

CITY OF VALENTINE, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2014

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Valentine, Nebraska, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-13 and 59-63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Valentine, Nebraska's basic financial statements. The nonmajor fund combining statements and statement of revenue and expenditures by General Fund department are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

**CITY OF VALENTINE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2014**

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

As management of the City of Valentine, we offer readers of the City of Valentine financial statements this narrative overview and analysis of the financial activities of the City of Valentine for the fiscal year ended September 30, 2014.

Financial Highlights

- The assets of the City of Valentine exceeded its liabilities at the close of the most recent fiscal year by \$18,344,800 (*net position*). Of this amount, \$3,740,025 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Valentine governmental funds reported combined ending net position of \$10,878,330. Approximately 12.5 percent of this total amount, \$1,360,183, is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$922,954, or 63.3 percent of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Valentine's basic financial statements. The City of Valentine's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Valentine's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Valentine's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Valentine is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Valentine that are principally supported by taxes and intergovernmental revenues (*governmental activities*)

CITY OF VALENTINE
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014

from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Valentine include general government, public safety, highways and streets, economic development, and culture and recreation. The business-type activities of the City of Valentine include the Electric, Water, Sewer, and Landfill Enterprise Funds.

The government-wide financial statements can be found on pages 14 and 15 of this report.

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Valentine maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Street Fund, the Airport Fund, and the Infrastructure Fund, all of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 16-19 of this report.

Proprietary funds. The City of Valentine maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the

**CITY OF VALENTINE
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014**

government-wide financial statements. The City of Valentine uses enterprise funds to account for its Electric, Water, Sewer, and Landfill Funds.

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

The basic proprietary fund financial statements can be found on pages 20-23 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-58 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Valentine's budgetary comparison schedules. Required supplementary information can be found on pages 60-64 of this report.

The nonmajor governmental funds combining statements and the statement of General Fund revenue and expenditures by department can be found on pages 65-67.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Valentine, assets exceeded liabilities by \$18,344,800 at the close of the most recent fiscal year.

Summary Statements of Net Position

	September 30, 2014			September 30, 2013		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current and Other Assets	\$ 4,325,129	\$ 3,789,214	\$ 8,114,343	\$ 3,654,392	\$ 4,092,935	\$ 7,747,327
Capital Assets	7,833,435	7,163,406	14,996,841	7,721,243	7,346,656	15,067,899
Total Assets	<u>12,158,564</u>	<u>10,952,620</u>	<u>23,111,184</u>	<u>11,375,635</u>	<u>11,439,591</u>	<u>22,815,226</u>
Long-term Liabilities	561,844	2,827,643	3,389,487	887,250	2,844,644	3,731,894
Other Liabilities	718,390	658,507	1,376,897	797,404	923,506	1,720,910
Total Liabilities	<u>1,280,234</u>	<u>3,486,150</u>	<u>4,766,384</u>	<u>1,684,654</u>	<u>3,768,150</u>	<u>5,452,804</u>
Net Position:						
Net Investment in						
Capital Assets	6,984,057	5,086,628	12,070,685	6,555,222	4,915,457	11,470,679
Restricted	2,534,090	-	2,534,090	1,963,158	-	1,963,158
Unrestricted	1,360,183	2,379,842	3,740,025	1,172,601	2,755,984	3,928,585
Total Net Position	<u>\$ 10,878,330</u>	<u>\$ 7,466,470</u>	<u>\$ 18,344,800</u>	<u>\$ 9,690,981</u>	<u>\$ 7,671,441</u>	<u>\$ 17,362,422</u>

**CITY OF VALENTINE
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014**

By far the largest portion of the City of Valentine's net position (65.8 percent) reflects its investment in capital assets (land, infrastructure, buildings, machinery, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Valentine uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Valentine's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Valentine's net position (13.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$3,740,025) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Expenses and Program Revenues – Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2014</u>		<u>Year Ended September 30, 2013</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 64,020	\$ 273,793	\$ 77,279	\$ 240,141
Public Safety	1,297	512,777	1,347	534,040
Public Works	3,463	360,120	5,138	419,424
Recreation	184,670	390,906	158,606	413,671
Cemetery	18,928	43,204	9,038	58,338
Airport	374,159	323,634	364,363	358,349
Economic Development	209,600	8,000	-	20,786
Interest	-	13,627	-	18,075
Depreciation and Amortization	-	421,751	-	446,015
Total	<u>856,137</u>	<u>2,347,812</u>	<u>615,771</u>	<u>2,508,839</u>
Transfers out	-	25,312	-	304,531
	<u>\$ 856,137</u>	<u>\$ 2,373,124</u>	<u>\$ 615,771</u>	<u>\$ 2,813,370</u>

**CITY OF VALENTINE
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014**

Revenues by Source – Governmental Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2014</u>		<u>Year Ended September 30, 2013</u>	
Charges for Services	\$ 518,952	14.58 %	\$ 409,929	13.06 %
Operating Grants and Contributions	301,478	8.47	185,765	5.92
Capital Grants and Contributions	35,707	1.00	20,077	0.64
Property Taxes	431,154	12.11	394,277	12.56
Motor Vehicle Taxes	50,995	1.43	52,013	1.66
Sales Tax	1,068,994	30.02	971,646	30.95
Franchise Taxes	435,001	12.22	415,062	13.22
State Allocation	519,926	14.60	498,785	15.89
Special Assessments	38,249	1.07	137,060	4.36
Miscellaneous	155,742	4.38	46,358	1.48
Loss on Disposal of Equipment	(4,362)	(0.12)	-	-
Interest	8,637	0.24	8,087	0.26
Total	<u>\$ 3,560,473</u>	<u>100.00 %</u>	<u>\$ 3,139,059</u>	<u>100.00 %</u>

Net position increased \$1,187,349 in the governmental funds during the year ended September 30, 2014.

Business-type activities. Business-type activities decreased the City of Valentine's net position by \$(204,971). Key elements of this increase are as follows:

Expenses and Program Revenues – Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2014</u>		<u>Year Ended September 30, 2013</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 4,204,198	\$ 4,390,344	\$ 3,985,248	\$ 4,136,953
Water	357,216	386,790	397,837	360,765
Sewer	275,690	353,257	256,771	360,113
Landfill	706,129	660,071	572,087	595,599
Total	<u>\$ 5,543,233</u>	<u>\$ 5,790,462</u>	<u>\$ 5,211,943</u>	<u>\$ 5,453,430</u>

**CITY OF VALENTINE
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014**

Revenues by Source – Business-type Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2014</u>		<u>Year Ended September 30, 2013</u>	
Charges for Services	\$ 5,543,233	99.25 %	\$ 5,202,043	93.87 %
Grants and Contributions	-	-	9,900	0.18
Special Assessments	-	-	2,197	0.04
Interest	16,946	0.30	22,940	0.41
Interfund Transfer	25,312	0.45	304,531	5.50
Total	<u>\$ 5,585,491</u>	<u>100.00 %</u>	<u>\$ 5,541,611</u>	<u>100.00 %</u>

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Valentine's governmental funds reported combined ending fund balances of \$3,658,353. Approximately 25.1 percent of this total amount (\$919,950) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balances is not available for new spending because it has already been 1) restricted for debt service (\$439,903), 2) restricted to pay for infrastructure (\$1,142,073), 3) restricted for economic development (\$738,619), 4) restricted for street improvements (\$21,933), 5) restricted for community betterment (\$52,420), 6) nonspendable for cemetery perpetual care (\$139,142), 7) nonspendable for inventory and prepaids (\$44,852), 8) assigned for street improvements (\$21,572), or 9) assigned for budgetary stabilization (\$137,889).

The General Fund is the chief operating fund of the City of Valentine. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$922,954, while total fund balance reached \$1,501,089. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 63.3 percent of total General Fund expenditures, while total fund balance represents 102.9 percent of the same amount.

The fund balance of the City of Valentine's General Fund increased by \$233,844 during the current fiscal year.

**CITY OF VALENTINE
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014**

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

Unrestricted net position of the proprietary funds at the end of the year were as follows: Electric Fund - \$2,112,857, Water Fund - \$365,523, Sewer Fund - \$138,048, and Landfill Fund – deficit of \$(236,586). The Electric Fund net position decreased \$(174,267), the Water Fund net position decreased \$(14,895), the Sewer Fund net position decreased \$(63,522), and the Landfill Fund net position increased \$47,713. Other factors concerning the finances of these four funds have already been addressed in the discussion of the City of Valentine's business-type activities.

Budgetary Highlights

The City of Valentine did not amend its budget during the year ended September 30, 2014.

Capital Asset and Debt Administration

Capital Assets. The City of Valentine's investment in capital assets for its governmental and business-type activities as of September 30, 2014, amounts to \$14,996,841 (net of accumulated depreciation). This investment in capital assets includes land, building and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Major capital asset events (individually greater than \$10,000) during the current fiscal year included the following:

- Gym floor - \$26,729
- Green Street overlay - \$210,929
- Storm sewer construction in progress - \$264,374
- Cowboy Trail connection construction in progress - \$13,120
- Airport hangar/taxilane construction in progress - \$20,814
- Landfill Phase 3 construction - \$159,386

**CITY OF VALENTINE
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014**

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

	Year Ended September 30, 2014			Year Ended September 30, 2013		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
Land	\$ 79,462	\$ -	\$ 79,462	\$ 79,462	\$ -	\$ 79,462
Construction in Progress	355,662	-	355,662	57,354	426,359	483,713
Buildings and Improvements	7,103,324	1,288,349	8,391,673	7,209,773	732,188	7,941,961
Machinery and Equipment	176,569	2,588,445	2,765,014	220,908	2,747,163	2,968,071
Distribution Systems, Buildings, and Equipment	-	3,170,630	3,170,630	-	3,304,805	3,304,805
Vehicles	118,418	115,982	234,400	153,746	136,141	289,887
Total	<u>\$ 7,833,435</u>	<u>\$ 7,163,406</u>	<u>\$ 14,996,841</u>	<u>\$ 7,721,243</u>	<u>\$ 7,346,656</u>	<u>\$ 15,067,899</u>

Additional information on the City of Valentine's capital assets can be found in Note C5 on pages 46-48 of this report.

Long-term debt. At the end of the current fiscal year, the City of Valentine had total bonded debt and notes payable outstanding of \$2,926,156.

City of Valentine's Outstanding Debt

	Year Ended September 30, 2014			Year Ended September 30, 2013		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
General Obligation Bonds	\$ 25,000	\$ -	\$ 25,000	\$ 50,000	\$ -	\$ 50,000
Refunding Bonds	785,000	1,975,000	2,760,000	1,060,000	2,085,000	3,145,000
Notes Payable	39,378	101,778	141,156	56,021	118,053	174,074
Total	<u>\$ 849,378</u>	<u>\$ 2,076,778</u>	<u>\$ 2,926,156</u>	<u>\$ 1,166,021</u>	<u>\$ 2,203,053</u>	<u>\$ 3,369,074</u>

The City of Valentine's total debt decreased by \$442,918 (13.1 percent) during the current fiscal year, due to scheduled payments.

The City of Valentine does not have a bond rating.

Additional information on the City of Valentine's long-term debt can be found in Note C7 on pages 49-51 of this report.

**CITY OF VALENTINE
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014**

Economic Factors and Next Year's Budgets and Rates

- Property tax asking for the year ending September 30, 2015, is \$433,319, a \$15,571 decrease (3.5 percent) from the prior year.
- The City's property tax levy is \$0.30 for 2014-2015, a \$0.02 decrease (6.3 percent) from the prior year.
- The City has a commitment of \$96,805 for the hangar and taxilanes project.
- The City has a commitment of \$375,257 for the storm sewer improvement project.
- The City raised electric rates 2.5 percent in January 2015.

All of these factors were considered in preparing the City of Valentine's budget for the 2015 fiscal year.

Request for Information

This financial report is designed to provide a general overview of the City of Valentine's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Manager, City of Valentine, 323 N. Main Street, Valentine, NE 69201.

CITY OF VALENTINE, NEBRASKA

STATEMENT OF NET POSITION

September 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 933,650	\$ 710,615	\$ 1,644,265
Certificates of deposit	135,426	1,140,245	1,275,671
County treasurer cash	25,792	-	25,792
Investments	-	586,607	586,607
Receivables:			
Special assessments	274,583	-	274,583
Accounts, net of allowance for doubtful accounts	-	173,779	173,779
Unbilled revenue	-	256,461	256,461
Current portion of notes receivable	45,371	23,658	69,029
Property tax	18,820	-	18,820
Interest	448	1,024	1,472
Sales tax	192,228	-	192,228
Inventory	43,331	243,125	286,456
Prepaid expenses	1,521	2,600	4,121
Total current assets	1,671,170	3,138,114	4,809,284
Noncurrent assets:			
Restricted cash and cash equivalents	2,264,661	-	2,264,661
Restricted certificates of deposit	169,640	557,922	727,562
Noncurrent portion of notes receivable	219,658	93,178	312,836
Capital assets:			
Land	79,462	-	79,462
Construction in progress	355,662	-	355,662
Depreciable capital assets, net of depreciation	7,398,311	7,163,406	14,561,717
Net capital assets	7,833,435	7,163,406	14,996,841
Total noncurrent assets	10,487,394	7,814,506	18,301,900
Total assets	12,158,564	10,952,620	23,111,184
LIABILITIES			
Current liabilities:			
Accounts payable	102,355	312,474	414,829
Accrued expenses	49,259	104,938	154,197
Unavailable revenue	250,133	-	250,133
Customer deposits	-	114,960	114,960
Current portion of long-term obligations	316,643	126,135	442,778
Total current liabilities	718,390	658,507	1,376,897
Noncurrent liabilities:			
Accrued closure and postclosure costs	-	877,000	877,000
Compensated absences	29,109	-	29,109
Noncurrent portion of long-term obligations	532,735	1,950,643	2,483,378
Total noncurrent liabilities	561,844	2,827,643	3,389,487
Total liabilities	1,280,234	3,486,150	4,766,384
NET POSITION			
Net investment in capital assets	6,984,057	5,086,628	12,070,685
Restricted for:			
Debt service	439,903	-	439,903
Street	21,933	-	21,933
Infrastructure	1,142,073	-	1,142,073
Economic development	738,619	-	738,619
Community betterment	52,420	-	52,420
Cemetery perpetual care	139,142	-	139,142
Unrestricted	1,360,183	2,379,842	3,740,025
Total net position	\$ 10,878,330	\$ 7,466,470	\$ 18,344,800

See notes to financial statements.

CITY OF VALENTINE, NEBRASKA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
General government	\$ 273,793	\$ -	\$ 64,020
Public safety	512,777	-	-
Public works	360,120	3,463	-
Environment and leisure	390,906	150,260	-
Cemetery	43,204	18,838	90
Airport	323,634	346,391	27,768
Economic development	8,000	-	209,600
Interest on long-term debt	13,627	-	-
Depreciation and amortization	421,751	-	-
Total governmental activities	2,347,812	518,952	301,478
Business-type activities:			
Electric	4,390,344	4,204,198	-
Water	386,790	357,216	-
Sewer	353,257	275,690	-
Landfill	660,071	706,129	-
Total business-type activities	5,790,462	5,543,233	-
Total primary government	\$ 8,138,274	\$ 6,062,185	\$ 301,478

See notes to financial statements.

<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ -	\$ (209,773)		\$ (209,773)
1,297	(511,480)		(511,480)
-	(356,657)		(356,657)
34,410	(206,236)		(206,236)
-	(24,276)		(24,276)
-	50,525		50,525
-	201,600		201,600
-	(13,627)		(13,627)
-	(421,751)		(421,751)
<u>35,707</u>	<u>(1,491,675)</u>	<u>\$ -</u>	<u>(1,491,675)</u>
-	-	(186,146)	(186,146)
-	-	(29,574)	(29,574)
-	-	(77,567)	(77,567)
-	-	46,058	46,058
-	-	<u>(247,229)</u>	<u>(247,229)</u>
<u>\$ 35,707</u>	<u>(1,491,675)</u>	<u>(247,229)</u>	<u>(1,738,904)</u>
General revenues:			
Taxes:			
Property	431,154	-	431,154
Motor vehicle	50,995	-	50,995
Sales tax	1,068,994	-	1,068,994
Franchise	435,001	-	435,001
State allocation	519,926	-	519,926
Special assessments	38,249	-	38,249
Miscellaneous	155,742	-	155,742
Loss on disposal of equipment	(4,362)	-	(4,362)
Interest income	8,637	16,946	25,583
Interfund transfers	(25,312)	25,312	-
Total general revenues	<u>2,679,024</u>	<u>42,258</u>	<u>2,721,282</u>
Change in net position	1,187,349	(204,971)	982,378
Net position - September 30, 2013	<u>9,690,981</u>	<u>7,671,441</u>	<u>17,362,422</u>
Net position - September 30, 2014	<u>\$ 10,878,330</u>	<u>\$ 7,466,470</u>	<u>\$ 18,344,800</u>

CITY OF VALENTINE, NEBRASKA

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

September 30, 2014

	<u>General</u>	<u>Street</u>	<u>Airport</u>	<u>Infrastructure</u>	<u>Other Governmental Funds</u>	<u>Eliminations</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 1,373,553	\$ -	\$ -	\$ 1,052,662	\$ 772,096	\$ -	\$ 3,198,311
Certificates of deposit	70,027	101,213	-	-	133,826	-	305,066
County treasurer cash	21,490	4,302	-	-	-	-	25,792
Receivables:							
Special assessments	-	274,583	-	-	-	-	274,583
Property tax	15,038	3,782	-	-	-	-	18,820
Interest	43	315	-	-	90	-	448
Sales tax	59,601	13,407	-	89,411	29,809	-	192,228
Due from other funds	65,618	-	-	-	-	(65,618)	-
Inventory	-	-	43,331	-	-	-	43,331
Prepaid expenses	343	112	1,066	-	-	-	1,521
	<u>\$ 1,605,713</u>	<u>\$ 397,714</u>	<u>\$ 44,397</u>	<u>\$ 1,142,073</u>	<u>\$ 935,821</u>	<u>\$ (65,618)</u>	<u>\$ 4,060,100</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 60,046	\$ 34,110	\$ 2,559	\$ -	\$ 5,640	\$ -	\$ 102,355
Accrued expenses	36,181	12,852	226	-	-	-	49,259
Due to other funds	-	65,399	219	-	-	(65,618)	-
Unavailable revenue	8,397	241,736	-	-	-	-	250,133
Total liabilities	<u>104,624</u>	<u>354,097</u>	<u>3,004</u>	<u>-</u>	<u>5,640</u>	<u>(65,618)</u>	<u>401,747</u>
Fund balances:							
Nonspendable:							
Inventory and prepaids	343	112	44,397	-	-	-	44,852
Cemetery perpetual care	-	-	-	-	139,142	-	139,142
Restricted for:							
Debt service	439,903	-	-	-	-	-	439,903
Street improvements	-	21,933	-	-	-	-	21,933
Infrastructure	-	-	-	1,142,073	-	-	1,142,073
Economic development	-	-	-	-	738,619	-	738,619
Community betterment	-	-	-	-	52,420	-	52,420
Assigned for:							
Street improvements	-	21,572	-	-	-	-	21,572
Budgetary stabilization	137,889	-	-	-	-	-	137,889
Unassigned	922,954	-	(3,004)	-	-	-	919,950
Total fund balances	<u>1,501,089</u>	<u>43,617</u>	<u>41,393</u>	<u>1,142,073</u>	<u>930,181</u>	<u>-</u>	<u>3,658,353</u>
	<u>\$ 1,605,713</u>	<u>\$ 397,714</u>	<u>\$ 44,397</u>	<u>\$ 1,142,073</u>	<u>\$ 935,821</u>	<u>\$ (65,618)</u>	<u>\$ 4,060,100</u>
Total liabilities and fund balances	<u>\$ 1,605,713</u>	<u>\$ 397,714</u>	<u>\$ 44,397</u>	<u>\$ 1,142,073</u>	<u>\$ 935,821</u>	<u>\$ (65,618)</u>	<u>\$ 4,060,100</u>

See notes to financial statements.

CITY OF VALENTINE, NEBRASKA

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

September 30, 2014

Total fund balances - governmental funds		\$ 3,658,353
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:		
Notes receivable are not recorded as an asset in the fund financial statements.		265,029
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$11,094,022 and the accumulated depreciation is \$3,260,587.		7,833,435
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the fund financial statements. Long-term liabilities at year end consist of:		
Compensated absences	\$ (29,109)	
Bonds and notes payable	(849,378)	(878,487)
Total net position - governmental activities		<u>\$ 10,878,330</u>

See notes to financial statements.

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

For the Year Ended September 30, 2014

	<u>General</u>	<u>Street</u>	<u>Airport</u>	<u>Infrastructure</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes:						
Property	\$ 431,154	\$ -	\$ -	\$ -	\$ -	\$ 431,154
Motor vehicle	-	50,995	-	-	-	50,995
Sales tax	332,530	71,403	-	498,796	166,265	1,068,994
Franchise	435,001	-	-	-	-	435,001
Intergovernmental	76,839	443,087	-	-	-	519,926
Special assessments	-	13,854	-	24,395	-	38,249
Licenses and permits	13,671	-	-	-	5,640	19,311
Charges for services	169,098	3,463	346,391	-	-	518,952
Grants and donations	85,882	-	27,768	-	223,535	337,185
Loan collections	-	-	-	-	54,361	54,361
Interest income	5,074	2,157	-	882	524	8,637
Other income	80,917	6,699	32,821	-	1,290	121,727
Total revenues	<u>1,630,166</u>	<u>591,658</u>	<u>406,980</u>	<u>524,073</u>	<u>451,615</u>	<u>3,604,492</u>
EXPENDITURES						
General government	267,606	-	-	-	5,640	273,246
Public safety	519,424	-	-	-	-	519,424
Public works	-	363,829	-	-	-	363,829
Environment and leisure	389,572	-	-	-	-	389,572
Cemetery	43,204	-	-	-	-	43,204
Airport	-	-	323,634	-	-	323,634
Capital outlay	26,729	490,762	20,814	-	-	538,305
Principal payments on debt	205,000	95,000	16,643	-	-	316,643
Interest on long-term debt	7,559	5,454	614	-	-	13,627
Total expenditures	<u>1,459,094</u>	<u>955,045</u>	<u>361,705</u>	<u>-</u>	<u>5,640</u>	<u>2,781,484</u>
Excess (deficiency) of revenues over expenditures	171,072	(363,387)	45,275	524,073	445,975	823,008
OTHER FINANCING SOURCES (USES)						
Net transfers in (out)	<u>62,772</u>	<u>68,771</u>	<u>6,733</u>	<u>(103,815)</u>	<u>(59,772)</u>	<u>(25,311)</u>
Net change in fund balances	233,844	(294,616)	52,008	420,258	386,203	797,697
Fund balances - September 30, 2013	<u>1,267,245</u>	<u>338,233</u>	<u>(10,615)</u>	<u>721,815</u>	<u>543,978</u>	<u>2,860,656</u>
Fund balances - September 30, 2014	<u>\$ 1,501,089</u>	<u>\$ 43,617</u>	<u>\$ 41,393</u>	<u>\$ 1,142,073</u>	<u>\$ 930,181</u>	<u>\$ 3,658,353</u>

See notes to financial statements.

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

For the Year Ended September 30, 2014

Total net change in fund balances - governmental funds	\$ 797,697
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Payments on notes receivable are reported in the governmental funds as revenue, but the payments decrease notes receivable in the statement of activities.	(39,657)
The forgiveness of notes receivable is reported as an expense in the statement of activities. Notes receivable are not reported in the government funds.	(8,000)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay (\$538,305) exceeds depreciation expense (\$421,751).	116,554
Remaining basis on capital asset disposals does not impact the governmental funds. However, in the statement of activities, the remaining basis decreases sales proceeds.	(4,362)
The change in noncurrent compensated absences is reported as an expense in the statement of activities. Noncurrent compensated absences are not reported in the government funds.	8,474
Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	316,643
Change in net position of governmental activities	\$ 1,187,349

See notes to financial statements.

CITY OF VALENTINE, NEBRASKA
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
September 30, 2014

	Enterprise Funds				Total
	Electric Fund	Water Fund	Sewer Fund	Landfill Fund	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 361,516	\$ 116,202	\$ 127,567	\$ 105,330	\$ 710,615
Certificates of deposit	889,894	250,351	-	-	1,140,245
Investments	586,607	-	-	-	586,607
Receivables:					
Accounts, net of allowance for doubtful accounts	123,395	22,841	12,418	15,125	173,779
Unbilled revenue	210,642	27,849	17,300	670	256,461
Assessments	-	-	-	-	-
Current portion of notes receivable	23,658	-	-	-	23,658
Interest	300	724	-	-	1,024
Inventory	225,202	15,853	2,070	-	243,125
Prepaid expenses	50	90	52	2,408	2,600
Total current assets	<u>2,421,264</u>	<u>433,910</u>	<u>159,407</u>	<u>123,533</u>	<u>3,138,114</u>
Noncurrent assets:					
Restricted certificates of deposit	-	-	-	557,922	557,922
Noncurrent portion of notes receivable	93,178	-	-	-	93,178
Capital assets:					
Other capital assets	6,362,599	1,302,994	3,216,212	2,108,119	12,989,924
Less accumulated depreciation	<u>(2,924,330)</u>	<u>(731,414)</u>	<u>(1,511,588)</u>	<u>(659,186)</u>	<u>(5,826,518)</u>
Net capital assets	<u>3,438,269</u>	<u>571,580</u>	<u>1,704,624</u>	<u>1,448,933</u>	<u>7,163,406</u>
Total noncurrent assets	<u>3,531,447</u>	<u>571,580</u>	<u>1,704,624</u>	<u>2,006,855</u>	<u>7,814,506</u>
Total assets	<u>5,952,711</u>	<u>1,005,490</u>	<u>1,864,031</u>	<u>2,130,388</u>	<u>10,952,620</u>
LIABILITIES					
Current liabilities:					
Accounts payable	255,191	15,355	8,917	33,011	312,474
Accrued payroll and vacation	22,883	20,512	12,442	7,305	63,142
Sales tax payable	21,578	-	-	-	21,578
Accrued interest payable	19,493	-	-	725	20,218
Customer deposits	82,440	32,520	-	-	114,960
Current portion of long-term obligations	110,000	-	-	16,135	126,135
Total current liabilities	<u>511,585</u>	<u>68,387</u>	<u>21,359</u>	<u>57,176</u>	<u>658,507</u>
Noncurrent liabilities:					
Accrued closure and postclosure costs	-	-	-	877,000	877,000
Noncurrent portion of long-term obligations	1,865,000	-	-	85,643	1,950,643
Total noncurrent liabilities	<u>1,865,000</u>	<u>-</u>	<u>-</u>	<u>962,643</u>	<u>2,827,643</u>
Total liabilities	<u>2,376,585</u>	<u>68,387</u>	<u>21,359</u>	<u>1,019,819</u>	<u>3,486,150</u>
NET POSITION					
Net investment in capital assets	1,463,269	571,580	1,704,624	1,347,155	5,086,628
Unrestricted	<u>2,112,857</u>	<u>365,523</u>	<u>138,048</u>	<u>(236,586)</u>	<u>2,379,842</u>
Total net position	<u>\$ 3,576,126</u>	<u>\$ 937,103</u>	<u>\$ 1,842,672</u>	<u>\$ 1,110,569</u>	<u>\$ 7,466,470</u>

See notes to financial statements.

CITY OF VALENTINE, NEBRASKA

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

For the Year Ended September 30, 2014

	Enterprise Funds				Total
	Electric Fund	Water Fund	Sewer Fund	Landfill Fund	
Operating revenues:					
Charges for services	\$ 4,168,249	\$ 349,487	\$ 274,088	\$ 705,748	\$ 5,497,572
Other revenue	35,949	7,729	1,602	381	45,661
Total operating revenues	<u>4,204,198</u>	<u>357,216</u>	<u>275,690</u>	<u>706,129</u>	<u>5,543,233</u>
Operating expenses:					
Cost of power	3,343,165	-	-	-	3,343,165
Personnel services	241,973	217,660	165,285	80,241	705,159
Insurance and bonds	8,498	13,444	7,418	10,093	39,453
Utilities and telephone	16,773	20,250	48,318	2,005	87,346
Repairs and maintenance	34,996	64,375	30,857	18,632	148,860
Contractual obligations	1,538	6,436	1,767	357,999	367,740
Supplies	56,971	6,952	9,505	697	74,125
Licenses and fees	417,109	-	-	12,384	429,493
Professional fees	12,445	661	644	31,031	44,781
Miscellaneous	17,312	10,221	4,655	2,899	35,087
Landfill post-closure costs	-	-	-	93,000	93,000
Depreciation	187,399	46,790	84,808	50,705	369,702
Total operating expenses	<u>4,338,179</u>	<u>386,789</u>	<u>353,257</u>	<u>659,686</u>	<u>5,737,911</u>
Operating income (loss)	(133,981)	(29,573)	(77,567)	46,443	(194,678)
Nonoperating revenues (expenses):					
Interest income	11,879	3,367	45	1,655	16,946
Interest expense	<u>(52,165)</u>	<u>-</u>	<u>-</u>	<u>(385)</u>	<u>(52,550)</u>
Total nonoperating revenues (expenses)	<u>(40,286)</u>	<u>3,367</u>	<u>45</u>	<u>1,270</u>	<u>(35,604)</u>
Income (loss) before interfund transfers	(174,267)	(26,206)	(77,522)	47,713	(230,282)
Interfund transfers:					
Transfer from other funds	<u>-</u>	<u>11,311</u>	<u>14,000</u>	<u>-</u>	<u>25,311</u>
Change in net position	<u>(174,267)</u>	<u>(14,895)</u>	<u>(63,522)</u>	<u>47,713</u>	<u>(204,971)</u>
Net position - September 30, 2013	<u>3,750,393</u>	<u>951,998</u>	<u>1,906,194</u>	<u>1,062,856</u>	<u>7,671,441</u>
Net position - September 30, 2014	<u>\$ 3,576,126</u>	<u>\$ 937,103</u>	<u>\$ 1,842,672</u>	<u>\$ 1,110,569</u>	<u>\$ 7,466,470</u>

See notes to financial statements.

CITY OF VALENTINE, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the Year Ended September 30, 2014

	Enterprise Funds	
	Electric Fund	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 4,231,036	\$ 369,605
Payments to suppliers	(3,904,905)	(111,311)
Payments to employees	(241,397)	(216,709)
Net cash provided by operating activities	84,734	41,585
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers from other funds	-	11,311
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(7,481)	(10,572)
Payments received on notes receivable	23,798	-
Principal payments on capital debt	(110,000)	-
Interest paid on capital debt	(52,432)	-
Net cash used by capital and related financing activities	(146,115)	(10,572)
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) decrease in certificates of deposit	96,796	(3,313)
Increase in investments	(6,689)	-
Interest received	12,463	3,356
Net cash provided (used) by investing activities	102,570	43
Increase (decrease) in cash and cash equivalents	41,189	42,367
Cash and cash equivalents - beginning of the year	320,327	73,835
Cash and cash equivalents - end of the year	\$ 361,516	\$ 116,202

See notes to financial statements.

Enterprise Funds		
<u>Sewer Fund</u>	<u>Landfill Fund</u>	<u>Total</u>
\$ 276,847	\$ 705,557	\$ 5,583,045
(99,792)	(471,196)	(4,587,204)
(165,294)	(79,699)	(703,099)
<u>11,761</u>	<u>154,662</u>	<u>292,742</u>
14,000	-	25,311
(9,013)	(387,532)	(414,598)
-	-	23,798
-	(16,275)	(126,275)
-	(1,895)	(54,327)
<u>(9,013)</u>	<u>(405,702)</u>	<u>(571,402)</u>
-	(46,764)	46,719
-	-	(6,689)
45	1,655	17,519
<u>45</u>	<u>(45,109)</u>	<u>57,549</u>
16,793	(296,149)	(195,800)
<u>110,774</u>	<u>401,479</u>	<u>906,415</u>
<u>\$ 127,567</u>	<u>\$ 105,330</u>	<u>\$ 710,615</u>

CITY OF VALENTINE, NEBRASKA

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

For the Year Ended September 30, 2014

	Enterprise Funds	
	Electric Fund	Water Fund
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (133,981)	\$ (29,573)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	187,399	46,790
Change in assets and liabilities:		
Accounts receivable and unbilled revenue	20,808	9,597
Assessments	-	1,092
Inventories	(3,666)	318
Prepaid expenses	4,249	5,841
Accounts payable	5,654	4,869
Accrued payroll and vacation	576	951
Other accrued expenses	(2,335)	-
Customer deposits	6,030	1,700
Net cash provided by operating activities	\$ 84,734	\$ 41,585

See notes to financial statements.

<u>Enterprise Funds</u>		
<u>Sewer Fund</u>	<u>Landfill Fund</u>	<u>Total</u>
\$ (77,567)	\$ 46,443	\$ (194,678)
84,808	50,705	369,702
18	(572)	29,851
1,139	-	2,231
(129)	-	(3,477)
3,033	1,792	14,915
468	(37,248)	(26,257)
(9)	542	2,060
-	93,000	90,665
-	-	7,730
<u>\$ 11,761</u>	<u>\$ 154,662</u>	<u>\$ 292,742</u>

CITY OF VALENTINE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

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CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Valentine, Nebraska (City) are prepared in accordance with generally accepted accounting principles (GAAP). The City’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note.

1. Financial Reporting Entity

The City of Valentine, Nebraska, was incorporated in 1884. The City operates under a Council-Manager form of government with an elected Council, composed of five members. The five members of the City Council are elected on alternating four-year terms. The administration of the City government is performed under the direction of the Council by the City Manager. Services provided to residents include public safety; highways and streets; planning and zoning; parks; recreation; urban development; electric, water, and sanitary sewer systems; landfill; and general administrative services.

The City’s financial reporting entity comprises the following:

Primary Government:	City of Valentine
---------------------	-------------------

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 61, and has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable, and, as such, should be included within the City’s financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization’s governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading.

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Blended Component Units

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

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

2. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

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

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fund Financial Statements, continued

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Permanent Funds

The Permanent Funds account for assets held in trust by the City. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

CITY OF VALENTINE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Proprietary Funds

Enterprise Funds

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

Major and Nonmajor Funds

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

<u>Fund</u>	<u>Brief Description</u>
<i>Major:</i>	
Governmental:	
General	See page 27 for description.
Street	The Street Fund is a Special Revenue Fund that accounts for the City's share of highway allocation from the State of Nebraska.
Airport	The Airport Fund is a Special Revenue Fund that accounts for airport operations.
Infrastructure	Accounts for the collection of the City sales tax.
Proprietary:	
Enterprise:	
Electric, Water, Sewer, and Landfill	See above for description.

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

<u>Fund</u>	<u>Brief Description</u>
<i>Nonmajor:</i>	
Special Revenue:	
Fines and Fees	Accounts for local fines and fees collected.
Economic Development	Accounts for various economic development programs.
Permanent:	
Perpetual Care	Accounts for the collection of receipts for cemetery perpetual care.
Queen Jackson Memorial	Accounts for trust monies received for the direct benefit, welfare, and convenience of the public in projects and purposes such as improvement and maintenance of the city park, library, cemetery, and/or any other public project.

3. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b, below.

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Measurement Focus, continued

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and fiduciary funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used.

CITY OF VALENTINE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Investments

For the purpose of the Statement of Net Position, “cash and cash equivalents” include all demand accounts and savings accounts. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all cash on hand, demand accounts, savings accounts, and equity in pooled cash which has an original maturity of three months or less. The County Treasurer’s cash represents revenues collected not yet remitted to the City.

Investments are carried at fair value. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes B2, C1, and D2.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include special assessments and property taxes. Business-type activities report utility billings as their major receivables.

CITY OF VALENTINE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Receivables, continued

In the fund financial statements, receivables in governmental funds include revenue accruals such as special assessments and property taxes, since they are usually both measurable and available. Proprietary fund receivables consist of all revenues earned at year end and not yet received. Utility accounts receivable compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Restricted assets include cash and investments that are legally restricted as to their use. The primary restricted assets are proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets, continued

Government-wide Statements

In the government-wide financial statements, capital assets are capitalized and reported in the Statement of Net Position. The City has a \$1,000 capitalization threshold. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. The City has elected the depreciation approach for reporting infrastructure.

Depreciation of general capital assets and all proprietary capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The ranges of estimated useful lives by type of asset are as follows:

Buildings	20-50 years
Improvements	10-50 years
Machinery and Equipment	3-20 years
Utility System	25-50 years

The governmental funds infrastructure assets are capitalized under the prospective method, valued at cost. The cost of normal maintenance, preservation, and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized.

Fund Financial Statements

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

CITY OF VALENTINE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Deferred Revenues

Deferred revenues consist of property taxes and special assessments expected to be collected after 60 days.

Compensated Absences

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. In the event of termination, an employee is paid for all unused accumulated vacation time. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. In the fund financial statements, governmental funds do not report the compensated absence liability since it is not payable from expendable available financial resources. The proprietary funds report the total liability.

Long-term Debt

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

Government-wide Statements

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

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

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications

Government-wide Statements

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted net position” or “net investment in capital assets.”

Fund Financial Statements

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

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

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

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

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

Fund Financial Statements, continued

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

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

Unassigned—All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 16). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the City Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

5. Revenues, Expenditures, and Expenses

Sales and Use Tax

The City presently levies a one-and-one-half-cent sales tax on taxable sales within the City. The sales tax is to be used for the following purposes:

- 3/4 percent – Pay principal and interest on bonds, relieve property tax, and purchase and maintain equipment and infrastructure
- 1/2 percent – Pool debt service
- 1/4 percent – Economic Development Program

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Sales and Use Tax, continued

The sales tax is collected by the Nebraska Department of Revenue and remitted to the City in the month following receipt. The Nebraska Department of Revenue receives the sales tax approximately one month after collection by vendors. One-third of the sales tax is recorded in the General Fund and used for budgeted pool debt service. The remaining two-thirds is recorded in the infrastructure fund, a special revenue fund, and transfers are made to other funds as needed.

Sales taxes collected by the State in August and September and received by the City in October and November have been accrued and are included in receivables. As of October 1, 2006, sales tax collected on the sale of motor vehicles is recorded in the Street Fund as required by LB904.

Property Taxes

The City has the power to levy taxes each year sufficient to pay any judgment existing against the City, the interest on bonded debt, and the principal on bonded debt maturing during the fiscal year or within six months thereafter, as well as taxes authorized by state law.

The tax levies for all political subdivisions in Cherry County are certified by the County Board on or before October 15. Real estate taxes are due on December 31 and attach as an enforceable lien and become delinquent in two equal installments on May 1 and September 1. Personal property taxes are due in the same manner as real estate taxes. Delinquent taxes bear 14 percent interest.

Property taxes levied for 2013-2014 are recorded as revenue when expected to be collected within 60 days after September 30, 2014. Prior-year levies were recorded using these same principles, and remaining receivables are re-evaluated annually. Property taxes expected to be collected after 60 days are recorded as deferred revenue on the fund balance sheets.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. They also include all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

CITY OF VALENTINE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – by Character and Function

Proprietary Funds – by Operating and Nonoperating

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

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity is classified as transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows:

1. Fund Accounting Requirements

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

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

2. Deposit Laws and Regulations

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

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

3. Revenue Restrictions

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

4. Debt Restrictions and Covenants

Bonds Payable

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

5. Budgetary Data

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

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

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data, continued

The City follows these procedures in establishing the budgetary data reflected in the accompanying financial statements.

- a. On or before August 1, the City prepares a budget for the fiscal year commencing October 1. The budget includes proposed expenditures and resources available.
- b. The budget is published with subsequent public hearings to obtain taxpayer comments.
- c. Prior to September 20, the City Council adopts the budget, which is then filed with the appropriate state and county officials.
- d. Total expenditures may not legally exceed total appropriations. Appropriations lapse at year end and any revisions require board approval.
- e. The County Clerk certifies a preliminary property tax levy for each fund of the City which levied property taxes in the county the previous year based on the combined valuation and amount required for the City the prior year. The preliminary levy becomes the final levy unless the governing board passes, by a majority vote, a resolution setting the levy at a different amount.
- f. The property tax requirements resulting from the budget process are utilized by the County Assessor to establish the tax levy. Taxes are levied annually on or before October 15. Real property taxes and personal property taxes are due December 31 with the first half delinquent May 1 and the second half delinquent September 1.
- g. Appropriations lapse at the end of the fiscal year, except for capital improvement appropriations and certain encumbrances against operating budgets.
- h. The City of Valentine adopts a budget by resolution for all fund types.

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for the City’s various assets, liabilities, equity, revenues, and expenditures/expenses.

1. Cash and Investments

Deposits

The City’s policies regarding deposits of cash are discussed in Note A4. The table presented below is designed to disclose how its deposits were insured or secured with collateral at September 30, 2014. The categories of collateral are defined as follows:

Category 1 – Insured by FDIC or collateralized with securities held by the City (or public trust) or by its agent in its name.

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution’s trust department or agent in the City’s name.

Category 3 – Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the City’s name; or collateralized with no written or approved collateral agreement.

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits and certificates of deposit	\$ 5,976,330	\$ 846,279	\$ 4,577,886	\$ 552,165	\$ <u>5,912,159</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –	
Unrestricted cash and cash equivalents	\$ 1,644,265
Restricted cash and cash equivalents	2,264,661
Unrestricted certificates of deposit	1,275,671
Restricted certificates of deposit	<u>727,562</u>
	<u>\$ 5,912,159</u>

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

1. Cash and Investments, continued

Investments

The City’s policies and applicable laws regarding investments are discussed in Notes A4 and B2. The table presented below is designed to disclose whether the investments are insured or registered and who holds the security at September 30, 2014. The categories of investments are defined as follows:

Category 1 – Insured or registered with securities held by the entity or its agent in the entity’s name.

Category 2 – Uninsured and unregistered with securities held by counterparty’s trust department or agent in the entity’s name.

Category 3 – Uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the City’s name.

<u>Type of Investment</u>	Category <u>1</u>	Category <u>2</u>	Category <u>3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Money Market	\$ 16,591	\$ -	\$ -	\$ 16,591	\$ 16,591
Municipal bonds	570,016	-	-	<u>570,016</u>	<u>570,016</u>
				<u>\$ 586,607</u>	<u>\$ 586,607</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –

Unrestricted investments

\$ 586,607

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

2. Restricted Assets

The restricted assets as of September 30, 2014, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Type of Restricted Assets:			
Cash and cash equivalents	\$ 2,264,661	\$ -	\$ 2,264,661
Certificates of deposit	169,640	557,922	727,562
	<u>\$ 2,434,301</u>	<u>\$ 557,922</u>	<u>\$ 2,992,223</u>

The governmental activities' restricted assets as of September 30, 2014, consisted of \$439,903 in the General Fund restricted for debt service, \$35,814 in the Street Fund restricted for street improvements, \$1,052,662 in the Infrastructure Fund restricted for infrastructure, \$7,991 in the Fines and Fees Fund restricted for community betterment, \$708,810 in the Economic Development Fund restricted for economic development, \$139,052 in the Perpetual Care Fund restricted for cemetery perpetual care and \$50,069 in the Queen Jackson Memorial Fund restricted for community betterment.

The business-type activities restricted assets as of September 30, 2014, consisted of \$557,922 in the Landfill Fund restricted for landfill closure and post-closure costs.

3. Accounts Receivable

Accounts receivable of the business-type activities consist of utilities receivable. Receivables detail at September 30, 2014, is as follows:

		<u>Business-type Activities</u>
Accounts receivable	\$	257,779
Allowance for doubtful accounts		(84,000)
Net accounts receivable	<u>\$</u>	<u>173,779</u>

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

4. Notes Receivable

Governmental Activities

The Economic Development Fund has made nine economic development loans. Notes receivable at September 30, 2014, consisted of the following:

Note for \$40,000 dated May 20, 2009; principal to be forgiven in annual installments of \$8,000 over five years through May 20, 2014, and interest due in annual installments over five years through May 20, 2014; bearing interest at 4.0 percent. This note was forgiven during the year ended September 30, 2014.	\$ -
Note for \$25,000 dated May 20, 2009; due in 60 monthly payments of \$462.56 through July 1, 2014; bearing interest at 4.0 percent. This note was paid off during the year ended September 30, 2014.	-
Note for \$63,000 dated December 1, 2010; due in 120 monthly payments of \$642.10 through February 15, 2021; bearing interest at 4.0 percent.	43,610
Note for \$44,800 dated July 20, 2011; due in 120 monthly payments of \$453.26 through July 15, 2021; bearing interest at 4.0 percent.	32,481
Note for \$34,000 dated November 14, 2012; due in 120 monthly payments of \$344.23 through November 14, 2022; bearing interest at 4.0 percent.	28,738
Note for \$100,000 dated May 30, 2013; due in 60 monthly payments of \$1,872.96 through November 1, 2018; bearing interest at 4.0 percent.	86,128

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

4. Notes Receivable, continued

Governmental Activities, continued

Note for \$52,500 dated September 30, 2013; due in 60 monthly payments of \$975.46 through December 20, 2018; bearing interest at 4.0 percent. 45,680

Note for \$30,000 dated September 30, 2013; due in 120 monthly payments of \$306.43 through December 20, 2023; bearing interest at 4.0 percent. 28,392

Total governmental activities notes receivable \$ 265,029

Current portion \$ 45,371

Noncurrent portion 219,658

Total \$ 265,029

Business-type Activities

The Electric Fund has made three loans. Notes receivable at September 30, 2014, consisted of the following:

In 2012, the Landfill Fund borrowed \$118,053 from the Electric Fund to refund bonds. Interest is at 2.00 percent and payments are due over a seven-year term. \$ 101,778

In 2002, the Electric Fund loaned \$66,000 to the Airport Fund as part of a hangar project. Loan payments of \$8,137 are due annually beginning August 31, 2007, with the final payment due August 31, 2016. The loan bears an interest rate of four percent. 15,058

Total business-type activities notes receivable \$ 116,836

Current portion \$ 23,658

Noncurrent portion 93,178

Total \$ 116,836

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

5. Capital Assets

Capital asset activity for the year ended September 30, 2014, was as follows:

	<u>Balance at October 1, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at September 30, 2014</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 79,462	\$ -	\$ -	\$ 79,462
Construction in progress	57,354	298,308	-	355,662
Total capital asset not being depreciated	<u>136,816</u>	<u>298,308</u>	<u>-</u>	<u>435,124</u>
Other capital assets being depreciated:				
Buildings and improvements	9,195,621	239,997	(20,200)	9,415,418
Machinery and equipment	790,895	-	-	790,895
Vehicles	461,235	-	(8,650)	452,585
Total other capital assets at historical cost	<u>10,447,751</u>	<u>239,997</u>	<u>(28,850)</u>	<u>10,658,898</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,985,848)	(342,084)	15,838	(2,312,094)
Machinery and equipment	(569,987)	(44,339)	-	(614,326)
Vehicles	(307,489)	(35,328)	8,650	(334,167)
Total accumulated depreciation	<u>(2,863,324)</u>	<u>(421,751) *</u>	<u>24,488</u>	<u>(3,260,587)</u>
Other capital assets, net	<u>7,584,427</u>	<u>(181,754)</u>	<u>(4,362)</u>	<u>7,398,311</u>
Governmental activities capital assets, net	<u>\$ 7,721,243</u>	<u>\$ 116,554</u>	<u>\$ (4,362)</u>	<u>\$ 7,833,435</u>

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

5. Capital Assets, continued

* Depreciation expense was incurred by the following governmental activities:

General Fund:

General government	\$ 12,089
Public safety:	
Police	19,574
Fire	<u>18,558</u>
Total public safety	38,132
Public works:	
Cemetery	774
Environment and leisure:	
Swimming pool	66,128
Library	10,506
Parks and recreation	<u>25,839</u>
Total environment and leisure	<u>102,473</u>
Total General Fund	153,468
Street Fund	43,373
Airport Fund	<u>224,910</u>
Total governmental activities depreciation expense	\$ <u>421,751</u>

Construction in progress at September 30, 2014 consists of \$78,168 of engineering costs on the airport hangar and taxilanes project, \$264,374 of engineering for the storm sewer improvement project and \$13,120 of engineering on the Cowboy Trail connection project. See Note D3 for additional details on construction commitments.

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

5. Capital Assets, continued

Business-type Activities:

	Balance at <u>October 1, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at <u>September 30, 2014</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Construction in progress	\$ 426,359	\$ 159,386	\$ -	\$ (585,745)	\$ -
Other capital assets being depreciated:					
Distribution systems, buildings, and equipment	4,666,791	7,481	-	-	4,674,272
Buildings and improvements	1,291,298	-	-	585,745	1,877,043
Machinery and equipment	6,028,569	19,585	(7,900)	-	6,040,254
Vehicles	398,355	-	-	-	398,355
Total other capital assets at historical cost	<u>12,385,013</u>	<u>27,066</u>	<u>(7,900)</u>	<u>585,745</u>	<u>12,989,924</u>
Less accumulated depreciation for:					
Distribution systems, buildings, and equipment	(1,361,986)	(141,656)	-	-	(1,503,642)
Buildings and improvements	(559,110)	(29,584)	-	-	(588,694)
Machinery and equipment	(3,281,406)	(178,303)	7,900	-	(3,451,809)
Vehicles	(262,214)	(20,159)	-	-	(282,373)
Total accumulated depreciation	<u>(5,464,716)</u>	<u>(369,702)*</u>	<u>7,900</u>	<u>-</u>	<u>(5,826,518)</u>
Other capital assets, net	<u>6,920,297</u>	<u>(342,636)</u>	<u>-</u>	<u>585,745</u>	<u>7,163,406</u>
Business-type activities capital assets, net	<u>\$ 7,346,656</u>	<u>\$ (183,250)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,163,406</u>

* Depreciation expense was charged to functions as follows:

Electric	\$ 187,399
Water	46,790
Sewer	84,808
Landfill	<u>50,705</u>
Total business-type activities depreciation expense	<u>\$ 369,702</u>

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

6. Accounts Payable

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

7. Long-term Debt

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

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2014:

<u>Type of Debt</u>	<u>Balance at October 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at September 30, 2014</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds and notes payable	\$ 1,166,021	\$ -	\$ (316,643)	\$ 849,378	\$ 316,643
Business-type Activities:					
Bonds and notes payable	\$ 2,203,053	\$ -	\$ (126,275)	\$ 2,076,778	\$ 126,135

Governmental Activities

As of September 30, 2014, the governmental long-term liabilities consisted of the following:

Bonds and notes payable:

General obligation allocation fund pledge bonds - paving districts, Series 2007, with an original issue amount of \$230,000. Interest rates range from 3.70 percent to 4.00 percent. Interest is due in semi-annual installments and principal is due in annual installments through December 15, 2017.

\$ 25,000

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

7. Long-term Debt, continued

Governmental Activities, continued

General obligation refunding bonds, Series 2009, with an original issue amount of \$415,000. Interest rates range from 1.30 percent to 3.00 percent. Interest is due in semi-annual installments and principal is due in annual installments through October 15, 2015. 145,000

The City entered into a loan agreement with the State of Nebraska Department of Aeronautics for the repayment of funds borrowed under the State of Nebraska Department of Aeronautics Revolving Hangar Loan Program. The total project cost was \$233,090. The State loaned the City \$137,115 to be repaid over a period of 180 months at \$760 per month. 24,320

General obligation refunding bonds, Series 2011, with an original issue amount of \$1,050,000. Interest rates range from 0.45 percent to 1.40 percent. Interest is due in semi-annual installments and principal is due in annual installments through December 15, 2016. 640,000

In 2002, the Electric Fund loaned \$66,000 to the Airport Fund as part of a hangar project. Loan payments of \$8,137 are due annually beginning August 31, 2007, with the final payment due August 31, 2016. The loan bears an interest rate of four percent. 15,058

Total governmental activities bonds and notes payable \$ 849,378

Current portion \$ 316,643

Noncurrent portion 532,735

Total \$ 849,378

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

7. Long-term Debt, continued

Business-type Activities

As of September 30, 2014, the long-term debt payable from proprietary fund resources consisted of the following:

Bonds and notes payable:

Combined utilities system revenue refunding bonds, series 2011, with an original issue amount of \$2,190,000. Interest rates range from 0.45 percent to 3.70 percent. Interest is due in semi-annual installments and principal is due in annual installments through November 15, 2028. \$ 1,975,000

In 2012, the Landfill Fund borrowed \$118,053 from the Electric Fund to refund bonds. Interest is at 2.00 percent and payments are due over a seven-year term. 101,778

Total business-type activity bonds and notes payable \$ 2,076,778

Current portion \$ 126,135

Noncurrent portion 1,950,643

Total \$ 2,076,778

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2014, are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 316,643	\$ 10,743	\$ 126,135	\$ 51,580
2016	311,655	5,713	131,457	50,395
2017	221,080	1,505	131,786	48,872
2018	-	-	137,122	46,988
2019	-	-	137,465	44,738
2020-2024	-	-	667,813	176,959
2025-2029	-	-	745,000	68,570
	<u>\$ 849,378</u>	<u>\$ 17,961</u>	<u>\$ 2,076,778</u>	<u>\$ 488,102</u>

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

8. Special Assessments

Governmental Activities

The City completed street improvements in October of 1996. The total project construction and engineering costs totaled \$398,951. Of this amount, \$278,547 was assessed to property owners.

The City completed street improvements in August of 2000. The total construction and engineering costs totaled \$659,645. Of this amount, \$385,393 was assessed to property owners.

In 2006, additional assessments of \$192,875 were assessed to property owners for recently developed land.

The City completed street improvements in August of 2008. The total construction and engineering costs totaled \$146,759, of this amount \$111,043 was assessed to property owners.

The City completed street improvements in September of 2012. The total construction and engineering costs totaled \$548,401, of this amount \$373,172 was assessed to property owners.

Principal collections from various special assessments outstanding are reported in the Street Fund. Special assessments receivable comprised the following assessments at September 30, 2014:

Current portion	\$ 24,450
Non-current portion	<u>250,133</u>
Total street improvement assessments	\$ <u>274,583</u>

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

9. Interfund Balances and Transactions

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 62,772	\$ -
Street Fund	68,771	-
Airport Fund	6,733	-
Infrastructure Fund	-	(103,815)
Nonmajor Funds	-	(59,772)
Water Fund	11,311	-
Sewer Fund	<u>14,000</u>	<u>-</u>
Total operating transfers	<u>\$ 163,587</u>	<u>\$ (163,587)</u>

Interfund balances relate to negative pooled cash balances in the Street Fund and the Airport Fund. The Street Fund owed the General Fund \$65,399 and the Airport Fund owed the General Fund \$219 at September 30, 2014.

NOTE D – OTHER NOTES

1. Employee Pension and Other Benefit Plans

City General Pension Plan

The City of Valentine has a contributory defined contribution employees' pension plan in which the employees of the City participate. Eligible employees contribute six percent of their gross payroll and the City matches the six percent. Employees are eligible to participate after one month of continuous service and after attaining age 18.

All employees are fully vested in their own contributions and become vested in the City's contribution after seven years' participation in the plan.

For the year ended September 30, 2014, the City's total payroll and covered payroll under the plan was \$1,183,314 and \$998,219, respectively. Both the City's required contribution of \$59,650 and the covered employees' required contribution of \$59,650 were made for the year ended September 30, 2014.

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

Deferred Compensation Plan

The City has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all City employees. The plan permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, unforeseeable emergency, or permanent disability.

As of January 1, 1997, these funds were placed in trust, in accordance with IRS Code Section 457(g)(1). IRS Code Section 457(g)(1), applicable for plan year beginning January 1, 1997, states that “a plan maintained by an eligible employer shall not be treated as an eligible deferred compensation plan unless all assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries.” The deferred compensation plan as placed in trust is not subject to any creditors of the City.

The employees contributed \$15,127 under the plan for the year ended September 30, 2014.

2. Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The City purchases commercial insurance to minimize the effect of possible exposure to these risks. There have been no significant reductions in insurance coverage from coverage in the prior year. During the past three fiscal years, there have been no settlements exceeding the amount of the City’s insurance coverage.

Deposits and Investments

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City’s investments at September 30, 2014, are held by the counterparties not in the name of the City. The underlying securities consist of cash, certificates of deposit, and insured money market funds.

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy requires that market conditions and investment securities be analyzed to determine the maximum yield to be obtained and to minimize the impact of rising interest rates. The certificate of deposit maturities are as follows:

<u>Maturities by Month</u>	<u>Amount</u>
October 2014	\$ 529,410
May 2015	850,112
April 2015	65,788
September 2015	557,923
	<u>\$ 2,003,233</u>

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

Concentration of Credit Risk. The City's investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2014, the City's investments and certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Security First Bank	\$ 850,112
Union Bank & Trust	1,153,121
Totals	<u>\$ 2,003,233</u>

Foreign Currency Risk. This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The City's investments had no exposure to foreign currency risk and the City held no investments denominated in foreign currency at September 30, 2014.

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies

Closure and Postclosure Costs

State and federal laws and regulations require the Valentine Landfill to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Valentine Landfill 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 balance sheet date. The \$877,000 reported as landfill closure and postclosure care liability at September 30, 2014, represents the cumulative amount reported to date based on the use of approximately 50.2 percent of the estimated capacity of the landfill. The Valentine Landfill will recognize the remaining estimated cost of closure and postclosure care of \$869,178 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2014. The Valentine Landfill expects to close the landfill in the year 2041. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

In accordance with the State of Nebraska Title 132 Solid Waste Regulations, the City of Valentine must satisfy the requirements for a financial assurance mechanism (FAM). During the year ended September 30, 1996, the City Council passed Resolution 96-13 to make annual contributions to a special fund to finance closure and postclosure care. The Valentine Landfill is in compliance with these requirements, and, at September 30, 2014, investments totaled \$557,922 at Union Bank. The City of Valentine expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Construction Commitments

The City’s governmental activities had the following construction commitment as of September 30, 2014:

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/2014</u>	<u>Obligation Pending</u>	<u>Expected Completion Date</u>
Hangar and Taxilanes	\$ 174,973	\$ 78,168	\$ 96,805	Spring 2015
Storm Sewer Improvements	636,750	261,493	375,257	Summer 2016
Total	<u>\$ 811,723</u>	<u>\$ 339,661</u>	<u>\$ 472,062</u>	

4. Conduit Debt

In 2008, the Community Development Agency (CDA) issued tax increment revenue bonds in the original amount of \$103,821 for Danielski Harvesting & Farming, LLC. These bonds constitute a limited obligation of the Agency payable exclusively from that portion of the ad valorem real estate taxes mentioned in subdivision (2) of Section 18-2147 R.R.S. Neb. 1943, as levied, collected, and apportioned from year to year with respect to certain real estate located within the “Project Areas.” The conduit debt has a principal balance of \$81,664 as of September 30, 2014.

In 2009, the Community Development Agency (CDA) issued tax increment revenue bonds in the original amount of \$407,000 for the Ranchland Foods Project. These bonds constitute a limited obligation of the Agency payable exclusively from that portion of the ad valorem real estate taxes mentioned in subdivision (2) of Section 18-2147 R.R.S. Neb. 1943, as levied, collected, and apportioned from year to year with respect to certain real estate located within the “Project Areas.” The conduit debt has a principal balance of \$169,742 as of September 30, 2014.

In 2013, the Community Development Agency (CDA) issued tax increment revenue bonds in the original amount of \$1,175,000 for KTJ 231, LLC. These bonds constitute a limited obligation of the Agency payable exclusively from that portion of the ad valorem real estate taxes mentioned in subdivision (2) of Section 18-2147 R.R.S. Neb. 1943, as levied, collected, and apportioned from year to year with respect to certain real estate located within the “Project Areas.” The conduit debt has a principal balance of \$1,175,000 as of September 30, 2014.

CITY OF VALENTINE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

4. Conduit Debt, continued

These bonds do not constitute an obligation of the City of Valentine, Nebraska, as the City is not liable for the payment thereof from any fund or source including but not limited to tax monies (except for such tax receipts as have been pledged pursuant to Section 18-2150 R.R.S Neb. 1943). Accordingly, these bonds are not reported as liabilities in the accompanying financial statements.

5. Interlocal Agreements

The City had the following Interlocal agreements in effect as of September 30, 2014:

<u>Parties to Agreement</u>	<u>Term</u>	<u>Description</u>
Cherry County	October 1, 2013 - September 30, 2014	Agreement for law enforcement and fire dispatch
City of Gordon, City of Rushville, City of Hay Springs, City of Chadron, City of Crawford, County of Sheridan, County of Dawes, and County of Cherry	November 12, 2002 - perpetual	Provide for intergovernmental law enforcement
Middle Niobrara Natural Resources District	June 20, 2000 - perpetual	Joint ownership of Mill Pond property
Cherry County	February 12, 2009 - perpetual	Cherry County Justice Center Exchange

6. Subsequent Events

Management has evaluated subsequent events through February 14, 2015, the date on which the financial statements were available for issue.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF VALENTINE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND

Year Ended September 30, 2014

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 442,904	\$ 429,233	\$ (13,671)
Sales	290,000	331,664	41,664
Franchise	426,871	435,001	8,130
Intergovernmental	159,509	76,839	(82,670)
Licenses and permits	13,600	13,671	71
Charges for services	76,575	169,098	92,523
Grants and contributions	7,600	85,882	78,282
Interest income	4,955	5,093	138
Other	17,650	80,917	63,267
	1,439,664	1,627,398	187,734
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	298,725	305,476	6,751
Public safety	554,732	519,053	(35,679)
Leisure and environment	512,474	391,250	(121,224)
Cemetery	153,734	39,480	(114,254)
Capital outlay	250,000	26,729	(223,271)
Principal payments on debt	205,000	205,000	-
Interest payments on debt	7,949	7,948	(1)
	1,982,614	1,494,936	(487,678)
Total charges to appropriations			
Resources under charges to appropriations	(542,950)	132,462	675,412
OTHER FINANCING SOURCES			
Net transfers	407,000	62,772	(344,228)
	407,000	62,772	(344,228)
RESOURCES AND OTHER FINANCING SOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	\$ (135,950)	\$ 195,234	\$ 331,184

CITY OF VALENTINE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
STREET FUND

Year Ended September 30, 2014

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Motor vehicle tax	\$ 49,500	\$ 50,976	\$ 1,476
Sales tax	69,000	71,088	2,088
Intergovernmental	432,452	443,087	10,635
Special assessments	14,300	14,143	(157)
Interest income	2,000	2,153	153
Charges for services	5,500	3,463	(2,037)
Grants and contributions	537,375	-	(537,375)
Other income	500	6,699	6,199
	<hr/>	<hr/>	<hr/>
Total resources	1,110,627	591,609	(519,018)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	453,925	340,713	(113,212)
Capital outlay	826,531	490,762	(335,769)
Principal payments on debt	95,000	95,000	-
Interest payments on debt	6,506	6,507	1
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	1,381,962	932,982	(448,980)
Resources over (under) charges to appropriations	(271,335)	(341,373)	(70,038)
OTHER FINANCING SOURCES			
Net transfers	279,156	68,771	(210,385)
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ 7,821</u>	<u>\$ (272,602)</u>	<u>\$ (280,423)</u>

CITY OF VALENTINE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
AIRPORT FUND

Year Ended September 30, 2014

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Charges for services	\$ 255,000	\$ 346,391	\$ 91,391
Grant income	933,000	27,768	(905,232)
Other income	500	32,821	32,321
	<hr/>	<hr/>	<hr/>
Total resources	1,188,500	406,980	(781,520)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Operating expenditures	231,050	322,258	91,208
Capital outlay	1,140,000	20,814	(1,119,186)
Principal payments on debt	16,643	16,643	-
Interest on long-term debt	614	614	-
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	1,388,307	360,329	(1,027,978)
Resources under charges to appropriations	(199,807)	46,651	246,458
OTHER FINANCING SOURCES			
Net transfers	207,000	6,733	(200,267)
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ 7,193</u>	<u>\$ 53,384</u>	<u>\$ 46,191</u>

CITY OF VALENTINE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
INFRASTRUCTURE FUND

Year Ended September 30, 2014

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Sales tax	\$ 420,000	\$ 497,496	\$ 77,496
Special assessments	23,146	24,395	1,249
Interest income	1,000	882	(118)
	<hr/>	<hr/>	<hr/>
Total resources	444,146	522,773	78,627
OTHER FINANCING USES			
Net transfers	(1,054,685)	(103,815)	950,870
	<hr/>	<hr/>	<hr/>
RESOURCES OVER (UNDER) OTHER FINANCING USES	<u>\$ (610,539)</u>	<u>\$ 418,958</u>	<u>\$ 1,029,497</u>

CITY OF VALENTINE, NEBRASKA

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

Year Ended September 30, 2014

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

	<u>General Fund</u>	<u>Street Fund</u>	<u>Airport Fund</u>	<u>Infrastructure Fund</u>
Sources/inflows of resources:				
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 1,627,398	\$ 591,609	\$ 406,980	\$ 522,773
Differences - budget to GAAP:				
Cash to accrual adjustments	<u>2,768</u>	<u>49</u>	<u>-</u>	<u>1,300</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 1,630,166</u></u>	<u><u>\$ 591,658</u></u>	<u><u>\$ 406,980</u></u>	<u><u>\$ 524,073</u></u>
Uses/outflows of resources:				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedules	\$ 1,494,936	\$ 932,982	\$ 360,329	\$ -
Differences - budget to GAAP:				
Cash to accrual adjustments	<u>(35,842)</u>	<u>22,063</u>	<u>1,376</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 1,459,094</u></u>	<u><u>\$ 955,045</u></u>	<u><u>\$ 361,705</u></u>	<u><u>\$ -</u></u>

SUPPLEMENTARY INFORMATION

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

September 30, 2014

	Special Revenue Funds		Permanent Funds		Total Nonmajor Governmental Funds
	Fines and <u>Fees</u>	Economic <u>Development</u>	Perpetual <u>Care</u>	Queen Jackson <u>Memorial</u>	
ASSETS					
Cash and cash equivalents	\$ 7,991	\$ 708,810	\$ 5,226	\$ 50,069	\$ 772,096
Certificates of deposit	-	-	133,826	-	133,826
Interest receivable	-	-	90	-	90
Sales tax receivable	-	29,809	-	-	29,809
Total assets	<u>\$ 7,991</u>	<u>\$ 738,619</u>	<u>\$ 139,142</u>	<u>\$ 50,069</u>	<u>\$ 935,821</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 5,640	\$ -	\$ -	\$ -	\$ 5,640
Fund balances:					
Nonspendable for:					
Cemetery perpetual care	-	-	139,142	-	139,142
Restricted for:					
Economic development	-	738,619	-	-	738,619
Community betterment	2,351	-	-	50,069	52,420
Total fund balances	<u>2,351</u>	<u>738,619</u>	<u>139,142</u>	<u>50,069</u>	<u>930,181</u>
Total liabilities and fund balances	<u>\$ 7,991</u>	<u>\$ 738,619</u>	<u>\$ 139,142</u>	<u>\$ 50,069</u>	<u>\$ 935,821</u>

CITY OF VALENTINE, NEBRASKA

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

For the Year Ended September 30, 2014

	Special Revenue Funds		Permanent Funds		
	Fine and <u>Fees</u>	Economic <u>Development</u>	Perpetual <u>Care</u>	Queen Jackson <u>Memorial</u>	Total Nonmajor Governmental <u>Funds</u>
REVENUES					
Sales tax	\$ -	\$ 166,265	\$ -	\$ -	\$ 166,265
Licenses and permits	5,640	-	-	-	5,640
Grants and contributions	-	209,600	-	13,935	223,535
Interest income	-	524	-	-	524
Loan collections	-	54,361	-	-	54,361
Other	-	115	1,175	-	1,290
Total revenues	5,640	430,865	1,175	13,935	451,615
EXPENDITURES					
General government	5,640	-	-	-	5,640
Excess (deficiency) of revenues over expenditures	-	430,865	1,175	13,935	445,975
OTHER FINANCING USES					
Transfers to other funds	-	(54,772)	-	(5,000)	(59,772)
Net change in fund balances	-	376,093	1,175	8,935	386,203
Fund balances - September 30, 2013	2,351	362,526	137,967	41,134	543,978
Fund balances - September 30, 2014	\$ 2,351	\$ 738,619	\$ 139,142	\$ 50,069	\$ 930,181

CITY OF VALENTINE, NEBRASKA

COMBINING STATEMENT OF REVENUES AND EXPENDITURES -

GENERAL FUND DEPARTMENTS

Year Ended September 30, 2014

	<u>Administrative</u>	<u>Police</u>	<u>Fire</u>
REVENUES			
Taxes:			
General property tax	\$ 230,507	\$ -	\$ -
Sales tax	-	-	-
Franchise	435,001	-	-
Intergovernmental revenue:			
State assistance	74,723	-	-
Licenses and permits	13,671	-	-
Charges for services	-	-	-
Grants and donations	50,085	1,297	-
Interest income	1,714	-	-
Other receipts	60,977	-	-
Total revenues	<u>866,678</u>	<u>1,297</u>	<u>-</u>
EXPENDITURES			
Personnel services:			
Salaries and benefits	152,629	346,064	3,584
Operating expenses:			
Insurance	5,275	13,223	8,896
Professional fees	2,019	882	283
Meetings, seminars, and dues	9,949	438	265
Repairs and maintenance	9,781	32,898	15,951
Printing, postage, and publications	406	265	46
Utilities and telephone	13,725	-	17,635
Total operating expenses	<u>41,155</u>	<u>47,706</u>	<u>43,076</u>
Supplies	5,118	3,398	687
Other expenses	68,704	57,657	17,252
Capital outlay	-	-	-
Principal payments on debt	-	-	-
Interest payments	-	-	-
Total expenditures	<u>267,606</u>	<u>454,825</u>	<u>64,599</u>
Excess (deficiency) of revenues over expenditures before transfers	599,072	(453,528)	(64,599)
TRANSFERS FROM OTHER FUNDS	<u>54,772</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 653,844</u>	<u>\$ (453,528)</u>	<u>\$ (64,599)</u>

<u>Pool</u>	<u>Library</u>	<u>Cemetery</u>	<u>Park</u>	<u>Bookmobile</u>	<u>Time Capsule</u>	<u>Total</u>
\$ -	\$ 85,388	\$ 25,628	\$ 89,631	\$ -	\$ -	\$ 431,154
332,530	-	-	-	-	-	332,530
-	-	-	-	-	-	435,001
-	2,116	-	-	-	-	76,839
-	-	-	-	-	-	13,671
28,677	6,211	18,838	37,372	78,000	-	169,098
-	1,200	90	33,210	-	-	85,882
371	62	2,738	4	174	11	5,074
-	-	-	19,940	-	-	80,917
<u>361,578</u>	<u>94,977</u>	<u>47,294</u>	<u>180,157</u>	<u>78,174</u>	<u>11</u>	<u>1,630,166</u>
48,884	57,399	1,628	29,401	61,204	-	700,793
6,541	4,871	1,111	4,113	2,130	-	46,160
577	162	95	381	179	-	4,578
-	311	-	-	311	-	11,274
3,375	4,290	29,437	32,509	5,262	-	133,503
-	255	-	250	255	-	1,477
<u>14,884</u>	<u>2,358</u>	<u>1,627</u>	<u>53,085</u>	<u>26</u>	<u>-</u>	<u>103,340</u>
25,377	12,247	32,270	90,338	8,163	-	300,332
11,742	14,009	99	2,634	10,900	-	48,587
1,761	1,575	9,207	13,518	420	-	170,094
-	-	-	26,729	-	-	26,729
205,000	-	-	-	-	-	205,000
<u>7,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,559</u>
<u>300,323</u>	<u>85,230</u>	<u>43,204</u>	<u>162,620</u>	<u>80,687</u>	<u>-</u>	<u>1,459,094</u>
61,255	9,747	4,090	17,537	(2,513)	11	171,072
-	5,000	-	3,000	-	-	62,772
<u>\$ 61,255</u>	<u>\$ 14,747</u>	<u>\$ 4,090</u>	<u>\$ 20,537</u>	<u>\$ (2,513)</u>	<u>\$ 11</u>	<u>\$ 233,844</u>