

**Preliminary Official Statement Dated February 11, 2020**

*In the opinion of Bond Counsel, under existing laws, regulations and court decisions and subject to the qualifications set forth herein under "TAX EXEMPTION" interest on the Bonds is not includable in gross income for purposes of regular federal and Nebraska state income taxation. Interest on the Bonds is not subject to the alternative minimum tax imposed on individuals under the Internal Revenue Code of 1986, as amended (the "Code"). See the caption "TAX EXEMPTION" herein.*

**\$1,345,000\*****CITY OF LOUISVILLE, NEBRASKA  
GENERAL OBLIGATION WATER REFUNDING BONDS, SERIES 2020**

Dated: Date of Delivery

Due: November 15 as shown below

The General Obligation Water Refunding Bonds, Series 2020 (the "Bonds") are issuable as fully registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry only form, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Beneficial owners of the Bonds will not receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. Interest is payable on May 15 and November 15 of each year, beginning May 15, 2020\*. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal or redemption price of and interest on the Bonds will be made directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See "THE BONDS - Global Book-Entry Bonds." The City Treasurer in Louisville, Nebraska, will act as Paying Agent and Registrar for the Bonds, provided, however, the City reserves the right to name a new third-party Paying Agent and Registrar prior to or after issuance of the Bonds. For terms relating to payments made to DTC or its nominee or in the event that the use of book-entry form is discontinued, see "THE BONDS." The Bonds are subject to optional redemption prior to maturity at any time on or after the fifth anniversary of the delivery date, as described herein.

**MATURITY SCHEDULE\***

<u>Type</u>	<u>Amount</u>	<u>Maturity</u> <u>November 15</u>	<u>Interest</u> <u>Rate</u>	<u>Yield to</u> <u>Maturity</u>	<u>Price</u>	<u>CUSIPS</u>
Serial	\$180,000	2020				
Serial	190,000	2021				
Serial	195,000	2022				
Serial	195,000	2023				
Serial	195,000	2024				
Serial	195,000	2025				
Serial	195,000	2026				

The Bonds are subject to optional redemption prior to maturity at any time on or after the fifth anniversary of the date of issue, at par plus accrued interest to the date of redemption as described herein. (See "THE BONDS – Optional Redemption" herein).

The Bonds are being issued for the purpose of refunding the City's outstanding General Obligation Water Refunding Bonds, dated December 15, 2011, in the outstanding principal amount of \$1,330,000, which bonds were issued to refund bonds originally issued to pay the costs of additions and improvements to the water utility of the City.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered in book-entry form, when, as and if issued and received by the Underwriter and subject to the approval of legality by Rembolt Ludtke LLP, Lincoln, Nebraska, Bond Counsel, and certain other conditions. It is expected that the Bonds will be available for delivery through The Depository Trust Company, in New York, New York, on or about March 18, 2020\*.

**AMERITAS INVESTMENT CORP.**

\*Preliminary subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or to make any representations with respect to the Bonds other than the information and representations contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been furnished by the City and such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE SECURITIES DESCRIBED HEREIN BY ANY PERSON, IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE THEREAFTER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY OF THE SECURITIES DESCRIBED HEREIN SINCE THE DATE HEREOF.

SUCH SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS ANY DOCUMENT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE TERMS OF THE OFFERING. THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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**OFFICIAL STATEMENT  
RELATING TO  
\$1,345,000\*  
CITY OF LOUISVILLE, NEBRASKA  
GENERAL OBLIGATION WATER REFUNDING BONDS, SERIES 2020**

**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page and appendix, is to set forth information concerning the City of Louisville, Nebraska (the “City”), and the \$1,345,000\* in principal amount of the City’s General Obligation Water Refunding Bonds, Series 2020 (the “Bonds”) offered hereby.

**Sources of Certain Information**

There follow in this Official Statement brief descriptions of the Bonds and the City. All descriptions of documents herein are only summaries and are qualified in their entirety by reference to each such document. During the offering period, copies of such documents may be obtained from the City or from Ameritas Investment Corp. (the “Underwriter”). Information in this Official Statement concerning the City has been furnished by the City and other sources deemed to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

**THE BONDS**

The Bonds will be issued in the aggregate principal amount of \$1,345,000\*, will bear date of original issue of March 18, 2020\*, bear interest (computed on the basis of a year of 360 days consisting of twelve thirty-day months) at specified rates, payable semiannually on May 15 and November 15 of each year, beginning May 15, 2020\* (each an “Interest Payment Date”) and mature on the dates, all as set forth on the cover page of this Official Statement. The Bonds are issuable only in fully registered form in the denomination of \$5,000 or any integral multiple thereof. Initially, the Bonds will be issued using the services of The Depository Trust Company (“DTC”) and will be registered in the name of Cede & Co. and will be made available to beneficial owners in book-entry only form, as described below.

**Purpose and Authority**

The Bonds are being issued for the purpose of refunding the City’s outstanding General Obligation Water Refunding Bonds, dated December 15, 2011 (the “Outstanding Bonds”). The Outstanding Bonds were issued to refunding general obligation water bonds originally issued to pay the costs of additions and improvements to the water utility of the City. The Bonds have been duly authorized by an Ordinance duly passed and approved (the “Ordinance”), and by proceedings duly had by the Mayor and Council of the City, all in strict compliance with Sections 10-142 and 17-534 of the Reissue Revised Statutes of Nebraska 2012, as amended.

**Security**

The City agrees that it shall cause to be levied and collected annually a tax by valuation on all the taxable property in the City, in addition to all other taxes, sufficient in rate and amount to fully pay the principal and interest of the Bonds as the same become due. For the prompt payment of the Bonds, principal and interest as the same become due, the full faith, credit and resources of the City are irrevocably pledged.

\*Preliminary subject to change.

## **General**

The principal of and interest on the Bonds due at maturity or upon redemption prior to maturity are payable at the office of the City Treasurer in Louisville, Nebraska (the “Registrar”) or of any successor paying agent and registrar appointed by the City, as provided in the Ordinance, upon presentation and surrender thereof. Interest on the Bonds due prior to maturity or earlier date of redemption will be paid to the registered owners thereof as of the close of business on the fifteenth day (whether or not a business day) immediately preceding each Interest Payment Date (the “Record Date”) and will be paid by check or draft drawn on the Registrar and mailed on each Interest Payment Date to the registered owners thereof at the addresses shown on the registration books maintained by the Registrar notwithstanding the cancellation of any such Bond upon any exchange or transfer thereof subsequent to the Record Date and prior to such Interest Payment Date. The principal of and interest on the Bonds will be paid in lawful money of the United States of America. The foregoing procedures and methods for payment will apply in the event that provisions for global book-entry bonds as described below cease to be in effect and will apply to the holding and transfer of the Bonds by DTC subject to certain modifications provided for in a Letter of Representations between the City, the Registrar and DTC.

## **Global Book-Entry Bonds**

The Bonds will be available to the ultimate purchasers in global book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds purchased, except as described below.

The following description of the procedures and record-keeping with respect to beneficial ownership interests in the Bonds, payment of interest and other payments on the Bonds to Participants (as hereinafter defined) or Beneficial Owners (as hereinafter defined) of the Bonds, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, Participants and Beneficial Owners of the Bonds, is based solely on information furnished by DTC to the City for inclusion in this Official Statement. Accordingly, the City and the Registrar do not make any representations concerning these matters, and the Beneficial Owners of the Bonds should not rely on the following information with respect to such matters, but should instead confirm the same with the Participants from whom they purchased the Bonds.

DTC, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each separate maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participant’s accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users

of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and at [www.dtc.org](http://www.dtc.org).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the documents relating to the Bonds. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City (or the Registrar) as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the

Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registrar (from funds provided by the City), disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Bonds are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates for the Bonds will be printed and delivered. The information under this subcaption concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof. The City and the Registrar will not have any responsibility or obligation to Participants, to Indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC, any Direct Participant or any Indirect Participant; (ii) the payment by DTC or any Direct Participant or Indirect Participant of any amount with respect to the principal or redemption price of or interest on the Bonds; (iii) any notice which is permitted or required to be given to Bondholders under the Ordinance; (iv) the selection by DTC or any Direct or Indirect Participant of any person to receive payment in the event of a partial redemption of the Bonds; or (v) any consent given or other action taken by DTC as Bondholder.

The information included under this subcaption, other than in this paragraph, the preceding paragraph hereof and the first two full paragraphs under this subcaption, has been provided by DTC. No representation is made by the City or the Registrar as to the accuracy or adequacy of such information provided by DTC or as to the absence of material adverse changes in such information subsequent to the date hereof. The Beneficial Owners of the Bonds will rely on DTC Participants or Indirect Participants for timely payments and other notices and for otherwise making available to the Beneficial Owners the rights of a Bondholder. No assurances can be given, in the event of the bankruptcy or insolvency of DTC or the Direct Participant or Indirect Participant through which a Beneficial Owner holds beneficial interest in the Bonds, that payment will be made by DTC, the Direct Participant or the Indirect Participant on a timely basis.

### **Notice to Bondholders**

Notice of any proposed modification or amendment of the Ordinance by means of a supplemental ordinance that is to be effective with the consent of the registered owners of the Bonds as well as all notices of redemption will be mailed to DTC, as the registered owner of the Bonds then outstanding. No assurance can be given by the City or the Registrar that DTC will distribute to the Participants, or that the Participants will distribute to the Beneficial Owners, (i) payment of debt service on the Bonds paid to DTC, or its nominee, as the registered owner, or (ii) any redemption or other notices, or that DTC or the Participants will serve and act on a timely basis or in the manner described in this Official Statement.

### **Optional Redemption**

The Bonds maturing more than five years after the date of issue are subject to redemption at the option of the City prior to maturity at any time on or after the fifth anniversary of the date of issue, in whole or in part, at par plus accrued interest to the date fixed for redemption. The City may select the Bonds to be redeemed in its sole discretion.

### **Redemption--Bonds Held by DTC**

If the Bonds are being held by DTC under the book-entry system and less than all of such Bonds within a maturity are being redeemed, DTC's current practice is to determine by lot the amount of the interest of each Participant in such maturity to be called for redemption, and each Participant is to then select by lot the ownership interest in such maturity to be redeemed. See "THE BONDS - Global Book-Entry Bonds" herein.

### **Notice of Redemption; Effect of Redemption**

Notice of call for redemption, identifying the Bonds or portions thereof to be redeemed shall be given by the Registrar by mail, sent to the registered owners of the Bonds to be redeemed (initially, Cede & Co.) at their registered addresses as shown on the registration books maintained by the Registrar, first-class, postage prepaid, not less than thirty (30) days prior to the date fixed for redemption. Failure to give notice to any registered owner or any defect in the notice shall not affect the validity of the proceedings calling the Bonds or the redemption of any Bonds for which proper notice has been given. The City shall have the right to direct further notice of redemption for any Bond for which defective notice has been given.

### **Transfer of Bonds**

The Bonds are transferable upon presentation for cancellation to the Registrar at the office of the Registrar in Louisville, Nebraska. To be transferred, any Bonds must be accompanied by a written instrument of transfer in form satisfactory to the Registrar and must be accompanied by such signature guaranties and other evidence as the Registrar may require. Upon surrender of any Bond in proper form, the Registrar will deliver at its office or send by registered mail to the transferee owner or owners at such transferee owner's or owners' risk and expense, a new Bond or Bonds of the same maturity, interest rate and aggregate principal amount registered in the name of the transferee owner or owners. To the extent of the denominations permitted by the Ordinance, one Bond may be transferred for several Bonds of a like maturity, interest rate and aggregate principal amount and several Bonds may be transferred for one or several Bonds, respectively, of the same maturity, interest rate and aggregate principal amount. Transfer of interests by Beneficial Owners, so long as there is a securities depository serving will be governed by the procedures described under "THE BONDS - Global Book-Entry Bonds" herein.

**SOURCES AND APPLICATION OF FUNDS**

**Sources of Funds:**

Principal amount of Bonds  
 Total

**Application of Funds:**

Deposit to Redeem Outstanding Note to NDEE  
 Issuance Costs (including Underwriter’s Discount)  
 Total

**DEBT SERVICE ON THE BONDS\***

The following table shows the debt service (including sinking fund maturities, if applicable) on the Bonds. Debt service for the Bonds is based upon the maturity schedule and interest rates shown on the cover page of this Official Statement.

<b><u>Series 2020 GO Water Refunding Bonds</u></b>			
<b><u>Year</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2020	\$180,000	\$	\$
2021	190,000		
2022	195,000		
2023	195,000		
2024	195,000		
2025	195,000		
2026	<u>195,000</u>		
Total	<u>\$1,345,000</u>	<u>\$</u>	<u>\$</u>

\* Preliminary, subject to change.

## FINANCIAL INFORMATION

### **City of Louisville**

Taxable Valuation (2018-19)	\$	72,269,045
General Obligation Debt		
General Obligation Water Refunding Bonds, Series 2020 (this issue)	\$	1,345,000
General Obligation Refunding Bonds, Series 2015B (Nursing Home)	\$	1,425,000
General Obligation Refunding Bonds, Series 2015	\$	280,000
General Obligation Water Bonds, Series 2013	\$	345,000
General Obligation Promissory Note, Series 2016	\$	463,272
Total General Obligation Debt	\$	3,865,000
Ratio of Direct Debt to Taxable Valuation		5.35%
Cass County Population (2020 est.)		26,159
Louisville Population (2020 est.)		1,106
Other Debt by issuer as per audit		
NDEQ Loan 2005 (remaining as of December 2019)	\$	392,523
Direct & Overlapping G.O. Debt	\$	4,425,000
Ratio of Direct & Overlapping Debt to Taxable Valuation		6.12%

### **Overlapping Debt:**

### **Cass County**

Taxable Valuation (2019-20)	\$	3,657,073,738
General Obligation Debt		-0-
City's Pro-Rata Share		-0-

### **Cass County School District 0032**

Taxable Valuation (2019-20)	\$	565,122,981
General Obligation Debt	\$	4,385,000
City's Pro-Rata Share (12.79%)		560,000

### **Future Borrowing Plans**

Borrowings in future years will depend upon capital requirements for such fiscal years.

### **Debt Limitations**

Under Nebraska law, there is no general limitation on general obligation or revenue indebtedness.

**Authority to Levy Property Taxes**

The City’s authority to levy and collect property taxes is limited to not more than 45¢ per \$100 of taxable valuation plus an additional 5¢ per \$100 to provide financing for the City’s share of revenue required under interlocal agreements. (See “NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION”.) The City’s 2019-20 general fund tax levy for municipal purposes as described above is \$0.469579 on each \$100 of taxable value on all the taxable property within the City. Such levy limitations do not apply to the City’s levy for bonded indebtedness approved according to law and secured by a levy on property, but they do apply to taxes required for payment of lease rentals in connection with any lease-purchase related financing.

**City Budget Limitations**

The Nebraska Legislature has enacted budget limitations applicable to the current, prior and following budget years. (See “NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION”.)

**THE CITY**

**Government**

Louisville is a second-class City with a Mayor-Council form of government. The Mayor and four council persons are elected to four-year terms of office. The City of Louisville provides various services to its residents including public safety, highways and streets, parks and recreation, planning and zoning, and general administrative services. The City also provides water, sewer, and sanitary waste services.

City officials are as follows:

Mayor	Roger Behrns
Admin./Clerk/Treas.	Dee Arias
Council Member	Jerry McClun
Council Member	Randy Jensen
Council Member	Paula Simonson
Council Member	Rod Peterson

**Population**

<u>Year</u>	<u>Louisville</u>	<u>Cass County</u>
2010 (Census)	1,106	25,241
2020 (Est.)	1,308	26,159

Source: Bureau of Census, U.S. Dept. of Commerce

**Law Enforcement**

The City is patrolled by the Cass County Sheriff’s Department.

**Fire Protection and Ambulance Service**

Fire Protection is provided in the community by a volunteer fire department. Protection is provided for areas outside the city limits on a contract basis with the Rural Fire District.

## ECONOMIC ACTIVITY

Basic economic activities of Louisville include agricultural activities. Some of the major employers in the City area are Ash Grove Cement Co., mining and cement producing, Robert & Kathleen Copple Cos., auto dealer and development, and the Louisville Care Center.

### Financial Institutions

Banking services are provided by Pinnacle Bank.

### Health Care

Louisville is fortunate to have a wealth of health care professionals, medical services, dental care, convenient hospitals, ambulance and EMT/Fire volunteers all focused on the community. Health care needs are met by CHI Health Midlands and Midlands Community Hospital in Papillion and the Omaha area hospitals.

### Education

The Louisville School District is a Class 3, Type K-12 district. Student enrollment for the 2019/20 school year was 685.

### Utilities

The City owns and operates its water and sewer systems. Water rates are based on a \$47.25 base fee including up to 2000 gallons plus \$2.00 for every 1,000 gallons. Sewer rates are a single base rate starting at \$23.00 base fee plus \$2.35 for every 1,000 gallons. Electricity is furnished by OPPD and natural gas is provided by Black Hills Energy.

### Nursing Home

Louisville Care Center was established January 4, 1972. The Care Center is a 61 bed, long and short-term care facility licensed by the state and Medicare certified. The center is non-profit and owned by the City. The refunded bonds were issued for the construction of 20 one-bedroom apartments and 2 two-bedroom apartments to be used as assisted living units. The nursing home maintains a full occupancy and has a waiting list of residents.

## TAX BASE DATA

### Tax Valuations

<u>Year</u>	<u>Cass County</u>	<u>Louisville</u>
2019/20	\$3,657,073,738	\$72,269,045
2018/19	\$3,580,123,104	\$63,388,490
2017/18	\$3,472,183,485	\$62,328,787
2016/17	\$3,459,978,455	\$57,267,356
2015/16	\$3,393,013,896	\$56,182,673

**Tax Levies**

	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Cass County	0.36785	0.37249	0.38835	0.37102	0.35177
City of Louisville	0.52688	0.53815	0.54285	0.55215	0.58641
School District 0032	1.05000	1.05918	1.06323	1.05000	1.07275
Totals	1.94473	1.96983	1.99443	1.97316	2.01093

Source: Nebraska Department of Revenue

**Employment**

The State of Nebraska Department of Labor reports the following labor force data for Cass County:

<b><u>Year</u></b>	<b><u>Labor Force</u></b>	<b><u>Employed</u></b>	<b><u>Unemployment Rate</u></b>
2019	13,760	13,358	2.9%
2018	13,275	12,882	3.0%
2017	13,143	12,735	3.1%
2016	13,131	12,691	3.4%
2015	13,066	12,632	3.3%

Source: Nebraska Department of Labor

**Net Taxable Sales (\$000s)**

<b><u>Year</u></b>	<b><u>Cass County</u></b>	<b><u>Louisville</u></b>
2019		
2018	\$131,739	\$9,830
2017	\$126,494	\$8,962
2016	\$123,281	\$9,221
2015	\$120,733	\$8,189

Source: Nebraska Department of Revenue

## **BONDHOLDERS' RISKS**

Among the factors affecting an investment in the Bonds, the following items, among others, should be considered by potential investors:

1. The Bonds Not Rated. The Bonds have not been rated or reviewed by any rating agency and it is not expected that any rating will be applied for. The absence of a rating may limit the market for reselling the Bonds because certain institutional and other investors limit their purchases to securities which have received a rating.

2. Limitation of Rights Upon Insolvency. The United States Bankruptcy Code enables debtors, including cities, which are insolvent to obtain relief through petition and plan which may result in the modification or delay of payments to creditors, including Bondholders. In the event of any insolvency upon the part of the City, the holders of the Bonds might be treated as general creditors of the City along with other unsecured claimants. The extent to which the exception from limitations upon overall tax rates provided for in existing legislation, including the Tax Limitations and the Budget Limitations (see "NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION"), might entitle general obligation bondholders to be treated as a separate class or otherwise given priority over other unsecured claimants is a matter that would be subject to future determinations of Nebraska state and federal courts interpreting and applying both state law and the United States Bankruptcy Code. Procedures under the Bankruptcy Code or other insolvency laws could result in delays in payment and modifications of payment rights. The State of Nebraska has authorized its political subdivisions to seek relief under the United States Bankruptcy Code by statute.

3. Nebraska Developments Related to Taxation. The Nebraska Legislature has recently taken actions designed to reduce the reliance of local governmental units on property taxation, see "NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION."

4. Economic Downturn/Decreased Nebraska State Tax Revenues. The State of Nebraska (the "State"), like many other states, recently experienced decreased collections of revenues as a result of the impact of general economic conditions on enterprises in Nebraska. Such decreased collections resulted in lower forecasts of revenues for the budgeting purposes of the State. In response to this change in revenue receipts and forecasts, the Nebraska Legislature has enacted certain changes reducing state expenditures, including certain state contributions to cities and other political subdivisions. Further consideration of decreased state aid to local governments may occur. Although revenue receipts and forecasts, as publicly reported, have shown some stabilization and/or improvement, there can be no assurance that the current levels of state aid to cities will be maintained. Legislation affecting the taxing powers of political subdivisions, particularly with respect to property taxes, has also been considered from time to time. The recent economic downturn also impacted sales tax receipts.

5. Proposed Tax Legislation. Proposals affecting tax-exempt interest may be considered from time to time which could limit the availability of or eliminate federally tax-exempt interest on tax-exempt bonds. Neither house of Congress has passed any such proposal and it is not possible to predict whether any such proposal will be enacted into law. If enacted into law, such a proposal could affect the value or marketability of tax-exempt bonds (including the Bonds) and bondholders' tax liability. Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any change in law on the Bonds.

## **NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION**

The Nebraska Legislature has enacted legislation intended to reduce the level of property taxation and political subdivision expenditures in the State. The legislature has enacted legislation to provide for budget limitations and legislation requiring reductions in the rate of taxation for general property taxes. Budget limitations relating to cities, villages, counties and other political subdivisions (Sections 13-518 to 13-522, R.R.S. Neb. 2012, as amended, and related sections, the “Budget Limitations”) limit the growth in amounts which may be budgeted with respect to certain restricted funds. Restricted funds include property taxes, local option sales taxes and certain other sources. The limitation imposed does not apply to tax revenues pledged to retire bonded indebtedness. The Budget Limitations currently provide for a base limitation of 2.5%. Such base limitation is subject to review by the Nebraska Legislature from year to year. The base limitation may be exceeded by an additional 1% upon an affirmative vote of at least 75% of the governing body. These limitations are to be enforced through the office of the Auditor of Public Accounts of the State of Nebraska and state aid (including certain payments related to motor vehicle registration) may be withheld from governmental units which fail to comply. The Budget Limitations thus do not apply to amounts required to pay debt service on the Bonds.

Tax levy limitations (Section 77-3442, R.R.S. Neb. 2009, as amended, and related sections, the “Levy Limitations”) provide for overall limitations on the tax levies of political subdivisions, including cities. Under the Levy Limitations the rates for levying property taxes have been reduced for each type of governmental unit in the State of Nebraska. The rate for cities is set at 45¢ per \$100 of taxable valuation with an additional 5¢ available for payments under interlocal cooperation agreements. The City’s 2018/19 general fund tax levy for municipal purposes as described herein is \$0.487859 on each \$100 of taxable value on all the taxable property within the City. The Levy Limitations provide for an express exclusion from the limitations for property tax levies for bonded indebtedness. Taxes to pay principal and interest on the City’s general obligation bonds are thus not subject either to the Budget Limitations or the Levy Limitations.

The future methods for providing financing for cities, schools and other local units may be altered depending upon future actions to be taken by the Nebraska Legislature, further decisions of the Nebraska Supreme Court and Federal Courts and future initiative petitions proposed by voters.

### **TAX EXEMPTION**

Under the Internal Revenue Code of 1986, as amended, (the “Code”) interest on the Bonds will not be includable in gross income for purposes of determining federal income taxes. Certain features of the Code with respect to interest on the Bonds are described in the following paragraphs.

1. The Bonds are not Private Activity Bonds. The Bonds are being issued for essential governmental purposes and will not be “private activity bonds” as described in the Code. In connection with the issuance of the Bonds, the City will certify that none of the proceeds of the Bonds will be used to acquire property for which any persons will be a user other than as a member of the general public under the terms of the Code. The City will also certify that none of the proceeds of the Bonds will be used to make or finance loans to any person. Because the Bonds will not be “private activity bonds”, as described in the Code, they will not be subject to the alternative minimum tax for individuals.

2. The Bonds will not be Arbitrage Bonds under the Terms of the Code. In connection with the issuance of the Bonds, the City will certify certain of its expectations and anticipations with respect to the Bonds. Under certain circumstances, failure to pay rebates on a timely basis can result in a retroactive loss of tax-exempt status for bonds. Although the Code provides that the determination of whether or not a bond is an arbitrage bond is to be based upon reasonable expectations at the time of issuance, it also

contains language which indicates that a bond is to be treated as an arbitrage bond “if the City intentionally uses any portion of the proceeds of the issue” to acquire higher yielding investments or replace funds which were used directly or indirectly to acquire such higher yielding investments. The Ordinance includes a covenant on the part of the City to take all actions necessary to preserve the tax-exempt status of interest on the Bonds under the Code.

3. Tax Consequences for Tax-exempt Interest Income Under Certain Other Provisions of Federal Tax Laws. Under the Code while interest on the Bonds is exempt as to taxpayers generally, such income may be taken into consideration for purposes of computing certain other taxes imposed. Investors with social security or railroad retirement income may have a tax imposed upon such social security or railroad retirement income depending upon whether or not they have received tax-exempt income such as interest on the Bonds. Casualty and insurance companies will be required to take into consideration tax-exempt interest income in determining losses for certain purposes. Foreign corporations may be required to take into account interest on the Bonds in computing the branch profits tax under Section 884 of the Code. Certain S Corporations may also be required to take interest on the Bonds into consideration for certain federal income tax purposes. Taxpayers with social security and railroad retirement income, casualty and insurance companies, foreign corporations, and S Corporations should consult with their own tax advisors concerning the consequences of investment in the Bonds.

4. Financial Institutions--Deductibility of Attributable Interest. Under the Code, financial institutions are not allowed to deduct any portion of the interest expense allocable to the acquisition or carrying of certain tax-exempt bonds acquired after August 7, 1986, unless such bonds have been designated by the issuer as “qualified tax-exempt obligations” under the provisions of Section 265 of the Code. Financial institutions considering a purchase of the Bonds are advised that they have been designated (or are “deemed designated”) as “qualified tax-exempt obligations” under the terms of the Ordinance authorizing issuance of the Bonds.

5. Changes in Federal and State Tax Law. Recent legislation reduced the top income tax brackets and made other changes which could make tax-exempt, interest-bearing obligations less marketable. Additional proposals affecting tax-exempt interest may be considered from time to time which could limit the availability of or eliminate federally tax-exempt interest on tax-exempt bonds. Neither house of Congress has passed any such proposal and it is not possible to predict whether such previous proposals, or another proposal with similar effects, will be enacted into law. If enacted into law, such a proposal could adversely affect the ability of the City to finance and/or refinance projects on favorable tax-exempt terms. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

#### **TAX OPINION--STATE INCOME TAX**

Rembolt Ludtke LLP, Lincoln, Nebraska, Bond Counsel, will render their opinion concerning the tax-exempt status of interest payable on the Bonds. Under existing laws, interest on the Bonds is not subject to the Nebraska state income tax except to the extent that such interest is subject to federal income taxes.

## CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission, the City Clerk being the only “obligated persons” other than the City with respect to the Bonds, and being an “obligated person” with respect to no more than \$10,000,000 in aggregate amount of outstanding municipal securities (including the Bonds), agrees that it will provide the following continuing disclosure information to the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB:

- (a) at least annually not later than nine months after the end of the City’s fiscal year, financial information or operating data for the City which is customarily prepared by the City and is publicly available, including the City’s audited financial statements and information of the type included in the audit;
- (b) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:
  - (1) principal and interest payment delinquencies;
  - (2) non-payment related defaults, if material;
  - (3) unscheduled draws on debt service reserves reflecting financial difficulties;
  - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
  - (5) substitution of credit or liquidity providers, or their failure to perform;
  - (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
  - (7) modifications to rights of the holders of the Bonds, if material;
  - (8) bond calls, if material, and tender offers;
  - (9) defeasances;
  - (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
  - (11) rating changes;
  - (12) bankruptcy, insolvency, receivership or similar events of the City (this event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation

by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City);

- (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

The City has not undertaken to provide notice of the occurrence of any other event, except the events listed above.

The City agrees that all documents provided to the MSRB under the terms of the continuing disclosure undertaking shall be in such electronic format and accompanied by such identifying information as shall be prescribed by the MSRB. The City reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information or the accounting methods in accordance with which such information is presented, to the extent necessary or appropriate in the judgment of the City, consistent with the Rule. The City agrees that such covenants are for the benefit of the registered owners of the Bonds (including Beneficial Owners) and that such covenants may be enforced by any registered owner or Beneficial Owner, provided that any such right to enforcement shall be limited to specific enforcement of such undertaking and any failure shall not constitute an event of default under the Ordinance. The continuing disclosure obligations of the City, as described above, shall cease when none of the Bonds remain outstanding. The name, address and telephone number of the person from whom the foregoing information, data and notices can be obtained is:

Louisville City Clerk  
210 Main Street  
Louisville, NE 68037  
Phone: (402) 234-7705

### **Compliance with Existing Continuing Disclosure Undertakings**

The City is subject to continuing disclosure undertakings with regard to the Outstanding Bonds and with regard to the City's General Obligation Refunding Bonds, Series 2015B. The City believes that it has materially complied with its obligations pursuant to such undertakings.

## **LITIGATION**

No litigation is pending or, to the knowledge of the City, threatened in any court to restrain or enjoin the issuance or delivery of any of the Bonds or attacking in a material way the City's ability to levy taxes to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or the Ordinance or contesting the powers or authority of the City to issue the Bonds or adopt the Ordinance.

## **UNDERWRITING**

Ameritas Investment Corp., as Underwriter, has agreed, subject to certain conditions, to purchase the Bonds at the price of \_\_\_\_% of the principal amount, plus accrued interest, if any. The Underwriter intends to offer the Bonds to the public initially at the offering prices or yields as set forth on the cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter will be obligated to purchase all such Bonds if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers at prices lower than the public offering prices, and the public offering prices may be changed, from time to time, by the Underwriter.

While the Underwriter expects, insofar as possible, to maintain a secondary market for the Bonds, no assurance can be given concerning the future maintenance of such a market by the Underwriter or others, and prospective purchasers of the Bonds should therefore be prepared to hold their Bonds to their maturity.

## **FINANCIAL STATEMENTS**

The City's Financial Statements were audited by Dana F. Cole & Company LLP, Certified Public Accountants, for the fiscal year ended September 30, 2018, are available from the Underwriter and an excerpt or copy of such Financial Statements is attached as Appendix A.

## **APPROVAL OF LEGAL PROCEEDINGS**

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Rembolt Ludtke LLP, Lincoln, Nebraska, Bond Counsel. Bond Counsel has examined a transcript of the City's proceedings and relied thereon without undertaking to verify the same by independent investigation. The legal opinion of Bond Counsel does not address the sufficiency of this Official Statement or any of the information contained herein.

## **MISCELLANEOUS**

The information contained in this Official Statement has been compiled or prepared from information obtained from the City and other sources deemed to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct as of this date. Any statements involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

**CITY OF LOUISVILLE, NEBRASKA**

**APPENDIX A**  
**CITY OF LOUISVILLE, NEBRASKA**  
**FINANCIAL STATEMENTS**  
**September 30, 2018**

CITY OF LOUISVILLE, NEBRASKA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2018



**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF LOUISVILLE, NEBRASKA  
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**DANA F. COLE  
& COMPANY<sub>LLP</sub>**  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council  
City of Louisville, Nebraska

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Louisville, Nebraska, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Louisville, Nebraska, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 and budgetary comparison information on pages 48 through 51 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 Louisville, Nebraska's basic financial statements. The other supplementary information on pages 52 through 57 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information on pages 54 through 57 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 States of America. In our opinion, the other supplementary information on pages 54 through 57 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other supplementary information on pages 52 through 53 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2019, on our consideration of the City of Louisville, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Louisville, Nebraska's internal control over financial reporting and compliance.

Dana J Cole + Company, LLP

Lincoln, Nebraska  
April 1, 2019

CITY OF LOUISVILLE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Louisville, Nebraska, we offer readers of the City of Louisville, Nebraska's financial statements this narrative overview and analysis of the financial activities of the City of Louisville, Nebraska, for the fiscal year ended September 30, 2018. Please read it in conjunction with the City's financial statements, which follow this section.

## OVERVIEW OF FINANCIAL STATEMENTS

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

### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short- and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net position and how it has changed. Net position is the difference between the City's total assets and total liabilities. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories: (1) governmental activities and (2) business-type activities. The governmental activities include most of the City's basic services such as public safety, public works, public health, public welfare and social services, and general administration. Property taxes and state aid funds finance most of these activities. The business-type activities of the City of Louisville, Nebraska, include water, sewer, solid waste, rescue squad, and the care center. The fiduciary activities of the City consist of the Tax Increment Financing (TIF) activities and these are not included in the City's government-wide financial statements.

The government-wide financial statements are on pages 12 - 14 of this report.

### Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. 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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Louisville, Nebraska, can be divided into one of three categories: governmental funds, proprietary funds, or fiduciary funds.

CITY OF LOUISVILLE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

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 the 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 City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains seven 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 balance for the General Fund, Street Fund, Prairie Hills Street District Fund, and Municipal Building Fund because they are considered major funds. Data from the three other 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 adopts an annual appropriated budget for all of its funds. However, a budgetary comparison schedule has been provided for the General Fund and all major funds to demonstrate compliance with the Nebraska Budget Act.

The basic governmental fund financial statements can be found on pages 15 - 19 of this report.

Proprietary Funds

The City of Louisville, Nebraska, maintains five different types of proprietary funds, which include water, sewer, solid waste, rescue squad, and care center. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the funds.

The basic proprietary fund financial statements can be found on pages 20 - 24 of this report.

CITY OF LOUISVILLE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**OVERVIEW OF FINANCIAL STATEMENTS (Continued)**

Fund Financial Statements (Continued)

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City of Louisville, Nebraska's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 - 47 of this report.

Required Supplementary Information

The management's discussion and analysis and the budgetary comparison schedules for the major governmental funds as listed in the foregoing table of contents represent financial information required by accounting principles generally accepted in the United States of America to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").

Other Supplementary Information

In addition to the basic financial statements, accompanying notes, and required supplementary information, this report includes information concerning the nonmajor governmental activities. Combining fund statements can be found on pages 54 - 57 of this report.

**FINANCIAL HIGHLIGHTS**

The assets of the City of Louisville, Nebraska, exceeded its liabilities at the close of the most recent year by \$7,326,958. Of this amount, \$3,038,089 may be used to meet the government's ongoing obligations to citizens and creditors. Below is a condensed statement showing the government's net position.

	2018	2017
Total cash and investments	3,115,487	3,012,646
Total other current assets	627,307	502,902
Net fixed assets	9,316,933	9,311,569
Total assets	<u>13,059,727</u>	<u>12,827,117</u>

CITY OF LOUISVILLE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS (Continued)

	2018	2017
Total current liabilities	1,071,927	1,263,627
Total long-term liabilities	4,660,842	5,189,986
Total liabilities	5,732,769	6,453,613
Net position		
Invested in capital assets, net of related debt	4,126,947	3,294,840
Restricted	161,922	244,089
Unrestricted	3,038,089	2,834,575
Total net position	7,326,958	6,373,504

The results of this year's operation as a whole are reported in the statement of activities on page 14. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific disbursement categories are represented to determine the final amount of the District's activities that are supported by general revenues. The two largest general revenues are the local taxes assessed to community taxpayers and the intergovernmental revenues including monies from the other governmental units including the state of Nebraska.

Below is information from that statement, rearranged slightly, so you can see our total revenues and expenses for the year.

	Primary Government	
	2018	2017
REVENUES		
Program revenues		
Charges for services	5,909,749	5,953,935
Operating grants and contributions	175,035	167,967
Capital grants and contributions	480,942	
General revenues		
Taxes	651,795	597,332
Investment earnings	12,675	9,359
Other miscellaneous revenues	343,326	114,365
Total revenues	7,573,522	6,842,958
EXPENSES		
Rescue Squad	65,299	70,723
Water	473,336	494,036
Sewer	339,093	419,338
Solid Waste	83,814	79,554
Care Center	4,930,446	4,918,169

CITY OF LOUISVILLE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS (Continued)

	Primary Government	
	2018	2017
EXPENSES (Continued)		
General Government	207,109	212,183
Economic Development	18,790	17,598
Public Works	196,392	192,696
Public Health and Safety	93,320	72,641
Culture and Recreation	59,784	52,113
Public building	784	8,282
Depreciation	129,125	134,715
Interest on long-term debt	22,776	20,070
Total expenses	6,620,068	6,692,118
CHANGE IN NET POSITION	953,454	150,840
NET POSITION, beginning of year	6,373,504	6,250,926
Transfer to fiduciary funds		(28,262)
NET POSITION, end of year	7,326,958	6,373,504

The outstanding long-term debt was decreased by a net of \$593,424 to a balance due of \$5,189,986. The City has 14 years remaining of bond debt. For additional information, see Note 5 of the notes to financial statements.

Total fixed assets of the City were recorded at historical cost and are included in the government-wide financial statements. Further analysis of the changes in fixed assets is described in Note 4 of the notes to financial statements.

**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 Louisville, Nebraska, assets exceeded liabilities and deferred inflows of resources by \$7,326,958 at the close of the most recent fiscal year.

Of the City of Louisville, Nebraska's net position, (56.3%) reflects its investment in capital assets (e.g., land, construction in progress, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Louisville, Nebraska, uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Louisville, Nebraska's investments 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.

The remaining balance of net position (43.7%) may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF LOUISVILLE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

The overall change in net position increased by \$953,454 with the governmental activity increasing \$185,829 and the business-type activity increasing \$767,625. The increase in the governmental activities was due to more revenues being received, \$913,909, which includes a transfer for support from the Water Fund of \$24,000, than expenses of \$728,080. The revenues and expenses are consistent with the fiscal year ended September 30, 2017. The increase in the business-type activities was primarily due to the capital grant from the Nebraska Games and Parks Commission for the sanitation line. Otherwise, the revenue and expenses are consistent with the fiscal year ended September 30, 2017.

**FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS**

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

The focus of the City of Louisville, Nebraska'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 Louisville, Nebraska's financing requirements. In particular, unrestricted net position may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The governmental funds overall change in fund balance for the year was \$185,829.

Overall, the General Fund balance decreased by \$81,736 for an ending fund balance of \$751,932. Of this amount, \$17,751 is in the form of nonspendable prepaid insurance, \$282,373 is assigned to the different departments within the General Fund, and \$451,808 is unrestricted.

The Street Fund revenues increased \$105,984 due to an increase in both sales tax revenues and miscellaneous revenues. Total expenditures increased by \$113,090 with an increase in public works activities, to include capital outlay. Overall, the fund balance at the end of the year increased \$40,964 for a total ending fund balance of \$347,927. This amount is broken down between nonspendable prepaid insurance of \$8,396 and assigned for the street operations of \$339,531.

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the proprietary funds amounted to \$1,859,573, or 35.8%, of total proprietary fund net position.

Overall, the City's proprietary funds had a net income of \$767,625. This is \$717,749 greater than the net income of \$49,879 for the prior fiscal year.

The Water Fund continues to reflect a deficit net position of \$197,943; however, the City had a positive net income during the year of \$107,649 and will continue to work on increasing the net position.

CITY OF LOUISVILLE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS (Continued)**

The Sewer Fund had a net income this year of \$607,387 as this fund is utilizing a lot of effort in updating the sewer system and adding new sewer lines. The overall net position of \$1,020,263 of the Sewer Fund.

The Care Center's operating revenues decreased by \$81,220 over the previous fiscal year primarily due to vacancies and a small increase in charges. Overall the Care Center had a net income of \$12,512 during the year as compared to the net income of \$143,365 from the previous year.

**BUDGETARY COMPARISON ANALYSIS**

The City's all-fund budget was not amended during the fiscal year. The General Fund budgetary comparison schedule included \$354,969 in available resources, which includes total receipts and other financing sources, and \$428,869 in disbursements. Actual disbursements were \$701,370 less than budgeted, due mainly to less than expected spending for capital projects. The Street Fund budgetary comparison schedule included \$483,943 in available resources and \$410,019 in disbursements. Actual disbursements were \$16,756 more than budgeted, due mainly to more than expected spending for capital projects.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounts to \$9,316,933, net of accumulated depreciation. This investment in capital assets includes land, construction in progress, buildings and system, improvements, machinery and equipment, and park facilities.

Governmental activities net capital assets increased \$117,666. Primarily, this was due to the construction of the new ball park during the fiscal year. The majority of this construction is being held in construction in progress until the facility becomes operational.

Business-type activities net capital assets decreased \$112,302 due the amount of depreciation expense, \$766,912, exceeded new capital assets. There were major projects started during the year and at the end of the year, \$51,662 still remains as construction in progress for the Platte River State Park project.

Additional information on the City's capital assets can be found in Note 4 of the notes to financial statements.

The City's long-term debt at September 30, 2018, was \$5,189,986. This was a decrease of \$593,424.

A discussion of the City's debt can be found in Note 5 of the notes to financial statements.

CITY OF LOUISVILLE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

For the upcoming fiscal year ending September 30, 2019, the City's budget is fairly consistent with this year.

**CONTACTING THE CITY'S MANAGEMENT**

This financial report is designed to provide a general overview of the City of Louisville, Nebraska'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 of Louisville, 210 Main Street, Louisville, Nebraska 68037.

For additional information regarding the Louisville Care Center, a blended component unit of the City of Louisville, Nebraska, please contact the Louisville Care Center, 410 West 5th Street, Louisville, Nebraska 68037.

CITY OF LOUISVILLE, NEBRASKA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	533,546	1,085,752	1,619,298
Cash held by County Treasurer	14,153	1,034	15,187
Certificate of deposits	322,585	1,173,604	1,496,189
Receivables	9,109	466,819	475,928
Taxes receivable	16,660	757	17,417
Inventory		15,493	15,493
Prepaid insurance	26,147	77,135	103,282
Total current assets	<u>922,200</u>	<u>2,820,594</u>	<u>3,742,794</u>
Capital Assets			
Land	16,000	305,853	321,853
Construction in progress	48,739	51,662	100,401
Building	625,439	12,967,470	13,592,909
Property, equipment, and infrastructure	2,891,261	3,302,076	6,193,337
Accumulated depreciation	<u>(1,915,608)</u>	<u>(8,975,959)</u>	<u>(10,891,567)</u>
Net capital assets	<u>1,665,831</u>	<u>7,651,102</u>	<u>9,316,933</u>
Other Assets			
Due from (to) other funds	<u>500,000</u>	<u>(500,000)</u>	
<b>TOTAL ASSETS</b>	<u>3,088,031</u>	<u>9,971,696</u>	<u>13,059,727</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	53,018	177,445	230,463
Accrued expenses	28,744	283,576	312,320
Long-term liabilities - current portion	<u>94,883</u>	<u>434,261</u>	<u>529,144</u>
Total current liabilities	<u>176,645</u>	<u>895,282</u>	<u>1,071,927</u>
Long-Term Liabilities			
Long-term liabilities, net of current portion	<u>775,605</u>	<u>3,885,237</u>	<u>4,660,842</u>
<b>TOTAL LIABILITIES</b>	<u>952,250</u>	<u>4,780,519</u>	<u>5,732,769</u>

CITY OF LOUISVILLE, NEBRASKA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
NET POSITION			
Invested in capital assets, net of related debt	795,343	3,331,604	4,126,947
Restricted			
Debt Service	110,387		110,387
Keno	19,687		19,687
1999 Housing Rehab Loans	31,848		31,848
Unrestricted	1,178,516	1,859,573	3,038,089
TOTAL NET POSITION	2,135,781	5,191,177	7,326,958

See accompanying notes to financial statements.

CITY OF LOUISVILLE, NEBRASKA  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2018

Functions/programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
General Government	207,109	16,557	651	(189,901)		(189,901)	
Economic Development	18,790			(18,790)		(18,790)	
Public Works	196,392		174,384	(22,008)		(22,008)	
Public Health and Safety	93,320			(93,320)		(93,320)	
Culture and Recreation	59,784			(59,784)		(59,784)	
Public building	784			(784)		(784)	
Depreciation	129,125			(129,125)		(129,125)	
Interest on long-term debt	22,776			(22,776)		(22,776)	
Total governmental activities	<u>728,080</u>	<u>16,557</u>	<u>175,035</u>	<u>(536,488)</u>		<u>(536,488)</u>	
Business-type activities							
Rescue Squad	65,299	69,025			3,726	3,726	
Water	473,336	462,468			(10,868)	(10,868)	
Sewer	339,093	313,227		480,942	455,076	455,076	
Solid Waste	83,814	88,794			4,980	4,980	
Care Center	4,930,446	4,959,678			29,232	29,232	
Total business-type activities	<u>5,891,988</u>	<u>5,893,192</u>		<u>480,942</u>	<u>482,146</u>	<u>482,146</u>	
Total primary government	<u>6,620,068</u>	<u>5,909,749</u>	<u>175,035</u>	<u>480,942</u>	<u>(536,488)</u>	<u>(54,342)</u>	
General revenues							
Taxes							
Levied for general purposes				498,918	29,348	528,266	
Levied for bond purposes				19,218		19,218	
Sales					104,311	104,311	
Leases and rents				54,751		54,751	
Unrestricted investment earnings				2,820	9,855	12,675	
Other miscellaneous revenues				122,610	165,965	288,575	
Total general revenues				<u>698,317</u>	<u>309,479</u>	<u>1,007,796</u>	
Transfers				24,000	(24,000)		
CHANGE IN NET POSITION				185,829	767,625	953,454	
NET POSITION, beginning of year				<u>1,949,952</u>	<u>4,423,552</u>	<u>6,373,504</u>	
NET POSITION, end of year				<u>2,135,781</u>	<u>5,191,177</u>	<u>7,326,958</u>	

See accompanying notes to financial statements.

CITY OF LOUISVILLE, NEBRASKA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018

		Special Revenue	Debt Service				
			Prairie Hills Street District	Municipal Building	Other Governmental Funds	Total Governmental Funds	
ASSETS		General	Street				
<b>CURRENT ASSETS</b>							
	Cash and cash equivalents	41,880	337,055	16,637	33,124	119,251	547,947
	Cash held by County Treasurer	9,921	3,678		554		14,153
	Certificate of deposits	220,730	38,102	18,101	45,652		322,585
	Receivables		9,109				9,109
	Taxes receivable	3,876	1,437		406		5,719
	Due from other funds	500,000					500,000
	Prepaid insurance	17,751	8,396				26,147
15	<b>TOTAL ASSETS</b>	<u>794,158</u>	<u>397,777</u>	<u>34,738</u>	<u>79,736</u>	<u>119,251</u>	<u>1,425,660</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>CURRENT LIABILITIES</b>							
	Accounts payable	13,108	39,910				53,018
	Bank overdraft	14,401					14,401
	Accrued expenses	14,717	9,940	139	3,948		28,744
	<b>Total current liabilities</b>	<u>42,226</u>	<u>49,850</u>	<u>139</u>	<u>3,948</u>		<u>96,163</u>
<b>FUND BALANCES</b>							
	Nonspendable	17,751	8,396				26,147
	Restricted			34,599	75,788	51,535	161,922
	Committed					67,716	67,716
	Assigned	282,373	339,531				621,904
	Unassigned	451,808					451,808
	<b>Total fund balances</b>	<u>751,932</u>	<u>347,927</u>	<u>34,599</u>	<u>75,788</u>	<u>119,251</u>	<u>1,329,497</u>
	<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>794,158</u>	<u>397,777</u>	<u>34,738</u>	<u>79,736</u>	<u>119,251</u>	<u>1,425,660</u>

See accompanying notes to financial statements.

CITY OF LOUISVILLE, NEBRASKA  
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018

Amounts reported for governmental activities  
in the statement of net position are different  
because:

Fund balance - total governmental funds	1,329,497
Capital assets, net of related accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	1,665,831
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(870,488)
Property taxes receivable that were levied but were not available soon enough to meet the current financial resources measurement focus and modified accrual basis of accounting as used in the governmental funds.	<u>10,941</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>2,135,781</u></u>

See accompanying notes to financial statements.

CITY OF LOUISVILLE, NEBRASKA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2018

		Special Revenue	Debt Service			
	General	Street	Prairie Hills Street District	Municipal Building	Other Governmental Funds	Totals Governmental Funds
<b>REVENUES</b>						
Taxes	227,649	228,330	283	16,163	34,770	507,195
Intergovernmental	651	174,384				175,035
Interest	1,639	653	54	149	325	2,820
Licenses and permits	16,557					16,557
Leases and rents	54,751					54,751
Miscellaneous	30,753	79,431			12,426	122,610
Total revenues	<u>332,000</u>	<u>482,798</u>	<u>337</u>	<u>16,312</u>	<u>47,521</u>	<u>878,968</u>
<b>EXPENDITURES</b>						
Current						
General Government	203,836				3,273	207,109
Economic Development					18,790	18,790
Public Works		196,392				196,392
Public Health and Safety	93,320					93,320
Culture and Recreation	59,784					59,784
Public building	784					784
Capital outlay	58,555	168,247				226,802
Debt service						
Principal payments	14,512	76,160	50,000	25,000		165,672
Interest	12,445	1,035	1,355	7,941		22,776
Total expenditures	<u>443,236</u>	<u>441,834</u>	<u>51,355</u>	<u>32,941</u>	<u>22,063</u>	<u>991,429</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>						
	<u>(111,236)</u>	<u>40,964</u>	<u>(51,018)</u>	<u>(16,629)</u>	<u>25,458</u>	<u>(112,461)</u>

CITY OF LOUISVILLE, NEBRASKA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2018

		Special Revenue	Debt Service			
	General	Street	Prairie Hills Street District	Municipal Building	Other Governmental Funds	Totals Governmental Funds
OTHER FINANCING SOURCES (USES)						
Operating transfers in	29,500					29,500
Operating transfers out					(5,500)	(5,500)
Total other financing sources (uses)	<u>29,500</u>				<u>(5,500)</u>	<u>24,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITUES AND OTHER FINANCING USES	(81,736)	40,964	(51,018)	(16,629)	19,958	(88,461)
FUND BALANCES, beginning of year	<u>833,668</u>	<u>306,963</u>	<u>85,617</u>	<u>92,417</u>	<u>99,293</u>	<u>1,417,958</u>
FUND BALANCES, end of year	<u>751,932</u>	<u>347,927</u>	<u>34,599</u>	<u>75,788</u>	<u>119,251</u>	<u>1,329,497</u>

See accompanying notes to financial statements.

CITY OF LOUISVILLE, NEBRASKA  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO  
 THE STATEMENT OF ACTIVITIES  
 YEAR ENDED SEPTEMBER 30, 2018

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	(88,461)
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$226,802) was greater than depreciation (\$129,125) in the current period.</p>	97,677
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	165,672
<p>The governmental funds reports property taxes as revenue when they are levied provided that they are available. This amount is the amount of property tax revenue that did not meet the current financial resources measurement focus of the governmental funds.</p>	<u>10,941</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>185,829</u></u>

See accompanying notes to financial statements.

CITY OF LOUISVILLE, NEBRASKA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2018

20

	Rescue Squad	Water	Sewer	Solid Waste	Care Center	Totals
<b>ASSETS</b>						
Current Assets						
Cash and cash equivalents	132,068	172,626	136,847	15,886	628,325	1,085,752
Cash held by County Treasurer	1,034					1,034
Certificate of deposits	30,363				1,143,241	1,173,604
Receivables	32,670	26,646	105,603	8,555	293,345	466,819
Taxes receivable	757					757
Inventory					15,493	15,493
Prepaid expenses	4,820	17,998	12,490		41,827	77,135
Total current assets	<u>201,712</u>	<u>217,270</u>	<u>254,940</u>	<u>24,441</u>	<u>2,122,231</u>	<u>2,820,594</u>
Capital Assets						
Land and improvements					305,853	305,853
Construction in progress					51,662	51,662
Buildings and improvements		3,455,455	2,492,648		7,019,367	12,967,470
Property and equipment	259,912	1,581,164	325,666	13,939	1,121,395	3,302,076
Less accumulated depreciation	(94,152)	(2,411,862)	(2,027,546)	(13,939)	(4,428,460)	(8,975,959)
Net capital assets	<u>165,760</u>	<u>2,624,757</u>	<u>790,768</u>		<u>4,069,817</u>	<u>7,651,102</u>
<b>TOTAL ASSETS</b>	<u>367,472</u>	<u>2,842,027</u>	<u>1,045,708</u>	<u>24,441</u>	<u>6,192,048</u>	<u>10,471,696</u>
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable	2,400	7,096	4,957	7,005	155,987	177,445
Accrued expenses		43,376	20,488		219,712	283,576
Long-term liabilities - current portion		234,261			200,000	434,261
Total current liabilities	<u>2,400</u>	<u>284,733</u>	<u>25,445</u>	<u>7,005</u>	<u>575,699</u>	<u>895,282</u>

CITY OF LOUISVILLE, NEBRASKA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2018

	Rescue Squad	Water	Sewer	Solid Waste	Care Center	Totals
LIABILITIES (Continued)						
Long-Term Liabilities						
Long-term liabilities, net of current portion and unamortized discounts		2,255,237			1,630,000	3,885,237
Due to other funds		<u>500,000</u>				<u>500,000</u>
Total long-term liabilities		<u>2,755,237</u>			<u>1,630,000</u>	<u>4,385,237</u>
 TOTAL LIABILITIES	<u>2,400</u>	<u>3,039,970</u>	<u>25,445</u>	<u>7,005</u>	<u>2,205,699</u>	<u>5,280,519</u>
 NET POSITION (DEFICIT)						
Invested in capital assets, net of related debt	165,760	135,259	790,768		2,239,817	3,331,604
Unrestricted	<u>199,312</u>	<u>(333,202)</u>	<u>229,495</u>	<u>17,436</u>	<u>1,746,532</u>	<u>1,859,573</u>
 TOTAL NET POSITION (DEFICIT)	<u>365,072</u>	<u>(197,943)</u>	<u>1,020,263</u>	<u>17,436</u>	<u>3,986,349</u>	<u>5,191,177</u>

See accompanying notes to financial statements.

CITY OF LOUISVILLE, NEBRASKA  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2018

	Rescue Squad	Water	Sewer	Solid Waste	Care Center	Totals
<b>OPERATING REVENUES</b>						
Charges for service						
User fees	69,025	460,684	313,227	88,794	4,959,678	5,891,408
Other services fees		1,784				1,784
Total operating revenues	<u>69,025</u>	<u>462,468</u>	<u>313,227</u>	<u>88,794</u>	<u>4,959,678</u>	<u>5,893,192</u>
<b>OPERATING EXPENSES</b>						
Administrative and general	48,960	204,573	193,227	83,814	4,449,647	4,980,221
Depreciation	16,339	194,863	145,866		445,354	802,422
Total operating expenses	<u>65,299</u>	<u>399,436</u>	<u>339,093</u>	<u>83,814</u>	<u>4,895,001</u>	<u>5,782,643</u>
<b>OPERATING INCOME (LOSS)</b>	<u>3,726</u>	<u>63,032</u>	<u>(25,866)</u>	<u>4,980</u>	<u>64,677</u>	<u>110,549</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Intergovernmental	29,348	104,311				133,659
Interest expense		(73,900)			(35,445)	(109,345)
Miscellaneous income	1,711		140,000	203	4,188	146,102
Interest income	109	895			8,851	9,855
Gain (loss) on disposal of property and equipment		12,311	12,311		(4,759)	19,863
Total nonoperating revenues (expenses)	<u>31,168</u>	<u>43,617</u>	<u>152,311</u>	<u>203</u>	<u>(27,165)</u>	<u>200,134</u>
<b>NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>34,894</u>	<u>106,649</u>	<u>126,445</u>	<u>5,183</u>	<u>37,512</u>	<u>310,683</u>
<b>CAPITAL CONTRIBUTIONS</b>						
Capital grants and contributions			480,942			480,942
<b>TRANSFERS</b>						
Transfers in		25,000				25,000
Transfers out		(24,000)			(25,000)	(49,000)
Total transfers		<u>1,000</u>			<u>(25,000)</u>	<u>(24,000)</u>
<b>NET INCOME</b>	<u>34,894</u>	<u>107,649</u>	<u>607,387</u>	<u>5,183</u>	<u>12,512</u>	<u>767,625</u>
<b>NET POSITION (DEFICIT), beginning of year</b>	<u>330,178</u>	<u>(305,592)</u>	<u>412,876</u>	<u>12,253</u>	<u>3,973,837</u>	<u>4,423,552</u>
<b>NET POSITION (DEFICIT), end of year</b>	<u>365,072</u>	<u>(197,943)</u>	<u>1,020,263</u>	<u>17,436</u>	<u>3,986,349</u>	<u>5,191,177</u>

See accompanying notes to financial statements.

CITY OF LOUISVILLE, NEBRASKA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2018

	Rescue Squad	Water	Sewer	Solid Waste	Care Center	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers and others	45,643	479,118	232,864	88,341	4,918,968	5,764,934
Cash paid for general and administrative expenses	<u>(51,874)</u>	<u>(214,055)</u>	<u>(334,195)</u>	<u>(83,097)</u>	<u>(4,456,782)</u>	<u>(5,140,003)</u>
Net cash provided by (used in) operating activities	<u>(6,231)</u>	<u>265,063</u>	<u>(101,331)</u>	<u>5,244</u>	<u>462,186</u>	<u>624,931</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Purchase of fixed assets	(64,611)	(19,243)	(476,105)		(137,087)	(697,046)
Long-term debt principal payments		(222,752)			(205,000)	(427,752)
Long-term debt interest payments		(73,900)			(36,061)	(109,961)
Proceeds on sale of equipment		13,531	13,531			27,062
Taxes collected and transferred in	28,627	104,311				132,938
Contributions, reimbursements, and garnishment	<u>1,711</u>		<u>620,942</u>	<u>203</u>	<u>4,188</u>	<u>627,044</u>
Net cash provided by (used in) capital and related financing activities	<u>(34,273)</u>	<u>(198,053)</u>	<u>158,368</u>	<u>203</u>	<u>(373,960)</u>	<u>(447,715)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment income	109	895			8,780	9,784
Net sales (purchases) of certificates of deposit					(19,920)	(19,920)
Interfund transfers		1,000			(25,000)	(24,000)
Purchase of certificates of deposit	<u>(109)</u>					<u>(109)</u>
Net cash provided by (used in) investing activities		<u>1,895</u>			<u>(36,140)</u>	<u>(34,245)</u>

CITY OF LOUISVILLE, NEBRASKA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2018

	Rescue Squad	Water	Sewer	Solid Waste	Care Center	Totals
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(40,504)	68,905	57,037	5,447	52,086	142,971
CASH AND CASH EQUIVALENTS, beginning of year	<u>172,572</u>	<u>103,721</u>	<u>79,810</u>	<u>10,439</u>	<u>576,239</u>	<u>942,781</u>
CASH AND CASH EQUIVALENTS, end of year	<u>132,068</u>	<u>172,626</u>	<u>136,847</u>	<u>15,886</u>	<u>628,325</u>	<u>1,085,752</u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities						
Operating income (loss)	<u>3,726</u>	<u>63,032</u>	<u>(25,866)</u>	<u>4,980</u>	<u>64,677</u>	<u>110,549</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	16,339	194,863	145,866		445,354	802,422
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	(23,382)	16,650	(80,363)	(453)	(40,710)	(128,258)
(Increase) decrease in prepaid expenses	1,282	(433)	369		(2,000)	(782)
Decrease in inventory					25	25
Increase (decrease) in accounts payable	(4,196)	(5,255)	(139,869)	717	(1,081)	(149,684)
Increase (decrease) in accrued expenses		(3,794)	(1,468)		(4,079)	(9,341)
Total adjustments	<u>(9,957)</u>	<u>202,031</u>	<u>(75,465)</u>	<u>264</u>	<u>397,509</u>	<u>514,382</u>
Net cash provided by (used in) operating activities	<u>(6,231)</u>	<u>265,063</u>	<u>(101,331)</u>	<u>5,244</u>	<u>462,186</u>	<u>624,931</u>

See accompanying notes to financial statements.

CITY OF LOUISVILLE, NEBRASKA  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2018

	Agency Funds (CDA Fund)
ASSETS	
Cash and cash equivalents	60,246
Cash held by County Treasurer	<u>4,142</u>
TOTAL ASSETS	<u>64,388</u>
LIABILITIES	
Due to others	<u>64,388</u>
NET POSITION	<u><u>- 0 -</u></u>

See accompanying notes to financial statements.

CITY OF LOUISVILLE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. REPORTING ENTITY

The City of Louisville, Nebraska (the City) was incorporated under the provisions of the state of Nebraska. The City is governed by an elected Mayor and 4-member Council. The City provides various services to its residents including public safety, highways and streets, parks and recreation, planning and zoning, and general administrative services. The City also provides water, sewer, and sanitary waste services as well as rescue squad.

The City, for financial purposes, includes all of the funds relevant to the operations of the City of Louisville, Nebraska. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City of Louisville, Nebraska.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America as applied to governmental units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. Other criteria are the scope of public service and existence of special financing relationships.

Blended Component Unit

A blended component unit is a separate legal entity that meets the component unit criteria. In addition, the blended component unit's governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. The component unit's funds are blended into those of the City by appropriate fund type to constitute the primary government presentation.

The Louisville Care Center (Care Center) is a public corporation. It was created on January 4, 1972, by the City Council of the City of Louisville, Nebraska, to provide health care and housing to the elderly. The City Council appoints the Advisory Board members of the Care Center, and the Care Center may not issue debt without the City's approval. For this reason, the Care Center is considered to be a component unit of the City of Louisville, Nebraska, and is included as a blended component unit in the financial statements of the City. The Care Center is reported as an enterprise fund.

CITY OF LOUISVILLE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. REPORTING ENTITY (Continued)

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria but do not meet the criteria for blending. The City does not have any discretely presented component units.

B. BASIS OF PRESENTATION

Government-Wide Financial Statements

The statement of net position and statement of activities report information on all of the nonfiduciary activities of the primary government and its component units. The effects of interfund activity have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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 constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

CITY OF LOUISVILLE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

Fund Financial Statement (Continued)

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 is 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 another fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted or designated to expenditures for specific purposes. The City has the following major special revenue fund:

Street Fund - This fund is used to account for funds received and expended for the use of the street department.

Capital Projects Funds - Capital projects funds account for acquisition of capital assets or construction of major capital facilities not being financed by Proprietary or Nonexpendable Trust Funds.

Debt Service Funds - The debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The City has the following major debt service funds:

Prairie Hills Street District - This fund is used to account for funds received for payment of debt related to Prairie Hills Street.

Municipal Building Fund - This fund is used to account for funds received for payment of debt related to the municipal building.

Proprietary Fund Types

Rescue Squad - This fund is used to account for the provision of rescue services to residents of the City.

Water Fund - This fund is used to account for the provision of water services to the residents of the City. The fund also accounts for the accumulation of resources for the payment of debt related to Water Fund capital assets.

CITY OF LOUISVILLE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Types (Continued)

Sewer Fund - This fund is used to account for the provision of sewer services to the residents of the City. The fund also accounts for the accumulation of resources for payment of debt related to Sewer Fund capital assets.

Solid Waste Fund - This fund is used to account for the provision of solid waste collection and disposal services to the residents of the City.

Care Center - This fund is used to account for the provision of care center services to the residents of the City.

Fiduciary Fund Types

Agency funds (CDA Fund) are used to account for funds held in a trustee capacity for other entities. The agency fund of the City consists of TIF (Tax Increment Financing) funds.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes are recognized as revenues in the year for which they are levied, provided they are available. Expenditures generally are

CITY OF LOUISVILLE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. The City did not report any capital grants and contributions during the current fiscal year. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit with original maturities of three months or less from the date of acquisition.

Nebraska statutes allow the City and Care Center to make any investments allowed by the State Investment Officer. This includes bank certificates of deposit. Investments for the City, as well as for its component unit, are reported at fair value. Funds held in depositories are required to be fully insured or collateralized.

The City or Care Center have formal investment policies, other than the above requirement regarding custodial credit risk.

The City or Care Center have investments as defined by the Governmental Accounting Standards Board.

CITY OF LOUISVILLE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (Continued)

2. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

The accounts receivable of the governmental and enterprise funds have been adjusted for all known uncollectible amounts. An allowance for bad debts has not been set up, as the amount is not considered material. Unbilled utility services are not accrued at year end because amounts are not significant. All accounts receivable of the City's Utility Funds are from consumers located in Louisville, Nebraska.

Under state law, municipalities are limited in their ability to levy a property tax. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are payable in two installments on the following May 1 and September 1. All taxes are delinquent the September 1 following the year levied. The County bills and collects property taxes and remits them to the City monthly. Property tax revenues are recognized in the period that the County collects them.

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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.

4. Capital Assets

The City reports capital assets and depreciation where appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets are reported at historical cost, or estimated historical cost if actual is unavailable. Infrastructure assets acquired since October 1, 2003, are recorded at cost.

CITY OF LOUISVILLE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (Continued)

4. Capital Assets (Continued)

Government-Wide Statements (Continued)

Depreciation of all exhaustible 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. A capitalization threshold of \$500 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

Buildings	40 - 50 years
Improvements other than buildings	10 - 25 years
Machinery, furniture, and equipment	3 - 20 years
Utility property and improvements	10 - 50 years
Infrastructure	25 - 50 years

Fund Financial Statements

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

5. Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of personal time off (PTO) and sick leave. Upon separation from the City's service, the PTO pay would be paid but accumulated sick leave would be lost. Governmental funds and proprietary funds accrue PTO pay in the period it is earned.

6. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

CITY OF LOUISVILLE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (Continued)

6. Long-Term Obligations (Continued)

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

7. Equity Classifications

Government-Wide Statements and Proprietary Fund Financial Statements

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

Invested in capital assets, net of related debt, 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.

Restricted net position consists of net assets with constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or through constitutional provision or enabling legislation.

Unrestricted net position consists of net assets that do not meet the definition of restricted.

It is the City's policy to use restricted net assets first, prior to the use of unrestricted net assets, when a disbursement is paid for purposes in which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent

CITY OF LOUISVILLE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (Continued)

7. Equity Classifications (Continued)

Fund Financial Statements (Continued)

Fund Balance Classification (Continued)

to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable

This classification includes amounts that cannot be spent because they either (a) are not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted

This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned

This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the Council delegating this responsibility to the City manager through the budgetary process.

Unassigned

This classification includes the residual fund balance for the General Fund.

CITY OF LOUISVILLE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (Continued)

7. Equity Classifications (Continued)

Fund Financial Statements (Continued)

Fund Balance Classification (Continued)

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

8. Property Taxes

Under state law, municipalities are limited in their ability to levy a property tax. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are payable in two installments on the following May 1 and September 1. All taxes are delinquent the September 1 following the year levied. The County bills and collects property taxes and remits them to the City monthly. Property tax revenues are recognized in the period that the County collects them.

E. REVENUES, EXPENDITURES, AND EXPENSES

Sales and Use Tax

The City presently levies a sales tax on taxable sales within the City. The sales tax is collected by the Nebraska Department of Revenue and remitted to the City in the month following receipt. The Nebraska Department of Revenue receives the sales tax approximately one month after collection by vendors. The sales tax is recorded in the Water Fund and used for budgeted appropriations.

Program Revenues

In the statement of activities, revenues that are derived directly from each activity or from parties outside the City taxpayers are reported as program revenues. The City has the following program revenues in each activity:

General Government	Licenses, permits, and use fees for recreational property.
Public Works	Commercial tax shared by the state; capital grants for highway allocations.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

CITY OF LOUISVILLE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. REVENUES, EXPENDITURES, AND EXPENSES (Continued)

Defining Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses, or as other financing sources and uses.

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	Current (further classified by function)
	Capital outlay
	Debt service

Proprietary Fund - 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.

F. INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information of the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

G. USE OF ESTIMATES

The preparation of financial statements in accordance 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.

CITY OF LOUISVILLE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of September 30, 2018, the City's deposits with financial institutions were fully insured or collateralized by securities held in the City's name in the form of joint safekeeping receipts. State law requires all funds in depositories to be fully insured or collateralized, and the City's policy is to require depositories to provide pledged securities to cover deposits in excess of FDIC limits.

As of September 30, 2018, the carrying amount of the City's cash and investments, including overdrafts, was \$3,176,130 and the bank balances were \$3,294,211. Of the bank balances, \$500,000 was covered by federal depository insurance and the remaining balance by other collateral held by agents of the depositories and assigned by the depositories to the City.

Investments

Nebraska statutes allow the City to make any investment allowed by the State Investment Officer. This includes bank certificates of deposit. At September 30, 2018, the City held \$1,496,189 in certificates of deposit with maturities greater than three months and less than two years.

NOTE 3. ACCOUNTS RECEIVABLE

Governmental Activities

	Accounts	Taxes	Receivables
General		12,045	12,045
Street	9,109	1,437	10,546
Prairie Hills Street District		2,772	2,772
Municipal building		406	406
Total governmental activities	9,109	16,660	25,769

Business-Type Activities

	Accounts	Contributions	Taxes	Receivables
Rescue	32,670		757	33,427
Water	26,646			26,646
Sewer	45,603	60,000		105,603
Solid Waste	8,555			8,555
Care Center	293,345			293,345
Total business-type activities	406,819	60,000	757	467,576

CITY OF LOUISVILLE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

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

Governmental Activities

	Balance October 1, 2017	Addi- tions	Reclassi- fications	Dele- tions	Balance September 30, 2018
Land	16,000				16,000
Construction in progress	569,328			(520,589)	48,739
Buildings	625,439				625,439
Property, equipment, and infrastructure	2,124,491	769,820		(3,050)	2,891,261
Less accumulated depreciation	<u>(1,787,093)</u>	<u>(129,125)</u>		<u>610</u>	<u>(1,915,608)</u>
	<u>1,548,165</u>	<u>640,695</u>		<u>(523,029)</u>	<u>1,665,831</u>

Depreciation expense was charged to the functions as follows:

General Fund	53,167
Cemetery	976
Street	56,436
Senior Center	2,848
CRA	854
Library	1,488
Fire Department	9,946
Parks	<u>3,410</u>
Total depreciation expense	<u>129,125</u>

Business-Type Activities

	Balance October 1, 2017	Addi- tions	Reclassi- fications	Dele- tions	Balance September 30, 2018
Rescue Squad	195,301	64,611			259,912
Water	5,019,030	19,364		(1,775)	5,036,619
Sewer	2,403,220	476,253		(61,160)	2,818,313
Solid Waste	13,939				13,939
Care Center	8,386,041	162,649		(50,413)	8,498,277
	<u>16,017,531</u>	<u>722,877</u>		<u>(113,348)</u>	<u>16,627,060</u>
Less accumulated depreciation	<u>(8,254,125)</u>	<u>(802,422)</u>		<u>80,589</u>	<u>(8,975,958)</u>
	<u>7,763,406</u>	<u>(79,545)</u>		<u>(32,759)</u>	<u>7,651,102</u>

CITY OF LOUISVILLE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS (Continued)

Depreciation expense was charged to the functions as follows:

Rescue Squad	16,339
Water	194,863
Sewer	145,866
Care Center	445,354
Total depreciation expense	802,422

NOTE 5. LONG-TERM DEBT

The following is a summary of changes in long-term debt for the period ended September 30, 2018:

	Outstanding at October 1, 2017	Addi- tions	Redemp- tions	Outstanding at September 30, 2018	Current Portion
General Obligation Bonds	536,160		151,160	385,000	80,000
General Obligation Promissory Note	500,000		14,512	485,488	14,883
Business-Type Activities	4,747,250		427,752	4,319,498	434,261
Total long-term obligations	5,783,410		593,424	5,189,986	529,144

Governmental Activities

	Outstanding at October 1, 2017	Addi- tions	Redemp- tions	Outstanding at September 30, 2018	Current Portion
<u>General Obligation Bonds</u>					
Series 2015, G.O. Refunding Bonds, dated April 15, 2015, due serially through October 1, 2029, 0.35% to 3.2% interest.	355,000		25,000	330,000	25,000
Series 2014, Refunding Bonds, dated April 16, 2014, due serially through 2019, 0.25% to 1.55% interest.	105,000		50,000	55,000	55,000

CITY OF LOUISVILLE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

	Outstanding at October 1, 2017	Addi- tions	Redemp- tions	Outstanding at September 30, 2018	Current Portion
<u>General Obligation Bonds (Continued)</u>					
Series 2011, Highway Allocation Fund Pledge Bonds, dated June 15, 2011, payable semiannually on December 15 and June 15, until maturity on June 15, 2018, interest rate of 3.0%.	76,160	—	76,160	—	—
Total general obligation bonds	<u>536,160</u>	<u>—</u>	<u>151,160</u>	<u>385,000</u>	<u>80,000</u>
<u>General Obligation Promissory Note</u>					
Series 2016, Construction and Improvements to a municipal park, dated June 1, 2016, payable quarterly at the end of the draw period of September 30, 2017, until maturity on September 30, 2022, interest rate of 2.5%.	500,000	—	14,512	485,488	14,883
Total general obligation promissory note	<u>500,000</u>	<u>—</u>	<u>14,512</u>	<u>485,488</u>	<u>14,883</u>
Total governmental long-term debt	<u>1,036,160</u>	<u>—</u>	<u>165,672</u>	<u>870,488</u>	<u>94,883</u>

Business-Type Activities

	Outstanding at October 1, 2017	Addi- tions	Redemp- tions	Outstanding at September 30, 2018	Current Portion
Nebraska DEQ loan, water tower construction, dated April 21, 2005, principal and interest due semiannually through 2026, first payment was due December 15, 2006, 3.50% interest.	502,250	—	42,752	459,498	44,261

CITY OF LOUISVILLE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

	Outstanding at October 1, 2017	Addi- tions	Redemp- tions	Outstanding at September 30, 2018	Current Portion
2015 Refunding Bonds, General Obliga- tion Nursing Home Bonds, dated November 15, 2015, which refunded the 2010 Bonds previously outstand- ing; due November 15, 2025, 0.65% to 2.55% interest.	2,035,000		205,000	1,830,000	200,000
2011 Refunding Water Bonds, dated December 15, 2011, which refunded the 2006 Water Bonds previously out- standing; due November 15, 2026, 0.45% to 3.45% interest.	1,805,000		150,000	1,655,000	160,000
2013 General Obligation Water Bonds, dated June 25, 2013, due June 15, 2028, for improvements to the water- works plant and distribution system of of the City, 0.45% to 3.20% interest.	<u>405,000</u>		<u>30,000</u>	<u>375,000</u>	<u>30,000</u>
Total business-type activities	<u>4,747,250</u>		<u>427,752</u>	<u>4,319,498</u>	<u>434,261</u>
Total all fund types	<u>5,783,410</u>		<u>593,424</u>	5,189,986	
Less current portion				<u>(529,144)</u>	<u>529,144</u>
Total primary government, net of current portion				<u>4,660,842</u>	

CITY OF LOUISVILLE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (Continued)

The annual debt service requirements to maturity, including principal and interest, for long-term debt at September 30, 2018, are as follows:

	Business-Type Activities		Governmental Activities		Total
	Principal	Interest	Principal	Interest	
2019	434,261	104,695	94,883	20,705	654,544
2020	445,824	96,756	40,232	19,154	601,966
2021	467,442	87,597	40,654	18,324	614,017
2022	484,117	77,020	464,719	17,462	1,043,318
2023	505,851	65,171	25,000	6,046	602,068
2024 - 2028	1,982,003	139,451	145,000	19,899	2,286,353
2029 - 2030			60,000	1,905	61,905
	<u>4,319,498</u>	<u>570,690</u>	<u>870,488</u>	<u>103,495</u>	<u>5,864,171</u>

NOTE 6. DEVELOPER PURCHASED TAX INCREMENT FINANCING NOTES AND BONDS

The City, acting through the Community Development Agency of the City of Louisville, Nebraska, has approved three Tax Increment Development Revenue Bonds.

At September 30, 2018, \$4,528,777 of developer purchased tax increment financing notes and bonds were outstanding. Developer purchased tax increment financing allows the City to create special districts to enable public/private improvements within specific project areas designated as blighted and substandard, as defined in §18-2109, N.R.S. For a period up to fifteen 15 years, property taxes on the base valuation are paid to the County Treasurer and remitted to taxing entities. Taxes paid on incremental increases above the base valuation are remitted to the Community Development Agency which forwards them to the private buyer of the TIF bond. The contracts between the City's Community Development Agency and developer require private purchase and placement of the bond so that the City is not liable for any outstanding project related debt. At the end of the 15-year period, all property taxes paid on valuation above the base are remitted to all taxing entities. The City's responsibility for this liability is limited only to remittance of paid taxes, thus these notes and bonds are not reflected in the City's financial statements.

Tax increment financing projects authorized by the Community Development Agency of the City of Louisville, Nebraska, subject to the provisions of Section 12 of Article VIII of the Nebraska Constitution and Sections §18-2101 through 18-2154, Reissue Revised Statutes of Nebraska, as amended. Affected taxes are ad valorem. All bonds are privately purchased and placed.

CITY OF LOUISVILLE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 6. DEVELOPER PURCHASED TAX INCREMENT FINANCING NOTES AND BONDS (Continued)

Project Area and Legal Description	Effective Date(s)	Base Year(s)	Base Valuation	Bond	TIF Period
Wedekind Properties Redevelopment and Wedekind Properties 2nd Prairie Ridge Lots 5-8, 17, 18, 23-26, 28, 29; Prairie Ridge Subdivision in SW 1/4 SE 1/4, Section 22-12-11, Louisville TIF funds used for site acquisition, preparation, and infrastructure installation for residential and commercial subdivision	2013/2015	2014/2016	136,539	2,800,777	15 years
East Ridge Properties Redevelopment and Melvin Sudbeck - Homes (Eastridge and Project 1) Lots 1-27, 34, East Ridge Subdivision, Louisville. TIF funds used for site acquisition, preparation, platting and installing infrastructure for residential lots	2014/2015/2016	2014/2015/2016	249,815	1,120,000	15 years
Sandhill Road Redevelopment Area 2016 TIF funds used for demolition and redevelopment of an existing structure and the acquisition and subdivision of undeveloped and vacant land and construction of related improvements including site preparation and infill and related infrastructure	2016	2017	TBD	608,000	15 years

NOTE 7. RETIREMENT PLANS

The City of Louisville, Nebraska, provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate after six months of service and after reaching age 21. Enrollment in the plan is voluntary. The plan requires that the employee contribute an amount equal to 3% of the employee's salary annually; the City matches up to 4% annually. The City's contributions for each employee (and investment earnings allocated to the employee's account) are partially vested after each year of service and fully vested after five years of continuous service. City contribution for, and interest forfeited by, employees are used to reduce the City's current period contribution requirement.

CITY OF LOUISVILLE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 7. RETIREMENT PLANS (Continued)

The City's total payroll in fiscal year 2018 was \$350,434. The City's contributions were calculated using the salary amount of \$346,182. Both the City and the covered employees made the required contribution, amounting to \$26,883 for the employees and \$10,029 for the City.

NOTE 8. LEASE COMMITMENT

In January 2015, the City entered into a 64-month lease with Canon Financial Services Inc., for a copier requiring payments of \$104 due monthly.

At September 30, 2018, a schedule of the future minimum lease payments required under the above is as follows:

Year Ending September 30,	
2019	1,248
2020	624

NOTE 9. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for risks. The City contracts with reputable carriers and utilizes various deductibles. Settlements have not exceeded the insurance coverage for the past three fiscal years.

NOTE 10. RELATED PARTY TRANSACTIONS

The City conducts business with the mayor and members of the City Council. These related party transactions are conducted in the ordinary course of business at competitive prices. Transactions with these individuals were not material for the year ended September 30, 2018.

NOTE 11. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At September 30, 2018, the \$500,000 interfund loan is between the General Fund and the Water Fund as a result of the payoff of a Care Center loan by the General Fund in the year ended September 30, 2013.

CITY OF LOUISVILLE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 11. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

For the year ended September 30, 2018, the City transferred the following for support:

	Transfer In:		
<u>Transfer Out:</u>	General	Water	Total
Economic Development	5,500		5,500
Water	24,000		24,000
Care Center		10,872	10,872
	29,500	10,872	40,372

NOTE 12. LEASES RECEIVABLE

In January 2007, the City entered into an agreement with U.S. Cellular for the right to provide attachment locations upon the City's water tower and ground space for telecommunications functions. This lease agreement was for an initial term of five years and shall automatically extend for up to five additional terms of five years each unless U.S. Cellular provides written notice to the City at least sixty days before the expiration of any renewal term. U.S. Cellular also has the right to terminate the lease at any time by giving the City written notice and paying four months' rent. The base rent is \$1,250 per month and is adjusted for CPI on each fifth anniversary. In June 2014 the lease was amended to add an additional \$300 per month for modifications to the current lease. The current monthly payment is \$1,810.51. During the year ended September 30, 2018, the City collected \$21,415 under this lease agreement.

In May 2013, the City entered into an agreement with jagWIRE Enterprises for the right to provide attachment locations upon the City's water tower and ground space for telecommunications functions. This lease agreement is for an initial term of five years for an annual lease of \$2,700 per year. During the year ended September 30, 2018, the City collected \$2,700 under this lease agreement.

In July 2015, the City entered into an agreement with Verizon for right of way access on City utilities. This lease agreement is for an initial term of 5 years at \$21,600 annually and will automatically extend for four additional 5-year terms unless terminated. During the year ended September 30, 2018, the City collected \$21,600 under this lease agreement.

CITY OF LOUISVILLE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 12. LEASES RECEIVABLE (Continued)

The following is a schedule by years of the minimum future rentals on the noncancellable operating leases as described above as of September 30, 2018:

Year Ending September 30,	
2019	21,600
2020	16,200

NOTE 13. TAX ABATEMENTS

The City has approved property tax abatement agreements with local businesses in the form of TIF arrangements under the State of Nebraska Tax Increment Financing (TIF) laws. TIF is a method of financing the public costs associated with a private development project. Essentially, the property tax increases resulting from development are targeted to repay the public infrastructure investment required by a project.

TIF provides a means of encouraging private investment in deteriorating areas by allowing local governments to use future property tax revenues to finance the current infrastructure costs needed to attract development. Nebraska voters approved TIF in 1978 and the Unicameral passed enabling legislation in 1979. The legislature has revised the TIF statutes numerous times since.

Under Nebraska law, TIF projects may be commercial, residential, industrial, or mixed use. After a project is approved, the locality authorizes the issuance of warrants or TIF bonds to undertake public improvements in the designated area. The developer proceeds with construction in accordance with an approved plan and the bonds are paid off from the increase in property taxes resulting from the development. TIF arrangements are further disclosed and arrangements described in Note 6, developer purchased tax increment financing notes and bonds.

For the fiscal year ended September 30, 2018, the following 2017 property taxes were abated under TIF arrangements:

Description	Total Tax Abated	City Share
Prairie Ridge	85,818	17,112
East Ridge	32,071	6,395

The difference between the total tax and the City share consist of taxes that would have been paid to other taxing entities absent the TIF arrangement.

Collection of taxes and payment on the TIF bonds are accounted for in a fiduciary fund of the City.

CITY OF LOUISVILLE, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 14. DEFICIT NET POSITION

The Water Fund had a deficit net position balance of \$197,943 as of September 30, 2018. The City is currently reallocating the administrative expenses to a more practical approach among the enterprise funds. Over time, this is expected to eliminate the deficit.

NOTE 15. SUBSEQUENT EVENTS

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through April 1, 2019, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LOUISVILLE, NEBRASKA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES - BUDGETARY BASIS  
BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2018

	Original and Final Budget	Actual
RECEIPTS		
Taxes	203,000	221,117
Intergovernmental	664	651
Interest	800	1,639
Licenses, permits, fines, and fees	21,790	16,557
Leases and rents	51,400	54,751
Miscellaneous	12,250	30,754
Total receipts	<u>289,904</u>	<u>325,469</u>
DISBURSEMENTS		
Current		
General Government	194,815	183,458
Public Health and Safety	104,600	90,833
Culture and Recreation	82,900	56,078
Public building	58,500	1,525
Capital outlay	674,400	84,530
Debt service		
Principal	3,545	
Interest	11,479	12,445
Total disbursements	<u>1,130,239</u>	<u>428,869</u>
RECEIPTS UNDER DISBURSEMENTS	<u>(840,335)</u>	<u>(103,400)</u>
OTHER FINANCING SOURCES		
Note proceeds	600,000	
Transfers in	24,000	29,500
Total other financing sources	<u>624,000</u>	<u>29,500</u>
NET CHANGE IN FUND BALANCES	<u>(216,335)</u>	(73,900)
BUDGETARY FUND BALANCE, beginning of year		<u>536,912</u>
BUDGETARY FUND BALANCE, end of year		<u><u>463,012</u></u>

CITY OF LOUISVILLE, NEBRASKA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES - BUDGETARY BASIS  
BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2018

	Original and Final Budget	Actual
RECEIPTS UNDER DISBURSEMENTS - BUDGETARY BASIS		<u>(73,900)</u>
Adjustments		
Decrease in taxes receivable		(827)
Decrease in prepaid expenses		(182)
Increase in accounts payable		(5,542)
Increase in bank overdrafts		(97)
Increase in accrued expenses		<u>(1,188)</u>
Total adjustments		<u>(7,836)</u>
RECEIPTS UNDER DISBURSEMENTS - GOVERNMENTAL FUNDS		<u>(81,736)</u>

See accompanying notes to required supplementary information.

CITY OF LOUISVILLE, NEBRASKA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES - BUDGETARY BASIS  
BUDGET AND ACTUAL  
STREET FUND  
YEAR ENDED SEPTEMBER 30, 2018

	Street	
	Original and Final Budget	Actual
RECEIPTS		
Taxes	180,450	229,475
Intergovernmental	174,601	174,384
Interest	500	653
Miscellaneous	2,000	79,431
Total receipts	357,551	483,943
DISBURSEMENTS		
Current: Public works	255,400	247,447
Capital outlay	60,000	84,710
Debt service		
Principal	76,161	76,160
Interest	1,702	1,702
Total disbursements	393,263	410,019
RECEIPTS OVER (UNDER) DISBURSEMENTS	(35,712)	73,924
NET CHANGE IN FUND BALANCES	(35,712)	73,924
BUDGETARY FUND BALANCE, beginning of year		323,304
BUDGETARY FUND BALANCE, end of year		397,228
RECEIPTS OVER DISBURSEMENTS - BUDGETARY BASIS		73,924
Adjustments		
Decrease in receivable		(1,145)
Increase in prepaid expenses		482
Increase in accounts payable		(33,320)
Decrease in accrued expenses		1,023
Total adjustments		(32,960)
RECEIPTS OVER DISBURSEMENTS - GOVERNMENTAL FUNDS		40,964

See accompanying notes to required supplementary information.

CITY OF LOUISVILLE, NEBRASKA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1. STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS - BUDGET AND ACTUAL

Basis of Accounting

The accompanying statements of receipts, disbursements, and changes in fund balance - budgetary basis - budget and actual are presented on the cash basis of accounting. This basis is not consistent with the basis of accounting used in preparing the basic financial statements, which are prepared using the modified accrual basis of accounting. All unexpended appropriations lapse at the end of the budget year.

Budget Law

The City is required by state law to hold public hearings and adopt annual budgets for all funds on the cash basis of accounting. Total expenditures for each fund may not exceed the total budgeted expenditures. Appropriations for expenditures lapse at year end. Any revisions to the adopted budget of total expenditures to any fund require a public hearing.

The City uses the general all-purpose budget, which combines all funds. Expenditures may not legally exceed appropriations at the total level. Any revisions to the budget require Board approval. For the year ended September 30, 2018, total actual expenditures were less than total budgeted expenditures.

Reconciliation

As described above, the budget is adopted on the cash basis of accounting. Reconciliations of the governmental funds' statement of revenues, expenditures, and changes in fund balances, which report on the modified accrual basis, to the budgetary (cash) basis and the proprietary funds' statement of revenues, expenses, and changes in net position, which report on the accrual basis, to the budgetary (cash) basis are indicated on the schedule for each fund.

OTHER SUPPLEMENTARY INFORMATION

CITY OF LOUISVILLE, NEBRASKA  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 BUDGET AND ACTUAL  
 (UNAUDITED)  
 YEAR ENDED SEPTEMBER 30, 2018

	Rescue Squad		Water		Sewer		Solid Waste		Care Center		Total	
	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
	OPERATING REVENUES											
Charges for services and other revenues	60,000	45,643	471,000	479,118	300,000	232,864	86,150	88,341	5,666,413	4,918,968	6,583,563	5,764,934
OPERATING EXPENSES	71,650	51,874	262,320	214,055	299,800	334,195	84,175	83,097	5,091,500	4,456,095	5,809,445	5,139,316
OPERATING INCOME (LOSS)	(11,650)	(6,231)	208,680	265,063	200	(101,331)	1,975	5,244	574,913	462,873	774,118	625,618
NONOPERATING REVENUES (EXPENSES)												
Debt service			(303,091)	(296,652)					(241,983)	(241,061)	(545,074)	(537,713)
Intergovernmental	15,000	29,348									15,000	29,348
Local option sales tax			75,000	104,311								104,311
Capital outlay	(200,000)	(64,611)	(22,500)	(19,243)	(720,000)	(476,105)			(310,178)	(137,087)	(1,252,678)	(697,046)
Miscellaneous revenue	250	1,711	1,000		565,000	620,942		203		4,188	566,250	627,044
Transfers in			15,000	1,000						(25,000)	15,000	(24,000)
Interest income	100	109	600	895						8,780	700	9,784
Total nonoperating revenues (expenses)	(184,650)	(33,443)	(233,991)	(209,689)	(155,000)	144,837		203	(552,161)	(390,180)	(1,200,802)	(488,272)
NET INCOME (LOSS)	(196,300)	(39,674)	(25,311)	55,374	(154,800)	43,506	1,975	5,447	22,752	72,693	(426,684)	137,346
RETAINED EARNINGS, beginning of year		131,076		(440,462)		48,720		4,860		2,606,994		2,351,188
RETAINED EARNINGS, end of year		91,402		(385,088)		92,226		10,307		2,679,687		2,488,534
Net Income (Loss) - Budget Basis		(39,674)		55,374		43,506		5,447		72,693		137,346
Adjustments												
Increase (decrease) in receivables		23,382		(16,650)		80,363		453		40,710		128,258
Increase (decrease) in prepaid expenses		(1,282)		433		(369)				2,000		782
Decrease in inventory										(25)		(25)
(Increase) decrease in accounts payable		4,196		5,255		139,869		(717)		1,081		149,684
Decrease in accrued expenses				3,794		1,468				4,079		9,341
Payments of capital outlay and debt principal		64,611		241,995		476,105				342,087		1,124,798
Gain (loss) on disposal of property and equipment				12,311		12,311				(4,759)		19,863
Depreciation and amortization		(16,339)		(194,863)		(145,866)				(445,354)		(802,422)
Total adjustments		74,568		52,275		563,881		(264)		(60,181)		630,279
Net Income - Accrual Basis		34,894		107,649		607,387		5,183		12,512		767,625

CITY OF LOUISVILLE, NEBRASKA  
DEBT SERVICE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGETARY BASIS  
BUDGET AND ACTUAL  
(UNAUDITED)  
YEAR ENDED SEPTEMBER 30, 2018

	Municipal Building Fund		Prairie Hills Street District	
	Original and Final Budget	Actual	Original and Final Budget	Actual
REVENUES				
Property taxes	28,000	16,003		424
Interest	125	149		54
Total revenues	28,125	16,152		478
EXPENDITURES				
Debt service				
Principal	25,000	25,000	50,000	50,000
Interest	8,065	8,065	1,453	1,453
Total expenditures	33,065	33,065	51,453	51,453
NET CHANGE IN FUND BALANCES	(4,940)	(16,913)	(51,453)	(50,975)
BUDGETARY FUND BALANCE, beginning of year		94,910		86,287
BUDGETARY FUND BALANCE, end of year		77,997		35,312
REVENUES UNDER EXPENDITURES - BUDGETARY BASIS		(16,913)		(50,975)
Adjustments				
Increase (decrease) in taxes receivable		160		(141)
Decrease in accrued expenses		124		98
Total adjustments		284		(43)
REVENUES UNDER EXPENDITURES - GOVERNMENTAL FUNDS		(16,629)		(51,018)

CITY OF LOUISVILLE, NEBRASKA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2018

		Special Revenue and Capital Projects Funds			
		Economic Development	Keno	1999 Housing Rehab Loan	Totals
ASSETS					
CURRENT ASSETS					
Cash		<u>67,716</u>	<u>19,687</u>	<u>31,848</u>	<u>119,251</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES		<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
FUND BALANCES					
Restricted			19,687	31,848	51,535
Committed		<u>67,716</u>	<u>          </u>	<u>          </u>	<u>67,716</u>
TOTAL LIABILITIES AND FUND BALANCES		<u>67,716</u>	<u>19,687</u>	<u>31,848</u>	<u>119,251</u>

CITY OF LOUISVILLE, NEBRASKA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
YEAR ENDED SEPTEMBER 30, 2018

	<u>Special Revenue and Capital Projects Funds</u>			
	Economic Development	Keno	1999 Housing Rehab Loan	Totals
REVENUES				
Taxes	34,770			34,770
Interest	255	26	44	325
Miscellaneous	<u>7,000</u>	<u>5,426</u>	<u>          </u>	<u>12,426</u>
Total revenues	<u>42,025</u>	<u>5,452</u>	<u>44</u>	<u>47,521</u>
EXPENDITURES				
Current				
General Government		3,273		3,273
Economic Development	<u>18,790</u>	<u>          </u>	<u>          </u>	<u>18,790</u>
Total expenditures	<u>18,790</u>	<u>3,273</u>	<u>          </u>	<u>22,063</u>
REVENUES OVER EXPENDITURES BEFORE TRANSFERS	23,235	2,179	44	25,458
TRANSFERS OUT	<u>(5,500)</u>	<u>          </u>	<u>          </u>	<u>(5,500)</u>
REVENUES OVER EXPENDITURES	17,735	2,179	44	19,958
FUND BALANCES, beginning of year	<u>49,981</u>	<u>17,508</u>	<u>31,804</u>	<u>99,293</u>
FUND BALANCES, end of year	<u>67,716</u>	<u>19,687</u>	<u>31,848</u>	<u>119,251</u>

CITY OF LOUISVILLE, NEBRASKA  
GENERAL FUND  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2018

	General Fund	Library	Community Center	Fire Department	Parks	Cemetery	Totals
ASSETS							
CURRENT ASSETS							
Cash	5,464		17,825		18,591		41,880
Cash held by County Treasurer	4,868	1,397	605	1,397	1,537	117	9,921
Certificate of deposits	43,891	62,902	6,648	17,664		89,625	220,730
Taxes receivable	1,902	546	236	546	600	46	3,876
Due from other funds	500,000						500,000
Prepaid insurance	<u>7,272</u>	<u>1,867</u>	<u>1,430</u>	<u>4,820</u>	<u>2,042</u>	<u>320</u>	<u>17,751</u>
56 TOTAL ASSETS	<u>563,397</u>	<u>66,712</u>	<u>26,744</u>	<u>24,427</u>	<u>22,770</u>	<u>90,108</u>	<u>794,158</u>
LIABILITIES AND FUND BALANCES							
CURRENT LIABILITIES							
Accounts payable	5,020	826	437	1,856	4,957	12	13,108
Bank overdraft		5,684		3,371		5,346	14,401
Accrued expenses	<u>14,105</u>	<u>612</u>					<u>14,717</u>
Total current liabilities	<u>19,125</u>	<u>7,122</u>	<u>437</u>	<u>5,227</u>	<u>4,957</u>	<u>5,358</u>	<u>42,226</u>
FUND BALANCES							
Nonspendable	7,272	1,867	1,430	4,820	2,042	320	17,751
Assigned	100,963	57,723	24,877	14,380		84,430	282,373
Unassigned	<u>436,037</u>				<u>15,771</u>		<u>451,808</u>
Total fund balances	<u>544,272</u>	<u>59,590</u>	<u>26,307</u>	<u>19,200</u>	<u>17,813</u>	<u>84,750</u>	<u>751,932</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>563,397</u>	<u>66,712</u>	<u>26,744</u>	<u>24,427</u>	<u>22,770</u>	<u>90,108</u>	<u>794,158</u>

CITY OF LOUISVILLE, NEBRASKA  
GENERAL FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
YEAR ENDED SEPTEMBER 30, 2018

	General	Library	Community Center	Fire Department	Parks	Cemetery	Totals
<b>REVENUES</b>							
Taxes	112,895	31,745	13,742	34,615	31,987	2,665	227,649
Intergovernmental		651					651
Interest	787	220	23	61		548	1,639
Licenses, permits, fines, and fees	15,979	488				90	16,557
Leases and rents	48,726		6,025				54,751
Miscellaneous	22,787	1,667		5,549	750		30,753
Total revenues	<u>201,174</u>	<u>34,771</u>	<u>19,790</u>	<u>40,225</u>	<u>32,737</u>	<u>3,303</u>	<u>332,000</u>
<b>EXPENDITURES</b>							
Current							
General Government	203,836						203,836
Public Health and Safety	15,000			78,320			93,320
Culture and Recreation		32,904	10,353		16,527		59,784
Public building						784	784
Capital outlay	58,555						58,555
Debt service							
Principal payments	14,512						14,512
Debt service: Interest expense	12,445						12,445
Total expenditures	<u>304,348</u>	<u>32,904</u>	<u>10,353</u>	<u>78,320</u>	<u>16,527</u>	<u>784</u>	<u>443,236</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(103,174)	1,867	9,437	(38,095)	16,210	2,519	(111,236)
<b>OTHER FINANCING SOURCES</b>							
Transfers in	29,500						29,500
NET CHANGE IN FUND BALANCES	(73,674)	1,867	9,437	(38,095)	16,210	2,519	(81,736)
FUND BALANCES, beginning of year	<u>617,946</u>	<u>57,723</u>	<u>16,870</u>	<u>57,295</u>	<u>1,603</u>	<u>82,231</u>	<u>833,668</u>
FUND BALANCES, end of year	<u>544,272</u>	<u>59,590</u>	<u>26,307</u>	<u>19,200</u>	<u>17,813</u>	<u>84,750</u>	<u>751,932</u>



**DANA F. COLE  
& COMPANY<sub>LLP</sub>**  
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Mayor and City Council  
City of Louisville, Nebraska

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of City of Louisville, Nebraska, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise City of Louisville, Nebraska's basic financial statements, and have issued our report thereon dated April 1, 2019.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Louisville, Nebraska's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Louisville, Nebraska's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Louisville, Nebraska's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses as items 2018-001 and 2018-003.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the schedule of findings and responses to be a significant deficiency as item 2018-002.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Louisville, Nebraska's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### City of Louisville, Nebraska's Response to Findings

The City of Louisville, Nebraska's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the City of Louisville, Nebraska's responses, and accordingly, we express no opinion on them.

### Purpose of this Report

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

Dana F Cole + Company, LLP

Lincoln, Nebraska  
April 1, 2019

CITY OF LOUISVILLE, NEBRASKA  
SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2018

2018-001 SEGREGATION OF DUTIES

Criteria

An accounting system is designed to assemble, analyze, classify, record, and report financial data. In performing these functions, an accounting system also must maintain adequate control over a City's assets. A City's internal control framework must provide assurance that the accounting system and its underlying data are reliable.

Condition

The same individual routinely reconciles the bank statements, makes journal entries, and manages the general ledger functions in the area where the work is performed.

Cause

A key limitation on internal control is that cost considerations will prevent management from installing an internal control system. Due to the size of the City's offices, there is limited segregation of duties over bookkeeping, billing, and accounting functions.

Potential Effect

Without proper segregation of duties and sound internal controls, there is an increased risk of an error or fraud occurring and not being detected either within a reasonable amount of time or ever at all.

Recommendation

We recommend that the City continue to monitor and evaluate its internal controls with the use of limited personnel and to provide as much segregation of duties as determined to be feasible with its operation.

City's Response

We understand that we are like other small communities in Nebraska. The City will work to establish an internal control policy for bookkeeping, billing, and accounting.

2018-002 DOCUMENTATION OF PROCEDURES

Criteria

A comprehensive framework of internal control must possess five essential elements. It must: (1) provide a favorable control environment; (2) provide for the continuing assessment of risk; (3) provide for the design, implementation, and maintenance of effective control-related policies and procedures; (4) provide for the effective communication of information; and (5) provide for the ongoing monitoring of the effectiveness of control-related policies and procedures, as well as the resolution of potential problems identified by controls.

CITY OF LOUISVILLE, NEBRASKA  
SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2018

2018-002 DOCUMENTATION OF PROCEDURES (Continued)

Condition

The City does not have formal, written accounting policies and procedures and related control procedures, including antifraud programs and controls.

Cause

The City continues to work toward formal, written accounting policies and procedures. Each individual office is preparing written policies as they relate to its specific duties and responsibilities.

Effect

Without formal accounting policies in place, it is very difficult for management to properly carry out their duties regarding the five essential elements listed above.

Recommendation

The City should establish a formal written accounting policies and procedures manual.

City's Response

The City will work to establish a formal written accounting policy.

2018-003 FINANCIAL REPORTING PROCESS

Criteria

According to the Yellow Book, providing basic assistance, including "preparing draft financial statements that are based on management's chart of accounts and trial balance . . . ; preparing draft notes to the financial statements based on information determined and approved by management; [and] preparing a trial balance based on management's chart of accounts" are all non-audit services that would not impair independence provided the Yellow Book's supplemental safeguards are implemented. One of the supplemental safeguards is identifying an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Condition

The City does not have controls over the period-end financial reporting processes, including controls over procedures used to initiate, authorize, record, and process journal entries to the unadjusted cash basis information necessary to prepare the financial statements. In addition, the City does not have controls over the selection of accounting procedures due to the lack of expertise over the selection and application of accounting principles. The City utilizes the expertise of the auditor to propose adjustments and disclosures and to draft the financial statements.

CITY OF LOUISVILLE, NEBRASKA  
SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2018

2018-003 FINANCIAL REPORTING PROCESS (Continued)

Cause

Management has not designated an individual with sufficient knowledge of the reporting process to effectively oversee the drafting of the financial statements.

Potential Effect

Without controls over the period-ending financial reporting processes, the City is taking the risk of accepting financial statements that could have a material misrepresentation.

Recommendation

Management should carefully review financial statements, including disclosures, and understand the relationship to the underlying data. All proposed adjustments should be understood and approved.

City's Response

The City will provide the City Clerk with training/schooling to provide adequate drafting of financial reports.