that were charged for the proprietary departments. The City of Sidney went through a better than normal budget year in 2014-15 with an uptick in the economy following a series of challenging budget years due to a stagnant economy and the loss of more revenues to pay for state incentive programs than what had been anticipated. The new programs implemented the State of Nebraska went into effect for state refund programs which now give municipalities one full year of notification prior to refunds occurring, making it easier to plan for needed capital improvement projects. This one year reprieve ended in December 2014 so we started to reimburse these refunds in this fiscal year.

An additional half cent sales tax initiative was adopted by the voters in November 2012, going into effect in July 2013. This infusion of "project revenue" has been reflected in the 2013-2014 and 2014-2015 budget cycles. The goal of each budget cycle is to try and keep the overall city property tax rate as close as it can be to the previous year's rate. This also keeps in line with a goal made in previous city budget cycles since the 1980 adoption of a 1 percent sales tax rate to have some property tax relief.

Keeping the status quo property tax rate philosophy in mind, and at the same time trying to provide funding for delayed projects, the general fund budget was still below the State mandated lid limitation, the same percentage as the previous year. Approximately 75 percent of Nebraska's 530 municipalities are near or at their maximum lid limits.

Although this last year has been a challenge with the loss of some key personnel, the City of Sidney has and will be whole in the near future. We look forward to putting those pieces back together:

### **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 Interim City Manager/City Clerk/Treasurer's Office (telephone number 308-254-5300 and email address – [gerianthony@cityofsidney.org](mailto:gerianthony@cityofsidney.org)) at 1115 13<sup>th</sup> Avenue, Sidney, Nebraska.

G.F. Anthony, MMC  
Interim City Manager/City Clerk/Treasurer

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

EXHIBIT A

September 30, 2015

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 7,717,813	\$ 2,529,181	\$ 10,246,994
Cash with Fiscal Agent	64,574	-	64,574
Equity in Pooled Cash and Investments	3,272,169	6,145,536	9,417,705
Receivables (Net of Allowances for Uncollectibles)			
Taxes	768,992	-	768,992
Accounts	-	1,110,834	1,110,834
Special Assessments	789,102	10,830	799,932
Accrued Interest	1,611	12,458	14,069
Interfund Balances	(1,225,060)	1,225,060	-
Inventory	41,219	616,744	657,963
Bond Issue Costs	28,769	2,768	31,537
Discount on Bonds Payable	-	7,612	7,612
Restricted Assets			
Cash and Cash Equivalents	-	2,000,079	2,000,079
Investments	-	775,480	775,480
Equity in Pooled Cash and Investments	-	128,265	128,265
Capital Assets:			
Land and Land Improvements	1,882,193	1,732,421	3,614,614
Buildings and Structures	5,693,938	25,897,718	31,591,656
Vehicles	2,556,828	1,126,900	3,683,728
Equipment	4,315,758	6,725,150	11,040,908
Infrastructure	27,309,918	25,039,909	52,349,827
Accumulated Depreciation	(10,457,061)	(27,105,047)	(37,562,108)
<b>TOTAL ASSETS</b>	<b>42,760,763</b>	<b>47,981,898</b>	<b>90,742,661</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Taxes Payable	-	82,063	82,063
Accounts Payable	74,033	65,935	139,968
Accrued Interest	28,438	46,992	75,430
Accrued Salaries and Employee Benefits Payable	86,839	52,851	139,690
Unearned Revenue	-	550	550
Compensated Absences Payable within one year	25,736	17,991	43,727
Bonds, Notes and Leases Payable within one year	665,100	858,792	1,523,892
Other	183,319	-	183,319
Customer Deposits Payable	-	230,881	230,881
<b>Total Current Liabilities</b>	<b>1,063,465</b>	<b>1,356,055</b>	<b>2,419,520</b>
Non-Current Liabilities:			
Construction & Demolition Landfill Closure Costs	-	42,921	42,921
Landfill Closure Care	-	1,236,547	1,236,547
Compensated Absences	339,954	227,281	567,235
Bonds, Notes and Leases Payable	14,447,846	7,454,537	21,902,383
<b>Total Non-Current Liabilities</b>	<b>14,787,800</b>	<b>8,961,286</b>	<b>23,749,086</b>
<b>TOTAL LIABILITIES</b>	<b>15,851,265</b>	<b>10,317,341</b>	<b>26,168,606</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	14,090,741	25,103,722	39,194,463
Restricted for:			
Debt Service	-	1,654,616	1,654,616
Customer Deposits	-	230,881	230,881
Landfill Closure	-	964,215	964,215
Unrestricted	12,818,757	9,711,123	22,529,880
<b>TOTAL NET POSITION</b>	<b>\$ 26,909,498</b>	<b>\$ 37,664,557</b>	<b>\$ 64,574,055</b>

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, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
<b>PRIMARY GOVERNMENT:</b>								
<b>Governmental Activities</b>								
General Government	\$ 2,339,500	\$ -	\$ -	\$ 421,731	\$ (1,917,769)	\$ -	\$ -	\$ (1,917,769)
Public Safety	1,814,592	-	-	-	(1,814,592)	-	-	(1,814,592)
Public Works	1,658,568	15,851	750,071	1,227,382	334,736	-	-	334,736
Health & Social Services	359,103	10,925	172,529	-	(175,649)	-	-	(175,649)
Culture and Recreation	2,083,298	993,600	127,180	-	(982,518)	-	-	(982,518)
Interest on Long-Term debt	190,017	-	-	-	(190,017)	-	-	(190,017)
Total Governmental Activities	8,445,078	1,020,376	1,049,780	1,649,113	(4,725,809)	-	-	(4,725,809)
<b>Business-Type Activities</b>								
Electric	8,100,251	8,503,027	-	-	-	402,776	-	402,776
Water	1,782,606	2,023,862	-	-	-	241,256	-	241,256
Sewer	1,113,797	1,113,654	-	-	-	(143)	-	(143)
Landfill	1,363,788	1,487,153	-	-	-	123,365	-	123,365
Total Business-Type Activities	12,360,442	13,127,696	-	-	-	767,254	-	767,254
<b>Total Primary Government</b>	<b>\$ 20,805,520</b>	<b>\$ 14,148,072</b>	<b>\$ 1,049,780</b>	<b>\$ 1,649,113</b>	<b>(4,725,809)</b>	<b>767,254</b>	<b>(3,958,555)</b>	

General Revenues:

Taxes:

Property Taxes	1,811,345	-	1,811,345
Sales Tax	4,463,169	-	4,463,169
Other Local Taxes	714,146	-	714,146
Motor Vehicle Taxes	152,871	-	152,871
Intergovernmental Revenues	288,099	-	288,099
Franchise Fees	792,367	-	792,367
Miscellaneous State Revenues	85,535	-	85,535
Investment Income	20,030	64,488	84,518
Miscellaneous Revenues	133,770	166,313	300,083
Sale of Assets	257,250	-	257,250
Transfer of Capital Assets	(1,461,806)	1,461,806	-
Total General Revenues and Transfers	7,256,776	1,692,607	8,949,383
Change in Net Position	2,530,967	2,459,661	4,990,628
Net Position - Beginning	24,378,531	35,204,696	59,583,227
Net Position - Ending	\$ 26,909,498	\$ 37,664,557	\$ 64,574,055

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

CITY OF SIDNEY, NEBRASKA  
BALANCE SHEET  
GOVERNMENTAL FUNDS

EXHIBIT C

September 30, 2015

	General Fund	Street Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 1,158,002	\$ 1,358,002	\$ 1,562,451	\$ 2,097,887	\$ 1,541,471	\$ 7,717,813
Cash with Fiscal Agent	52,521	-	12,053	-	-	64,574
Equity in Pooled Cash and Investments	2,954,129	(1,938)	-	-	319,978	3,272,169
Receivables (Net of Allowances for Uncollectibles)						
Taxes	611,204	140,081	17,707	-	-	768,992
Special Assessments	-	-	789,102	-	-	789,102
Accrued Interest	1,273	-	-	-	338	1,611
Inventory	41,219	-	-	-	-	41,219
<b>TOTAL ASSETS</b>	<b>\$ 4,818,348</b>	<b>\$ 1,496,145</b>	<b>\$ 2,381,313</b>	<b>\$ 2,097,887</b>	<b>\$ 1,861,787</b>	<b>\$ 12,655,480</b>
<b>LIABILITIES</b>						
<b>Liabilities</b>						
Advances from Other Funds	\$ -	\$ -	\$ 307,021	\$ 918,039	\$ -	\$ 1,225,060
Accounts Payable	71,735	2,298	-	-	-	74,033
Compensated Absences Payable	24,410	1,326	-	-	-	25,736
Accrued Salaries Payable	76,415	10,424	-	-	-	86,839
Claims Payable	53,571	-	-	-	-	53,571
Deferred Claims	129,748	-	-	-	-	129,748
<b>Total Liabilities</b>	<b>355,879</b>	<b>14,048</b>	<b>307,021</b>	<b>918,039</b>	<b>-</b>	<b>1,594,987</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Property Tax Revenue	38,673	-	11,225	-	-	49,898
Uncollected Special Assessments	-	-	613,205	-	-	613,205
<b>Total Deferred Inflows of Resources</b>	<b>38,673</b>	<b>-</b>	<b>624,430</b>	<b>-</b>	<b>-</b>	<b>663,103</b>
<b>FUND BALANCES</b>						
Nonspendable	41,219	-	-	-	-	41,219
Restricted	-	1,482,097	1,449,862	-	-	2,931,959
Committed	428,365	-	-	1,179,848	1,861,787	3,470,000
Unassigned	3,954,212	-	-	-	-	3,954,212
<b>Total Fund Balances</b>	<b>4,423,796</b>	<b>1,482,097</b>	<b>1,449,862</b>	<b>1,179,848</b>	<b>1,861,787</b>	<b>10,397,390</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 4,818,348</b>	<b>\$ 1,496,145</b>	<b>\$ 2,381,313</b>	<b>\$ 2,097,887</b>	<b>\$ 1,861,787</b>	<b>\$ 12,655,480</b>

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, 2015

Total fund balance - total governmental funds		\$ 10,397,390
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.</p>		
	Governmental Capital Assets    41,758,635 Less: Accumulated Depreciation <u>(10,457,061)</u>	31,301,574
<p>Other assets used in governmental activities are not financial resources and therefore are not reported in governmental funds:</p>		
Bond Issue Costs		28,769
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
	Bonds and Notes Payable    15,112,946 Compensated Absences Payable <u>339,954</u>	(15,452,900)
<p>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.</p>		
		(28,438)
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, deferred in the funds.</p>		
		613,205
<p>Property tax revenues are not available to pay for current period expenditures and, therefore are deferred in the funds.</p>		
		49,898
		49,898
Net Position of Governmental Activities		\$ 26,909,498

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, 2015

	General Fund	Street Fund	Debt Service Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 4,850,580	\$ 1,200,694	\$ 407,926	\$ -	\$ 300,000	\$ 6,759,200
Special Assessments	-	-	78,662	-	-	78,662
Franchise Fees	792,367	-	-	-	-	792,367
Intergovernmental Revenues	273,771	819,243	30,692	-	-	1,123,706
Charges for Services	993,600	15,851	-	-	10,925	1,020,376
Interest	16,383	662	642	755	1,589	20,031
Grants	175,029	-	-	-	421,731	596,760
Donations	-	-	-	-	124,680	124,680
Miscellaneous Revenues	51,355	-	48,300	-	34,113	133,768
<b>Total Revenues</b>	<b>7,153,085</b>	<b>2,036,450</b>	<b>566,222</b>	<b>755</b>	<b>893,038</b>	<b>10,649,550</b>
<b>Expenditures</b>						
General Government	1,828,477	-	-	13,513	458,320	2,300,310
Public Safety	1,659,646	-	-	-	-	1,659,646
Public Works	-	931,775	12,447	-	-	944,222
Health and Social Services	339,243	-	-	-	-	339,243
Culture and Recreation	1,915,962	-	-	-	-	1,915,962
Capital Outlay	1,172,035	791,984	-	7,180,956	48,822	9,193,797
Bond Payments (Principal, Interest and Charges)	-	-	670,092	57,665	-	727,757
<b>Total Expenditures</b>	<b>6,915,363</b>	<b>1,723,759</b>	<b>682,539</b>	<b>7,252,134</b>	<b>507,142</b>	<b>17,080,937</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>237,722</b>	<b>312,691</b>	<b>(116,317)</b>	<b>(7,251,379)</b>	<b>385,896</b>	<b>(6,431,387)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers In	2,326	-	203,940	259,823	-	466,089
Transfers Out	(424,546)	(39,217)	-	-	(2,326)	(466,089)
Sale of Assets	17,250	-	-	-	240,000	257,250
Bond Proceeds	-	-	-	6,070,000	-	6,070,000
<b>Total Other Financing Sources (Uses)</b>	<b>(404,970)</b>	<b>(39,217)</b>	<b>203,940</b>	<b>6,329,823</b>	<b>237,674</b>	<b>6,327,250</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(167,248)</b>	<b>273,474</b>	<b>87,623</b>	<b>(921,556)</b>	<b>623,570</b>	<b>(104,137)</b>
<b>Fund Balances, October 1</b>	<b>4,591,044</b>	<b>1,208,623</b>	<b>1,362,239</b>	<b>2,101,404</b>	<b>1,238,217</b>	<b>10,501,527</b>
<b>Fund Balances, September 30</b>	<b>\$ 4,423,796</b>	<b>\$ 1,482,097</b>	<b>\$ 1,449,862</b>	<b>\$ 1,179,848</b>	<b>\$ 1,861,787</b>	<b>\$ 10,397,390</b>

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, 2015

Net change in fund balances - total governmental funds		\$ (104,137)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.</p>		
	9,193,797	
Increase in Capital Assets from Contributed Capital		1,227,382
Deletion of Retired Capital Assets	(1,451,984)	
Deletion of Accumulated Depreciation of Retired Capital Assets	<u>1,429,875</u>	(22,109)
<p>Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.</p>		
		(1,153,574)
<p>Amortization expense of bond issue costs is reported in the government-wide statement of activities and changes in net position, but the amortization is not recognized as an expenditure in governmental funds.</p>		
		(3,197)
<p>The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
	Principal Payments on Bond Payable 549,247	
	Issuance of Long-Term Debt <u>(6,070,000)</u>	(5,520,753)
<p>Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as an expenditure in governmental funds.</p>		
		(8,310)
<p>Compensated absences payments reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.</p>		
		80,005
<p>Transaction involving capital assets (i.e., contributions) which results in a decrease to net asset activities.</p>		
		(1,461,806)
<p>Some property taxes and assessments will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues in the governmental funds.</p>		
		<u>303,669</u>
Change in Net Position of Governmental Funds		<u>\$ 2,530,967</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, 2015

	Business-Type Activities - Enterprise Funds				
	Electric	Water	Sewer	Landfill	Totals
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 576,948	\$ 533,865	\$ 805,932	\$ 612,436	\$ 2,529,181
Equity in Pooled Cash and Investments	5,462,034	219,551	465,541	(1,590)	6,145,536
<b>Receivables</b>					
Customer Accounts - Net of Allowances for					
Uncollectible Accounts	674,561	218,359	84,931	132,983	1,110,834
Special Assessment	-	4,515	6,315	-	10,830
Advances from Other Funds	1,225,060	-	-	-	1,225,060
Accrued Interest	9,595	1,066	1,797	-	12,458
Inventory	597,057	19,687	-	-	616,744
<b>Total Current Assets</b>	<b>8,545,255</b>	<b>997,043</b>	<b>1,364,516</b>	<b>743,829</b>	<b>11,650,643</b>
<b>Capital Assets:</b>					
Land and Land Improvements	152,138	1,235,396	135,087	209,800	1,732,421
Buildings and Structures	5,273,903	2,678,117	14,682,924	3,262,774	25,897,718
Vehicles	794,397	73,373	218,501	40,629	1,126,900
Equipment	3,635,816	671,511	497,666	1,920,157	6,725,150
Infrastructure	8,039,999	16,420,153	579,757	-	25,039,909
Accumulated Depreciation	(9,041,354)	(8,660,548)	(5,712,762)	(3,690,383)	(27,105,047)
<b>Total Property and Equipment</b>	<b>8,854,899</b>	<b>12,418,002</b>	<b>10,401,173</b>	<b>1,742,977</b>	<b>33,417,051</b>
<b>Other Assets</b>					
Bond Issue Costs	-	-	-	2,768	2,768
Discount on Bonds Payable	-	-	-	7,612	7,612
<b>Restricted Assets</b>					
Cash and Cash Equivalents	148,542	496,176	391,146	964,215	2,000,079
Investments	200,000	304,950	230,050	40,480	775,480
Equity in Pooled Cash and Investments	93,000	20,101	15,164	-	128,265
<b>Total Other Assets</b>	<b>441,542</b>	<b>821,227</b>	<b>636,360</b>	<b>1,015,075</b>	<b>2,914,204</b>
<b>TOTAL ASSETS</b>	<b>17,841,696</b>	<b>14,236,272</b>	<b>12,402,049</b>	<b>3,501,881</b>	<b>47,981,898</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Taxes Payable	82,063	-	-	-	82,063
Accounts Payable	10,147	43,937	2,348	9,503	65,935
Accrued Interest	-	30,152	12,667	4,173	46,992
Compensated Absences Payable Within One Year	6,862	4,812	2,934	3,383	17,991
Bonds, Notes and Leases Payable Within One Year	-	540,198	193,594	125,000	858,792
Accrued Salaries and Employee Benefits	21,475	10,660	7,003	13,713	52,851
Deferred Revenue	-	550	-	-	550
Customer Deposits	223,405	4,875	-	2,601	230,881
<b>Total Current Liabilities</b>	<b>343,952</b>	<b>635,184</b>	<b>218,546</b>	<b>158,373</b>	<b>1,356,055</b>
<b>Long-Term Liabilities</b>					
Compensated Absences Payable	72,640	63,405	11,835	79,401	227,281
Closure Costs	-	-	-	1,236,547	1,236,547
Construction & Demolition Landfill Closure Costs	-	-	-	42,921	42,921
Bonds and Notes Payable	-	3,541,335	2,998,202	915,000	7,454,537
<b>Total Long-Term Liabilities</b>	<b>72,640</b>	<b>3,604,740</b>	<b>3,010,037</b>	<b>2,273,869</b>	<b>8,961,286</b>
<b>Total Liabilities</b>	<b>416,592</b>	<b>4,239,924</b>	<b>3,228,583</b>	<b>2,432,242</b>	<b>10,317,341</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	8,854,899	8,336,469	7,209,377	702,977	25,103,722
<b>Restricted for:</b>					
Customer Deposits	223,405	4,875	-	2,601	230,881
Debt Service	200,000	816,352	636,360	-	1,652,712
Landfill Closure Costs	-	-	-	964,215	964,215
Unrestricted	8,146,800	838,652	1,327,729	(600,154)	9,713,027
<b>Total Net Position</b>	<b>\$ 17,425,104</b>	<b>\$ 9,996,348</b>	<b>\$ 9,173,466</b>	<b>\$ 1,069,639</b>	<b>\$ 37,664,557</b>

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, 2015

	Business-Type Activities - Enterprise Funds				
	Electric	Water	Sewer	Landfill	Total
Operating Revenue					
Charges for Services	\$ 8,503,027	\$ 2,023,862	\$ 1,113,654	\$ 1,487,153	\$ 13,127,696
Miscellaneous	89,191	29,216	8,633	39,273	166,313
<b>Total Operating Revenue</b>	<b>8,592,218</b>	<b>2,053,078</b>	<b>1,122,287</b>	<b>1,526,426</b>	<b>13,294,009</b>
Operating Expenses					
Administration	1,158,053	734,568	498,487	833,384	3,224,492
Distribution	6,489,205	259,774	-	-	6,748,979
Operation	-	211,035	243,175	363,759	817,969
Depreciation	452,993	468,288	327,803	128,093	1,377,177
Amortization	-	-	-	2,768	2,768
<b>Total Operating Expenses</b>	<b>8,100,251</b>	<b>1,673,665</b>	<b>1,069,465</b>	<b>1,328,004</b>	<b>12,171,385</b>
<b>Operating Income (Loss)</b>	<b>491,967</b>	<b>379,413</b>	<b>52,822</b>	<b>198,422</b>	<b>1,122,624</b>
Non-Operating Revenue (Expense)					
Interest Income	52,383	3,249	5,835	3,021	64,488
Interest Expense	-	(108,941)	(44,332)	(35,784)	(189,057)
Contributed Capital	-	628,789	833,017	-	1,461,806
<b>Total Other Revenue (Expense)</b>	<b>52,383</b>	<b>523,097</b>	<b>794,520</b>	<b>(32,763)</b>	<b>1,337,237</b>
<b>Income (Loss) Before Contributions &amp; Transfers</b>	<b>544,350</b>	<b>902,510</b>	<b>847,342</b>	<b>165,659</b>	<b>2,459,861</b>
<b>Net Position at Beginning of Year</b>	<b>16,880,754</b>	<b>9,093,838</b>	<b>8,326,124</b>	<b>903,980</b>	<b>35,204,696</b>
<b>Net Position at End of Year</b>	<b>\$ 17,425,104</b>	<b>\$ 9,996,348</b>	<b>\$ 9,173,466</b>	<b>\$ 1,069,639</b>	<b>\$ 37,664,557</b>

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, 2015

	Business-Type Activities - Enterprise Funds				
	Electric	Water	Sewer	Landfill	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash Received from Customers	\$ 8,497,926	\$ 2,014,204	\$ 1,115,868	\$ 1,470,765	\$ 13,098,763
Cash Received from Other Funds for Services	-	-	-	39,273	39,273
Other Cash Operating Receipts	4,675	16,100	-	-	20,775
Cash Payments to Suppliers and Employees for Goods and Services	(7,989,470)	(1,260,144)	(755,948)	(1,201,051)	(11,206,613)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>513,131</b>	<b>770,160</b>	<b>359,920</b>	<b>308,987</b>	<b>1,952,198</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Repayment of Interfund Receivable	21,265	-	-	-	21,265
<b>NET CASH (USED FOR) NONCAPITAL FINANCING ACTIVITIES</b>	<b>21,265</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,265</b>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>					
Acquisition and Construction of Capital Assets	(1,898,033)	(299,186)	(80,865)	(55,690)	(2,333,774)
Principal Paid on Bonds and Notes Payable	-	(526,838)	(191,134)	(120,000)	(837,972)
Interest Paid	-	(112,833)	(45,050)	(36,170)	(194,053)
<b>NET CASH (USED FOR) CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<b>(1,898,033)</b>	<b>(938,857)</b>	<b>(317,049)</b>	<b>(211,860)</b>	<b>(3,365,799)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on Investments	53,263	3,609	5,114	3,021	65,007
(Increase) Decrease in Investments	763,773	6,752	727	1,357	772,609
<b>NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>	<b>817,036</b>	<b>10,361</b>	<b>5,841</b>	<b>4,378</b>	<b>837,616</b>
Net Increase (Decrease) in Cash and Cash Equivalents	(546,601)	(158,336)	48,712	101,505	(554,720)
Cash and Cash Equivalents, October 1	1,272,091	1,188,377	1,148,366	1,475,146	5,083,980
Cash and Cash Equivalents, September 30	<u>\$ 725,490</u>	<u>\$ 1,030,041</u>	<u>\$ 1,197,078</u>	<u>\$ 1,576,651</u>	<u>\$ 4,529,260</u>
<b>Reconciliation of Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ 491,967	\$ 379,413	\$ 52,822	\$ 198,422	\$ 1,122,624
<b>Adjustments to Reconcile Net Income to Net Cash Provided by Operations</b>					
Depreciation and Amortization	452,993	468,288	327,803	130,861	1,379,945
(Increase) Decrease in Receivables	(98,389)	(22,859)	(6,419)	(16,564)	(144,231)
(Increase) Decrease in Note Receivable	(441)	-	-	-	(441)
(Increase) Decrease in Inventories	(19,931)	27,935	-	-	8,004
Increase (Decrease) in Taxes and Accounts Payable	(2,981)	(85,295)	(22,959)	(5,126)	(116,361)
Increase (Decrease) in Other Accruals	(301,790)	-	144	2,016	(299,630)
Increase (Decrease) in Compensated Absences Payable	(18,697)	487	2,654	(1,407)	(16,963)
Increase (Decrease) in Accrued Salaries Payable	1,628	1,247	1,275	608	4,758
Increase (Decrease) in Customer Deposits Payable	6,845	85	-	177	7,107
Increase (Decrease) in Other	1,927	859	4,600	-	7,386
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>\$ 513,131</b>	<b>\$ 770,160</b>	<b>\$ 359,920</b>	<b>\$ 308,987</b>	<b>\$ 1,952,198</b>

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, 2015

<b>Assets</b>	
Cash	\$ 293,404
Total Assets	<u>293,404</u>
<b>Liabilities</b>	
Due to Projects	150,774
Due to Other Governments	142,630
Total Liabilities	<u>293,404</u>
Net Position	<u>\$ -</u>

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Component Units

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

Government funds include the following fund types:

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

The special revenue funds account for revenues sources that are legally restricted to expenditure for specific purposes. These, for the City, also happen to be the five non-major governmental funds the City hold. They are an 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 funds account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary funds.

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.

The Capital Projects Fund is used to account for funds received and expended for the construction, renovation, expansion and major improvements of various City facilities, acquisition of land, and other large nonrecurring projects.

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.

Additionally, the City reports the following fund type:

The Agency Fund is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations.

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, 2015.

**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 are 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. 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.

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.

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

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, 2015.

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 \$48,898 and uncollected special assessments of \$613,205 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.

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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. 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.

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

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

17. Deferred Loss on Early Retirement of Debt

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

18. Fund Equity

Government-Wide Statements:

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

- a. *Net investment in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for deferred inflows and outflows of resources attributable to capital assets and long-term debt.
- b. *Restricted* – Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets with restriction constraints placed on the use of either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Of the total net position, \$1,654,616 is restricted for future debt service, \$230,881 customer deposits, and \$964,215 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;
- 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.

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

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 funding shortfalls.

19. Net Position

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

20. Use of Estimates

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

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

Note 3: DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Cash and Cash Equivalents and Investments

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

Internal Investment Pool

The City maintains a cash and investment pool that is available for use by all funds. Each fund types' portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments." Included in this account are certificates of deposit and savings accounts from local banks and investments from a 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, 2015.

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

	Cash and Cash Equivalents	Equity in Pooled Cash & Investments	Investments	Subtotal	Cash with Fiscal Agent	Totals
General Fund	\$ 1,158,002	\$ 2,954,129	\$ -	\$ 4,112,131	\$ 52,521	\$ 4,164,652
Special Revenue Funds	2,899,473	318,040	-	3,217,513	-	3,217,513
Debt Service Fund	1,562,451	-	-	1,562,451	12,053	1,574,504
Capital Project Fund	2,097,887	-	-	2,097,887	-	2,097,887
Proprietary Funds	4,529,260	6,273,801	775,480	11,578,541	-	11,578,541
Agency Fund	293,404	-	-	293,404	-	293,404
<b>Totals</b>	<b>\$ 12,540,477</b>	<b>\$ 9,545,970</b>	<b>\$ 775,480</b>	<b>\$ 22,861,927</b>	<b>\$ 64,574</b>	<b>\$ 22,926,501</b>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. At September 30, 2015, the City had bank balances of \$23,316,310, (this does not reflect outstanding checks or deposits in transit). Cash and Cash equivalents include demand deposits that at the balance sheet date were entirely insured or collateralized as of September 30, 2015. All securities are held by the City's pledging financial institution, but not in the City's name.

**B. Capital Assets**

Details of Capital Assets

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

	October 1, 2014			September 30, 2015	
	Balance	Additions	Deletions	Balance	
<b>Governmental Activities</b>					
Land/Land Improvements	\$ 940,842	\$ 941,351	\$ -	\$ 1,882,193	
Buildings & Structures	5,828,496	26,847	161,405	5,693,938	
Vehicles	2,855,258	35,050	333,480	2,556,828	
Equipment	4,757,570	507,611	949,423	4,315,758	
Infrastructure	19,869,079	7,448,515	7,676	27,309,918	
<b>Total</b>	<b>\$ 34,251,245</b>	<b>\$ 8,959,374</b>	<b>1,451,984</b>	<b>\$ 41,758,635</b>	

	October 1, 2014			September 30, 2015	
	Balance	Additions	Deletions	Balance	
<b>Less Accumulated Depreciation:</b>					
Building/Structure	\$ 1,963,638	\$ 98,871	\$ 161,405	\$ 1,901,104	
Vehicles	2,011,069	194,937	333,480	1,872,526	
Equipment	3,554,663	256,665	934,990	2,876,338	
Infrastructure	3,203,992	603,101	-	3,807,093	
<b>Total</b>	<b>\$ 10,733,362</b>	<b>\$ 1,153,574</b>	<b>\$ 1,429,875</b>	<b>\$ 10,457,061</b>	

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

\*Depreciation expense was charged to governmental functions as follows:

General Government	\$	69,984
Public Safety		167,427
Public Works, which includes the depreciation of general infrastructure assets		705,907
Health & Social Services		18,807
Culture and Recreation		191,449
		\$ 1,153,574

**Business-Type Activities**

A summary of the Proprietary Fund Fixed Assets as of September 30, 2015 is as follows:

	October 1, 2014			September 30, 2015
	Balance	Additions	Deletions	Balance
<b>Proprietary Activities</b>				
Land/Land Improvements	\$ 1,733,280	\$ -	\$ 859	\$ 1,732,421
Buildings and Structures	25,602,589	295,129	-	25,897,718
Vehicles	1,058,965	134,919	66,984	1,126,900
Equipment	6,578,044	1,079,110	932,004	6,725,150
Infrastructure	22,711,179	2,328,730	-	25,039,909
<b>Total</b>	<b>\$ 57,684,057</b>	<b>\$ 3,837,888</b>	<b>\$ 999,847</b>	<b>\$ 60,522,098</b>
<b>Less Accumulated</b>				
<b>Depreciation:</b>				
	October 1, 2014			September 30, 2015
	Balance	Additions	Deletions	Balance
Building/Structure	\$ 10,600,177	\$ 406,635	\$ 164,094	\$ 10,842,718
Vehicles	727,384	76,321	66,984	736,721
Equipment	3,499,872	256,006	477,910	3,277,968
Infrastructure	11,852,958	638,215	243,533	12,247,640
<b>Total</b>	<b>\$ 26,680,391</b>	<b>\$ 1,377,177</b>	<b>\$ 952,521</b>	<b>\$ 27,105,047</b>

**C. Details of Long-Term Liabilities**

**Governmental Activities**

**1. Bonds Payable – General Obligation Bonds Payable**

General Obligation Bonds Payable at September 30, 2015 is comprised of the following individual issues:

\$1,055,000 General Obligation Bonds issued for the purpose of purchasing and maintaining public safety vehicles and equipment due in annual installments; paying and redeeming \$1,055,000 of Public Safety Bonds dated January 8, 2008; due in annual installments through December 15, 2017; interest at 3.25-3.90%.	\$ 355,000
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NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K  
(Continued)

2. Changes in General Obligation Bonds Payable

Description	Issue Date	Interest Rate	Balance October 1	Bonds Issued	Bonds Paid	Balance September 30	Amounts Due within One Year
Public Safety Bonds	1/8/2008	3.25 - 3.90%	\$ 465,000	\$ -	\$ 110,000	\$ 355,000	\$ 115,000
Total			\$ 465,000	\$ -	\$ 110,000	\$ 355,000	\$ 115,000

General Obligation Bonds Payable at September 30, 2015 has the following maturities:

Fiscal Year	Principal	Interest	Total
2016	\$ 115,000	\$ 11,368	\$ 126,368
2017	120,000	6,960	126,960
2018	120,000	2,340	122,340
	\$ 355,000	\$ 20,668	\$ 375,668

3. Bonds Payable – Various Purpose Bonds Payable

On June 30, 2015 and August 18, 2015 the City issued a total of \$6,070,000 of Series 2015 Bond Anticipation Notes issued for the purposes of capital projects including street, water and sanitary improvement districts.

Various Purpose Bonds Payable at September 30, 2015 is comprised of the following individual issues:

\$1,915,000 Various Purpose Refunding Bonds, Series 2014, due in annual installments through December 15, 2023; interest at 0.40-2.450%	\$ 1,915,000
\$1,520,000 Recreational Facilities Infrastructure Bonds, Series 2014, due in annual installments through December 15, 2023; interest at 0.40-3.0%	1,375,000
\$1,075,000 SID & SSED Various Purpose Bonds, Series 2014, due in annual installments through December 15, 2029; interest at 0.40-3.40%	1,075,000
\$4,045,000 SID 58 & 59 Bond Anticipation Notes, Series 2014, balloon payment due June 15, 2017; interest at 0.75%	4,045,000
\$3,035,000 SID Bond Anticipation Notes, Series 2015, balloon payment due December 15, 2016; interest at 0.65%	3,035,000
\$3,035,000 SID Bond Anticipation Notes, Series 2015-B, balloon payment due December 15, 2016; interest at 0.65%	3,035,000
\$510,000 Tax Increment Revenue Bonds, Series 2011, due in semi-annual installments through December 15, 2023; interest at 4.0%	277,946
	<u>\$ 14,757,946</u>

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

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

4. Changes in Various Purpose Bonds Payable

Description	Issue Date	Interest Rate	Balance October 1	Bonds Issued	Bonds Paid	Balance September 30	Amounts Due Within One Year
Various Purpose Refunding Bonds	12/01/09	1.05-4.2%	\$ 260,000	\$ -	\$ 260,000	\$ -	\$ -
Various Purpose Refunding Bonds	09/30/14	0.40-2.45%	1,915,000	-	-	1,915,000	295,000
Recreational Facility Public Infra. Bonds	01/02/14	0.40-3.00%	1,520,000	-	145,000	1,375,000	145,000
SID & SSED Various Purpose Bonds	07/03/14	0.40-3.40%	1,075,000	-	-	1,075,000	65,000
SID 58 & 59 Bond Anticipation Notes	07/02/14	0.75%	4,045,000	-	-	4,045,000	-
SID Bond Anticipation Note	06/30/15	0.65%	-	3,035,000	-	3,035,000	-
SID-A Bond Anticipation Note	08/18/15	0.65%	-	3,035,000	-	3,035,000	-
Tax Increment Revenue Bond	07/01/11	4.00%	312,193	-	34,247	277,946	45,100
<b>Total</b>			<b>\$ 9,127,193</b>	<b>\$ 6,070,000</b>	<b>\$ 439,247</b>	<b>\$ 14,757,946</b>	<b>\$ 550,100</b>

Various Purpose Bonds Payable at September 30, 2015 has the following maturities:

Fiscal Year	Principal	Interest	Total
2016	\$ 550,100	\$ 144,624	\$ 694,724
2017	10,674,118	129,142	10,803,260
2018	538,728	71,071	609,799
2019	425,000	62,861	487,861
2020	430,000	56,742	486,742
2021-2025	1,740,000	154,175	1,894,175
2026-2030	400,000	33,453	433,453
	<b>\$ 14,757,946</b>	<b>\$ 652,068</b>	<b>\$ 15,410,014</b>

5. Tax Increment Revenue Bond

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

6. Changes in Long-Term Liabilities

Description	Balance October 1	Debt Issued	Debt Retired	Balance September 30	Amounts Due Within One Year
General Obligation Bonds Payable	\$ 465,000	\$ -	\$ 110,000	\$ 355,000	\$ 115,000
Various Purpose Bonds Payable	9,127,193	6,070,000	439,247	14,757,946	550,100
Compensated Absences	451,900	-	86,210	365,690	25,736
	<b>\$ 10,044,093</b>	<b>\$ 6,070,000</b>	<b>\$ 635,457</b>	<b>\$ 15,478,636</b>	<b>\$ 690,836</b>

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

D. Business-Type Activities – Long-Term Liabilities

Bonds and Notes Payable

\$770,000 Revenue Refunding Bonds issued to the Sidney Area Solid Waste due in annual installments through August 15, 2016 with .900-2.95% interest rates	\$ 125,000
\$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	915,000
Total Bonds Payable	1,040,000
\$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.	3,701,024
\$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.	380,509
\$2,750,000 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 2.00 % interest rate and administration fee waived for the life of the loan.	2,160,546
\$1,375,000 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 0.00 % interest rate and administration fee waived for the life of the loan (ARRA funding).	1,031,250
Total Notes Payable	7,273,329
Total Bonds and Notes Payable	\$ 8,313,329

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
2016	\$ 858,792	\$ 175,173	\$ 1,033,965
2017	830,001	155,276	985,277
2018	851,607	136,991	988,598
2019	868,620	117,895	986,515
2020	886,052	98,126	984,178
2021-2025	2,776,597	231,843	3,008,440
2026-2030	1,241,660	48,410	1,290,070
	\$ 8,313,329	\$ 963,714	\$ 9,277,043

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

Changes in Bonds and Notes Payable

Description	Issue Date	Interest Rate	Balance October 1	Debt Issued	Debt Retired	Balance September 30	Amounts Due Within One Year
Sidney Area Solid Waste Waste Disposal Facilities Revenue Bonds - 2011 Series	07/19/11	2.10 - 3.95%	\$ 915,000	\$ -	\$ -	\$ 915,000	\$ -
Sidney Area Solid Waste Revenue Refunding Bonds - 2010 Series	02/16/10	.900 - 2.95%	245,000	-	120,000	125,000	125,000
Note Payable - Nebraska DEQ - Water Project	2004	2.52%	4,178,747	-	477,723	3,701,024	489,837
Note Payable - Nebraska DEQ - Water Project Land	2003	2.52%	429,624	-	49,115	380,509	50,361
Note Payable - Nebraska DEQ - Sewer Construction	2009	2.00%	2,282,930	-	122,384	2,160,546	124,844
Note Payable - Nebraska DEQ Sewer Construction	2009	0.00%	1,100,000	-	68,750	1,031,250	68,750
Total			<u>\$ 9,151,301</u>	<u>\$ -</u>	<u>\$ 837,972</u>	<u>\$ 8,313,329</u>	<u>\$ 858,792</u>

E. Interfund Transactions

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

Fund	Transfers In	Transfers Out
General Fund	\$ 2,326	\$ 424,546
Street Fund	-	39,217
Capital Projects Fund	259,823	-
Debt Service Fund	203,940	-
Non-Major Governmental Funds	-	2,326
Total Operating Transfers	<u>\$ 466,089</u>	<u>\$ 466,089</u>

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

Advances from Other Funds are proceeds from other funds. These interfund balances were the result of internal financing. The balance of \$1,225,060 is not expected to be repaid within one year. The following is a schedule of due to/due from other funds:

Fund	Advances from Other Funds	Advances from Other Funds
Debt Service Fund	\$ -	\$ 127,284
Capital Projects Fund	-	1,097,776
Electric Fund	1,225,060	-
Total Due From/To Other Funds	<u>\$ 1,225,060</u>	<u>\$ 1,225,060</u>

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

Note 4: OTHER INFORMATION

A. Landfill Closure and Post-Closure Cost

The Nebraska Environmental Protection Act, the Integrated Solid Waste Management Act, and the Nebraska Administrative Code Title 132-Integrated Solid Waste Management Regulations require owners of a solid waste disposal area to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance monitoring functions at the site after closure. Although closure and postclosure 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 postclosure 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, 2015, which represents 52.15 percent of the cumulative landfill closure and post closure care liability of \$2,371,056. As a result of the new landfill cell configuration that was completed during the prior fiscal years, the City has used approximately 20.13 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post closure care of \$1,134,509 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 \$2,371,056 in fiscal year 2015. The City expects to close the landfill in the year 2045. 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 \$42,921 reported as construction and demolition landfill closure and post closure care liability at September 30, 2015, 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 \$55,281 as the remaining estimated years end. These amounts are based on what it would cost to perform all closure and post closure cares of \$98,202 in fiscal year 2015. The City expects to close the landfill in the year 2044. 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, 2015, investments of \$964,215 are held for these purposes. These are reported as restricted assets on the balance sheet. The City expects future inflation costs to be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post closure care requirements are determined (because of changes in technology or applicable laws and regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

B. Tax Increment Financing (TIF)

During the 1996 - 1997 year, the Council created the Community Development Agency of the City of Sidney, Nebraska. The purpose of the Agency is to assist with redevelopment of real estate located within the City. The Agency has all of the powers of a redevelopment authority provided for under the Community Development Law of the State of Nebraska. As of September 30, 2015 the Agency has six contracts issued. To finance these grants the Agency originally issued separate bonds totaling \$5,328,850. The outstanding balance of these bonds including interest, as of September 30, 2015 was \$6,179,671. 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.

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

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 six and one half percent. Contributions are submitted monthly. Contributions to the plan by the City were \$173,120 for the year while employee contributions totaled \$192,943.

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 six percent of the participating employee's salary. Employer contributions to the plan for the year ended September 30, 2015, were \$45,359 and employee contributions were \$45,359.

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 2015-2016 year. In addition, the full impact of current legislation and proposed initiatives regarding spending and revenue limitations cannot be assessed.

2. Construction Commitments:

The City has committed to \$20,889,820 in Capital Project contracts. As of September 30, 2015, the City has made payments in the amount of \$8,375,931 for projects in progress with a remaining balance of \$12,513,889 for projects to be completed. The final financing for the projects will be funded through Special Assessments, Tax Increment Financing, Occupation Tax proceeds, NDEQ State Revolving Fund Loan proceeds and General Obligation Bond proceeds. The following is a summary of the current ongoing capital projects:

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

Capital Project	Project Financing	Contract Amounts	Project Payments	Contract Balances
Street Improvement Districts	Special Assessment, TIF, Occupation Tax	\$ 1,516,248	\$ 667,553	\$ 848,696
Ranch-Street, Sewer, Water Improvement Districts	Special Assessment	3,272,491	1,946,058	1,326,434
East Sidney Water Improvement	NDEQ State Revolving Fund Loan	2,178,678	164,675	2,014,003
Street Improvement Districts	General Obligation Bond	8,867,501	5,337,823	3,529,678
Swimming Pool	See Note 4-F.3 below	5,054,901	259,823	4,795,078
		\$ 20,889,820	\$ 8,375,931	\$ 12,513,889

3. Economic Uncertainty:

The City, in its commitment to the above referenced swimming pool project, has not yet secured funding, and may need to access alternative funding sources such as bank financing as the current situation surrounding a major employer within the city may limit the City's access to publicly offered tax-exempt bond financing on favorable terms.

G. Compensated Absences

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

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

H. Group Medical Insurance

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

The City's medical insurance program is made up of two contracts, a specific stop loss contract and an aggregate stop loss contract. The specific stop loss contract has a specific annual deductible of \$25,000 per individual and with an unlimited lifetime maximum benefit on eligible expenses. The aggregate stop loss contract has a minimum attachment of \$982,309. The attachment may go up based on increased enrollment, but the minimum or lowest it will ever be is \$982,309. The aggregate contract will pay up to \$1,000,000 on total claims over the attachment point. The total annual maximum outlay for premiums, claims, administration, and laser liability as of September 30, 2015 is \$2,132,923.

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.

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

At September 30, 2015, the amount of estimated claims payable was \$53,571. Changes in the reported liability since October 1, 2012 resulted from the following:

Fiscal Year	Balance October 1	Current Year Claims	Claim Payments	Balance September 30
2012-2013	\$ -	\$ 41,819	\$ -	\$ 41,819
2013-2014	41,819	951,109	920,314	72,614
2014-2015	72,614	1,645,710	1,664,753	53,571

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, 2015, \$1,629,599 of the Debt Service Fund's fund balance and \$1,482,097 of the Street Fund's fund balance were reserved for repayments of debt.

At September 30, 2015, the following amounts of net position were reserved: The Landfill Fund's reserve includes \$964,215 reserved for landfill closure costs and \$2,601 for customer deposits. The Electric Fund reserved \$223,405 for customer deposits and \$200,000 for bond reserves. The Water fund reserved \$4,875 for customer deposits and \$818,256 for future bond payments, where the City is collecting a \$15 per month fee to pay the payments when due. The Sewer Fund reserved \$636,360 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, 2015, the Foundation had the \$2,740 in a checking account, and \$183,665 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, 2015

	General Fund			Street Fund		
	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance October 1	\$ 4,239,158	\$ 4,239,158	\$ -	\$ 1,317,524	\$ 1,317,524	\$ -
Resources (inflows):						
Personal and Real Property Taxes	1,326,990	1,262,062	(64,928)	151,000	55,209	(95,791)
Federal Receipts	123,818	175,029	51,211	-	-	-
Motor Vehicle Pro-Rate	4,237	3,906	(331)	-	-	-
Highway Allocation and Incentive	-	-	-	738,230	750,071	11,841
Motor Vehicle Fee	-	-	-	59,519	61,128	1,609
State Receipts Other	41,273	230,834	189,561	-	8,044	8,044
Motor Vehicle Tax	143,375	152,871	9,496	-	-	-
Sales Tax	3,150,000	3,297,858	147,858	816,610	924,118	107,508
Local Receipts Local	10,295,062	2,028,009	(8,267,053)	7,010,663	222,460	(6,788,223)
Other Financing Sources	-	19,576	19,576	-	-	-
Amounts available for appropriation	15,084,755	7,170,145	(7,934,186)	8,776,042	2,021,030	(6,755,012)
Charges to appropriations (outflows):						
General Government	5,420,852	1,793,785	3,627,067	-	-	-
Public Safety	1,778,332	1,659,546	118,686	-	-	-
Streets	-	-	-	4,396,308	1,189,821	3,206,487
Health & Social Services	427,936	339,243	88,693	-	-	-
Culture and Recreation	1,934,293	1,918,109	16,184	-	-	-
Capital Outlay	6,463,003	1,172,035	5,290,968	8,139,149	791,984	7,347,165
Other Financing Uses	170,642	424,546	(253,904)	-	39,217	(39,217)
Total charges to appropriations	16,195,058	7,307,364	8,887,694	12,535,457	2,021,022	10,514,435
Budgetary Fund Balance, September 30	\$ 3,128,855	\$ 4,101,939	\$ 953,508	\$ (2,441,891)	\$ 1,317,532	\$ 3,759,423

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

CITY OF SIDNEY, NEBRASKA

EXHIBIT M

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

SEPTEMBER 30, 2015

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 January 1. Taxes are due as of that date. One-half of the real estate taxes due January 1 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, 2015

	General Fund	Street Fund
<b>Sources/inflows of resources:</b>		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 7,170,145	\$ 2,021,030
<b>Differences--budget to GAAP:</b>		
Receipts from accounts receivable are a budgetary resource but may not be a current year revenue for financial reporting purposes		
Taxes Receivables	(16,972)	-
MV Sales Tax Receivable	-	(72,346)
Sales Tax Receivable	13,540	87,766
	<u>(3,432)</u>	<u>15,420</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	5,948	-
<b>Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds</b>	<u><u>\$ 7,172,661</u></u>	<u><u>\$ 2,036,450</u></u>
<b>Uses/outflows of resources:</b>		
Actual amounts (budgetary basis) "total charges to appropriation" from the budgetary comparison schedule	\$ 7,307,364	\$ 2,021,022
<b>Differences--budget to GAAP</b>		
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	2,332	(8,537)
Accrued Salaries and Benefit Payables	3,355	2,026
	<u>5,687</u>	<u>(6,511)</u>
The City budgets for inventory purchases expected to be paid, rather than on the modified accrual basis		
Accounts Payable	29,005	(251,535)
Inventory	(2,147)	-
	<u>26,858</u>	<u>(251,535)</u>
<b>Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance-governmental funds</b>	<u><u>\$ 7,339,909</u></u>	<u><u>\$ 1,762,976</u></u>

CITY OF SIDNEY, NEBRASKA  
COMBINING BALANCE SHEET

EXHIBIT N

NON-MAJOR GOVERNMENTAL FUNDS  
September 30, 2015

	Special Revenue					Totals
	Economic Development	Cemetery	Golf Development	Unemployment	Scouts	
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 1,532,485	\$ -	\$ -	\$ -	\$ 8,986	\$ 1,541,471
Equity in Pooled Cash and Investments	-	218,099	7,889	93,990	-	319,978
Accrued Interest	-	338	-	-	-	338
<b>TOTAL ASSETS</b>	<b>\$ 1,532,485</b>	<b>\$ 218,437</b>	<b>\$ 7,889</b>	<b>\$ 93,990</b>	<b>\$ 8,986</b>	<b>\$ 1,861,787</b>
<b>FUND BALANCES</b>						
<b>Fund Balances</b>						
Committed	\$ 1,532,485	\$ 218,437	\$ 7,889	\$ 93,990	\$ 8,986	\$ 1,861,787
<b>TOTAL FUND BALANCES</b>	<b>1,532,485</b>	<b>218,437</b>	<b>7,889</b>	<b>93,990</b>	<b>8,986</b>	<b>1,861,787</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,532,485</b>	<b>\$ 218,437</b>	<b>\$ 7,889</b>	<b>\$ 93,990</b>	<b>\$ 8,986</b>	<b>\$ 1,861,787</b>

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, 2015

	Special Revenue					Totals
	Economic Development	Cemetery	Golf Development	Unemployment	Scouts	
<b>Revenues</b>						
Taxes	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ 300,000
Charges for Services	-	10,925	-	-	-	10,925
Interest	572	965	5	43	4	1,589
Grants	421,731	-	-	-	-	421,731
Donations	124,680	-	-	-	-	124,680
Miscellaneous Revenues	33,481	-	500	-	132	34,113
<b>Total Revenues</b>	<b>880,464</b>	<b>11,890</b>	<b>505</b>	<b>43</b>	<b>136</b>	<b>893,038</b>
<b>Expenditures</b>						
Operating Expenses	456,052	269	1,808	-	191	458,320
Capital Outlay	45,622	3,200	-	-	-	48,822
<b>Total Expenditures</b>	<b>501,674</b>	<b>3,469</b>	<b>1,808</b>	<b>-</b>	<b>191</b>	<b>507,142</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>378,790</b>	<b>8,421</b>	<b>(1,303)</b>	<b>43</b>	<b>(55)</b>	<b>385,896</b>
<b>Other Financing Sources (Uses)</b>						
Transfers Out	-	(2,326)	-	-	-	(2,326)
Sale of Assets	240,000	-	-	-	-	240,000
<b>Total Other Financing Sources (Uses)</b>	<b>240,000</b>	<b>(2,326)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>237,674</b>
<b>Excess (Deficiency) of Revenues and Other Sources (Uses) Over (Under) Expenditures and Other Uses</b>	<b>618,790</b>	<b>6,095</b>	<b>(1,303)</b>	<b>43</b>	<b>(55)</b>	<b>623,570</b>
<b>Fund Balance, October 1</b>	<b>913,695</b>	<b>212,342</b>	<b>9,192</b>	<b>93,947</b>	<b>9,041</b>	<b>1,238,217</b>
<b>Fund Balance, September 30</b>	<b>\$ 1,532,485</b>	<b>\$ 218,437</b>	<b>\$ 7,889</b>	<b>\$ 93,990</b>	<b>\$ 8,986</b>	<b>\$ 1,861,787</b>

CITY OF SIDNEY, NEBRASKA  
INDIVIDUAL SCHEDULE OF REVENUES

EXHIBIT P

GENERAL FUND  
For the Years Ended September 30, 2015

	2015
Revenues	
Taxes/Shared Intergovernmental Revenue	
General Property	\$ 1,251,038
Motor Vehicle	152,871
Sales	3,311,398
Occupation	135,273
	4,850,580
Licenses, Fees and Permits	
Franchise Fees	792,367
	792,367
Intergovernmental Revenues	
Bookmobile and Police Reimbursement	154,304
Economic Development Reimbursement	20,000
Homestead	43,784
Motor Vehicle Pro-Rate	3,906
Miscellaneous	51,777
	273,771
Charges for Services	
Administration Fees	413,970
Licenses and Permits	136,157
Cemetery Lots, Openings and Perpetual Care	44,725
Swimming Pool and Handibus Fees	27,636
Golf Fees, Storage and Merchandise	364,101
Library Fees	3,202
Animal Control	3,809
	993,600
Interest	16,383
State and Federal Grants	175,029
Miscellaneous	51,355
Total Revenues	7,153,085
Other Financing Sources	
Transfers In	2,326
Gain on Sale of Asset	17,250
	19,576
Total Revenues and Other Sources	\$ 7,172,661

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

EXHIBIT Q

GENERAL GOVERNMENT  
For the Year Ended September 30, 2015

	Administration	Economic Development	Engineering and Inspection	Total
<b>Expenditures</b>				
<b>Current Commodities</b>				
Office Supplies	\$ 36,346	\$ 1,176	\$ 2,089	\$ 39,611
Department Supplies	11,046	2,523	2,482	16,051
Maintenance/Repairs	46,657	-	5,375	52,032
	<u>94,049</u>	<u>3,699</u>	<u>9,946</u>	<u>107,694</u>
<b>Personal Services</b>				
Salaries - Other	597,953	72,413	78,748	749,114
Employee Benefits	162,898	12,622	21,512	197,032
	<u>760,851</u>	<u>85,035</u>	<u>100,260</u>	<u>946,146</u>
<b>Contractual Services</b>				
Insurance	43,795	-	3,564	47,359
Utilities	25,970	5,012	705	31,687
Travel/Training	8,876	3,295	2,243	14,414
Dues and Subscriptions	24,116	3,131	251	27,498
Professional Fees	104,584	9,250	-	113,834
Advertising and Promotion	37,846	42,965	-	80,811
Janitorial Service	12,600	-	-	12,600
County E911	274,636	-	-	274,636
Ambulance Subsidy	71,384	-	-	71,384
Miscellaneous	78,164	-	22,250	100,414
	<u>681,971</u>	<u>63,653</u>	<u>29,013</u>	<u>774,637</u>
<b>Total Current Expenditures</b>	<u>1,536,871</u>	<u>152,387</u>	<u>139,219</u>	<u>1,828,477</u>
Capital Outlay	22,949	-	-	22,949
Transfers Out	124,276	-	-	124,276
	<u>147,225</u>	<u>-</u>	<u>-</u>	<u>147,225</u>
<b>Total Expenditures</b>	<u>\$ 1,684,096</u>	<u>\$ 152,387</u>	<u>\$ 139,219</u>	<u>\$ 1,975,702</u>

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

EXHIBIT R

PUBLIC SAFETY  
For the Year Ended September 30, 2015

	Police	Fire	Total
<b>Expenditures</b>			
<b>Current Commodities</b>			
Supplies	\$ 62,721	\$ 30,278	\$ 92,999
Maintenance/Repairs	78,503	15,738	94,241
	<u>141,224</u>	<u>46,016</u>	<u>187,240</u>
<b>Personal Services</b>			
Salaries	834,076	64,330	898,406
Employee Benefits	419,595	6,688	426,283
	<u>1,253,671</u>	<u>71,018</u>	<u>1,324,689</u>
<b>Contractual Services</b>			
Insurance	53,152	-	53,152
Contract Labor	15,078	10,200	25,278
Utilities	18,212	2,875	21,087
Travel and Training	16,339	7,130	23,469
Volunteer Funds	-	10,679	10,679
Miscellaneous	14,052	-	14,052
	<u>116,833</u>	<u>30,884</u>	<u>147,717</u>
<b>Total Current Expenditures</b>	<u>1,511,728</u>	<u>147,918</u>	<u>1,659,646</u>
<b>Capital Outlay</b>	-	3,898	3,898
<b>Transfers Out</b>	23,179	-	23,179
	<u>23,179</u>	<u>3,898</u>	<u>27,077</u>
<b>Total Expenditures</b>	<u>\$ 1,534,907</u>	<u>\$ 151,816</u>	<u>\$ 1,686,723</u>

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

EXHIBIT S

HEALTH AND SOCIAL SERVICES  
For the Year Ended September 30, 2015

	Cemetery	Handibus	Total
<b>Expenditures</b>			
<b>Current Commodities</b>			
Supplies	\$ 10,644	\$ 18,668	\$ 29,312
Maintenance/Repairs	15,102	17,278	32,380
	<u>25,746</u>	<u>35,946</u>	<u>61,692</u>
<b>Personal Services</b>			
Salaries	74,735	93,785	168,520
Employee Benefits	23,665	30,848	54,513
	<u>98,400</u>	<u>124,633</u>	<u>223,033</u>
<b>Contractual Services</b>			
Insurance	7,847	11,736	19,583
Utilities	5,266	4,418	9,684
Travel and Training	150	310	460
Rent	-	12,000	12,000
Miscellaneous	11,040	1,751	12,791
	<u>24,303</u>	<u>30,215</u>	<u>54,518</u>
<b>Total Current Expenditures</b>	<u>148,449</u>	<u>190,794</u>	<u>339,243</u>
<b>Capital Outlay</b>			
	12,700	-	12,700
	<u>12,700</u>	<u>-</u>	<u>12,700</u>
<b>Total Expenditures</b>	<u>\$ 161,149</u>	<u>\$ 190,794</u>	<u>\$ 351,943</u>

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

EXHIBIT T

CULTURE AND RECREATION  
For the Year Ended September 30, 2015

	Park	Pool	Golf	Library	Total
<b>Expenditures</b>					
<b>Current Commodities</b>					
Supplies	\$ 29,218	\$ 5,831	\$ 129,938	\$ 20,098	\$ 185,085
Maintenance/Repairs	80,881	14,042	37,583	14,837	147,343
Books and Periodicals	-	-	-	32,315	32,315
Printing	-	-	-	562	562
Pro Shop Merchandise and Concessions	-	-	30,042	-	30,042
	<u>110,099</u>	<u>19,873</u>	<u>197,563</u>	<u>67,812</u>	<u>395,347</u>
<b>Personal Services</b>					
Salaries	312,842	44,523	241,714	262,811	861,890
Employees Benefits	145,212	4,119	43,824	101,497	294,652
	<u>458,054</u>	<u>48,642</u>	<u>285,538</u>	<u>364,308</u>	<u>1,156,542</u>
<b>Contractual Services</b>					
Insurance	52,889	2,101	17,434	7,681	80,105
Recreation Coordination	120,000	-	-	-	120,000
Utilities	32,847	10,712	28,186	11,834	83,579
Travel and Training	729	947	2,991	1,611	6,278
Dues and Subscriptions	-	-	765	710	1,475
Advertising and Promotion	-	-	1,779	175	1,954
Janitorial Service	-	-	-	12,600	12,600
Contract Services	-	-	29,040	5,018	34,058
Miscellaneous	4,320	2,549	17,135	20	24,024
	<u>210,785</u>	<u>16,309</u>	<u>97,330</u>	<u>39,649</u>	<u>364,073</u>
<b>Total Current Expenditures</b>	<u>778,938</u>	<u>84,824</u>	<u>580,431</u>	<u>471,769</u>	<u>1,915,962</u>
<b>Capital Outlay</b>	1,103,846	-	28,642	-	1,132,488
<b>Transfers Out</b>	-	259,823	17,268	-	277,091
	<u>1,103,846</u>	<u>259,823</u>	<u>45,910</u>	<u>-</u>	<u>1,409,579</u>
<b>Total Expenditures</b>	<u>\$ 1,882,784</u>	<u>\$ 344,647</u>	<u>\$ 626,341</u>	<u>\$ 471,769</u>	<u>\$ 3,325,541</u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Sidney (the City), Sidney, Nebraska, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 31, 2016.

**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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **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 grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



RAUNER & ASSOCIATES, P.C.  
Sidney, Nebraska

January 31, 2016