

CITY OF GRAND ISLAND, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2015

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Grand Island, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the fiduciary funds of the City of Grand Island, Nebraska, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 auditors' 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

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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, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the fiduciary funds of the City of Grand Island, Nebraska, as of September 30, 2015, and the respective changes in financial position and cash flows, where applicable, 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, budgetary comparison information, disclosures on the condition of the street system, and schedule of funding progress – public safety employees retirement system on pages 6-18 and 102-108 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 Grand Island, Nebraska's financial statements. The nonmajor governmental funds combining statements, the internal service funds combining statements, the fiduciary funds combining statements, and the component units combining statements are presented for purposes of additional analysis and are not a required part of the basic financial

statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The nonmajor governmental funds combining statements, the internal service funds combining statements, the fiduciary funds combining statements, the component units combining statements, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 supplementary information described in the first sentence of this paragraph and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2016, on our consideration of the City of Grand Island, 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 Grand Island, Nebraska's internal control over financial reporting and compliance.

Almquist, Malthalm.
Galloway & Luth.A.C.

Grand Island, Nebraska
January 22, 2016

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2015**

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Grand Island, we offer readers of the City of Grand Island financial statements this narrative overview and analysis of the financial activities of the City of Grand Island for the fiscal year ended September 30, 2015. For information on the Community Redevelopment Authority component unit included in these financial statements, please see the separate audit report for the Authority.

Financial Highlights

- The assets of the City of Grand Island exceeded its liabilities at the close of the most recent fiscal year by \$661,435,465 (*net position*). Of this amount, \$90,156,108 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Grand Island governmental funds reported combined ending net position of \$354,499,142. Approximately 6.3 percent of this total amount, \$22,466,246 is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,382,657, or 27.8 percent of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015

Both of the government-wide financial statements distinguish functions of the City of Grand Island that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Grand Island include general government, public safety, highways and streets, sanitation, economic development, and cultural activities and recreation. The business-type activities of the City of Grand Island include the Electric, Water, Sewer, Landfill, and Golf Enterprise Funds.

The government-wide financial statements include not only the City of Grand Island itself (known as the *primary government*), but also the legally separate Business Improvement Districts, Metropolitan Planning Organization, Grand Island Facilities Corporation, and Community Redevelopment Authority for which the City of Grand Island is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 19 and 20 of this report.

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

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

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

The City of Grand Island maintains 22 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Projects Fund, and the Debt Service Fund, all of which are considered to be major funds. Data from the other 19 governmental funds are combined into a single, aggregated presentation. Individual

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015

fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Grand Island adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General, Capital Projects, and Debt Service Funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 21-24 of this report.

Proprietary funds. The City of Grand Island maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Grand Island uses enterprise funds to account for its Electric, Water, Sewer, Landfill, and Golf Funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Grand Island's various functions. The City of Grand Island uses internal service funds to account for its fleet of vehicles, its management information systems, its employee health insurance, and its equipment reserve. Because all four of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental 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 the Electric, Water, Sewer, Landfill, and Golf Funds, all of which are considered to be major funds of the City of Grand Island.

The basic proprietary fund financial statements can be found on pages 25-28 of this report.

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 those funds are *not* available to support the City of Grand Island's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 29 and 30 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-101 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Grand Island's budgetary comparison schedules, disclosures on the modified approach to reporting infrastructure, and schedule of funding progress for the public safety retirement system. Required supplementary information can be found on pages 102-108 of this report.

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015**

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds, fiduciary funds, and component units are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 109-119 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Grand Island, assets exceeded liabilities by \$661,435,465 at the close of the most recent fiscal year.

Summary Statements of Net Position

	September 30, 2015			September 30, 2014		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 34,884,185	\$ 101,750,688	\$ 136,634,873	\$ 34,695,283	\$ 112,208,491	\$ 146,903,774
Capital Assets	336,498,834	318,322,725	654,821,559	330,586,825	291,278,369	621,865,194
Total Assets	<u>371,383,019</u>	<u>420,073,413</u>	<u>791,456,432</u>	<u>365,282,108</u>	<u>403,486,860</u>	<u>768,768,968</u>
Long-term Liabilities	7,136,596	99,469,783	106,606,379	13,146,139	92,917,644	106,063,783
Other Liabilities	9,747,281	13,667,307	23,414,588	7,380,585	12,628,879	20,009,464
Total Liabilities	<u>16,883,877</u>	<u>113,137,090</u>	<u>130,020,967</u>	<u>20,526,724</u>	<u>105,546,523</u>	<u>126,073,247</u>
Net Position:						
Net Investment in						
Capital Assets	325,005,454	221,134,178	546,139,632	315,040,080	201,258,740	516,298,820
Restricted	7,027,442	18,112,283	25,139,725	8,952,775	30,333,811	39,286,586
Unrestricted	22,466,246	67,689,862	90,156,108	20,762,529	66,347,786	87,110,315
Total Net Position	<u>\$ 354,499,142</u>	<u>\$ 306,936,323</u>	<u>\$ 661,435,465</u>	<u>\$ 344,755,384</u>	<u>\$ 297,940,337</u>	<u>\$ 642,695,721</u>

By far, the largest portion of the City of Grand Island's net position (82.6 percent) reflects its investment in capital assets (land, infrastructure, buildings, machinery, vehicles, and equipment), net of any related debt used to acquire those assets that is still outstanding. The City of Grand Island uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Grand Island's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Grand Island's net position (3.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$90,156,108) may be used to meet the government's ongoing obligations to citizens and creditors.

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

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015**

Expenses and Program Revenues - Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2015</u>		<u>Year Ended September 30, 2014</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 3,575,450	\$ 5,741,514	\$ 4,147,311	\$ 5,997,546
Public Safety	6,939,665	23,233,899	12,584,851	20,235,789
Public Works	4,292,029	8,120,528	544,470	10,780,415
Environment & Leisure	1,976,326	7,835,784	1,460,363	7,798,821
Non-Departmental	-	272,306	-	289,040
Interest and Bond Fees	-	302,639	-	395,201
Total	16,783,470	45,506,670	18,736,995	45,496,812
Transfers	-	110,000	-	547,384
	<u>\$ 16,783,470</u>	<u>\$ 45,616,670</u>	<u>\$ 18,736,995</u>	<u>\$ 46,044,196</u>

Revenues by Source - Governmental Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2015</u>		<u>Year Ended September 30, 2014</u>	
Charges for Services	\$ 10,246,794	18.51 %	\$ 9,493,988	17.53 %
Operating Grants & Contributions	1,896,060	3.43	1,835,679	3.39
Capital Grants & Contributions	4,640,616	8.38	7,407,328	13.67
Property Taxes	8,669,746	15.66	8,341,243	15.40
Motor Vehicle Taxes	931,813	1.68	931,032	1.72
Payments in Lieu of Taxes	861,606	1.56	898,830	1.66
Occupation Taxes	1,723,905	3.11	1,562,791	2.88
Sales Tax	16,258,832	29.37	15,754,333	29.08
Franchise Taxes	1,592,892	2.88	1,693,651	3.13
State Allocation	5,457,992	9.86	5,444,297	10.05
Keno	282,182	0.51	288,130	0.53
Special Assessments	2,375,986	4.29	58,119	0.11
Miscellaneous	269,813	0.49	201,226	0.37
Interest	117,942	0.21	113,065	0.21
Gain on Sale of Assets	34,249	0.06	145,640	0.27
Total	<u>\$ 55,360,428</u>	<u>100.00 %</u>	<u>\$ 54,169,352</u>	<u>100.00 %</u>

Net position increased \$9,743,758 in the governmental funds during the year ended September 30, 2015.

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015**

Business-type activities. Business-type activities increased the City of Grand Island's net position by \$8,995,986, accounting for 48.0 percent of the total growth in the government's net position for the year ended September 30, 2015. Key elements of this increase are as follows:

Expenses and Program Revenues - Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2015</u>		<u>Year Ended September 30, 2014</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 64,724,257	\$ 61,847,850	\$ 65,999,663	\$ 61,097,475
Water	6,986,769	5,177,322	6,301,684	4,854,969
Sewer	12,564,726	8,501,891	13,011,213	8,108,767
Landfill	3,027,714	2,695,083	2,975,171	2,622,881
Golf	584,953	695,001	609,719	638,692
Total	<u>\$ 87,888,419</u>	<u>\$ 78,917,147</u>	<u>\$ 88,897,450</u>	<u>\$ 77,322,784</u>

Revenues by Source - Business-type Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2015</u>		<u>Year Ended September 30, 2014</u>	
Charges for Services	\$ 85,639,543	97.41 %	\$ 85,136,095	95.03 %
Capital Grants & Contributions	2,248,876	2.56	3,761,355	4.20
Special Assessments	25,360	0.03	34,238	0.04
Interest	394,065	0.45	378,925	0.42
Interfund Transfers	-	-	497,384	0.56
Loss on Disposal of Assets	(394,711)	(0.45)	(222,934)	(0.25)
Total	<u>\$ 87,913,133</u>	<u>100.00 %</u>	<u>\$ 89,585,063</u>	<u>100.00 %</u>

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the City of Grand Island'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 Grand Island's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015

As of the end of the current fiscal year, the City of Grand Island's governmental funds reported combined ending fund balances of \$26,334,907. Approximately 43.1 percent of this total amount (\$11,346,035) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balances is not available for new spending because it has already been 1) placed in a nonspendable endowment for cemetery perpetual care (\$684,039), 2) placed in a nonspendable trust for library expenditures (\$52,230), 3) restricted for street improvements (\$1,298,789), 4) restricted for capital projects (\$1,662,433), 5) restricted for debt service (\$315,684), 6) restricted for economic development (\$1,069,944), 7) restricted for Federal programs (\$290,627), 8) restricted to fund housing loans (\$503,768), 9) restricted for community improvements (\$221,122), 10) restricted for library expenses (\$744,902), 11) restricted for other donor purposes (\$183,904), 12) assigned for budgetary stabilization (\$3,117,178), 13) assigned to liquidate contracts and purchase orders of the prior period (\$662,906), 14) assigned for a variety of other purposes (\$4,181,346).

The General Fund is the chief operating fund of the City of Grand Island. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,382,657, while total fund balance reached \$16,210,793. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 27.8 percent of total General Fund expenditures, while total fund balance represents 39.6 percent of that same amount.

The fund balance of the City of Grand Island's General Fund increased by \$809,419 during the current fiscal year.

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

Unrestricted net position of the proprietary funds at the end of the year were as follows: Electric Fund - \$55,975,388, Water Fund - \$5,780,159, Sewer Fund - \$4,056,205, Landfill Fund - \$1,830,511, and Golf Fund - \$47,599. The growth in net position for the proprietary funds was as follows: Electric Fund - \$2,913,741, Water Fund - \$1,833,155, Sewer Fund - \$4,142,566, Landfill Fund - \$216,572, and Golf Fund - decrease of \$(110,048). Other factors concerning the finances of these five funds have already been addressed in the discussion of the City of Grand Island's business-type activities.

Budgetary Highlights

There was no difference between the original budget and the final adopted budget for the City of Grand Island.

Capital Asset and Debt Administration

Capital Assets. The City of Grand Island's investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounts to \$654,821,559 (net of accumulated depreciation). This investment in capital assets includes land, building and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015

- The Northwest Flood Control project has an estimated four years remaining for construction with a total City obligation of \$3,607,500 and an additional expenditure of approximately \$2,929,800 from the City, consisting of \$2,763,800 representing the 21.79 percent of the overall cost and \$166,000 for the Flood Study and Drainage Master Plan within the City of Grand Island. Total City obligation would be \$6,537,300. This project was delayed two (2) years due to the Army Corp of Engineers concerns that some explosive may have been in the area. Over the course of the project costs have increased more than expected primarily because of the increase in cost of earthwork. Such project total is estimated at \$29,000,000 with projected completion in 2019. 2015 expenditures were \$426,284.
- The Handicap Ramp project consists of the ADA compliant curb ramps in the 2015 project which was for the installation of handicap ramps in selected locations along Oak Street, State Street, Lincoln Street, Koenig Street, Gates School area, 10th Street and 13th Street. The City is also required to have a planned schedule for upgrading public sidewalks to conform to ADA requirements. The current schedule and budget will bring the City into compliance in approximately 21 years from now. The FY 2015 project expenses were \$25,682. Project is anticipated to be complete October 30, 2015.
- Street Improvement District No. 1260; South Webb Road extending north from Stolley Park Road to the Union Pacific Railroad tracks consisted of widening the roadway from 24' to 41' for a 3-lane section with improved drainage and elimination of the ditch section. This total project was estimated at \$1.7 million (including engineering, construction, construction testing and services, etc.), with a portion being assessed to adjacent property owners. This project was completed August 2015 for a total cost of \$1,611,703.
- Street Improvement District No. 1261; Westgate Road Paving- North Road to Copper Road consisted of paving, as well as connecting the initial phase of the Moores Creek Drainway to this area. The total project was estimated at \$580,000 (including construction, engineering, construction testing and services, etc.), with a portion being assessed to adjacent property owners. All property owners in this proposed district signed the district creation petition form. This project was completed July 2015 for a total cost of \$740,772.
- Claude Road Drainage Improvement Project No. 2013-D-2 removed and replaced damaged culverts under Claude Road and several driveways as well as ditch grading to improve the drainage along Claude Road. This project was completed July 2015 with a total cost of \$53,216.
- Capital Avenue Widening; Webb Road to Broadwell Avenue consists of removal of the existing 24' wide asphalt roadway and construction of new concrete pavement on Capital Avenue from Webb Road through Broadwell Avenue. The new roadway will consist of

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015**

five lane curbed concrete pavement. Other improvements include construction of sidewalks and a concrete hike/bike trail, updated street lighting, and construction of new storm sewer. A pedestrian signal will be constructed approximately 1000' east of Webb Road to provide for safe crossing for users of the hike/bike trail. FY 2015 expenses were \$2,640,936. Project completion is planned in 2016.

- Faidley Avenue; between North Road and Irongate Avenue, extends paving to join the two (2) existing segments of Faidley Avenue. Project completion is anticipated to be Spring 2016. FY 2015 expenses were \$943,899.
- A traffic signal is anticipated at the Faidley Avenue and Diers Avenue intersection upon extension of Faidley Avenue west to North Road. Preliminary engineering costs for FY 2015 were \$44,186. At this time traffic counts do not warrant a signal at this intersection.
- Replacement of the South Blaine Street Bridges will update the north bridge structure with two (2) box culverts and the south bridge structure with two (2) Arch RCP culvert pipes. The roadway will also be widened to improve traffic flow in this area. This project is expected to be complete April 2016. FY 2015 expenses were \$9,439.
- Stolley Park Road Restriping/Rehabilitation project is for the improvement of the operation of Stolley Park Road in areas of both lane use and traffic signals at existing and proposed intersections along the corridor. This project has qualified for Safety Transportation funding and is estimated to be complete Summer 2017. FY 2015 expenses were \$35,676.
- The Webb Road; UPRR north to new Highway 30 drainage concern was brought to public works by several property owners within the area by city council. The area of concern is bounded by Webb Road, US Highway 30, Industrial Lane and Old Highway 30. Preliminary engineering is being conducted on this project at this time, with FY 2015 expenses at \$39,124.
- Swift Road will be relocated to connect to Talc Drive at Stuhr Road and rerouted for connection back to existing Swift Road. The project will work in conjunction with the Talc Drive being designed and built with the industrial development west of Stuhr Road, and will also take drainage into consideration. FY 2015 expenses were \$19,586.
- The Westgate Road Drainage; District No. 2013-D-4 is made up of the north half of Gold Road east to Claude Road. The project consisted of running a pipe along Gold Road and outletting to the drainage ditch to drain property within the district boundary which did not previously drain. This project was complete July 2015 for a total cost of \$180,715, of which a portion was assessed to the affected property owners.

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015**

**City of Grand Island's Capital Assets
(net of depreciation)**

	<u>Year Ended September 30, 2015</u>			<u>Year Ended September 30, 2014</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 5,591,758	\$ 7,454,876	\$ 13,046,634	\$ 6,179,579	\$ 7,454,876	\$ 13,634,455
Infrastructure	261,640,222	-	261,640,222	258,238,741	-	258,238,741
Construction						
in Progress	17,112,593	106,969,896	124,082,489	12,057,745	85,824,952	97,882,697
Land Improvements	10,927,581	36,928,221	47,855,802	10,896,809	38,428,727	49,325,536
Buildings	36,752,456	-	36,752,456	38,565,087	-	38,565,087
Machinery						
and Equipment	1,695,149	-	1,695,149	1,583,338	-	1,583,338
Buildings,						
Distribution						
Systems, and						
Equipment	-	157,215,072	157,215,072	-	150,558,950	150,558,950
Office Furniture						
and Equipment	453,558	3,890,239	4,343,797	553,705	3,484,654	4,038,359
Vehicles	2,325,517	5,864,421	8,189,938	2,511,821	5,526,210	8,038,031
Total	<u>\$336,498,834</u>	<u>\$318,322,725</u>	<u>\$654,821,559</u>	<u>\$330,586,825</u>	<u>\$291,278,369</u>	<u>\$621,865,194</u>

Additional information on the City of Grand Island's capital assets can be found in Note C4 on pages 57-60 of this report.

Long-term debt. At the end of the current fiscal year, the City of Grand Island had total long-term debt outstanding of \$105,713,518. Of this amount, \$4,570,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Grand Island's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) and capital lease obligations.

City of Grand Island's Outstanding Debt

	<u>Year Ended September 30, 2015</u>			<u>Year Ended September 30, 2014</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General Obligation						
Bonds	\$ 4,570,000	\$ -	\$ 4,570,000	\$ 6,700,000	\$ -	\$ 6,700,000
Revenue Bonds	-	94,220,138	94,220,138	-	86,875,000	86,875,000
Capital Lease	6,923,380	-	6,923,380	8,846,745	-	8,846,745
Total	<u>\$ 11,493,380</u>	<u>\$ 94,220,138</u>	<u>\$105,713,518</u>	<u>\$ 15,546,745</u>	<u>\$ 86,875,000</u>	<u>\$ 102,421,745</u>

The City of Grand Island's total debt increased by \$3,291,773 (3.2 percent) during the current fiscal year due primarily to the issuance of \$10,955,138 of Sewer DEQ notes.

Additional information on the City of Grand Island's long-term debt can be found in Note C6 on pages 60-69 of this report.

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015**

Modified Approach for Reporting Infrastructure Assets

The City of Grand Island uses the modified approach to report the entire infrastructure assets recorded in the Governmental-type Funds. The City assesses its infrastructure assets every three years. There were no significant changes in the assessed condition of infrastructure from the prior assessment.

The City believes that the current assessed condition of the infrastructure assets is within the condition levels set by the City's governing body.

The City appropriates and spends an amount to maintain and preserve the infrastructure at the level set by the governing board.

Economic Factors and Next Year's Budgets and Rates

The City's Enterprise Funds maintained strong cash positions and the City has been able to keep up with the increasing costs of operations.

- **Electric:** No rate increase was included in the fiscal 2015-2016 budget, changes in fuel and purchased power costs are accounted for through the Power Cost Adjustment. The utility completed a major capital improvement project to meet expanding regulatory requirements with revenue bonds of almost \$37 million issued in November 2013 for the installation of a dry scrubber and fabric filter at the Platte Generating Station at a project cost of approximately \$45 million. Refinancing in 2012 of a 2001 bond issue provided for a combined debt service for the 2012 and 2013 bonds at approximately the same level as the 2001 issue. The addition of the new electric distribution Substation "J" and replacement of a 33 year old utility customer information system and management work order inventory system was also completed during 2014-2015. Included in the fiscal 2015-2016 budget is funding for maintenance and replacement of aging, critical equipment at the power plants and in the electrical transmission and distribution systems and improvements needed to continue to meet projected growth of the community.
- **Water:** No rate increase was included in the fiscal 2015-2016 budget. The 2015-2016 budget is focused on repair and upgrade of critical facilities and system improvements to meet continued growth including completion replacement of the water main crossings under the Union Pacific Railroad main line and of new water mains to provide redundant and improved service to the Regional Airport. Also included in the budget are funds for preliminary design of an elevated water storage tank in the western part of the City for reliability, capacity during peak periods, and growth of the system.
- **Sanitary Sewer:** In September of 2013 the City updated its previous sanitary sewer rate study presented to Council in April 2011. The rate study indicated the need to increase

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015**

the yearly rate increases previously determined from the April 2011 rate study. The 2011 study indicated an initial nine percent increase in 2012 followed by nine percent increases. The Sanitary Sewer Rate Study was updated during 2013; the following rate increases were approved:

12 percent	October 1, 2013
12 percent	October 1, 2014
6 percent	October 1, 2015
5 percent	October 1, 2016

The NDEQ (Nebraska Department of Environmental Quality) authorized up to \$40,000,000 in CWSRF (Clean Water State Revolving Fund) loans at 2.25 percent interest for “Green” projects and 2.50 percent for “Non-Green” for wastewater infrastructure projects during 2013-2014 year. The original five year Wastewater Infrastructure program was based on revenue bonds at interest rates in excess of four percent. The City Council approved abandonment of up to eight lift stations with the savings in interest rates.

The rate increases fund a \$74,000,000 wastewater infrastructure improvement program. The Headworks Project (\$21,500,000 construction, engineering and contingencies) was completed on schedule and under budget. The North Interceptor Phase II Project (\$25,500,000 construction, engineering and contingencies) is underway, ahead of schedule and on budget. The sanitary sewer collection system is being extended to I-80 and Hwy 281 in three projects. The first two projects; the Wildwood Industrial Subdivision 528 (\$1,800,000) and South 281/Tap District (\$2,010,000) were substantially completed during FY 2015. The third project, Sewer Improvement District (SID) #2 (\$2,600,000) is underway. The commercial entities at I-80 and Hwy 281 should have sanitary sewer service by spring of 2016.

- With the ever-increasing personnel costs and growth in operating expenses, the City maintained minimal growth for expenditures within the General Fund budget for the 2015-2016 budget year. The revenue for the City has continued to increase over the past few years with sales tax receipts representing over 40 percent of the general fund resources followed by property tax receipt at 20 percent for the 2015-2016 budget year.
- In 2013 the City of Grand Island became a Metropolitan Statistical Area (MSA) resulting in a new array for wage comparability. In 2014 the City negotiated six new union contracts. The new wage rates continued to impact the 2015-2016 budget year and will continue to impact the budget for the next several years.

All of these factors were considered in preparing the City of Grand Island’s budget for the 2016 fiscal year.

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015**

Request for Information

This financial report is designed to provide a general overview of the City of Grand Island'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 Office of the Finance Director, City of Grand Island, 100 E. 1st St., P.O. Box 1968, Grand Island, NE 68802.

CITY OF GRAND ISLAND, NEBRASKA
STATEMENT OF NET POSITION
September 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 5,468,721	\$ 12,767,334	\$ 18,236,055	\$ 853,135
Investments	14,475,547	43,712,104	58,187,651	-
County treasurer cash	753,547	-	753,547	100,391
Receivables:				
Special assessments	2,045,532	819,847	2,865,379	20,551
Accounts, net of allowance for doubtful accounts	1,217,907	7,287,563	8,505,470	-
Unbilled revenue	-	3,783,232	3,783,232	-
Current portion of notes from redevelopers	-	-	-	25,769
Current portion of capital lease receivable	-	-	-	785,000
Interest	121,816	203,889	325,705	-
Property tax	219,076	-	219,076	64,958
Due from Fiduciary Fund	162,873	-	162,873	-
Due from other governments	4,038,032	-	4,038,032	121,137
Prepaid expenses	-	503,655	503,655	-
Inventory	133,792	10,181,053	10,314,845	-
Total current assets	<u>28,636,843</u>	<u>79,258,677</u>	<u>107,895,520</u>	<u>1,970,941</u>
Noncurrent assets:				
Restricted cash and cash equivalents	2,776,398	9,113,632	11,890,030	158,672
Restricted investments	2,052,080	12,729,293	14,781,373	-
Permanently restricted investments	548,209	-	548,209	-
Permanently restricted notes receivable	870,655	-	870,655	-
Notes from redevelopers	-	-	-	365,078
Deferred charges	-	649,086	649,086	-
Capital assets:				
Land, infrastructure, and construction in progress	284,344,573	182,370,678	466,715,251	575,369
Other capital assets, net of depreciation	52,154,261	135,952,047	188,106,308	47,840
Net capital assets	<u>336,498,834</u>	<u>318,322,725</u>	<u>654,821,559</u>	<u>623,209</u>
Total noncurrent assets	<u>342,746,176</u>	<u>340,814,736</u>	<u>683,560,912</u>	<u>1,146,959</u>
Total assets	<u>371,383,019</u>	<u>420,073,413</u>	<u>791,456,432</u>	<u>3,117,900</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,821,832	6,405,613	8,227,445	166,964
Accrued expenses	2,816,381	3,206,694	6,023,075	12,900
Unavailable property tax	154,622	-	154,622	59,044
Current portion of long-term obligations	4,954,446	4,055,000	9,009,446	1,035,173
Total current liabilities	<u>9,747,281</u>	<u>13,667,307</u>	<u>23,414,588</u>	<u>1,274,081</u>
Noncurrent liabilities:				
Compensated absences - noncurrent	597,662	587,166	1,184,828	452
Closure/post-closure liability	-	3,730,642	3,730,642	-
Noncurrent portion of long-term obligations	6,538,934	90,165,138	96,704,072	1,561,669
Unamortized bond premiums	-	4,986,837	4,986,837	-
Total noncurrent liabilities	<u>7,136,596</u>	<u>99,469,783</u>	<u>106,606,379</u>	<u>1,562,121</u>
Total liabilities	<u>16,883,877</u>	<u>113,137,090</u>	<u>130,020,967</u>	<u>2,836,202</u>
NET POSITION				
Net investment in capital assets	325,005,454	221,134,178	546,139,632	623,209
Restricted for:				
Debt service	315,684	13,628,920	13,944,604	-
Landfill closure/post-closure costs	-	4,483,363	4,483,363	-
Perpetual care - permanent	684,039	-	684,039	-
Street improvements	1,298,789	-	1,298,789	-
Capital projects	1,662,433	-	1,662,433	-
Economic development	1,069,944	-	1,069,944	-
Other purposes	1,996,553	-	1,996,553	158,672
Unrestricted	22,466,246	67,689,862	90,156,108	(500,183)
Total net position	<u>\$ 354,499,142</u>	<u>\$ 306,936,323</u>	<u>\$ 661,435,465</u>	<u>\$ 281,698</u>

See notes to financial statements.

CITY OF GRAND ISLAND, NEBRASKA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
General government	\$ 5,741,514	\$ 2,980,655	\$ 594,795
Public safety	23,233,899	5,457,367	1,031,304
Public works	8,120,528	454,007	-
Environment and leisure	7,835,784	1,354,765	269,961
Non-departmental	272,306	-	-
Interest and fees on long-term debt	302,639	-	-
Total governmental activities	<u>45,506,670</u>	<u>10,246,794</u>	<u>1,896,060</u>
Business-type activities:			
Electric	61,847,850	64,724,257	-
Water	5,177,322	5,486,847	-
Sewer	8,501,891	11,815,772	-
Landfill	2,695,083	3,027,714	-
Golf	695,001	584,953	-
Total business-type activities	<u>78,917,147</u>	<u>85,639,543</u>	<u>-</u>
Total primary government	<u><u>\$ 124,423,817</u></u>	<u><u>\$ 95,886,337</u></u>	<u><u>\$ 1,896,060</u></u>
Component units:			
Business Improvement Districts	\$ 239,286	\$ 10,000	\$ -
Metropolitan Planning Organization	474,526	861	293,653
Grand Island Facilities Corporation	794,948	794,948	-
Community Redevelopment Authority	1,622,242	-	1,242,099
Total component units	<u><u>\$ 3,131,002</u></u>	<u><u>\$ 805,809</u></u>	<u><u>\$ 1,535,752</u></u>

See notes to financial statements.

Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position			Component Units
	Primary Government		Total	
	Governmental Activities	Business-type Activities		
\$ -	\$ (2,166,064)		\$ (2,166,064)	
450,994	(16,294,234)		(16,294,234)	
3,838,022	(3,828,499)		(3,828,499)	
351,600	(5,859,458)		(5,859,458)	
-	(272,306)		(272,306)	
-	(302,639)		(302,639)	
<u>4,640,616</u>	<u>(28,723,200)</u>	<u>\$ -</u>	<u>(28,723,200)</u>	
-	-	2,876,407	2,876,407	
1,499,922	-	1,809,447	1,809,447	
748,954	-	4,062,835	4,062,835	
-	-	332,631	332,631	
-	-	(110,048)	(110,048)	
<u>2,248,876</u>	<u>-</u>	<u>8,971,272</u>	<u>8,971,272</u>	
<u>\$ 6,889,492</u>	<u>(28,723,200)</u>	<u>8,971,272</u>	<u>(19,751,928)</u>	
\$ 55,050				\$ (174,236)
-				(180,012)
-				-
-				(380,143)
<u>\$ 55,050</u>				<u>(734,391)</u>
General revenues:				
Taxes:				
Property	8,669,746	-	8,669,746	687,932
Motor vehicle	931,813	-	931,813	-
Payments in lieu of taxes	861,606	-	861,606	-
Occupation	1,723,905	-	1,723,905	-
Sales tax	16,258,832	-	16,258,832	-
Franchise	1,592,892	-	1,592,892	-
State allocation	5,457,992	-	5,457,992	-
Keno	282,182	-	282,182	-
Special assessments	2,375,986	25,360	2,401,346	201,075
Miscellaneous	269,813	-	269,813	27,263
Interest income	117,942	394,065	512,007	221
Gain (loss) on sale of assets	34,249	(394,711)	(360,462)	-
Transfer from City to MPO	(110,000)	-	(110,000)	110,000
Total general revenues	<u>38,466,958</u>	<u>24,714</u>	<u>38,491,672</u>	<u>1,026,491</u>
Change in net position	9,743,758	8,995,986	18,739,744	292,100
Net position - September 30, 2014	<u>344,755,384</u>	<u>297,940,337</u>	<u>642,695,721</u>	<u>(10,402)</u>
Net position - September 30, 2015	<u>\$ 354,499,142</u>	<u>\$ 306,936,323</u>	<u>\$ 661,435,465</u>	<u>\$ 281,698</u>

CITY OF GRAND ISLAND, NEBRASKA

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

September 30, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Eliminations</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 4,061,016	68,471	\$ 93,315	\$ 2,095,832	\$ -	\$ 6,318,634
Investments	9,305,908	119,050	162,249	4,139,024	-	13,726,231
County treasurer cash	694,519	-	57,637	1,391	-	753,547
Receivables:						
Special assessments	69	-	-	2,045,463	-	2,045,532
Accounts, net of allowance for doubtful accounts	1,128,413	-	-	-	-	1,128,413
Notes receivable	-	-	-	870,655	-	870,655
Interest	73,074	-	-	48,742	-	121,816
Property tax	193,620	-	25,456	-	-	219,076
Due from other funds	217,017	-	-	-	(54,144)	162,873
Due from other governments	3,328,144	-	-	709,888	-	4,038,032
	<u>\$ 19,001,780</u>	<u>\$ 187,521</u>	<u>\$ 338,657</u>	<u>\$ 9,910,995</u>	<u>\$ (54,144)</u>	<u>\$ 29,384,809</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 890,570	\$ 202,584	\$ -	\$ 21,726	\$ -	\$ 1,114,880
Accrued expenses	1,760,759	-	8,009	11,632	-	1,780,400
Due to other funds	-	-	-	54,144	(54,144)	-
Unavailable property tax	139,658	-	14,964	-	-	154,622
Total liabilities	<u>2,790,987</u>	<u>202,584</u>	<u>22,973</u>	<u>87,502</u>	<u>(54,144)</u>	<u>3,049,902</u>
Fund balances:						
Nonspendable:						
Cemetery perpetual care	-	-	-	684,039	-	684,039
Library trust	-	-	-	52,230	-	52,230
Restricted for:						
Street improvements	-	-	-	1,298,789	-	1,298,789
Capital projects	1,659,771	-	-	2,662	-	1,662,433
Debt service	-	-	315,684	-	-	315,684
Economic development	-	-	-	1,069,944	-	1,069,944
Federal programs	-	-	-	290,627	-	290,627
Housing loans	-	-	-	503,768	-	503,768
Community improvements	-	-	-	221,122	-	221,122
Library expenses	-	-	-	744,902	-	744,902
Other purposes	-	-	-	183,904	-	183,904
Assigned for:						
Budgetary stabilization	2,515,368	-	-	601,810	-	3,117,178
Encumbrances	652,997	-	-	9,909	-	662,906
Other purposes	-	-	-	4,181,346	-	4,181,346
Unassigned	11,382,657	(15,063)	-	(21,559)	-	11,346,035
Total fund balances	<u>16,210,793</u>	<u>(15,063)</u>	<u>315,684</u>	<u>9,823,493</u>	<u>-</u>	<u>26,334,907</u>
	<u>\$ 19,001,780</u>	<u>\$ 187,521</u>	<u>\$ 338,657</u>	<u>\$ 9,910,995</u>	<u>\$ (54,144)</u>	<u>\$ 29,384,809</u>

See notes to financial statements.

CITY OF GRAND ISLAND, NEBRASKA
RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

September 30, 2015

Total fund balances - governmental funds \$ 26,334,907

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$375,379,089, and the accumulated depreciation is \$39,242,277. 336,136,812

Internal service funds are used by management to charge the costs of certain activities, such as information technology, fleet services, and insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 4,094,791

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Noncurrent compensated absences	\$ (573,988)	
Capital lease obligations	(6,923,380)	
General obligation bonds payable	<u>(4,570,000)</u>	<u>(12,067,368)</u>

Total net position - governmental activities \$ 354,499,142

See notes to financial statements.

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

For the year ended September 30, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes:					
Property	\$ 7,914,329	\$ -	\$ 749,533	\$ 5,884	\$ 8,669,746
Motor vehicle	928,531	-	3,260	22	931,813
Occupation	1,723,905	-	-	-	1,723,905
Sales tax	16,258,832	-	-	-	16,258,832
Franchise	1,592,892	-	-	-	1,592,892
Intergovernmental	1,997,582	1,914,147	-	5,602,904	9,514,633
Keno	-	-	-	282,182	282,182
Special assessments	-	-	-	2,375,986	2,375,986
Charges for services	9,886,945	-	-	359,849	10,246,794
Interest income	79,906	-	1,660	12,417	93,983
Contributions	18,384	658,329	-	210,363	887,076
Sale of assets	721,222	-	-	-	721,222
Other revenue	239,568	155	-	30,090	269,813
Total revenues	41,362,096	2,572,631	754,453	8,879,697	53,568,877
EXPENDITURES					
General government	4,362,700	-	-	1,043,884	5,406,584
Public safety	21,807,693	-	-	428,711	22,236,404
Public works	6,468,677	7,641,289	-	-	14,109,966
Environment and leisure	5,892,090	1,174,140	-	537,470	7,603,700
Non-departmental	272,306	-	-	-	272,306
Principal payments on debt	1,923,365	-	2,130,000	-	4,053,365
Interest on long-term debt	207,266	-	90,873	-	298,139
Bond/loan fees	3,000	-	1,500	-	4,500
Total expenditures	40,937,097	8,815,429	2,222,373	2,010,065	53,984,964
Excess (deficiency) of revenues over expenditures	424,999	(6,242,798)	(1,467,920)	6,869,632	(416,087)
OTHER FINANCING SOURCES (USES)					
Transfers in	3,761,606	5,775,928	1,410,980	955,000	11,903,514
Transfers out	(3,377,186)	(18,806)	(870,312)	(6,904,409)	(11,170,713)
Net transfers	384,420	5,757,122	540,668	(5,949,409)	732,801
Net change in fund balances	809,419	(485,676)	(927,252)	920,223	316,714
Fund balances - September 30, 2014	15,401,374	470,613	1,242,936	8,903,270	26,018,193
Fund balances - September 30, 2015	\$ 16,210,793	\$ (15,063)	\$ 315,684	\$ 9,823,493	\$ 26,334,907

See notes to financial statements.

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

For the year ended September 30, 2015

Total net change in fund balances - governmental funds	\$ 316,714
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay (\$8,293,558) exceeded depreciation expense (\$3,287,534) during the period. (Capital additions of \$1,592,958 were funded directly by grants.)	6,598,982
Losses on disposal of capital assets are not shown in the governmental fund financial statements. However, in the statement of activities, the loss is reported as a reduction to asset sales proceeds.	(686,973)
Internal service fund capital activity is removed from the reconciliation, since it is accounted for on the economic resource basis in the fund financial statements.	63,165
Internal service funds are used by management to charge the costs of certain activities, such as insurance, information technology, and fleet services, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities in the statement of activities.	(589,675)
The change in noncurrent compensated absences is reported as an expense in the statement of net position. Noncurrent compensated absences are not reported in the governmental funds.	(11,820)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	<u>4,053,365</u>
Change in net position of governmental activities	<u><u>\$ 9,743,758</u></u>

See notes to financial statements.

CITY OF GRAND ISLAND, NEBRASKA
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
September 30, 2015

	Enterprise Funds		
	Electric Fund	Water Fund	Sewer Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,654,478	\$ 1,799,210	\$ 2,660,046
Investments	35,402,155	3,128,311	4,016,326
Receivables:			
Accounts, net of allowance for doubtful accounts	5,840,783	560,266	636,668
Unbilled revenue	2,985,835	300,588	496,809
Interest	29,444	24,862	147,470
Special assessments	-	220,472	599,375
Inventory	9,891,620	289,433	-
Prepaid expenses	488,545	15,110	-
Total current assets	<u>62,292,860</u>	<u>6,338,252</u>	<u>8,556,694</u>
Noncurrent assets:			
Restricted cash and cash equivalents	352,611	298,759	4,950,950
Restricted investments	5,775,757	307,418	2,521,036
Deferred charges	649,086	-	-
Capital assets:			
Land and improvements	6,278,994	-	67,436,500
Construction in progress	54,229,752	889,735	51,850,409
Distribution and collection systems	289,121,575	67,394,933	5,661,282
Buildings and equipment	36,090,720	3,559,178	16,929,929
Less accumulated depreciation	(225,694,102)	(15,389,793)	(45,305,851)
Net capital assets	<u>160,026,939</u>	<u>56,454,053</u>	<u>96,572,269</u>
Total noncurrent assets	<u>166,804,393</u>	<u>57,060,230</u>	<u>104,044,255</u>
Total assets	<u>229,097,253</u>	<u>63,398,482</u>	<u>112,600,949</u>
LIABILITIES			
Current liabilities:			
Accounts payable	3,240,879	219,713	2,884,696
Accrued expenses	2,599,932	291,238	216,848
Current portion of			
long-term obligations	2,915,000	230,000	910,000
Total current liabilities	<u>8,755,811</u>	<u>740,951</u>	<u>4,011,544</u>
Noncurrent liabilities:			
Compensated absences - noncurrent	476,661	47,142	29,603
Closure/post closure liability	180,784	-	-
Noncurrent portion of			
long-term obligations	43,780,000	2,825,000	43,560,138
Unamortized bond premiums	3,617,495	-	1,369,342
Total noncurrent liabilities	<u>48,054,940</u>	<u>2,872,142</u>	<u>44,959,083</u>
Total liabilities	<u>56,810,751</u>	<u>3,613,093</u>	<u>48,970,627</u>
NET POSITION			
Net investment in capital assets	110,363,530	53,399,053	52,102,131
Restricted for:			
Debt service	5,775,757	381,177	7,471,986
Uranium removal	-	225,000	-
Closure/post-closure costs	171,827	-	-
Unrestricted	55,975,388	5,780,159	4,056,205
Total net position	<u>\$ 172,286,502</u>	<u>\$ 59,785,389</u>	<u>\$ 63,630,322</u>

See notes to financial statements.

<u>Landfill</u> <u>Fund</u>	<u>Golf</u> <u>Fund</u>	<u>Total</u>	<u>Internal</u> <u>Service</u> <u>Funds</u>
\$ 612,895	\$ 40,705	\$ 12,767,334	\$ 1,926,485
1,094,536	70,776	43,712,104	3,349,605
249,846	-	7,287,563	89,494
-	-	3,783,232	-
2,113	-	203,889	-
-	-	819,847	-
-	-	10,181,053	133,792
-	-	503,655	-
<u>1,959,390</u>	<u>111,481</u>	<u>79,258,677</u>	<u>5,499,376</u>
3,511,312	-	9,113,632	-
4,125,082	-	12,729,293	-
-	-	649,086	-
253,515	1,431,773	75,400,782	-
-	-	106,969,896	-
-	-	362,177,790	-
10,413,292	751,092	67,744,211	1,748,774
(6,047,975)	(1,532,233)	(293,969,954)	(1,386,752)
<u>4,618,832</u>	<u>650,632</u>	<u>318,322,725</u>	<u>362,022</u>
<u>12,255,226</u>	<u>650,632</u>	<u>340,814,736</u>	<u>362,022</u>
<u>14,214,616</u>	<u>762,113</u>	<u>420,073,413</u>	<u>5,861,398</u>
43,891	16,434	6,405,613	706,952
65,881	32,795	3,206,694	1,035,981
-	-	4,055,000	-
<u>109,772</u>	<u>49,229</u>	<u>13,667,307</u>	<u>1,742,933</u>
19,107	14,653	587,166	23,674
3,549,858	-	3,730,642	-
-	-	90,165,138	-
-	-	4,986,837	-
<u>3,568,965</u>	<u>14,653</u>	<u>99,469,783</u>	<u>23,674</u>
<u>3,678,737</u>	<u>63,882</u>	<u>113,137,090</u>	<u>1,766,607</u>
4,618,832	650,632	221,134,178	362,022
-	-	13,628,920	-
-	-	225,000	-
4,086,536	-	4,258,363	-
1,830,511	47,599	67,689,862	3,732,769
<u>\$ 10,535,879</u>	<u>\$ 698,231</u>	<u>\$ 306,936,323</u>	<u>\$ 4,094,791</u>

CITY OF GRAND ISLAND, NEBRASKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS

For the year ended September 30, 2015

	Enterprise Funds		
	Electric Fund	Water Fund	Sewer Fund
Operating revenues:			
Sales:			
Consumers	\$ 60,052,217	\$ 5,098,117	\$ 11,472,180
Municipal and interdepartmental	1,745,581	136,109	-
Wholesale	1,938,065	-	-
Total sales	<u>63,735,863</u>	<u>5,234,226</u>	<u>11,472,180</u>
Tap fees	-	6,471	61,165
Other revenue	581,389	246,150	282,427
Total operating revenues	<u>64,317,252</u>	<u>5,486,847</u>	<u>11,815,772</u>
Operating expenses:			
Cost of power	33,718,744	-	-
Production	-	1,810,068	-
Operation of system	1,908,607	1,121,614	3,705,333
Maintenance of system	2,472,986	-	376,452
Consumer accounting and collection	1,367,774	504,285	632,967
General office expense	1,700,010	209,686	665,151
Special services	1,151,878	186,284	54,283
Information technology	-	-	-
Central garage	-	-	-
Insurance	583,013	12,554	76,500
Miscellaneous	107,665	244,238	-
Closure costs	-	-	-
Depreciation	10,526,231	950,517	2,990,455
Total operating expenses	<u>53,536,908</u>	<u>5,039,246</u>	<u>8,501,141</u>
Operating income (loss)	10,780,344	447,601	3,314,631
Nonoperating revenues (expenses):			
Interest income	262,043	16,708	50,546
Intergovernmental/grants	-	-	-
Allocated debt on participation power	(5,921,616)	-	-
Interest expense	(1,670,388)	(66,134)	-
Bond fees/issuance cost	-	-	(750)
Bond premium accretion	407,005	-	-
Payments in lieu of taxes	(718,938)	(71,942)	-
Gain (loss) on disposal of assets	(224,709)	7,000	3,825
Special assessments	-	-	25,360
Contributions in aid of construction	-	1,499,922	748,954
Total nonoperating revenues (expenses)	<u>(7,866,603)</u>	<u>1,385,554</u>	<u>827,935</u>
Excess (deficiency) of revenues over expenditures	2,913,741	1,833,155	4,142,566
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Change in net position	2,913,741	1,833,155	4,142,566
Net position - September 30, 2014	<u>169,372,761</u>	<u>57,952,234</u>	<u>59,487,756</u>
Net position - September 30, 2015	<u>\$ 172,286,502</u>	<u>\$ 59,785,389</u>	<u>\$ 63,630,322</u>

See notes to financial statements.

<u>Landfill Fund</u>	<u>Golf Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 2,997,202	\$ 575,805	\$ 80,195,521	\$ -
-	-	1,881,690	10,874,873
-	-	1,938,065	-
<u>2,997,202</u>	<u>575,805</u>	<u>84,015,276</u>	<u>10,874,873</u>
-	-	67,636	-
30,512	9,148	1,149,626	-
<u>3,027,714</u>	<u>584,953</u>	<u>85,232,538</u>	<u>10,874,873</u>
-	-	33,718,744	-
-	-	1,810,068	-
1,213,875	469,418	8,418,847	-
162,533	95,255	3,107,226	-
66,825	-	2,571,851	-
284,553	89,913	2,949,313	-
148,572	566	1,541,583	-
-	-	-	1,051,226
-	-	-	1,157,937
35,100	3,500	710,667	9,216,951
-	-	351,903	49,228
172,378	-	172,378	-
611,247	36,349	15,114,799	81,971
<u>2,695,083</u>	<u>695,001</u>	<u>70,467,379</u>	<u>11,557,313</u>
332,631	(110,048)	14,765,159	(682,440)
64,768	-	394,065	23,959
-	-	-	50,000
-	-	(5,921,616)	-
-	-	(1,736,522)	-
-	-	(750)	-
-	-	407,005	-
-	-	(790,880)	-
(180,827)	-	(394,711)	-
-	-	25,360	-
-	-	2,248,876	-
<u>(116,059)</u>	<u>-</u>	<u>(5,769,173)</u>	<u>73,959</u>
216,572	(110,048)	8,995,986	(608,481)
-	-	-	18,806
<u>216,572</u>	<u>(110,048)</u>	<u>8,995,986</u>	<u>(589,675)</u>
<u>10,319,307</u>	<u>808,279</u>	<u>297,940,337</u>	<u>4,684,466</u>
<u>\$ 10,535,879</u>	<u>\$ 698,231</u>	<u>\$ 306,936,323</u>	<u>\$ 4,094,791</u>

CITY OF GRAND ISLAND, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the year ended September 30, 2015

	Enterprise Funds	
	Electric Fund	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 62,711,215	\$ 5,344,578
Receipts from other funds	-	-
Payments to suppliers	(32,210,691)	(3,283,797)
Payments to employees	(10,300,010)	(666,385)
Net cash provided (used) by operating activities	20,200,514	1,394,396
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Payments in lieu of taxes	(795,883)	(65,723)
Transfer from (to) other funds	-	-
Net cash provided (used) by noncapital financing activities	(795,883)	(65,723)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(15,474,932)	(1,867,429)
Proceeds from sale of property and equipment	618,240	12,857
Decrease in deferred charges	286,836	-
Intergovernmental receipts	-	-
Special assessment collections	-	58,209
Payment of allocated debt on participation power purchase	(5,921,616)	-
Proceeds from issuance of notes payable	-	-
Payment of bond fees	-	-
Principal payments on capital debt	(2,870,000)	(225,000)
Interest paid on capital debt	(1,675,945)	(66,500)
Increase (decrease) in closure/post-closure liability	2,567	-
Net cash provided (used) by capital and related financing activities	(25,034,850)	(2,087,863)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale and maturities of investment securities	22,855,042	1,600,922
Purchase of investment securities	(16,583,648)	-
Interest received	255,054	15,100
Net cash provided (used) by investing activities	6,526,448	1,616,022
Increase (decrease) in cash and cash equivalents	896,229	856,832
Cash and cash equivalents - beginning of the year	7,110,860	1,241,137
Cash and cash equivalents - end of the year	\$ 8,007,089	\$ 2,097,969
Composition of cash and cash equivalents:		
Cash and cash equivalents	\$ 7,654,478	\$ 1,799,210
Restricted cash and cash equivalents	352,611	298,759
Total cash and cash equivalents	\$ 8,007,089	\$ 2,097,969

See notes to financial statements.

Enterprise Funds				Internal
Sewer	Landfill	Golf	Total	Service
Fund	Fund	Fund		Funds
\$ 11,757,972	\$ 3,099,054	\$ 591,204	\$ 83,504,023	\$ -
-	-	-	-	10,895,158
(4,124,254)	(1,376,005)	(432,654)	(41,427,401)	(10,719,461)
(1,613,256)	(699,075)	(222,339)	(13,501,065)	(632,918)
<u>6,020,462</u>	<u>1,023,974</u>	<u>(63,789)</u>	<u>28,575,557</u>	<u>(457,221)</u>
-	-	-	(861,606)	-
-	-	-	-	18,806
-	-	-	<u>(861,606)</u>	<u>18,806</u>
(22,721,517)	(736,118)	-	(40,799,996)	(18,807)
3,825	226,086	-	861,008	-
-	-	-	286,836	-
-	-	-	-	50,000
67,799	-	-	126,008	-
-	-	-	(5,921,616)	-
10,955,138	-	-	10,955,138	-
(750)	-	-	(750)	-
(515,000)	-	-	(3,610,000)	-
-	-	-	(1,742,445)	-
-	172,378	-	174,945	-
<u>(12,210,505)</u>	<u>(337,654)</u>	<u>-</u>	<u>(39,670,872)</u>	<u>31,193</u>
-	288,640	75,359	24,819,963	-
(932,168)	-	-	(17,515,816)	1,369,018
50,488	62,655	-	383,297	23,959
<u>(881,680)</u>	<u>351,295</u>	<u>75,359</u>	<u>7,687,444</u>	<u>1,392,977</u>
(7,071,723)	1,037,615	11,570	(4,269,477)	985,755
14,682,719	3,086,592	29,135	26,150,443	940,730
<u>\$ 7,610,996</u>	<u>\$ 4,124,207</u>	<u>\$ 40,705</u>	<u>\$ 21,880,966</u>	<u>\$ 1,926,485</u>
\$ 2,660,046	\$ 612,895	\$ 40,705	\$ 12,767,334	\$ 1,926,485
4,950,950	3,511,312	-	9,113,632	-
<u>\$ 7,610,996</u>	<u>\$ 4,124,207</u>	<u>\$ 40,705</u>	<u>\$ 21,880,966</u>	<u>\$ 1,926,485</u>

CITY OF GRAND ISLAND, NEBRASKA

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

For the year ended September 30, 2015

	Enterprise Funds	
	Electric Fund	Water Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 10,780,344	\$ 447,601
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	10,526,231	950,517
Change in assets and liabilities:		
Accounts receivable	(1,642,752)	(145,930)
Inventories	305,422	13,166
Prepaid expenses	(40,964)	(1,267)
Accounts payable and accrued expenses	272,233	130,309
Net cash provided (used) by operating activities	\$ 20,200,514	\$ 1,394,396
Supplemental cash flow information:		
Acquisition of capital assets through developers' aid of construction	\$ -	\$ 1,499,922
Accounts payable incurred for capital asset purchases	\$ -	\$ 44,954

See notes to financial statements.

<u>Enterprise Funds</u>					<u>Internal Service Funds</u>
<u>Sewer Fund</u>	<u>Landfill Fund</u>	<u>Golf Fund</u>	<u>Total</u>		
\$ 3,314,631	\$ 332,631	\$ (110,048)	\$ 14,765,159	\$	(682,440)
2,990,455	611,247	36,349	15,114,799		81,971
(57,800)	71,337	6,251	(1,768,894)		20,285
-	-	-	318,588		13,691
-	-	-	(42,231)		-
(226,824)	8,759	3,659	188,136		109,272
<u>\$ 6,020,462</u>	<u>\$ 1,023,974</u>	<u>\$ (63,789)</u>	<u>\$ 28,575,557</u>	<u>\$</u>	<u>(457,221)</u>
<u>\$ 748,954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,248,876</u>	<u>\$</u>	<u>-</u>
<u>\$ 2,696,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,741,889</u>	<u>\$</u>	<u>-</u>

CITY OF GRAND ISLAND, NEBRASKA

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

September 30, 2015

	<u>Employee Reserve Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ -	\$ 78,406
Investments	4,601,126	136,326
Accounts receivable	-	49,950
Special assessments receivable	-	20,551
Total assets	<u>4,601,126</u>	<u>285,233</u>
LIABILITIES		
Agency liabilities	-	285,233
Due to other funds	162,873	-
Pension liability	1,804,380	-
Total liabilities	<u>1,967,253</u>	<u>285,233</u>
NET POSITION		
Held in trust for pension benefits	<u>\$ 2,633,873</u>	<u>\$ -</u>

See notes to financial statements.

CITY OF GRAND ISLAND, NEBRASKA

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

For the year ended September 30, 2015

	<u>Employee Reserve Funds</u>
ADDITIONS	
Interest and dividends	\$ 611,269
Other revenue	37
Total additions	<u>611,306</u>
DEDUCTIONS	
Pension benefits	(302,725)
Loss on investments	798,768
Total deductions	<u>496,043</u>
Change in net position	115,263
Net position - September 30, 2014	<u>2,518,610</u>
Net position - September 30, 2015	<u><u>\$ 2,633,873</u></u>

See notes to financial statements.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

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CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Financial Reporting Entity

The City of Grand Island, Nebraska, was incorporated in 1872. The City operates under a Mayor-Council form of government with an elected part-time chief executive, Mayor, and an elected legislative body, Council, composed of ten members. The Mayor is elected at large for a four-year term, and the ten members of the City Council are elected, two from each of five wards, on alternating four-year terms. The administration of the City government is performed under the direction of the Mayor by the City Administrator. Services provided to residents include public safety; highways and streets; planning and zoning; parks; recreation; urban development; electric, water, and sanitary sewer systems; sanitary landfill; golf course; and general administrative services.

The City’s financial reporting entity comprises the following:

Primary Government:	City of Grand Island
Discretely Presented Component Units:	Community Redevelopment Authority of Grand Island Business Improvement Districts Metropolitan Planning Organization Grand Island Facilities Corporation

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

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Blended Component Units

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

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The following are the discretely presented component units:

Brief Description of Activities and Relationship
To The City:

Community Redevelopment
Authority of Grand Island

Created in June 1997 to develop, finance, and maintain certain areas of the City in need of improvement and development. The Mayor appoints the five-member board. The CRA can borrow money, issue bonds, and request a levy of taxes under the City's overall levy limits. The CRA's annual budget is subject to the City Council's approval. The component unit information was obtained from separately audited financial statements which can be obtained by contacting the Community Redevelopment Authority of Grand Island.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Discretely Presented Component Units, continued

	<u>Brief Description of Activities and Relationship To The City:</u>
Business Improvement Districts	Fonner Park BID (formerly BID #4) was renewed in 2013 for three years; Second Street BID (formerly BID #6) was renewed in 2013 for one year; South Locust BID (formerly BID #7) was renewed in 2013 for three years; and Downtown BID (formerly BID #8) was renewed in 2013 for five years. The BIDs account for funding held for improvement and maintenance of public areas within the boundaries of the Districts.
Metropolitan Planning Organization	Created in 2013 to provide transportation planning services. The City Council appoints board members of this Organization.
Grand Island Facilities Corporation	Created in 2005 to provide for the construction and issuance of bonds for the library addition. The City Council appoints board members of this Corporation.

2. Basis of Presentation

Government-wide Financial Statements

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fund Financial Statements

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

- 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 fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Governmental Funds, continued

Capital Project Funds

Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects. The reporting entity includes one Capital Project Fund to account for the acquisition of capital assets with transfers made from Governmental Funds and another to account for the special assessments.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City other than debt service payments made by enterprise funds. Ad valorem taxes are used for the payment of principal and interest on the City's general obligation bonds.

Permanent Fund

The Permanent Fund accounts for assets held by the City pursuant to a trust agreement. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

Proprietary Funds

Enterprise Funds

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

Internal Service Funds

The Internal Service Funds account for activities that provide goods and services to other funds, departments or agencies of the primary government and its component units on a cost-reimbursement basis.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fiduciary Funds (not included in government-wide statements)

Agency Funds

Agency funds account for assets held by the City in a purely custodial capacity. The reporting entity includes three agency funds. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations. The agency funds are as follows:

<u>Fund</u>	<u>Brief Description</u>
Cafeteria Plan	Accounts for voluntary employee contributions as a tax-free reimbursement for medical and child care expenses.
Other Agencies	Accounts for the Tri-City Task Force and for the collection and remittance of the City lodging tax to Fonner Park.
BID Assessments	Accounts for the collection of assessments for Business Improvement Districts #4, #6, #7, and #8 and remittance of assessments to the Districts. (Activity for these funds was transferred to a BID component unit during the year ended September 30, 2015.)

Trust Funds

Trust funds account for assets held by the City for the members and beneficiaries of defined benefit pension plans and defined contribution pension plans. The reporting entity includes one trust fund:

Employee Reserve	Accounts for the administration of all police and fire pension reserves after August 15, 2013.
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CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds

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

<u>Fund</u>	<u>Brief Description</u>
<i>Major:</i>	
Governmental:	
General	See above for description.
Capital Projects	See above for description.
Debt Service	See above for description.
Proprietary:	
Enterprise:	
Electric, Water, Sewer, Landfill, and Golf	See above for description.
<i>Nonmajor:</i>	
Special Revenue:	
Gas Tax	Accounts for the City's share of the State's gasoline tax from the State of Nebraska.
Enhanced 911	Accounts for the per-line telephone surcharge for the Emergency Communications System.
PSC Wireless	Accounts for the wireless E-911 fees distributed to the City by the Public Service Commission.
Pioneer Consortium	Accounts for the activities of the Statewide Library Consortium for which the City is the financial agent.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

<u>Fund</u>	<u>Brief Description</u>
<i>Nonmajor, continued:</i>	
Special Revenue, continued:	
Keno	Accounts for the City’s share of the Hall County Keno gaming proceeds.
Transportation	Accounts for federal transit funding for public transportation in a metropolitan area.
Community Youth Council	Accounts for the monies to implement a plan to combat risks for the City’s youth.
Program Income Reuse	Accounts for the repayment of loans from the Department of Economic Development into the City’s Economic Development Revolving Loan Fund.
Economic Development	Per the Local Option Economic Development Program passed by the citizens in May 2003, the City will set aside \$750,000 per year for 10 years to promote economic development. This division reflects the transfer in and subsequent expenditure of that portion of those funds to be used to provide incentives for business recruitment and retention. Funds are required to be segregated and expenditures are to be recommended by the Economic Development Corporation Executive Board, reviewed by the Citizens’ Advisory Review Committee, and finally submitted to the Mayor and City Council for approval.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

<u>Fund</u>	<u>Brief Description</u>
<i>Nonmajor, continued:</i>	
Special Revenue, continued:	
Housing Reuse	Accounts for the proceeds received from Homestead and deferred payment loans in accordance with the “Program Reserve” plan under the Department of Economic Development.
Community Development	Accounts for the miscellaneous income not tied to any specific grant and is used for administration.
Community Grants	Accounts for grants received for housing rehabilitation and the Senior Citizens Center.
Police Grants	Accounts for non-personnel police grants.
Parking District #1	Accounts for the business occupation tax to pay for maintenance and improvements of public property within that district.
Parking District #2	Accounts for operational costs on the parking ramp by using the ad valorem tax.
Local Assistance	Accounts for various donations to fund-specific City expenses, projects, and improvements.
Capital Projects:	
Special Assessments	Accounts for collections of special assessments for the Debt Service or Capital Projects Fund.
Permanent:	
Library Trust	Accounts for monies donated by the Abbott Estate to establish an endowment for the public library.
Cemetery Trust	Accounts for the monies in a permanent care endowment fund for the cemetery.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

<u>Fund</u>	<u>Brief Description</u>
<i>Nonmajor, continued:</i>	
Internal Service:	
Information Technology	Accounts for the operations of the Information Technology Division of the Finance Department and development of the City network.
Fleet Services	Accounts for the performance of repair and maintenance activities for the City’s equipment and vehicle fleet.
Insurance	Accounts for the property, liability, automobile, workers’ compensation, and health insurance and other programs for all City operations.
Equipment Reserve	Established to provide continuity of capital equipment replacement in the General Fund.

3. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Measurement Focus, continued

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. Fiduciary funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

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

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

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity

Estimates

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

Cash and Investments

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

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

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

Receivables

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

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

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Due from Other Governments

The total due from other governments includes the following amounts:

<u>Fund</u>	<u>Amount</u>	<u>Service</u>
General	\$ 2,787,938	Sales Tax
General	87,795	Municipal Equalization
General	91,970	Hall County reimbursements
General	86,389	Department of Justice grant
General	11,750	HUD Officer reimbursement
General	248,703	GI Public Schools officer reimbursement
General	13,599	Other grants
PSC Wireless	10,480	State E911 wireless revenue
Gas Tax	504,872	Motor Vehicle/Gas Tax
Police Grant	23,481	HIDTA grant reimbursement
Community grants	149,250	State reimbursements for CDBG grant expenditures
Keno	<u>21,805</u>	Keno Proceeds
Total governmental funds	<u>\$ 4,038,032</u>	

Inventory

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

Restricted Assets

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

Deferred Charges

Deferred charges incurred consists of various plant maintenance costs that are being amortized over the life of the scheduled maintenance repair life. In accordance with GASB codification standards, the maintenance costs which would be recognized during the current period are deferred and not included in the determination of net income until such costs are recoverable.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets

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

Government-wide Statements

In the government-wide financial statements, capital assets are capitalized and reported on the Statement of Net Position. The City has a \$10,000 capitalization threshold. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. The City has elected the modified approach for reporting infrastructure.

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

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

Prior to July 1, 1980, governmental funds' infrastructure assets were not capitalized. These assets (back to July 1, 1980) have been valued at estimated historical cost. The cost of normal maintenance, preservation, and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized.

The Electric and Water Departments capitalize interest costs as a component of production capacity based on the weighted average rates paid for long-term borrowing. Total interest incurred was:

	<u>Electric</u>	<u>Water</u>
Interest costs capitalized	\$ 256,017	\$ -
Interest costs charged to expense	<u>1,670,388</u>	<u>66,134</u>
	<u>\$ 1,926,405</u>	<u>\$ 66,134</u>

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets, continued

Fund Financial Statements

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

Unamortized Bond Premiums/Deferred Charges

Bond premiums for the Electric and Sewer Funds were amortized over the life of the bonds using the effective interest method. The deferred charges of various plant maintenance costs for the Electric Fund are being amortized over the life of the scheduled maintenance repair life.

Unavailable Property Tax

Unavailable property tax consist of property taxes expected to be collected after 60 days.

Compensated Absences

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. A portion of the liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this obligation is estimated based on historical trends. In the fund financial statements, governmental funds report only the current compensated absence liability payable from expendable available financial resources, while the proprietary funds report the total liability.

Long-term Debt

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

Government-wide Statements

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable, accrued compensated absences, and closure/post-closure liabilities.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Long-term Debt, continued

Fund Financial Statements

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

Equity Classifications

Government-wide Statements

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

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

See Note C8 for additional disclosures.

Fund Financial Statements

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

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

Fund Financial Statements, continued

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

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

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

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

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

Unassigned—All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 21). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the City Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses

Sales and Use Tax

The City presently levies a one-and-one-half percent 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 General Fund and used for budgeted General Fund appropriations. As of October 1, 2006, sales tax collected on the sale of motor vehicles is reserved for street improvements as required by LB904.

Sales taxes collected by the State in September (which represents sales for August) and received by the City in October have been accrued and are included under the caption “Due from other governments.”

Property Taxes

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

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

Property taxes levied for 2014-2015 are recorded as revenue when expected to be collected within 60 days after September 30, 2015. Prior-year levies were recorded using these same principles, and remaining receivables are re-evaluated annually. Property taxes expected to be collected after 60 days are recorded as deferred revenue on the fund balance sheets.

The City-owned electric and water utilities may make payments in lieu of taxes. The electric department pays five percent of its net operating revenues, excluding depreciation, and the water department pays one percent of its gross revenues derived from within the City limits.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

Governmental Funds – by Character and Function

Proprietary 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.

Contributions in Aid of Construction

Contributions in aid of construction are tap fees installed and contributed by developers. These contributions are recorded at fair market value when the development is complete and are considered imposed non-exchange transactions.

Allocated Debt on Participation Power Purchases

A portion of the monthly bill the Department pays for participation power from OPPD is the Department's allocated debt on the NC2 Project. Allocated debt of \$5,921,616 is shown as a nonoperating expense for the year ended September 30, 2015.

Interfund Transfers

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

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Fund Accounting Requirements

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

2. Deposit Laws and Regulations

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

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

3. Revenue Restrictions

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

4. Debt Restrictions and Covenants

Bonds Payable

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data

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

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

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

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

1. Cash and Investments

Deposits

The City’s policies regarding deposits of cash are discussed in Note A4. The table presented below is designed to disclose how its deposits were insured or secured with collateral at September 30, 2015. The categories of collateral are defined as follows:

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

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

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

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits	\$ 30,550,093	\$ 528,024	\$ 30,022,069	\$ -	\$ <u>31,216,298</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –					
Unrestricted cash and cash equivalents					\$ 18,236,055
Restricted cash and cash equivalents					11,890,030
Component Units –					
Unrestricted cash and cash equivalents					853,135
Restricted cash and cash equivalents					158,672
Employee Pension Funds Cash (not included in government-wide statement)					-
Agency Fund Cash (not included in government-wide statement)					78,406
					<u>\$ 31,216,298</u>

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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

1. Cash and Investments, continued

Investments

The City’s policies and applicable laws regarding investments are discussed in Notes A4 and B2. The table presented below is designed to disclose the level of market risk and custodial credit risk assumed by the City (or public trust) based upon whether the investments are insured or registered and upon who holds the security at September 30, 2015. The categories of credit risk are defined as follows:

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

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

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

<u>Type of Investment</u>	Category <u>1</u>	Category <u>2</u>	Category <u>3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Time Deposits	\$ 74,148,210	\$ -	\$ -	\$ 74,148,210	\$ 74,148,210
Publicly Traded Equities	-	4,106,475	-	<u>4,106,475</u>	<u>4,106,475</u>
				<u>\$ 78,254,685</u>	<u>\$ 78,254,685</u>

Reconciliation to Government-wide Statements of Net Position:

Primary Government –

Unrestricted investments	\$ 58,187,651
Restricted investments	14,781,373
Permanently restricted investments	548,209
Employee Pension Funds (not included in government-wide statements)	4,601,126
Agency Funds (not included in government-wide statements)	<u>136,326</u>
	<u>\$ 78,254,685</u>

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

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

2. Restricted Assets

The restricted assets as of September 30, 2015, are as follows:

	Governmental <u>Activities</u>	Business- type <u>Activities</u>	Total Primary <u>Government</u>	Component <u>Units</u>
Type of Restricted Assets:				
Cash and cash equivalents	\$2,776,398	\$ 9,113,632	\$ 11,890,030	\$ 158,672
Investments	2,052,080	12,729,293	14,781,373	-
Permanently restricted investments	548,209	-	548,209	-
Permanently restricted notes receivable	<u>870,655</u>	<u>-</u>	<u>870,655</u>	<u>-</u>
	<u>\$6,247,342</u>	<u>\$ 21,842,925</u>	<u>\$ 28,090,267</u>	<u>\$ 158,672</u>

3. Accounts and Notes Receivable

Accounts receivable of the business-type activities consist of utilities receivables. Accounts receivable of the governmental activities consist of telephone tax (7.8 percent), cable franchise tax (13.2 percent), other franchise/occupation tax (4.9 percent), ambulance (44.3 percent), payroll reimbursement (9.5 percent), administrative fees (16.1 percent), and other (4.2 percent) receivables. Receivables detail at September 30, 2015, is as follows:

	Governmental <u>Activities</u>	Business- type <u>Activities</u>	Total Primary <u>Government</u>	Component <u>Units</u>
Accounts receivable	\$1,744,895	\$7,700,475	\$9,445,370	\$ -
Allowance for doubtful accounts	<u>(526,988)</u>	<u>(412,912)</u>	<u>(939,900)</u>	<u>-</u>
Net accounts receivable	<u>\$1,217,907</u>	<u>\$7,287,563</u>	<u>\$8,505,470</u>	<u>\$ -</u>

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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

3. Accounts and Notes Receivable, continued

Notes receivable for the governmental funds consist of the following at September 30, 2015:

<u>Note Held By:</u>	<u>Due From</u>	Note Balance at September 30, <u>2015</u>	<u>Terms</u>
Program Income Reuse	Standard Iron	\$ 83,333	\$250,000 is 0% loan due in 168 monthly installments.
Community Grants Fund	Rehab Housing - Various Homeowners	173,975	Forgivable over 5 or 10 years of continued home ownership.
Economic Development Fund	Rogue Manufacturing	5,000	Forgivable if employment objectives are met.
Economic Development Fund	Bosselman's	50,000	Forgivable if employment objectives are met.
Economic Development Fund	Chief Industries, Inc.	66,800	Forgivable if employment objectives are met.
Economic Development Fund	GIX Logistics	85,800	Forgivable if employment objectives are met.
Housing Reuse Loan Fund	Rehab Housing - Various Homeowners	101,313	0%; due upon sale of house.
Housing Reuse Loan Fund	Housing Downpayment Loans - Various Homeowners	304,434	Forgivable over 5 to 10 years of continued home ownership.
		<u>\$ 870,655</u>	

The above notes are permanently restricted as revolving loan funds.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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

4. Capital Assets

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

	Balance at October 1, <u>2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2015</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 6,179,579	\$ -	\$ (587,821)	\$ -	\$ 5,591,758
Infrastructure	258,238,741	406,884	-	2,994,597	261,640,222
Construction in progress	12,057,745	8,513,618	-	(3,458,770)	17,112,593
Total capital assets not being depreciated	276,476,065	8,920,502	(587,821)	(464,173)	284,344,573
Other capital assets being depreciated:					
Land improvements	17,006,801	105,018	-	464,173	17,575,992
Buildings	56,997,708	-	-	-	56,997,708
Machinery and equipment	7,049,632	434,515	(280,842)	-	7,203,305
Office furniture and equipment	2,944,173	18,806	(4,733)	-	2,958,246
Vehicles	8,147,272	407,675	(506,908)	-	8,048,039
Total other capital assets at historical cost	92,145,586	966,014	(792,483)	464,173	92,783,290
Less accumulated depreciation for:					
Land improvements	(6,109,992)	(538,419)	-	-	(6,648,411)
Buildings	(18,432,621)	(1,812,631)	-	-	(20,245,252)
Machinery and equipment	(5,466,294)	(286,137)	244,275	-	(5,508,156)
Office furniture and equipment	(2,390,468)	(118,953)	4,733	-	(2,504,688)
Vehicles	(5,635,451)	(531,394)	444,323	-	(5,722,522)
Total accumulated depreciation	(38,034,826)	(3,287,534) *	693,331	-	(40,629,029)
Other capital assets, net	54,110,760	(2,321,520)	(99,152)	464,173	52,154,261
Governmental activities capital assets, net	<u>\$ 330,586,825</u>	<u>\$ 6,598,982</u>	<u>\$ (686,973)</u>	<u>\$ -</u>	<u>\$ 336,498,834</u>

* Depreciation expense was charged to governmental activities as follows:

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

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

4. Capital Assets, continued

Governmental Activities, continued:

General Fund:

General government:

City Hall	\$ 205,880
Human Resources	<u>6,581</u>
Total general government	212,461

Public safety:

Building inspection	8,213
Fire	326,948
Ambulance	69,313
Police	468,741
Emergency management	<u>45,236</u>
Total public safety	918,451

Public works:

Engineering	33,601
Street and alley	<u>229,327</u>
Total public works	262,928

Environment and leisure:

Library	235,448
Parks	207,941
Cemetery	25,903
Recreation	126,766
Water park and pools	156,659
Community Fieldhouse	166,142
Public information	31,942
Heartland Public Shooting Park	79,884
Heartland Events Center	<u>700,255</u>
Total environment and leisure	<u>1,730,940</u>

Total General Fund 3,124,781

Special Revenue Funds:

Enhanced 911	20,274
PSC Wireless	1,166
Community development	54,475
Downtown development	<u>4,867</u>
Total Special Revenue Funds	80,782

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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

4. Capital Assets, continued

Governmental Activities, continued:

Internal Service Funds:

Information technology	75,967
Fleet services	<u>6,004</u>
Total Internal Service Funds	<u>81,971</u>

Total governmental activities depreciation expense \$ 3,287,534

	October 1, <u>2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	September 30, <u>2015</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 7,454,876	\$ -	\$ -	\$ -	\$ 7,454,876
Construction in progress	<u>85,824,952</u>	<u>23,035,842</u>	<u>-</u>	<u>(1,890,898)</u>	<u>106,969,896</u>
Total capital assets not being depreciated	93,279,828	23,035,842	-	(1,890,898)	114,424,772
Other capital assets being depreciated:					
Land improvements	74,540,525	763,948	-	-	75,304,473
Buildings, distribution systems, and equipment	392,333,851	18,547,543	(1,603,643)	1,890,898	411,168,649
Office furniture and equipment	3,573,585	405,585	-	-	3,979,170
Vehicles	<u>6,958,207</u>	<u>661,957</u>	<u>(204,549)</u>	<u>-</u>	<u>7,415,615</u>
Total other capital assets at historical cost	477,406,168	20,379,033	(1,808,192)	1,890,898	497,867,907
Less accumulated depreciation for:					
Land improvements	(36,111,798)	(2,264,454)	-	-	(38,376,252)
Buildings, distribution systems, and equipment	(241,774,901)	(12,704,411)	525,735	-	(253,953,577)
Office furniture and equipment	(88,931)	-	-	-	(88,931)
Vehicles	<u>(1,431,997)</u>	<u>(145,934)</u>	<u>26,737</u>	<u>-</u>	<u>(1,551,194)</u>
Total accumulated depreciation	<u>(279,407,627)</u>	<u>(15,114,799)</u> *	<u>552,472</u>	<u>-</u>	<u>(293,969,954)</u>
Other capital assets, net	<u>197,998,541</u>	<u>5,264,234</u>	<u>(1,255,720)</u>	<u>1,890,898</u>	<u>203,897,953</u>
Business-type capital assets, net	<u>\$ 291,278,369</u>	<u>\$ 28,300,076</u>	<u>\$ (1,255,720)</u>	<u>\$ -</u>	<u>\$ 318,322,725</u>

* Depreciation expense was charged to functions as follows:

Electric	\$ 10,526,231
Water	950,517
Sewer	2,990,455
Landfill	611,247
Golf	<u>36,349</u>
Total business-type activities depreciation expense	<u>\$ 15,114,799</u>

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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

4. Capital Assets, continued

	Balance at October 1, <u>2014</u>	<u>Additions</u>	<u>Disposals</u>	Balance at September 30, <u>2015</u>
<u>Business Improvement Districts:</u>				
Capital assets being depreciated:				
Land improvements	\$ 65,787	\$ -	\$ -	\$ 65,787
Less accumulated depreciation:				
Land improvements	<u>(15,754)</u>	<u>(2,193)</u>	<u>-</u>	<u>(17,947)</u>
Business Improvement Districts, net	<u>\$ 50,033</u>	<u>\$ (2,193)</u>	<u>\$ -</u>	<u>\$ 47,840</u>
<u>Community Redevelopment Authority:</u>				
Capital assets not being depreciated:				
Land held for redevelopment	<u>\$ 495,354</u>	<u>\$ 80,015</u>	<u>\$ -</u>	<u>\$ 575,369</u>

5. Accounts Payable

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

6. Long-term Debt

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

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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

6. Long-term Debt, continued

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2015:

<u>Type of Debt</u>	Balance October 1, 2014	<u>Additions</u>	<u>Deductions</u>	Balance September 30, 2015	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds payable	\$ 6,700,000	\$ -	\$ (2,130,000)	\$ 4,570,000	\$ 2,985,000
Capital Lease	8,846,745	-	(1,923,365)	6,923,380	1,969,446
	<u>\$ 15,546,745</u>	<u>\$ -</u>	<u>\$ (4,053,365)</u>	<u>\$ 11,493,380</u>	<u>\$ 4,954,446</u>
Business-type Activities:					
Bonds payable	<u>\$ 86,875,000</u>	<u>\$ 10,955,138</u>	<u>\$ (3,610,000)</u>	<u>\$ 94,220,138</u>	<u>\$ 4,055,000</u>
Component Units:					
GI Facilities Corporation	\$ 1,560,000	\$ -	\$ (775,000)	\$ 785,000	\$ 785,000
CRA notes payable	<u>2,057,151</u>	<u>-</u>	<u>(245,309)</u>	<u>1,811,842</u>	<u>250,173</u>
Total Component Units	<u>\$ 3,617,151</u>	<u>\$ -</u>	<u>\$ (1,020,309)</u>	<u>\$ 2,596,842</u>	<u>\$ 1,035,173</u>

Governmental Activities

As of September 30, 2015, the governmental long-term liabilities consisted of the following:

Bonds payable:

Various purpose refunding bonds dated June 16, 2009, with original issue amount of \$2,970,000. Interest ranges from 1.00 to 3.25 percent with final maturity December 15, 2017. Callable after June 16, 2014.

\$ -

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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

6. Long-term Debt, continued

Governmental Activities, continued

Bonds payable, continued:

Bond anticipation notes dated July 3, 2014 for \$2,230,000. Interest of 0.35 percent with final maturity November 15, 2015. 2,230,000

Law enforcement center refunding bonds dated April 12, 2011, with original issue amount of \$5,535,000. Interest ranges from 0.45 to 2.90 percent with final maturity September 1, 2014. 2,340,000

Total bonds payable 4,570,000

Capital Lease:

Capital lease refunding obligation due to the Heartland Events Center dated September 20, 2011, with original issue amount of \$5,795,000. Interest ranges from 0.3 to 3.35 percent with final maturity December 15, 2024. 4,515,000

Capital lease refunding obligation due to the Grand Island Facilities Corporation dated May 19, 2011, with original issue amount of \$3,795,000. Interest ranges from 0.45 to 1.85 percent with final maturity October 25, 2015. 785,000

Capital lease obligation due to Wells Fargo dated July 1, 2009, with original issue amount of \$5,062,500 to finance the State Fair building. The lease bears interest of 4.25 percent and is due in 16 semi-annual principal and interest payments of \$376,556, commencing January 1, 2010 through July 1, 2017. 1,429,483

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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

6. Long-term Debt, continued

Governmental Activities, continued

Capital Lease, continued:

Capital lease obligation due to Kansas State Bank dated August 19, 2013, with original issue amount of \$80,490 to finance an asphalt zipper. The lease bears interest of 3.68 percent and is due in four annual principal and interest payments of \$22,415, commencing April 15, 2014 through April 14, 2017. 42,000

Capital lease obligation due to Key Government Finance, Inc. dated October 9, 2012, with original issue amount of \$89,543 to finance a SnoGo snow blower. The lease bears interest of 2.80 percent and is due in six annual principal and interest payments of \$15,973, commencing November 5, 2012 through November 5, 2017. 45,355

Capital lease obligation due to Key Government Finance, Inc. dated August 13, 2013, with original issue amount of \$311,370 to finance a combination sewer cleaner. The lease bears interest of 2.95 percent. An initial \$135,000 downpayment was due August 15, 2013, with five annual principal and interest payments of \$37,630 due, commencing November 15, 2013 through November 15, 2017. 106,542

Total capital lease obligations 6,923,380

Total governmental activities long-term obligations \$ 11,493,380

Current portion \$ 4,954,446

Noncurrent portion 6,538,934

Total \$ 11,493,380

The Debt Service Fund is making the principal and interest payments on the bonds, and the General Fund is paying the capital lease obligations.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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

6. Long-term Debt, continued

Business-type Activities

As of September 30, 2015, the long-term debt payable from proprietary fund resources consisted of the following:

Bonds and notes payable:

Sewer system revenue bonds dated September 17, 2013, with original issue amount of \$35,430,000. Interest ranges from 0.50 to 5.375 percent with final maturity on September 15, 2038. \$ 33,515,000

DEQ Sewer note - project C317867 with total loan principal of \$6,200,000. As of September 30, 2015, the City had drawn \$3,225,545 on this note. Interest of 1.5 percent and administration fees of one percent are due semi-annually with semi-annual principal payments commencing December 15, 2016, through June 15, 2016. 3,225,545

DEQ Sewer note - project C317981, with total loan principal of \$29 million. As of September 30, 2015, the City had drawn \$7,729,593 on this note. Interest of 1.25 percent and administration fees of one percent are due semi-annually with semi-annual principal payments commencing June 15, 2018, through December 15, 2017. 7,729,593

DEQ Sewer note - project C317984, with total loan principal of \$4,800,000. As of September 30, 2015, the City had not yet drawn on this note. Interest of 1.5 percent and administration fees of one percent are due semi-annually with semi-annual principal payments commencing June 15, 2018, through December 15, 2037. -

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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

6. Long-term Debt, continued

Business-type Activities, continued

Bonds and notes payable, continued:

Electric system revenue refunding bonds, Series 2012, due serially to August 15, 2022. Interest ranges from 0.2 to 4.0 percent; secured by electric system revenues. 12,505,000

Electric system revenue refunding bonds, Series 2013, due serially to August 15, 2028. Interest ranges from 0.25 to 5.0 percent; secured by electric system revenues. 34,190,000

Water revenue refunding bonds, Series 2012, due serially to July 2, 2027. Interest ranges from 0.4 to 3.1 percent; secured by water system revenue and a deposit in the debt service reserve account. 3,055,000

Total business-type activity bonds/notes payable \$ 94,220,138

Current portion \$ 4,055,000

Noncurrent portion 90,165,138

Total \$ 94,220,138

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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

6. Long-term Debt, continued

Component Units

Grand Island Facilities Corporation:

Library building bonds, Series 2005, dated November 1, 2005, with original issue amount of \$7,000,000. Interest ranges from 2.85 to 3.80 percent with final maturity on November 1, 2015, callable after November 1, 2010. (The City has a matching capital lease obligation to the Grand Island Facilities Corporation as described on page 62). \$ 785,000

CRA bonds and notes payable:

Limited tax obligation bonds, Series 2012, dated October 30, 2012, with original issue amount of \$1,800,000 to finance the Lincoln Pool project. Interest ranges from 0.40 to 2.40 percent with final maturity on December 15, 2022. 1,455,000

The Authority borrowed \$37,000 from Wells Fargo Bank on September 3, 2002, to finance the RSF Limited redevelopment project. The note is collateralized by a promissory note from the redeveloper and a deed of trust on the real estate included in the project, and the incremental tax revenue increase by the redeveloped property will be used for payment of the note. The note bears interest of 6.9 percent and payments are due semi-annually through December 15, 2017. 9,117

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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

6. Long-term Debt, continued

Component Units, continued

CRA bonds and notes payable, continued:

The Authority borrowed \$169,267 from Home Federal Savings and Loan on September 1, 2003, to finance the PROCON Development Company, LLC, redevelopment project. The note is collateralized by a promissory note from the redeveloper and a deed of trust on the real estate included in the project, and the incremental tax revenue increase by the redeveloped property will be used for payment of the note. The note bears interest of 7.0 percent and payments are due semi-annually beginning June 15, 2005, through December 15, 2018.

56,549

The Authority borrowed \$668,000 from Lincoln Federal Savings Bank on December 15, 2004. The funds were used to finance the Walnut Housing, Ltd., redevelopment project. The note is collateralized by a promissory note from the redeveloper and a deed of trust on the real estate included in the project, and the incremental tax revenue increase by the redeveloped property will be used for payment of the note. The note bears interest of 6.743 percent and payments are due semi-annually beginning June 15, 2006, through December 15, 2019.

291,176

Total CRA bonds and notes payable

1,811,842

Total component units bonds and notes payable

\$ 2,596,842

Current portion

\$ 1,035,173

Noncurrent portion

1,561,669

Total

\$ 2,596,842

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

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

6. Long-term Debt, continued

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2015, are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities			Component Units	
	Principal	Interest	Principal	Interest	Fees	Principal	Interest
2016	\$ 4,954,446	\$ 238,916	\$ 4,055,000	\$ 3,612,688	\$ -	\$ 1,035,173	\$ 52,012
2017	1,996,845	173,112	4,441,168	3,570,661	32,537	255,374	38,328
2018	1,282,089	120,542	5,307,871	3,511,243	69,118	258,283	31,175
2019	430,000	87,450	6,194,150	3,427,134	94,049	255,780	23,304
2020	445,000	77,484	6,363,520	3,260,194	75,196	222,232	15,444
2021-2025	2,385,000	192,636	30,673,122	13,016,906	125,869	570,000	19,963
2026-2030	-	-	21,125,307	6,727,740	2,673	-	-
2031-2035	-	-	9,245,000	3,359,975	-	-	-
2036-2040	-	-	6,815,000	745,244	-	-	-
	<u>\$ 11,493,380</u>	<u>\$ 890,140</u>	<u>\$ 94,220,138</u>	<u>\$ 41,231,785</u>	<u>\$ 399,442</u>	<u>\$ 2,596,842</u>	<u>\$ 180,226</u>

Closure and Post-closure Care Costs

The City of Grand Island has chosen to demonstrate financial assurance for the Grand Island Regional Solid Waste Landfill and the Platte Generating Station Fossil Fuel Combustion Ash Landfill by using a financial test mechanism. As required by Nebraska Administrative Code – Title 132 – *Integrated Solid Waste Management* Regulations, the following information is provided.

The City entered into an agreement with the Nebraska Department of Environmental Quality to establish a Closure/Post-Closure Care Account. The purpose of this account is to accumulate sufficient monies to fund all related costs of closure and post-closure of the ash disposal area at the Platte Generating Station. The calculated amount of the Closure/Post-Closure liability was \$180,784 at September 30, 2015, which is based on 50.80 percent usage (filled) of the ash disposal area. It is estimated that an additional \$173,178 will be recognized as closure and post-closure expenses between the date of the balance sheet and the date the ash disposal area is expected to be filled to capacity. The estimated total current cost of the ash disposal closure and post-closure care, \$353,962, is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the ash disposal area were acquired as of September 30, 2015. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

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

6. Long-term Debt, continued

Closure and Post-closure Care Costs, continued

The City meets the requirements of the *Local Government Financial Test*, so they are not subject to annual funding requirements. At September 30, 2015, funds of \$352,611 are restricted to finance closure and post-closure of the City's ash disposal area. These funds are presented on the City's statement of net position as "restricted for ash disposal closure costs." It is anticipated that future inflation costs will be financed in part from earnings on funds reserved by the City. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in post-closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future users, taxpayers, or both.

State and federal laws and regulations require that the City of Grand Island place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and post-closure care costs has a balance of \$3,549,858 as of September 30, 2015, which is based on 35.86 percent usage (filled) of the landfill. It is estimated that an additional \$6,349,354 will be recognized as closure and post-closure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and post-closure care, \$9,899,212, is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2015. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The City meets the requirements of the *Local Government Financial Test*, so they are not subject to annual funding requirements. At September 30, 2015, funds of \$4,125,082 are restricted to finance closure and post-closure of the City's landfill. These funds are presented on the City's statement of net position as "restricted for landfill closure costs." It is anticipated that future inflation costs will be financed in part from earnings on funds reserved by the City. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in post-closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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

7. Interfund Transactions and Balances

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Gas Tax	\$ 2,900,000	\$ -
Economic Development	-	750,000
Capital Projects	-	901,206
Metropolitan Planning	-	110,000
Transportation	-	105,000
Community Development	-	100,000
Debt Service	-	1,410,980
Electric	795,883	-
Water	<u>65,723</u>	<u>-</u>
Total General Fund	3,761,606	3,377,186
Capital Projects Fund:		
General	901,206	-
Gas Tax	3,674,740	-
Keno	300,000	-
Debt Service	870,312	-
Information Technology	-	18,806
Cemetery Trust	<u>29,670</u>	<u>-</u>
Total Capital Projects Fund	5,775,928	18,806
Debt Service Fund:		
General	1,410,980	-
Capital Projects	<u>-</u>	<u>870,312</u>
Total Debt Service Fund	1,410,980	870,312
Nonmajor Funds	955,000	6,904,409

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

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

7. Interfund Transactions and Balances, continued

Operating transfers, continued:

	<u>Transfers In</u>	<u>Transfers Out</u>
Enterprise Funds (payments in lieu of taxes)	-	861,607
Internal Service Funds	18,806	-
Metropolitan Planning - Component Unit:		
General Fund	<u>110,000</u>	<u>-</u>
Total Operating Transfers	<u>\$ 12,032,320</u>	<u>\$ 12,032,320</u>

As of September 30, 2015, the Community Development Fund owed \$19,052, the Community Grants Fund owed \$25,214, and the Police Grants Fund owed \$9,878 to the General Fund for negative pooled cash. These balances were eliminated on page 21. The Employee Reserve Fund also owed the General Fund \$162,873 as of September 30, 2015 for negative pooled cash. All of these interfund balances are expected to be repaid during the year ending September 30, 2016.

8. Fund Equity

Restricted net position for other purposes consists of the following:

Federal Projects	\$ 290,627
Housing Loans	503,768
Community Improvements	221,122
Library Expenses	744,902
Other Donor Purposes	<u>236,134</u>
	<u>\$ 1,996,553</u>

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES

1. Employee Pension and Other Benefit Plans

The City participates in six employee pension plans as follows:

<u>Name of Plan</u>	<u>Type of Plan</u>
City General Plan	Defined Contribution Plan
Police and Firefighters Plan (Pre-1984)	Defined Benefit Plan
Police Plan	Defined Contribution Plan
Firefighters Plan	Defined Contribution Plan
Pensioners	Nonqualified Benefit Plan
Deferred Compensation Plan	Qualified Deferred Compensation Plan

The Pensioners benefit plan is administered by the City and is included in the Fiduciary Fund Types. All other plans are administered by outside trustees and are not included in these financial statements.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

City General Plan

The City of Grand Island has a contributory defined contribution employees' pension plan in which employees of the City participate. Changes in the plan effective January 1, 1991, allow any new employee anticipating working a minimum of 1,000 hours, for one continuous year, to participate in the plan immediately. City payroll totaled \$23,779,674, of which \$22,722,298 was qualified under this pension plan. As of October 1, 1997, the plan requires the participants to make only a six percent contribution, with the City being required to match the participants' contributions. The participant can contribute an additional 10 percent with no City match.

All employees are fully vested in their own contributions and become vested in the City's contribution after five years' participation in the plan as follows:

<u>Vested Year</u>	<u>Percentage</u>
1	60%
2	70%
3	80%
4	90%
5	100%

The employees and the City contributed \$1,517,300 and \$1,363,232, respectively, as required by the plan for the fiscal year ended September 30, 2015.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

Police and Firefighters Plan (Pre-1984)

The City of Grand Island, Nebraska Police Pension (Police Plan) and the City of Grand Island, Nebraska Firefighters Plan (Firefighters Plan) are administered as follows:

- (1) Employees who were hired prior to January 1, 1984, the date at which the Police and Firefighters Plans were amended from defined benefit plans to their current status as defined contribution plans, were assured of receiving retirement benefits under the new plan at least as great as those under the old defined benefit plan.
- (2) Employees hired after January 1, 1984, are covered by the defined contribution plan, which is administered by a third party.

The employees hired prior to January 1, 1984, participate in both plans and will receive either their benefit from the defined contribution plan or defined benefit plan, whichever is greater. The City has funded their portion of the respective Plan, in addition to the employee's portion, with the assets being held by a third party administrator of the current defined contribution plan. These assets are included in the total plan assets for the Police Retirement Plan and the Firefighters Retirement Plan, when determining the pension benefit obligation.

Based on the actuarial valuation, it is anticipated that the participant accounts and unallocated/forfeiture account are sufficient to provide the minimum defined benefits for the remaining pre-1984 hires. Therefore, it is anticipated that no additional contribution will be required. The respective Defined Benefit Plan is further described in the Police and Firefighters Plan Section.

Police Plan

Plan Description

The Police Plan became effective November 18, 1965. Its provisions are covered by City ordinance. The Police Plan covers all employees classified as police officers.

For the year ended September 30, 2015, the City's payroll total and covered under the Plan was \$5,912,252 and \$5,513,840, respectively.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

Police Plan, continued

Plan Description, continued

As of January 1, 2015, the date of the last actuarial valuation of the defined benefit plan, there were six active employees in the Police Plan.

An employee with at least 25 years of service may retire as early as age 55; normal retirement occurs at age 60 with a minimum of 21 years of service, if employed on or before November 18, 1965, otherwise 25 years.

Under the Police Plan, normal retirees employed on or before January 1, 1984, would not receive an annuity benefit of less than 50 percent of regular pay. All current employees will receive a benefit based on their defined contribution account. An employee is 100 percent vested in his or her contributions of 6.5 percent of monthly compensation, and vests 40 percent after two years of service, 60 percent after 4 years, 80 percent after 5 years, and is 100 percent vested at 7 years or more in the City's contributions, which is a matching 6.5 percent.

Funding Status of Defined Benefit Plan

The projected retirement benefits at January 1, 2015, were determined through an actuarial valuation. The actuarial valuation was performed using the Aggregate Actuarial Cost Method, which determines the total cost of the projected pension benefits to all employees combined. This total cost is then spread over the average future remaining years to retirement for the employees. The cost is spread as a level percentage of compensation.

Significant actuarial assumptions used in the valuation included (a) a rate of return of five percent for pre-retirement and four percent for post-retirement per annum, and (b) projected annual salary increases of four percent.

The pension benefit obligation, a standardized disclosure measure of the present value of pension benefits, intended to help assess the funding status of pensions, is as follows:

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

Police Plan, continued

Funding Status of Defined Benefit Plan, continued

Fair value of plan assets at January 1, 2015	\$ 3,188,262
Benefit obligation estimated at January 1, 2015	<u>3,367,848</u>
Funded Status	\$ (<u>179,586</u>)*
Prepaid (accrued) benefit cost recognized in the balance sheet	\$ <u> -</u>

* Recorded as a liability in Employee Reserve Fund.

Contribution Required and Made

The actuarially determined recommended contribution under the defined benefit plan was \$70,759, but no contributions were made for the year ended September 30, 2015, as the liability is covered by the Employee Reserve Fund.

Contributions made under the defined contribution portion of the Police Plan for the year ended September 30, 2015, were as follows:

		<u>Amount as a Percentage of Covered Payroll</u>
Employer	\$ 358,399	6.5%
Employee	<u>358,399</u>	6.5%
Total	\$ <u>716,798</u>	

In addition, there were \$1,296 of voluntary retirement contributions for the year ended September 30, 2015.

Firefighters Plan

Plan Description

The Firefighters Plan became effective August 7, 1965. Its provisions are covered by City ordinance. The Firefighters Plan covers all employees classified as Firefighters.

For the year ended September 30, 2015, the City's payroll total and covered under the Plan was \$4,234,189 and \$4,081,024, respectively.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

Firefighters Plan, continued

Plan Description, continued

As of January 1, 2015, the date of the last actuarial valuation of the defined benefit plan, there was one active employee in the Firefighters Plan.

An employee who has attained the age of 50 with 21 years of service may take early retirement with benefits reduced by the actuarial equivalent of his or her normal retirement at age 55.

Under the Firefighters Plan, normal retirees employed prior to January 1, 1984, would not receive an annuity benefit of less than 50 percent of regular pay. All current employees will receive a benefit based on their defined contribution account. An employee is 100 percent vested in his or her contributions, 6.5 percent of monthly compensation, and vests 40 percent after four years of service plus 10 percent for each year thereafter, up to 100 percent, in the City’s contributions, 13 percent of monthly compensation.

Funding Status of Defined Benefit Plan

The projected retirement benefits at January 1, 2015, were determined through an actuarial valuation. The actuarial valuation was performed using the Aggregate Actuarial Cost Method, which determines the total cost of the projected pension benefits to all employees combined. This total cost is then spread over the average future remaining years to retirement for the employees. The cost is spread as a level percentage of compensation.

Significant actuarial assumptions used in the valuation included (a) a rate of return of five percent for pre-retirement and four percent for post-retirement per annum, and (b) projected annual salary increases of four percent.

The pension benefit obligation, a standardized disclosure measure of the present value of pension benefits, intended to help assess the funding status of pensions, is as follows:

Fair value of plan assets at January 1, 2015	\$ 819,983
Benefit obligation estimated at January 1, 2015	799,948
Funded Status	\$ <u>20,035</u>
Prepaid (accrued) benefit cost recognized in the balance sheet	\$ <u> -</u>

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

Firefighters Plan, continued

Contribution Required and Made

The actuarially determined recommended contribution under the defined benefit plan was zero, and no contributions were made for the year ended September 30, 2015.

Contributions made under the defined contribution portion of the Firefighters Plan for the year ended September 30, 2015, were as follows:

		<u>Amount as a Percentage of Covered Payroll</u>
Employer	\$ 530,534	13.0%
Employee	<u>265,266</u>	6.5%
Total	<u>\$ 795,800</u>	

In addition, there were \$3,380 of voluntary retirement contributions for the year ended September 30, 2015.

Pensioners

The City provides pension benefits to police and firefighters who retired prior to January 1, 1984. This plan is administered by the City and payments are funded and budgeted for annually. The estimated benefit obligation at September 30, 2015, was \$705,655. It is recorded as a liability in the employee pension reserve fund.

Three-year Trend Information for Public Safety Employees Retirement System

<u>Fiscal Year Ending</u>	<u>Annual Pension Percentage of APC</u>		<u>Net Pension Obligation</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	
9/30/13	\$ -	N/A	-
9/30/14	-	N/A	-
9/30/15	-	N/A	-

Disabled Public Safety Employees

The City provides pension benefits to disabled police officers and firefighters who suffered injuries while being employed by the City. This plan is administered by the City and payments are funded by their respective retirement accounts with the balance coming from the forfeiture/unallocated accounts and if needed the payments are funded and budgeted for annually. The estimated benefit obligation at September 30, 2015 was \$939,173 and it is recorded as a liability in the employee pension reserve fund.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

Deferred Compensation Plan

The City has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all City employees and elected officials. The plan permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, unforeseeable emergency, or permanent disability. Employees contributed \$280,345 to the plan and the City contributed \$0. The employees also contributed \$103,316 to a Roth 457 plan.

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

2. Risk Management

Insurance

The City is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The City purchases insurance and administers funds for its self-insured programs. The City maintains a workers' compensation fund and a self-insured loss fund. The City provides first dollar coverage for all workers' compensation exposure, with insurance acting as an umbrella or excess coverage. The City is self-insured for workers' compensation claims up to \$150,000 per occurrence and \$1,075,000 in the aggregate. The City is self-insured for health insurance claims up to \$150,000 of individual claims or 125 percent of the anticipated group claims. The self-insurance programs are administered within the Internal Service Fund. The City maintains outside insurance coverage through various insurance policies on buildings and their contents, equipment and property, and employee dishonesty. The maximum exposure would be the deductible amounts for property and automobile physical damage as well as losses not covered by insurance, which is estimated at \$769,000.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Insurance, continued

Settled claims in the past three years have not exceeded the commercial coverages. The City has estimated unsubmitted claims on health insurance based on prior experience to be \$770,000; the amount represents two months of subsequent claims. Also accrued in the Insurance Fund is \$190,000 of estimated unsubmitted workers compensation claims at September 30, 2015. For all of the reserve funds, a reserve of \$2,869,907 is established in an internal service fund at September 30, 2015.

Changes in the fund’s health insurance claims liability amount during the last three fiscal years were:

	Beginning of Fiscal <u>Period Liability</u>	Current Period Claims and Changes in <u>Estimates</u>	Charges and <u>Reimbursements</u>	Balance at Fiscal <u>Period-End</u>
2012-2013	\$ 851,600	\$ 7,449,438	\$ (7,871,038)	\$ 430,000
2013-2014	430,000	8,643,127	(8,273,127)	800,000
2014-2015	800,000	8,651,563	(8,681,563)	770,000

Deposits and Investments

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City’s investments at September 30, 2015, are held by the counterparties not in the name of the City. The underlying securities consist of cash, direct obligations of or guaranteed by the full faith and credit of the U.S. Government, and other similar obligations of the U.S. Government or its agencies.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

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

<u>Maturities by Month</u>	<u>Amount</u>
October 2015	\$ 10,319,017
November 2015	3,570,807
February 2016	6,125,482
March 2016	4,552,170
April 2016	13,274,326
May 2016	5,087,561
June 2016	7,898,112
July 2016	307,418
August 2016	12,333,787
December 2016	1,177,743
January 2017	3,015,276
February 2017	250,000
March 2017	2,016,511
June 2017	490,000
July 2017	245,000
August 2017	250,000
February 2018	1,000,000
February 2019	500,000
August 2019	250,000
February 2020	750,000
June 2020	245,000
June 2022	<u>490,000</u>
	\$ <u>74,148,210</u>

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

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

Concentration of Credit Risk. The City's investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2015, the City's investments in certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Five Points Bank	\$ 7,061,695
Wells Fargo Bank	10,215,000
Home Federal Bank	1,493,071
Exchange Bank	9,097,995
First National Bank	8,092,777
Great Western Bank	4,163,148
Cornerstone Bank	<u>34,024,524</u>
	\$ <u>74,148,210</u>

Foreign Currency Risk. This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The City's investments had no exposure to foreign currency risk and the City held no investments denominated in foreign currency at September 30, 2015.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies

Construction

The City is a party to numerous contracts relating to construction projects of the governmental funds. The City intends to fund the construction through operations or long-term financing.

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/2015</u>	<u>Obligation Pending</u>
Capital Ave Widening - Webb to Broadwell	\$ 3,638,726	\$ 2,401,988	\$ 1,236,738
2015-AC-1 Asphalt Maintenance Project	955,831	-	955,831
Swift Road Paving District No 1263	28,286	19,586	8,700
Stolley Park Road Pavement Maintenance & Intersection Study	79,300	35,676	43,624
Webb Road; Old Hwy 30 to New Hwy 30 Drainage	39,800	39,124	676
Handicap Ramp Project No. 2015-HC-1	200,982	27,106	173,876
3rd St & Wheeler Ave Intersection Improvements	226,348	163,621	62,727
Blaine St Bridges-Project No 2014-B-1	540,936	119,143	421,793
Northwest Flood Control Project	3,442,582	702,320	2,740,262
Faidley Ave & Diers Ave Traffic Signal	65,691	44,186	21,505
4th St to 5th St; Eddy St to Sycamore St - Handicap Ramps	541,688	93,603	448,085
Faidley Ave Paving Project No 2014-P-1	1,162,175	1,003,351	158,824
Performance Based Long Range Transportation Plan for GIAMPO	527,748	192,792	334,956
Ryder Tennis Court	422,093	-	422,093
Niedfeldt-Sterling Park - Phase 2	48,107	-	48,107
Husker Highway Sanitary Sewer District 531T	167,566	117,225	50,341
Sanitary Sewer Districts 528, 530T and SID #2	542,185	442,762	99,423
Wastewater Major Rehab	9,227,115	7,474,470	1,752,645
North Interceptor Phase 2	10,515,000	9,894,526	620,474

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Construction, continued

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/2015</u>	<u>Obligation Pending</u>
Water Main District 467T	299,499	280,744	18,755
Water Main Project 2015-W-3	255,289	242,650	12,639
Uranium Removal Equipment	9,822,600	2,143,000	7,679,600
HMI-DCS Console Upgrade	197,844	179,600	18,244
Air Quality Control System	41,621,363	39,516,030	2,105,333
Steam Generator Boiler Repair	185,992	40,294	145,698
Burdick Pump Station Upgrade	74,037	-	74,037
Chimney Heat Trace System	150,775	-	150,775
Burdick Steam Unit Upgrades	596,977	-	596,977
Total City Commitments	<u>\$ 85,576,535</u>	<u>\$ 65,173,797</u>	<u>\$ 20,402,738</u>

Lease Commitments

<u>Lessor</u>	<u>Leased Property</u>	<u>Term</u>	<u>Amount</u>
Hall County Regional Airport Authority	Land for Jack Rabbit Run golf course	May 2006-April 2026	\$18,748/year plus 3% annual increase
State of Nebraska	Veteran's Home Land	May 1, 2009-April 30, 2108	\$1/year

Lease commitments as of September 30, 2015, are as follows:

<u>Year ending September 30,</u>	<u>Commitment</u>
2016	\$ 20,488
2017	21,102
2018	21,735
2019	22,387
2020	23,059
Thereafter	<u>142,239</u>
	<u>\$ 251,010</u>

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Letter of Credit

The City has a \$2,000,000 standby letter of credit available through Wells Fargo Bank, with Southern Power Pool, Inc. as the beneficiary. The City also has an \$800,000 standby letter of credit available through Wells Fargo Bank, to cover the workers compensation insurance deductible. As of September 30, 2015, nothing had been drawn on these letters of credit, which both expire August 1, 2016.

CDBG Conditional Grant

Under terms of CDBG grant No. 10-ED-010, the City must meet the condition of creating 37 jobs for 12 months to retain the full \$1,010,000 CDBG grant. If 37 jobs are not created by March 25, 2017, a prorated portion of grant will be due back to Nebraska Department of Economic Development. As of September 30, 2015, the City has not met the job creation condition.

Economic Development Program

The City has established an Economic Development Program effective November 2002. The City will fund the program with \$750,000 per year from the City's General Fund beginning with the fiscal year 2003-2004 and will continue for 10 years. A three percent fee will be retained by the City for program administration.

Electric Department

Purchased Power Agreements:

The Electric Department entered into a participation power agreement with Omaha Public Power District (OPPD) on January 15, 2004, to obtain up to approximately 33 MW of energy after the new OPPD Nebraska City Unit #2 is constructed and operational. The project was completed in May 2009 and was financed through a bond issuance by OPPD. The Department has also entered into an agreement with the Public Power Generating Agency to obtain approximately 15 MW of energy. The project was completed in May 2011.

The Department entered into a coal supply agreement with Cloud Peak Energy Resources, LLC, on March 13, 2014, to obtain approximately 355,000 tons of coal from January 1, 2015, to December 31, 2015. On April 28, 2015, the Department also entered into an agreement with Cloud Peak Energy Resources, LLC to obtain approximately 58,000 tons of coal from October 1, 2015, to December 31, 2015, and to obtain approximately 375,000 tons of coal from January 1, 2016, to December 31, 2016. The Department received 281,017 tons from January 1, 2015, through September 30, 2015, leaving 111,983 tons under contract for the remainder of calendar year 2015 and 375,000 tons under contract for calendar year 2016.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Electric Department, continued

Purchased Power Agreements, continued:

The Department's operations are subject to stringent federal, state, and local laws and regulations relating to improving and maintaining environmental quality. Current studies have determined that a substantial capital investment will be required to bring the Department into compliance with environmental regulations including mercury emissions. Environmental expenditures related to current operations are factored into the strategic planning process of the Department and are considered when determining future energy rates. Financing of these expenditures is expected to be through available cash reserves and bonded debt.

The Department currently has generation capacity of approximately 235 MW from coal-fired and gas/oil-fired electric generating stations. Two older gas-fired steam units have been removed from the market lowering the generation capacity by 38 MW. The peak load of the Department during the fiscal year ended September 30, 2015, was approximately 158 MW in July 2015.

The Department is party to an agreement with the Department of Energy (DOE) pursuant to which the Department may purchase up to 9,168 KW of power to be transmitted through DOE and Nebraska Public Power District (NPPD) facilities. Such power is sold to the Department at standard DOE wholesale firm power service rates. The agreement expires on December 31, 2020.

4. Related-party Transactions

The Electric Fund remits five percent of net operating revenues, excluding depreciation expense, to the General Fund annually as payments in lieu of taxes. The City provides certain administrative services to the Electric Department for which the Department pays fees to the General Fund. The Electric Fund accrued in lieu of tax in the amount of \$718,938 for the year ended September 30, 2015.

The Water Fund remits one percent of net operating revenues, excluding depreciation, to the General Fund annually as payments in lieu of taxes. The City provides certain administrative services to the Water Department for which the Water Department pays administrative fees to the General Fund. These fees are included in special services expense and amount to \$71,942 for the year ended September 30, 2015.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

5. Major Customers

The City has one customer that was billed \$5,003,515 for electricity, \$699,912 for water and \$1,987,301 for sewer for the year ended September 30, 2015. This represents 7.9 percent of total electric billing, 13.4 percent of total water billing, and 17.3 percent of total sewer billing, respectively, for the year ended September 30, 2015. This customer maintains a current status on monthly billings.

The City has three sanitary landfill customers that had a combined total billing of \$2,270,657 for the year ended September 30, 2015. This represents 75.8 percent of total sanitary landfill billings for the year ended September 30, 2015. These customers maintain current status on monthly billings.

6. EPA Emissions Allowances

As of September 30, 2015, the City had 11,213 Acid Rain SO₂ Emissions Allowances. The EPA has granted these allowances, which can be used to offset plant emissions. The allowances can be bought and sold. If each allowance was sold for \$0.75 (the September 30, 2015, market value), the City would recognize revenue of \$8,410. The City will receive an additional 2,932 credits per year until 2043.

The Cross-State Air Pollution Rule was revived in October 2014 when the DC Circuit Court lifted its stay of the rule which the EPA has proposed starting in 2015. This rule created four new emissions trading programs, two annual SO₂, an annual NO_x, and a seasonal NO_x. The annual programs started January 1, 2015, while the seasonal NO_x program began on May 1, 2015. The City is subject only to the annual programs for both NO_x and SO₂. As of September 30, 2015, the City had 338 annual NO_x credits and 1,294 Group 2 SO₂ allowances. The allowances can be bought and sold. If the credits and allowances were sold for their estimated market value of \$145 and \$12.50 per unit, respectively, the City would recognize revenue of \$65,185. The City will receive an additional 855 NO_x and 2,224 Group 2 SO₂ credits in 2016.

7. Subsequent Events

Management has evaluated subsequent events through January 22, 2016, the date on which the financial statements were available for issue.

On October 13, 2015, the City approved the purchase of a fire truck with associated equipment from Smeal Fire Apparatus for \$750,000.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

7. Subsequent Events, continued

On October 27, 2015, the City approved issuing \$1,231,000 of Series 2015 general obligation bonds to pay off the bond anticipation notes for street improvement Districts No 1260 and 1261.

8. Union Contracts

The City is subject to the following union contracts:

- Grand Island Fraternal Order of Police #24. This agreement commenced on October 1, 2013, and terminates on September 30, 2016.
- Grand Island International Association of Firefighters Local #647. This agreement commenced on October 1, 2014, and terminates on September 30, 2017.
- Grand Island International Brotherhood of Electrical Workers (IBEW) (Wastewater Treatment Plant) Local #1597. This agreement commenced on October 1, 2014, and terminates September 30, 2018.
- Grand Island Nebraska Public Employees Local #251. This agreement commenced October 1, 2014, and terminates September 30, 2018.
- Grand Island IBEW (Utilities Department and Information Technology Department) Local #1597. This agreement commenced October 1, 2014, and terminates September 30, 2017.
- Grand Island IBEW (AFL - CIO) Local #1597. This agreement commenced October 1, 2014, and terminates September 30, 2018.
- Grand Island IBEW (Finance Department) Local #1597. This agreement commenced October 1, 2014, and terminates September 30, 2018.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements

The City has the following interlocal agreements in effect as of September 30, 2015:

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Interlocal Agreement for Drug Court Office Space	Central Nebraska Drug Court	October 1, 2010	Perpetual	Provides terms for the Drug Court use of administration and office space at the Law Enforcement Center.
Interlocal Agreement for Pioneer Consortium for Library Services	Cities of Holdrege, Lincoln, St. Paul, and Grand Island	May 13, 2009	Continue through January 1, 2016, with renewal every year as long as at least two parties desire to renew the Agreement.	To support an open source unified catalog of library resources, materials requests, and activities.
C.A.N.D.O. Project (Grant from the Commission on Law Enforcement and Criminal Justice)	Adams County Sheriff, Buffalo County Sheriff, Hall County Sheriff, Phelps County Sheriff, Kearney County Sheriff, Hastings P.D., Kearney P.D., Grand Island P.D., Holdrege P.D., Minden P.D.	January 1, 2010	Remains in effect until the C.A.N.D.O. project is terminated by mutual consent of the majority of participating members.	The Interlocal Agreement is for the administration of the C.A.N.D.O. funds allocated by the Nebraska Crime Commission.
Central District Health Department	City of Grand Island, Hall County, Hamilton County, and Merrick County	October 1, 2002	Automatically renews for successive terms of three years until terminated by giving the other parties notice 90 days prior of intended termination.	Joint effort to provide cooperative health department services.
Cooperative Agreement Flood Control Plan for Prairie/Silver/Moores Creek	Central Platte Natural Resources District, City of Grand Island, Hall County	December 13, 2005	Remains in effect forever unless amended or cancelled upon written consent of all parties.	Agreement outlines areas of responsibility and cooperation in developing and carrying out a flood control plan for the Prairie/Silver/Moores drainage areas.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Interlocal Agreement for Riverway Hike/Bike Trail	City of Grand Island and Central Platte Natural Resources District	September 23, 2003	Perpetual unless City of Grand Island notifies CPNRD that hike/bike trail will not be constructed or not used as a hike/bike trail. Agreement will terminate 30 days from said notice.	Cooperative agreement for construction of a hike/bike trail.
Interlocal Cooperation Agreement for Wood River/Warm Slough Food Control Project	Central Platte Natural Resources District, City of Grand Island, Hall County, Merrick County	February 17, 1997	Continues until December 31, 2050, or until terminated (as provided) and automatically renews for an additional 25 years commencing on January 1, 2051.	Interlocal Agreement authorizes CPNRD to execute Project/Cooperation Agreement with the Department of the Army to commence and proceed with the Wood River/Warm Slough Flood Control Project.
Interlocal Agreement for Riverway Hike/Bike Development	City of Grand Island, College Park	October 26, 2004	Perpetual. However, in the event that GI notifies College Park that the hike/bike trail will not be constructed or in the event that the trail will not be used as a hike/bike trail, then this agreement will terminate 30 days from the date of said notice.	Provides for encroachment on property owned by College Park for a hike/bike trail that is being extended over their property by the City of Grand Island.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Interlocal Agreement to provide Administration Services for the CRA	City of Grand Island, Community Redevelopment Authority	June 22, 2010	For the period beginning July 1, 2005, and ending September 30, 2006; thereafter, the Agreement shall automatically renew for successive one-year terms beginning each October 1 until terminated by either party upon 30 days' written notice to the other party.	City agrees to provide administrative services to the CRA. The CRA will reimburse the City for 10% of the Director's annual salary in return.
Interlocal Agreement - Community Redevelopment Authority	City of Grand Island, Community Redevelopment Authority	October 10, 1995	May be automatically renewed for successive one-year terms beginning each October 1. May be terminated by either party upon 30 days' prior written notice to the other party.	Agreement provides for reimbursement by the Authority to the City for certain services provided by the Downtown Development Director, as Director of the Authority.
Whelan Energy Center (WEC2) Public Power Generation Agency Interlocal Agreement	City of Grand Island/Grand Island Utilities; City of Hastings/Hastings Utilities; Municipal Energy Agency of Nebraska; Heartland Consumer Power District	September 1, 2005	Remains in effect for life of the project until decommissioning of the power generating facility.	Cooperative agreement between public power entities for the construction of a power generation facility.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Interlocal Agreement for Ambulance Service	City of Grand Island, Hall County	June 26, 2013	June 30, 2015	Contract for City of Grand Island to provide ambulance service for Hall County.
Interlocal Agreement for Building Inspection Services	City of Grand Island, Hall County	November 24, 1980	Perpetual unless terminated by either party with 30 days' notice.	Joint agreement provides building inspection services by Hall County in the extra-territorial jurisdiction exercised by the City and located within Hall County.
Interlocal Agreement for Emergency Management/Communications Center	City of Grand Island, Hall County	November 8, 2011	Perpetual. Can be terminated effective on the 30th day of June in any year, provided written notice of such termination is delivered to the other party prior to the first day of March of that year.	Creates a joint Civil Defense/Communications Center.
Interlocal Agreement for City/County Geographic Information System	City of Grand Island, Hall County	December 10, 1996	Term of 10 years. May be terminated at any time upon written agreement by the City and the County.	For the establishment, sharing, and maintenance of a City/County GIS.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Interlocal Agreement for Lottery (Keno)	City of Grand Island, Hall County	March 23, 1993	Agreement will expire December 31, 2003, shall automatically renew for an additional five years. Agreement extended to December 31, 2008, with an additional five years. Agreement extended to December 31, 2013, with an additional five years.	For the implementation and conduct of lottery games.
Interlocal Agreement for Juvenile Attention Services	City of Grand Island, Hall County	April 26, 2011	May be terminated by 30 days written notice.	For temporary safekeeping of juvenile offenders taken into custody by the City.
Interlocal Agreement for Juvenile Accountability Intake Probation Officer	City of Grand Island, State of Nebraska Department of Probation Administration, Hall County	September 1, 2004	The County or City may terminate the agreement or reduce the consideration upon 30 days' written notice.	Provides for a juvenile intake probation officer and Assistant to Hall County Juvenile Services for pre- and post-adjudicated juveniles.
Interlocal Agreement for Quiet Zone Improvements	City of Grand Island and Community Redevelopment Authority (CRA)	March 11, 2008	Perpetual unless terminated by either party with 90 days' written notice.	Agreement with CRA to focus and deal with noise issues associated with the UPRR – study and installation of wayside horns.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Interlocal Agreement for Nebraska Storm Water Communities Cooperative	City of Grand Island, City of Beatrice, City of Columbus, City of Fremont, City of Hastings, City of Kearney, City of Lexington, City of Norfolk, City of North Platte, City of Scottsbluff	August 3, 2007	Continues indefinitely, any party may withdraw by giving 30 days' written notice to each party.	Cooperative to facilitate obligations under the laws regarding the management of storm water.
Interlocal Cooperation Agreement to transfer jurisdiction of a roadway.	City of Grand Island, Hall County	October 6, 1986	Continues until terminated by either party with 30 days' notice.	The County and City agree to divide snow removal and mowing responsibilities for former U.S. Highway 281, commencing at the junction of Broadwell and extending north to the new alignment of U.S. 281.
Interlocal Agreement for development of Hike/Bike Trails	City of Grand Island, Museum Board of the Hall County Nebraska Museum	September 25, 2003	Perpetual; in the event that GI notifies MBHC that hike/bike trail will not be constructed or used, will terminate 30 days from notice. GI will have five years from date of agreement to commence construction; or agreement will automatically terminate.	Allows GI to extend hike/bike trail across property of MBHC.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Interlocal Agreement for development of Hike/Bike Trails	City of Grand Island, Central Community College	September 25, 2003	Perpetual; in the event that GI notifies CCC that hike/bike trail will not be constructed or used, will terminate 30 days from notice.	Allows GI to extend hike/bike trail across property of CCC.
Interlocal Agreement for Joint City/County Health Department	City of Grand Island, Hall County	July 11, 2000	Takes effect October 1, 2000, and shall automatically renew for successive terms of three years unless terminated by either party with 90 days' notice.	Outlines new terms for joint operation of Health Department.
Interlocal Agreement for Law Enforcement Records Management and Computer-Aided Dispatch	City of Grand Island, Hall County	September 24, 2013	Shall renew automatically for a period of one year each unless written notice of the non-renewal is provided by the non-renewing party to the other party not less than 90 days prior to the expiration of the then-current term.	City contracts with the County to provide City internet and e-mail services, law enforcement records management and computer-aided dispatch data services, and software sublicenses.
Interlocal Agreement for Aerial Photography	City of Grand Island, Hall County	March 26, 2013	Expires on June 30, 2019, may be extended for an additional 3 years.	Agreement to provide aerial digital orthophotos and other digital photographic products to the County.
Interlocal Agreement for Regional Planning Commission	City of Grand Island, Hall County (Villages of Alda, Cairo, Doniphan, Parkview, and Wood River)	October 25, 1967	Perpetual	Creates Regional Planning Commission.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Interlocal Agreement to Establish Fund for Payment for Accrued and Unfunded Employee Benefit Liabilities	City of Grand Island, Hall County (Department of Health, Regional Planning Commission, Emergency Management)	July 28, 1997	Remains in full force and effect so long as the parties continue to participate.	Establishes a trust fund for payment of accrued or unfunded employee benefit liabilities.
Interlocal Cooperation Agreement regarding South Locust/I-80 Interchange Environmental Impact	City of Grand Island, Hall County, Nebraska Game and Parks Commission, Nebraska Department of Roads	March 13, 1996	25 years, unless terminated as provided.	Requires limitations on the development of the I-80 Interchange at South Locust to mitigate any adverse environmental impacts.
Mutual Assistance Agreement	City of Grand Island, Grand Island Suburban Fire Protection District No. 3	October 10, 1985	Can be terminated by either party upon 60 days' notice.	Both parties will render mutual firefighting assistance to each other.
Mutual Aid Agreement	City of Grand Island, City of Hastings	April 13, 1982		During civil defense disaster, either party can request aid and assistance of the other.
Mutual Assistance Agreement	City of Grand Island, Hall County Airport Authority	November 10, 1980	May be terminated by either party upon 60 days' written notice.	Parties agree to render mutual assistance to one another on all extra alarm fires within the City limits of each party.
Mutual Aid Assistance Agreement	City of Grand Island, Village of Doniphan	March 3, 1980	May be terminated by either party upon 60 days' written notice.	Parties agree to render mutual assistance to one another on all extra alarm fires within the City limits of each.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Mutual Assistance Agreement	City of Grand Island, City of Aurora	October 17, 1977	May be terminated by either party upon 60 days' written notice.	Parties agree to render mutual assistance to one another on all extra alarm fires within the City limits of each party.
Mutual Assistance Agreement	City of Grand Island, City of Central City	August 11, 1977	May be terminated by either party upon 60 days' written notice.	Parties agree to render mutual assistance to one another on all extra alarm fires within the City limits of each party.
Mutual Assistance Agreement	City of Grand Island, Village of Cairo	July 25, 1977	May be terminated by either party upon 60 days' written notice.	Parties agree to render mutual assistance to one another on all extra alarm fires within the City limits of each party.
Mutual Assistance Agreement	City of Grand Island, Village of Alda	July 11, 1977	May be terminated by either party upon 60 days' written notice.	Parties agree to render mutual assistance to one another on all extra alarm fires within the City limits of each party.
Fire Department Mutual Assistance Agreement	City of Grand Island, United States of America (Cornhusker Army Ammunition Plant)	September 15, 1975	May be terminated by either party upon 60 days' written notice.	Parties agree to render mutual assistance to one another on all extra alarm fires within the City limits of each party.
Mutual Assistance Agreement	City of Grand Island, City of St. Paul	August 1, 1977	May be terminated by either party upon 60 days' written notice.	Parties agree to render mutual assistance to one another on all extra alarm fires within the City limits of each party.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Nebraska Habitat Conservation Coalition	Central Platte Natural Resources District (NRD), Loup NRD, Lower Elkhorn NRD, Upper Big Blue NRD, Loup Public Power District, Nebraska Public Power District, Central Nebraska Power & Irrigation District, Twin Platte NRD, North Platte NRD, Twin Loups Reclamation District, Upper Loup NRD, Upper Elkhorn NRD, Lower Platte North NRD, Tri-Basin NRD, Southern Public Power District, Dawson Public Power District, Middle Loup Public Power & Irrigation District, North Loup River Public Power & Irrigation District, Farwell Irrigation District, Sargent Irrigation District, South Platte NRD, Lewis and Clark NRD, Papio-Missouri River Natural Resources District, City of Lexington, City of Grand Island	October 10, 2002	Any party may withdraw upon written notification to the Chairman of the Coalition.	Creates Nebraska Habitat Conservation Coalition, which provides the authority for representation of the parties in matters related to critical habitat.
Interlocal Agreement for Cooperative Law Enforcement Services	Counties of Adams, Buffalo, Dawson, Hall and Phelps; Cities of Aurora, Grand Island, Hastings, Holdrege and Kearney	September 25, 2001; renewed September 12, 2006	Five-year term beginning August 1, 2001, may be terminated at any time upon mutual consent of majority of the member parties, or any party can withdraw with 60-day written notice.	Creates South Central Area Law Enforcement Services (SCALES); alliance among the parties to promote cooperation, provide for joint acquisition of equipment and materials, and allow for cooperative sharing and utilization of investigative resources.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Interlocal Agreement for Cooperative Public Safety Service	Counties of Adams, Buffalo, Chase, Clay, Dawson, Dundy, Frontier, Furnas, Gosper, Hall, Hamilton, Harlan, Hayes, Hitchcock, Kearney, Nuckolls, Phelps, Red Willow, and Webster and the cities and villages within said counties	July 27, 2010	The agreement has a term of five years commencing on July 1, 2004. May be terminated at any time, with or without cause, upon the mutual consent of a majority of the member parties.	Agreement establishes the CNRI-Central Nebraska Radio Interoperability Group and sets parameters for the maintenance and operation of such.
Interlocal Agreement for the Co-Located City/County Public Safety Center	City of Grand Island, Hall County, Nebraska	March 28, 2006	Either party may terminate agreement effective on the first day of October in any year after 2011, provided written notice of such termination is delivered to the other party not less than 360 days before said termination is to become effective.	Agreement provides the terms for the shared use of the public safety center building.
Interlocal Cooperation Agreement for School Resource Officer	City of Grand Island, Hall County School District No. 40-0002	September 13, 2011	Five-year term. May be terminated earlier by either party in writing by July 1 of each year preceding commencement of the next fiscal year for the City on October 1.	Agreement for the City to provide five Youth Services School Resources Officers (Police Officers) and Crossing Guards to the School District.
Interlocal Agreement for Joint Utility Purchasing	City of Grand Island, Grand Island Public School System	July 14, 2003	Five-year term. Extends automatically for successive consecutive terms of one year. Either party may terminate by providing written notice.	Joint agreement for the purchasing of utilities from GI Utilities.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Transit Services	Hall County	August 26, 2014	Agreement will end September 30, 2015.	County will provide transit service for residents of the County and the City will provide the necessary matching funds to the County to provide that service.
Golf Course Lease Agreement with Hall County Airport	Hall County Airport Authority	May 1, 2006	Terminates on April 30, 2026.	Leases 174.46 acres of land for use by the Airport.
Heartland Events Center Grant Agreement	Hall County, Fonner Park Exposition and Events Center, Inc.	May 25, 2004	In event City or Heartland does not enter in contract to construct and commence within 7 years, or termination and reversion of grant funds.	County will provide funds to City for construction of civic center.
Police Services at Hall County Housing Authority	Hall County Housing Authority	October 1, 2011	Two year contract and can be cancelled in 30 days upon receipt of written notice by either party.	Police Service at the Hall County Housing Authority.
Interlocal Agreement for Whelan Energy Center (WEC2) - Public Power Generation Agency	Municipal Energy of Nebraska, Heartland Consumers Power District, Hastings Utilities, and Nebraska City Utilities	September 1, 2005	Life of the project through decommissioning.	Coordinate the planning, development, siting, construction, finance, operation and maintenance of energy generation.
Interlocal Agreement for Sanitary and Improvement District (SID) No.2	Sanitary and Improvement District (SID) No.2 of Hall County	September 10, 2013	SID will end when all properties have been annexed into the City.	Design and construct a sanitary sewer line extending from the sanitary sewer system of the City generally parallel to Highway 281 south.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Interlocal Agreement for Nebraska Wireless Communications Network	City of Grand Island, State of Nebraska	October 8, 2002		Agreement for City to utilize Nebraska's wireless communications network.
Interlocal Agreement for Water Services	City of Grand Island, Village of Alda	February 10, 2009	25 years from date of initial delivery of water and shall automatically renew for an additional 15 years.	Agreement for City to supply water to Village of Alda.
Interlocal Agreement for Federal Highway Transportation Funding	City of Grand Island and various first class cities	October 26, 2010	Effective until January 31, 2059.	Federal Highway Transportation Funding L200.
Interlocal Agreement for Platte River Recovery Implementation Program	Platte River Coalition Various Cities and NRD's	May 20, 2003	Indefinite term, two-thirds of the Board can terminate when completion of its purposes and objects have been completed.	Nebraska agencies to provide direction and funding for analysis for Platte River Recovery Implementation Program.
Walnut Middle School Entry Road Relocation Project Maintenance	Grand Island Public Schools	April 22, 2014	Ten year term beginning April 1, 2014 with a renewal option for an additional 10 years.	Interlocal Agreement for maintenance of property south of the Walnut entry drive off Custer Avenue.
Truck Traffic Route to Airport Road	Hall County	July 14, 2015	Perpetual unless terminated by either party with 30 days notice.	Reroutes commercial truck traffic from Capital Avenue between Hwy 281 and Sky Park Road to Airport Road.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GRAND ISLAND, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND**

Year ended September 30, 2015

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 7,884,849	\$ 7,859,984	\$ (24,865)
Motor vehicle	923,779	959,776	35,997
Occupation	1,648,572	1,682,285	33,713
Sales tax	15,701,813	16,396,544	694,731
Franchise	1,664,592	1,624,207	(40,385)
Intergovernmental	2,089,301	1,901,757	(187,544)
Charges for services	8,068,133	7,894,502	(173,631)
Interest income	33,585	62,071	28,486
Contributions	20,000	18,384	(1,616)
Sale of property	112,500	671,222	558,722
Other	109,690	255,684	145,994
	<hr/>	<hr/>	<hr/>
Total resources	38,256,814	39,326,416	1,069,602
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government:			
City Administrator's office	392,633	470,673	78,040
Economic development	525,000	466,070	(58,930)
Mayor's office	24,853	18,713	(6,140)
Council	96,599	90,823	(5,776)
City clerk	147,214	134,279	(12,935)
Finance	2,236,399	2,098,170	(138,229)
Legal	329,459	328,411	(1,048)
City Hall	351,103	367,498	16,395
Human resources	540,069	437,973	(102,096)
Total general government	<hr/>	<hr/>	<hr/>
	4,643,329	4,412,610	(230,719)
Public safety:			
Building inspection	955,629	875,497	(80,132)
Fire services	4,489,680	4,217,032	(272,648)
Ambulance	3,238,213	3,114,430	(123,783)
Police	10,681,500	10,223,062	(458,438)
Law Enforcement Center	285,005	269,876	(15,129)
Emergency management	410,767	379,247	(31,520)
Local emergency planning	15,560	1,447	(14,113)
Communication	947,885	914,962	(32,923)
Total public safety	<hr/>	<hr/>	<hr/>
	21,024,239	19,995,553	(1,028,686)

CITY OF GRAND ISLAND, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND, Continued**

Year ended September 30, 2015

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
CHARGES TO APPROPRIATIONS (OUTFLOWS), continued			
Public works:			
Engineering	1,239,376	1,116,026	(123,350)
Streets and transportation	5,976,038	4,845,353	(1,130,685)
Total public works	<u>7,215,414</u>	<u>5,961,379</u>	<u>(1,254,035)</u>
Environment and leisure:			
Planning	255,878	236,276	(19,602)
CRA division	44,220	42,699	(1,521)
Library	1,829,290	1,751,799	(77,491)
Parks	1,712,671	1,552,810	(159,861)
Cemetery	483,315	543,525	60,210
Recreation	192,867	214,337	21,470
Fieldhouse	212,539	235,540	23,001
Aquatics	596,757	564,764	(31,993)
Public information	206,079	188,721	(17,358)
Heartland Shooting Park	499,761	526,193	26,432
Total environment and leisure	<u>6,033,377</u>	<u>5,856,664</u>	<u>(176,713)</u>
Non-departmental	<u>2,141,596</u>	<u>2,353,790</u>	<u>212,194</u>
Total charges to appropriations	<u>41,057,955</u>	<u>38,579,996</u>	<u>(2,477,959)</u>
Resources over (under) charges to appropriations	(2,801,141)	746,420	3,547,561
OTHER FINANCING SOURCES (USES)			
Transfers in	4,740,000	3,761,603	(978,397)
Transfers out	(3,210,000)	(3,377,186)	(167,186)
Net transfers	<u>1,530,000</u>	<u>384,417</u>	<u>(1,145,583)</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ (1,271,141)</u>	<u>\$ 1,130,837</u>	<u>\$ 2,401,978</u>

CITY OF GRAND ISLAND, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
CAPITAL PROJECTS FUND**

Year ended September 30, 2015

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Intergovernmental	\$ 1,300,311	\$ 340,644	\$ (959,667)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Capital projects	240,000	188,953	(51,047)
Street projects	-	44,186	44,186
Drainage projects	600,000	650,734	50,734
Street construction	2,972,990	3,831,122	858,132
Bonded street and sewer projects	4,155,000	977,072	(3,177,928)
Public works projects	80,000	17,947	(62,053)
Cemetery	29,670	31,003	1,333
Park projects	600,000	288,881	(311,119)
Parks and recreation	912,932	790,508	(122,424)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	9,590,592	6,820,406	(2,770,186)
	<hr/>	<hr/>	<hr/>
Resources over (under) charges to appropriations	(8,290,281)	(6,479,762)	1,810,519
OTHER FINANCING SOURCES (USES)			
Transfers in	5,879,670	5,775,928	(103,742)
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	\$ (2,410,611)	\$ (703,834)	\$ 1,706,777
	<hr/>	<hr/>	<hr/>

CITY OF GRAND ISLAND, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
DEBT SERVICE FUND**

Year ended September 30, 2015

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Property tax	\$ 731,789	\$ 797,676	\$ 65,887
Motor vehicle tax	5,982	3,260	(2,722)
Interest income	900	1,659	759
Bond proceeds	<u>2,500,000</u>	<u>-</u>	<u>(2,500,000)</u>
Total resources	3,238,671	802,595	(2,436,076)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Principal payments	2,130,000	2,130,000	-
Interest expense	125,790	103,034	(22,756)
Fiscal agent fees	<u>14,000</u>	<u>9,431</u>	<u>(4,569)</u>
Total charges to appropriations	<u>2,269,790</u>	<u>2,242,465</u>	<u>(27,325)</u>
Resources over (under) charges to appropriations	968,881	(1,439,870)	(2,408,751)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,450,000	1,410,980	(39,020)
Transfers out	<u>(2,150,000)</u>	<u>(870,312)</u>	<u>1,279,688</u>
Net transfers	<u>(700,000)</u>	<u>540,668</u>	<u>1,240,668</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS			
	<u>\$ 268,881</u>	<u>\$ (899,202)</u>	<u>\$ (1,168,083)</u>

CITY OF GRAND ISLAND, NEBRASKA

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

Year ended September 30, 2015

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>
Sources/inflows of resources:			
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 39,326,416	\$ 340,644	\$ 802,595
Differences - budget to GAAP:			
Cash to accrual adjustments	<u>2,035,680</u>	<u>2,231,987</u>	<u>(48,142)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 41,362,096</u></u>	<u><u>\$ 2,572,631</u></u>	<u><u>\$ 754,453</u></u>
Uses/outflows of resources:			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedules	\$ 38,579,996	\$ 6,820,406	\$ 2,242,465
Differences - budget to GAAP:			
Cash to accrual adjustments	<u>2,357,101</u>	<u>1,995,023</u>	<u>(20,092)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 40,937,097</u></u>	<u><u>\$ 8,815,429</u></u>	<u><u>\$ 2,222,373</u></u>
Net transfers:			
Actual amounts (budgetary basis) from the budgetary comparison schedules	\$ 384,417	\$ 5,775,928	\$ 540,668
Differences - budget to GAAP:			
Cash to accrual adjustments	<u>3</u>	<u>(18,806)</u>	<u>-</u>
Total net transfers as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 384,420</u></u>	<u><u>\$ 5,757,122</u></u>	<u><u>\$ 540,668</u></u>

CITY OF GRAND ISLAND, NEBRASKA
RSI DISCLOSURES FOR A STREET SYSTEM BASED ON A PERCENTAGE
OF ROADS IN GOOD OR SUBSTANDARD CONDITION

Year ended September 30, 2015

Condition Rating of the City's Street System

	Percentage of Streets in <u>Good or Better Condition</u> <u>2015</u>
Arterial	67.30 %
Local	81.00 %
Collector	58.40 %
Overall system	75.94 %

	Percentage of Streets in <u>Substandard Condition</u> <u>2015</u>
Arterial	0.90 %
Local	1.10 %
Collector	0.04 %
Overall system	1.31 %

Comparison of Needed-to-Actual Maintenance/Preservation
(in Thousands)

	<u>2015</u>
Overall System:	
Needed	\$ 5,589
Actual	4,458
Difference	<u>\$ 1,131</u>

Note: The condition of road pavement is measured using the CartéGraph pavement management system, which is based on a weighted average of six distress factors found in pavement surfaces. The CartéGraph pavement management system uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify roads in excellent condition (85-100), very good condition (75-80), good condition (65-75), fair condition (55-65), marginal condition (45-55), poor condition (30-45), and very poor condition (0-30). It is the City's policy to maintain and preserve the infrastructure assets at a 75 percent condition level. (The condition level was 75.9 percent at September 30, 2014). No more than 10 percent should be in a substandard condition. The City completed an overall condition assessment of the entire City's roads during the Fall of 2013, in accordance with the three year requirement. The City will perform the same assessment during the Fall of 2016.

Note: City-Owned Bridges on the Nebraska Department of Roads Bridge Inventory are to be inspected at intervals not exceeding 24 months and the City is in compliance with that requirement. The City of Grand Island currently has 26 bridges on the bridge inventory including two bridges classified as fracture critical. All of the bridges are in service and classified as functional. The two fracture critical bridges that are below the desired level of service will be replaced as part of the 2014-2015 capital improvement program.

CITY OF GRAND ISLAND, NEBRASKA

**SCHEDULE OF FUNDING PROGRESS -
PUBLIC SAFETY EMPLOYEES RETIREMENT SYSTEM
(POLICE OFFICERS AND FIREFIGHTERS)**

Year ended September 30, 2015

<u>Actuarial Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as a Percentage of Covered Payroll</u>
1/1/2003	\$ 14,129,258	\$ 8,153,323	\$ -	100%	\$ 1,642,439	N/A
1/1/2007	16,588,243	7,438,691	-	100%	886,241	N/A
1/1/2008	8,430,020	7,793,480	-	100%	1,065,254	N/A
1/1/2011	3,910,756	3,535,849	-	100%	609,189	N/A
1/1/2015	4,008,245	4,167,862	159,551	100% *	367,487	43.4%

* Funded by the employee pension reserve fund.

SUPPLEMENTARY INFORMATION

CITY OF GRAND ISLAND, NEBRASKA

**COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS**

September 30, 2015

	Permanent Funds		Special Revenue Funds	
	Library <u>Trust</u>	Cemetery <u>Trust</u>	Gas Tax	Enhanced <u>911</u>
ASSETS				
Cash and cash equivalents	\$ 2,886	\$ 65,781	\$ 289,887	\$ 262,077
Investments	49,344	618,258	504,030	455,677
County treasurer cash	-	-	-	-
Receivables:				
Accounts receivable	-	-	-	-
Special assessments	-	-	-	-
Notes	-	-	-	-
Interest	-	-	-	-
Due from other governments	-	-	504,872	-
Total assets	<u>\$ 52,230</u>	<u>\$ 684,039</u>	<u>\$ 1,298,789</u>	<u>\$ 717,754</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 11
Due to other funds	-	-	-	-
Accrued expenses	-	-	-	1,411
Total liabilities	-	-	-	1,422
Fund balances:				
Nonspendable:				
Cemetery perpetual care	-	684,039	-	-
Library trust	52,230	-	-	-
Restricted for:				
Street improvements	-	-	1,298,789	-
Economic development	-	-	-	-
Federal programs	-	-	-	-
Housing loans	-	-	-	-
Equipment purchases	-	-	-	-
Community improvements	-	-	-	-
Library expenses	-	-	-	-
Other purposes	-	-	-	-
Assigned for:				
Budgetary stabilization	-	-	-	417,843
Encumbrances	-	-	-	1,815
Other purposes	-	-	-	296,674
Unassigned	-	-	-	-
Total fund balances	<u>52,230</u>	<u>684,039</u>	<u>1,298,789</u>	<u>716,332</u>
Total liabilities and fund balances	<u>\$ 52,230</u>	<u>\$ 684,039</u>	<u>\$ 1,298,789</u>	<u>\$ 717,754</u>

Special Revenue Funds

<u>PSC Wireless</u>	<u>Keno</u>	<u>Transportation</u>	<u>Community Youth Council</u>	<u>Program Income Reuse Fund</u>	<u>Housing Reuse Fund</u>	<u>Community Development</u>
\$ 27,068	\$ 72,778	\$ 298	\$ 13,659	\$ 59,665	\$ 26,465	\$ 25,543
42,435	126,539	516	23,748	103,740	46,013	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	83,333	405,747	-
-	-	-	-	-	-	-
10,480	21,805	-	-	-	-	-
<u>\$ 79,983</u>	<u>\$ 221,122</u>	<u>\$ 814</u>	<u>\$ 37,407</u>	<u>\$ 246,738</u>	<u>\$ 478,225</u>	<u>\$ 25,543</u>
\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ 14
-	-	-	-	-	-	19,052
6,105	-	-	1,623	-	-	2,493
<u>6,105</u>	<u>-</u>	<u>-</u>	<u>1,624</u>	<u>-</u>	<u>-</u>	<u>21,559</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	246,738	-	-
-	-	-	-	-	-	-
-	-	-	-	-	478,225	25,543
2,662	-	-	-	-	-	-
-	221,122	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
42,480	-	-	9,700	-	-	-
-	-	-	-	-	-	-
28,736	-	814	26,083	-	-	-
-	-	-	-	-	-	(21,559)
<u>73,878</u>	<u>221,122</u>	<u>814</u>	<u>35,783</u>	<u>246,738</u>	<u>478,225</u>	<u>3,984</u>
<u>\$ 79,983</u>	<u>\$ 221,122</u>	<u>\$ 814</u>	<u>\$ 37,407</u>	<u>\$ 246,738</u>	<u>\$ 478,225</u>	<u>\$ 25,543</u>

CITY OF GRAND ISLAND, NEBRASKA

**COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS, Continued**

September 30, 2015

	Special Revenue Funds		
	Police Grants	Parking District #1	Parking District #2
ASSETS			
Cash and cash equivalents	\$ -	\$ 31,057	\$ 65,559
Investments	-	54,000	70,778
County treasurer cash	-	-	1,391
Receivables:			
Accounts receivable	-	-	-
Special assessments	-	8,285	-
Notes	-	-	-
Interest	-	-	-
Due from other governments	23,481	-	-
	<u>23,481</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 23,481</u>	<u>\$ 93,342</u>	<u>\$ 137,728</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 311	\$ 402
Due to other funds	9,878	-	-
Accrued expenses	-	-	-
Total liabilities	<u>9,878</u>	<u>311</u>	<u>402</u>
Fund balances:			
Nonspendable:			
Cemetery perpetual care	-	-	-
Library trust	-	-	-
Restricted for:			
Street improvements	-	-	-
Economic development	-	-	-
Federal programs	13,603	-	-
Housing loans	-	-	-
Equipment purchases	-	-	-
Community improvements	-	-	-
Library expenses	-	-	-
Other purposes	-	-	24,852
Assigned for:			
Budgetary stabilization	-	17,830	23,740
Encumbrances	-	4,094	-
Other purposes	-	71,107	88,734
Unassigned	-	-	-
Total fund balances	<u>13,603</u>	<u>93,031</u>	<u>137,326</u>
Total liabilities and fund balances	<u>\$ 23,481</u>	<u>\$ 93,342</u>	<u>\$ 137,728</u>

Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
<u>Local Assistance</u>	<u>Pioneer Consortium</u>	<u>Economic Development</u>	<u>Community Grants</u>	<u>Special Assessments</u>	
\$ 322,231	\$ 27,988	\$ 224,780	\$ -	\$ 578,110	\$ 2,095,832
599,290	48,662	390,826	-	1,005,168	4,139,024
-	-	-	-	-	1,391
-	-	-	-	-	-
-	-	-	-	2,037,178	2,045,463
-	-	207,600	173,975	-	870,655
-	-	-	-	48,742	48,742
-	-	-	149,250	-	709,888
<u>\$ 921,521</u>	<u>\$ 76,650</u>	<u>\$ 823,206</u>	<u>\$ 323,225</u>	<u>\$ 3,669,198</u>	<u>\$ 9,910,995</u>
\$ -	\$ -	\$ -	\$ 20,987	\$ -	\$ 21,726
-	-	-	25,214	-	54,144
-	-	-	-	-	11,632
-	-	-	46,201	-	87,502
-	-	-	-	-	684,039
-	-	-	-	-	52,230
-	-	-	-	-	1,298,789
-	-	823,206	-	-	1,069,944
-	-	-	277,024	-	290,627
-	-	-	-	-	503,768
-	-	-	-	-	2,662
-	-	-	-	-	221,122
744,902	-	-	-	-	744,902
82,402	76,650	-	-	-	183,904
90,217	-	-	-	-	601,810
4,000	-	-	-	-	9,909
-	-	-	-	3,669,198	4,181,346
-	-	-	-	-	(21,559)
<u>921,521</u>	<u>76,650</u>	<u>823,206</u>	<u>277,024</u>	<u>3,669,198</u>	<u>9,823,493</u>
<u>\$ 921,521</u>	<u>\$ 76,650</u>	<u>\$ 823,206</u>	<u>\$ 323,225</u>	<u>\$ 3,669,198</u>	<u>\$ 9,910,995</u>

CITY OF GRAND ISLAND, NEBRASKA

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

For the year ended September 30, 2015

	Permanent Funds		Special Revenue Funds	
	Library Trust	Cemetery Trust	Gas Tax	Enhanced 911
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 5,007,211	\$ -
Keno	-	-	-	-
Property tax	-	-	-	-
Motor vehicle tax	-	-	-	-
Special assessments	-	-	-	-
Charges for services	-	33,120	-	190,500
Interest income	(2,228)	3,104	-	-
Contributions	-	-	-	-
Other revenue	-	-	-	271
Total revenues	(2,228)	36,224	5,007,211	190,771
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	122,284
Environment and leisure	-	-	-	-
Total expenditures	-	-	-	122,284
Excess (deficiency) of revenues over expenditures	(2,228)	36,224	5,007,211	68,487
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(29,670)	(6,574,739)	-
Net transfers	-	(29,670)	(6,574,739)	-
Net change in fund balances	(2,228)	6,554	(1,567,528)	68,487
Fund balances - September 30, 2014	54,458	677,485	2,866,317	647,845
Fund balances - September 30, 2015	\$ 52,230	\$ 684,039	\$ 1,298,789	\$ 716,332

Special Revenue Funds

<u>PSC Wireless</u>	<u>Keno</u>	<u>Transportation</u>	<u>Community Youth Council</u>	<u>Program Income Reuse Fund</u>	<u>Housing Reuse Fund</u>	<u>Community Development</u>
\$ -	\$ -	\$ -	\$ 6,000	\$ -	\$ -	\$ -
-	282,182	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
118,594	-	-	-	-	-	4,813
-	1,220	4	174	62	1,120	11
-	-	-	5,246	-	-	-
-	-	-	9	-	-	8
<u>118,594</u>	<u>283,402</u>	<u>4</u>	<u>11,429</u>	<u>62</u>	<u>1,120</u>	<u>4,832</u>
-	-	-	-	-	-	114,836
115,666	-	-	-	-	-	-
-	-	104,665	18,350	-	304,222	-
<u>115,666</u>	<u>-</u>	<u>104,665</u>	<u>18,350</u>	<u>-</u>	<u>304,222</u>	<u>114,836</u>
2,928	283,402	(104,661)	(6,921)	62	(303,102)	(110,004)
-	-	105,000	-	-	-	100,000
-	(300,000)	-	-	-	-	-
<u>-</u>	<u>(300,000)</u>	<u>105,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
2,928	(16,598)	339	(6,921)	62	(303,102)	(10,004)
<u>70,950</u>	<u>237,720</u>	<u>475</u>	<u>42,704</u>	<u>246,676</u>	<u>781,327</u>	<u>13,988</u>
<u>\$ 73,878</u>	<u>\$ 221,122</u>	<u>\$ 814</u>	<u>\$ 35,783</u>	<u>\$ 246,738</u>	<u>\$ 478,225</u>	<u>\$ 3,984</u>

CITY OF GRAND ISLAND, NEBRASKA

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

For the year ended September 30, 2015

	Special Revenue Funds		
	Police Grants	Parking District #1	Parking District #2
REVENUES			
Intergovernmental	\$ 133,793	\$ -	\$ -
Keno	-	-	-
Property tax	-	-	5,884
Motor vehicle tax	-	-	22
Special assessments	-	38,046	-
Charges for services	-	5,620	7,202
Interest income	-	376	594
Contributions	-	-	-
Other revenue	29,750	-	-
Total revenues	163,543	44,042	13,702
EXPENDITURES			
General government	-	25,584	20,666
Public safety	190,363	-	-
Environment and leisure	-	-	-
Total expenditures	190,363	25,584	20,666
Excess (deficiency) of revenues over expenditures	(26,820)	18,458	(6,964)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Net transfers	-	-	-
Net change in fund balances	(26,820)	18,458	(6,964)
Fund balances - September 30, 2014	40,423	74,573	144,290
Fund balances - September 30, 2015	\$ 13,603	\$ 93,031	\$ 137,326

<u>Special Revenue Funds</u>				<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Local Assistance</u>	<u>Pioneer Consortium</u>	<u>Economic Development</u>	<u>Community Grants</u>	<u>Special Assessments</u>	
\$ -	\$ 122,776	\$ -	\$ 333,124	\$ -	\$ 5,602,904
-	-	-	-	-	282,182
-	-	-	-	-	5,884
-	-	-	-	-	22
-	-	-	-	2,337,940	2,375,986
-	-	-	-	-	359,849
-	253	3,404	-	4,323	12,417
129,536	-	-	75,581	-	210,363
52	-	-	-	-	30,090
<u>129,588</u>	<u>123,029</u>	<u>3,404</u>	<u>408,705</u>	<u>2,342,263</u>	<u>8,879,697</u>
70,000	-	377,500	435,298	-	1,043,884
398	-	-	-	-	428,711
63,854	46,379	-	-	-	537,470
<u>134,252</u>	<u>46,379</u>	<u>377,500</u>	<u>435,298</u>	<u>-</u>	<u>2,010,065</u>
(4,664)	76,650	(374,096)	(26,593)	2,342,263	6,869,632
-	-	750,000	-	-	955,000
-	-	-	-	-	(6,904,409)
-	-	<u>750,000</u>	-	-	<u>(5,949,409)</u>
(4,664)	76,650	375,904	(26,593)	2,342,263	920,223
926,185	-	447,302	303,617	1,326,935	8,903,270
<u>\$ 921,521</u>	<u>\$ 76,650</u>	<u>\$ 823,206</u>	<u>\$ 277,024</u>	<u>\$ 3,669,198</u>	<u>\$ 9,823,493</u>

CITY OF GRAND ISLAND, NEBRASKA

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS

September 30, 2015

	Internal Service Funds				
	Information Technology	Fleet Services	Insurance	Equipment Reserve	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 105,291	\$ 60,739	\$ 1,650,788	\$ 109,667	\$ 1,926,485
Investments	183,071	105,607	2,870,247	190,680	3,349,605
Receivables:					
Accounts, net of allowance for doubtful accounts	-	89,494	-	-	89,494
Inventory	-	133,792	-	-	133,792
Total current assets	288,362	389,632	4,521,035	300,347	5,499,376
Noncurrent assets:					
Capital assets:					
Buildings and equipment	1,458,186	290,588	-	-	1,748,774
Less accumulated depreciation	(1,165,106)	(221,646)	-	-	(1,386,752)
Net capital assets	293,080	68,942	-	-	362,022
Total assets	581,442	458,574	4,521,035	300,347	5,861,398
LIABILITIES					
Current liabilities:					
Accounts payable	27	630	691,128	15,167	706,952
Accrued expenses	44,032	31,949	960,000	-	1,035,981
Total current liabilities	44,059	32,579	1,651,128	15,167	1,742,933
Noncurrent liabilities:					
Compensated absences - noncurrent	11,564	12,110	-	-	23,674
Total liabilities	55,623	44,689	1,651,128	15,167	1,766,607
NET POSITION					
Net investment in capital assets	293,080	68,942	-	-	362,022
Unrestricted	232,739	344,943	2,869,907	285,180	3,732,769
Total net position	\$ 525,819	\$ 413,885	\$ 2,869,907	\$ 285,180	\$ 4,094,791

CITY OF GRAND ISLAND, NEBRASKA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - INTERNAL SERVICE FUNDS**

For the year ended September 30, 2015

	Internal Service Funds				
	Information Technology	Fleet Services	Insurance	Equipment Reserve	Total
Operating revenues:					
Charges for services	\$1,093,398	\$ 1,108,514	\$ 8,659,242	\$ -	\$ 10,861,154
Other revenue	769	10,934	1,972	44	13,719
Total operating revenues	1,094,167	1,119,448	8,661,214	44	10,874,873
Operating expenses:					
Information technology	1,051,226	-	-	-	1,051,226
Central garage	-	1,157,937	-	-	1,157,937
Insurance and benefits	-	-	9,216,951	-	9,216,951
Building maintenance	-	-	-	49,228	49,228
Depreciation	75,967	6,004	-	-	81,971
Total operating expenses	1,127,193	1,163,941	9,216,951	49,228	11,557,313
Operating loss	(33,026)	(44,493)	(555,737)	(49,184)	(682,440)
Nonoperating revenues (expenses):					
Interest income	1,614	749	20,349	1,247	23,959
Intergovernmental	-	-	-	50,000	50,000
Total nonoperating revenues (expenses)	1,614	749	20,349	51,247	73,959
Excess (deficiency) of revenues over expenditures	(31,412)	(43,744)	(535,388)	2,063	(608,481)
OTHER FINANCING SOURCES (USES)					
Transfers in	18,806	-	-	-	18,806
Change in net position	(12,606)	(43,744)	(535,388)	2,063	(589,675)
Net position - September 30, 2014	538,425	457,629	3,405,295	283,117	4,684,466
Net position - September 30, 2015	\$ 525,819	\$ 413,885	\$ 2,869,907	\$ 285,180	\$ 4,094,791

CITY OF GRAND ISLAND, NEBRASKA

**COMBINING STATEMENT OF CASH FLOWS -
INTERNAL SERVICE FUNDS**

For the year ended September 30, 2015

	Internal Service Funds				Total
	Information Technology	Fleet Services	Insurance	Equipment Reserve	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from other funds	\$ 1,094,167	\$ 1,139,733	\$ 8,661,214	\$ 44	\$ 10,895,158
Payments to suppliers	(679,858)	(890,755)	(9,114,787)	(34,061)	(10,719,461)
Payments to employees	(381,824)	(251,094)	-	-	(632,918)
Net cash provided (used) by operating activities	32,485	(2,116)	(453,573)	(34,017)	(457,221)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:					
Transfers from other funds	18,806	-	-	-	18,806
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchase of capital assets	(18,807)	-	-	-	(18,807)
Intergovernmental receipts	-	-	-	50,000	50,000
Net cash provided (used) by capital and related financing activities	(18,807)	-	-	50,000	31,193
CASH FLOWS FROM INVESTING ACTIVITIES:					
Net (purchase) sale of investment securities	28,927	34,228	1,260,487	45,376	1,369,018
Interest received	1,614	749	20,349	1,247	23,959
Net cash provided by investing activities	30,541	34,977	1,280,836	46,623	1,392,977
Increase in cash and cash equivalents	63,025	32,861	827,263	62,606	985,755
Cash and cash equivalents - beginning of the year	42,266	27,878	823,525	47,061	940,730
Cash and cash equivalents - end of the year	\$ 105,291	\$ 60,739	\$ 1,650,788	\$ 109,667	\$ 1,926,485
Reconciliation of operating loss to net cash provided (used) by operating activities:					
Operating loss	\$ (33,026)	\$ (44,493)	\$ (555,737)	\$ (49,184)	\$ (682,440)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:					
Depreciation expense	75,967	6,004	-	-	81,971
Change in assets and liabilities:					
Accounts receivable	-	20,285	-	-	20,285
Inventories	-	13,691	-	-	13,691
Accounts payable and accrued expenses	(10,456)	2,397	102,164	15,167	109,272
Net cash provided (used) by operating activities	\$ 32,485	\$ (2,116)	\$ (453,573)	\$ (34,017)	\$ (457,221)

CITY OF GRAND ISLAND, NEBRASKA

COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS

September 30, 2015

	Employee <u>Reserve</u>	Agency Funds			Total Agency <u>Funds</u>
		<u>Cafeteria Plan</u>	<u>Other Agencies</u>	<u>BID Assessments</u>	
ASSETS					
Cash	\$ -	\$ 1,826	\$ 76,292	\$ 288	\$ 78,406
Investments	4,601,126	3,174	132,650	502	136,326
Accounts receivable	-	-	49,950	-	49,950
Special assessments receivable	-	-	-	20,551	20,551
Total assets	<u>4,601,126</u>	<u>5,000</u>	<u>258,892</u>	<u>21,341</u>	<u>285,233</u>
LIABILITIES					
Agency liabilities	-	5,000	258,892	21,341	285,233
Due to other funds	162,873	-	-	-	-
Pension liability	1,804,380	-	-	-	-
Total liabilities	<u>1,967,253</u>	<u>5,000</u>	<u>258,892</u>	<u>21,341</u>	<u>285,233</u>
NET POSITION					
Held in trust for pension benefits	<u>\$ 2,633,873</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF GRAND ISLAND, NEBRASKA

COMBINING STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

For the year ended September 30, 2015

	<u>Employee Reserve</u>
ADDITIONS	
Interest and dividends	\$ 611,269
Other revenue	<u>37</u>
Total additions	611,306
DEDUCTIONS	
Pension benefits	(302,725)
Loss on investments	<u>798,768</u>
Total deductions	<u>496,043</u>
Change in net position	115,263
Net position - September 30, 2014	<u>2,518,610</u>
Net position - September 30, 2015	<u><u>\$ 2,633,873</u></u>

CITY OF GRAND ISLAND, NEBRASKA

COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS

September 30, 2015

	Business Improvement <u>Districts</u>	Metropolitan Planning <u>Organization</u>	Grand Island Facilities <u>Corporation</u>	Community Redevelopment <u>Authority</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 162,942	\$ 7,512	\$ -	\$ 682,681	\$ 853,135
County treasurer cash	-	13,063	-	87,328	100,391
Receivables:					
Special assessments	20,551	-	-	-	20,551
Current portion of notes from redevelopers	-	-	-	25,769	25,769
Current portion of capital lease receivable from City	-	-	785,000	-	785,000
Property tax	-	-	-	64,958	64,958
Due from other governments	-	121,137	-	-	121,137
Total current assets	<u>183,493</u>	<u>141,712</u>	<u>785,000</u>	<u>860,736</u>	<u>1,970,941</u>
Noncurrent assets:					
Restricted cash	-	-	-	158,672	158,672
Notes from redevelopers	-	-	-	365,078	365,078
Capital assets:					
Land, infrastructure, and construction in progress	-	-	-	575,369	575,369
Other capital assets, net of depreciation	47,840	-	-	-	47,840
Net capital assets	<u>47,840</u>	<u>-</u>	<u>-</u>	<u>575,369</u>	<u>623,209</u>
Total noncurrent assets	<u>47,840</u>	<u>-</u>	<u>-</u>	<u>1,099,119</u>	<u>1,146,959</u>
Total assets	<u>231,333</u>	<u>141,712</u>	<u>785,000</u>	<u>1,959,855</u>	<u>3,117,900</u>
LIABILITIES					
Current liabilities:					
Accounts payable	-	157,739	-	9,225	166,964
Accrued expenses	2,109	4,502	-	6,289	12,900
Unavailable property tax	-	-	-	59,044	59,044
Current portion of long-term obligations	-	-	785,000	250,173	1,035,173
Total current liabilities	<u>2,109</u>	<u>162,241</u>	<u>785,000</u>	<u>324,731</u>	<u>1,274,081</u>
Noncurrent liabilities:					
Compensated absences - noncurrent	-	452	-	-	452
Noncurrent portion of long-term obligations	-	-	-	1,561,669	1,561,669
	<u>-</u>	<u>452</u>	<u>-</u>	<u>1,561,669</u>	<u>1,562,121</u>
Total liabilities	<u>2,109</u>	<u>162,693</u>	<u>785,000</u>	<u>1,886,400</u>	<u>2,836,202</u>
NET POSITION					
Net investment in capital assets	47,840	-	-	575,369	623,209
Restricted for:					
Redevelopers	-	-	-	58,672	58,672
Life safety grants	-	-	-	100,000	100,000
Unrestricted	181,384	(20,981)	-	(660,586)	(500,183)
Total net position	<u>\$ 229,224</u>	<u>\$ (20,981)</u>	<u>\$ -</u>	<u>\$ 73,455</u>	<u>\$ 281,698</u>

CITY OF GRAND ISLAND, NEBRASKA
COMBINING STATEMENT OF ACTIVITIES - COMPONENT UNITS
For the year ended September 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Business Improvement Districts:			
Fonner Park Business Improvement District	\$ 31,203	\$ -	\$ -
Second Street Business Improvement District	19,984	-	-
South Locust Business Improvement District	55,136	-	-
Downtown Business Improvement District	132,963	10,000	-
Total Business Improvement Districts	239,286	10,000	-
Metropolitan Planning Organization:			
General government	474,526	861	293,653
Grand Island Facilities Corporation:			
Library construction project	794,948	794,948	-
Community Redevelopment Authority:			
General government	77,524	-	-
Community development	1,494,177	-	1,242,099
Interest on long-term debt	50,541	-	-
Total Community Redevelopment Authority	1,622,242	-	1,242,099
Total Component Units	\$ 3,131,002	\$ 805,809	\$ 1,535,752

Program Revenues Capital Grants and Contributions	Net (Expenses) Receipts and Changes in Net Position					Total
	Component Units					
	Business Improvement Districts	Metropolitan Planning Organization	Grand Island Facilities Corporation	Community Redevelopment Authority		
\$ -	\$ (31,203)				\$ (31,203)	
-	(19,984)				(19,984)	
-	(55,136)				(55,136)	
55,050	(67,913)				(67,913)	
<u>55,050</u>	<u>(174,236)</u>				<u>(174,236)</u>	
-	-	\$ (180,012)			(180,012)	
-	-	-	\$ -		-	
-	-	-	-	\$ (77,524)	(77,524)	
-	-	-	-	(252,078)	(252,078)	
-	-	-	-	(50,541)	(50,541)	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(380,143)</u>	<u>(380,143)</u>	
<u>\$ 55,050</u>	<u>(174,236)</u>	<u>(180,012)</u>	<u>-</u>	<u>(380,143)</u>	<u>(734,391)</u>	
General revenues:						
Taxes:						
Property	-	-	-	687,932	687,932	
Special assessments	201,075	-	-	-	201,075	
Miscellaneous	-	-	-	27,263	27,263	
Interest income	62	-	-	159	221	
Transfer from City	-	110,000	-	-	110,000	
Total general revenues	<u>201,137</u>	<u>110,000</u>	<u>-</u>	<u>715,354</u>	<u>1,026,491</u>	
Change in net position	26,901	(70,012)	-	335,211	292,100	
Net position - September 30, 2014	<u>202,323</u>	<u>49,031</u>	<u>-</u>	<u>(261,756)</u>	<u>(10,402)</u>	
Net position - September 30, 2015	<u>\$ 229,224</u>	<u>\$ (20,981)</u>	<u>\$ -</u>	<u>\$ 73,455</u>	<u>\$ 281,698</u>	

SINGLE AUDIT REPORTS

CITY OF GRAND ISLAND, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2015

<u>Federal Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Expenditures</u>
<u>Department of Homeland Security:</u>			
Passed through Nebraska Emergency Management Agency (NEMA):			
Homeland Security Cluster:			
Emergency Management Performance Grants	97.042	47-6006205	\$ 175,155
Hazard Mitigation Grant	97.039	47-6006205	600
Total Passed through NEMA			<u>175,755</u>
<u>Department of Transportation:</u>			
Passed through Nebraska Office of Highway Safety:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	47-6006205	\$ 2,676
National Priority Safety Programs	20.616	47-6006205	<u>17,735</u>
Total Highway Safety Cluster			20,411
Highway Planning and Construction Cluster:			
Highway Planning and Construction			
Passed through Nebraska Department of Roads	20.205	4210	481,477
Passed Nebraska Office of Highway Safety	20.205	47-6006205	<u>41,256</u>
Total Highway Planning and Construction Cluster			522,733 *
Passed through Nebraska Department of Roads:			
Formula Grants for Rural Areas	20.509	4976	<u>13,824</u>
Total Department of Transportation			556,968
<u>Department of Justice:</u>			
Direct Programs:			
Public Safety Partnership and Community Policing Grant	16.710	47-6006205	137,674
Bulletproof Vest Partnership Program	16.607	47-6006205	5,563
Edward Byrne Memorial Justice Assistance Grant	16.738	47-6006205	56,424
Passed through Nebraska Crime Commission:			
Crime Victim Assistance	16.575	47-6006205	<u>57,471</u>
Total Department of Justice			257,132
<u>Institute of Museum and Library Services:</u>			
Passed through Nebraska Library Commission			
Grants to States	45.310	47-6006205	448
<u>Executive Office of the President:</u>			
Passed through Nebraska State Patrol:			
High Intensity Drug Trafficking Area Program	95.001	47-6006205	49,042
<u>Department of Housing and Urban Development:</u>			
Passed through Nebraska Department of Economic Development:			
Community Development Block Grant	14.228	47-6006205	210,751

CITY OF GRAND ISLAND, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued

Year ended September 30, 2015

<u>Federal Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Expenditures</u>
<u>Environmental Protection Agency:</u>			
Passed through Nebraska Department of Environmental Quality			
Clean Water State Revolving Funds	66.458	47-6006205	2,852,549 *
Total Expenditures of Federal Awards			\$ 4,102,645

*Major Programs

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Grand Island, Nebraska, and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The reporting entity for the Schedule of Expenditures of Federal Awards is the same as that defined in Note A to the financial statements.

NOTE B - FEDERAL LOAN PROGRAMS

The Revolving Loan Program is a Community Development Block Grant (CDBG) program whereby funds are made available to the City to loan to low- and moderate-income families for a variety of purposes. These funds, once issued, are repaid to the City, who in turn reloans the funds to another low- to moderate-income family. The balance of loans outstanding as of September 30, 2015, is \$101,313.



**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**

SHAREHOLDERS

Robert D. Almquist
Phillip D. Maltzahn
Terry T. Galloway
Marcy J. Luth
Heidi A. Ashby
Christine R. Shenk
Michael E. Hoback
Joseph P. Stump

To the Honorable Mayor and Members of the City Council
City of Grand Island, Nebraska

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the fiduciary funds of the City of Grand Island, Nebraska, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated January 22, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Grand Island's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Grand Island'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*.

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.

*Amquist, Malthalm,
Galloway & Luth, P.C.*

Grand Island, Nebraska
January 22, 2016



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

To the Honorable Mayor and Members of the City Council
City of Grand Island, Nebraska

Report on Compliance for Each Major Federal Program

We have audited the City of Grand Island, Nebraska's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2015. The City of Grand Island, Nebraska's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Grand Island, Nebraska's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Grand Island, Nebraska's compliance.

SHAREHOLDERS

Robert D. Almquist
Phillip D. Maltzahn
Terry T. Galloway
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Christine R. Shenk
Michael E. Hoback
Joseph P. Stump

Opinion on Each Major Federal Program

In our opinion, the City of Grand Island, Nebraska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control over Compliance

Management of the City of Grand Island, Nebraska is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Amquist, Malthahn,
Galloway & Luth, P.C.*

Grand Island, Nebraska
January 22, 2016

CITY OF GRAND ISLAND, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2015

1. A summary of auditors' results:
 - (i) An unmodified opinion was issued on the financial statements of the City of Grand Island, Nebraska, as of September 30, 2015.
 - (ii) The audit did not disclose any significant deficiencies in the internal control of the City of Grand Island, Nebraska.
 - (iii) The audit did not disclose any noncompliance which is material to the financial statements of the City of Grand Island, Nebraska.
 - (iv) The audit did not disclose any significant deficiencies in the internal control over major programs for the City of Grand Island, Nebraska.
 - (v) An unmodified opinion was issued on compliance for major programs.
 - (vi) The audit did not disclose any audit findings which we are required to report under §___.510(a).
 - (vii) Major Programs: CFDA #20.205 – Highway Planning and Construction and #66.458 – Clean Water State Revolving Funds.
 - (viii) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
 - (ix) The City of Grand Island, Nebraska, qualified as a low-risk auditee under §___.530.

2. Findings relating to the financial statements which are required to be reported in accordance with GAGAS.

None

3. Findings and questioned costs for Federal awards which shall include audit findings as defined in §___.510(a).

None

CITY OF GRAND ISLAND, NEBRASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended September 30, 2015

Program

Findings for the year ended September 30, 2014

None noted.