

CITY OF GRAND ISLAND, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2017

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INDEPENDENT AUDITOR'S REPORT

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

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

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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, 2017, 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 93-100 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 March 21, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Grand Island's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Grand Island, Nebraska's internal control over financial reporting and compliance.

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

Grand Island, Nebraska
March 21, 2018

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2017**

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, 2017. 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 \$694,595,174 (*net position*). Of this amount, \$101,670,185 (*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 \$373,185,667. Approximately 5.4 percent of this total amount, \$20,050,503 is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13,444,190, or 32.6 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, 2017

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 24 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, the Debt Service Fund, and the Gas Tax Fund all of which are considered to be major funds. Data from the other 20 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017

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, Debt Service, and Gas Tax 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 31-92 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 93-100 of this report.

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 101-111 of this report.

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017**

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 \$694,595,174 at the close of the most recent fiscal year.

Summary Statements of Net Position

	September 30, 2017			September 30, 2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 38,221,144	\$ 114,537,840	\$ 152,758,984	\$ 34,659,594	\$ 106,114,367	\$ 140,773,961
Capital Assets	351,008,495	333,533,076	684,541,571	344,390,816	331,425,377	675,816,193
Total Assets	<u>389,229,639</u>	<u>448,070,916</u>	<u>837,300,555</u>	<u>379,050,410</u>	<u>437,539,744</u>	<u>816,590,154</u>
Long-term Liabilities	10,370,224	112,904,911	123,275,135	7,542,122	109,238,461	116,780,583
Other Liabilities	5,673,748	13,756,498	19,430,246	4,935,580	11,915,447	16,851,027
Total Liabilities	<u>16,043,972</u>	<u>126,661,409</u>	<u>142,705,381</u>	<u>12,477,702</u>	<u>121,153,908</u>	<u>133,631,610</u>
Net Position:						
Net Investment in						
Capital Assets	340,505,840	221,715,087	562,220,927	337,137,050	223,925,828	561,062,878
Restricted	12,629,324	18,074,738	30,704,062	8,752,648	13,208,616	21,961,264
Unrestricted	20,050,503	81,619,682	101,670,185	20,683,010	79,251,392	99,934,402
Total Net Position	<u>\$ 373,185,667</u>	<u>\$ 321,409,507</u>	<u>\$ 694,595,174</u>	<u>\$ 366,572,708</u>	<u>\$ 316,385,836</u>	<u>\$ 682,958,544</u>

By far, the largest portion of the City of Grand Island's net position (80.9 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 (4.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$101,670,185) 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, 2017**

Expenses and Program Revenues - Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2017</u>		<u>Year Ended September 30, 2016</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 4,080,940	\$ 6,349,334	\$ 6,805,526	\$ 6,255,668
Public Safety	7,450,074	22,942,035	6,684,334	24,124,585
Public Works	2,409,486	6,785,483	6,325,902	7,394,592
Environment & Leisure	2,386,223	10,254,442	1,672,843	8,102,690
Non-Departmental	-	1,380,987	-	1,009,896
Interest and Bond Fees	-	362,849	-	245,158
Total	16,326,723	48,075,130	21,488,605	47,132,589
Transfers	-	200,000	456,264	465,000
	<u>\$ 16,326,723</u>	<u>\$ 48,275,130</u>	<u>\$ 21,944,869</u>	<u>\$ 47,597,589</u>

Revenues by Source - Governmental Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2017</u>		<u>Year Ended September 30, 2016</u>	
Charges for Services	\$ 10,803,057	19.68 %	\$ 10,438,097	17.63 %
Operating Grants & Contributions	3,138,811	5.72	1,643,132	2.78
Capital Grants & Contributions	2,384,855	4.35	9,407,376	15.89
Property Taxes	9,362,854	17.06	9,020,450	15.23
Motor Vehicle Taxes	1,067,835	1.95	1,084,744	1.83
Payments in Lieu of Taxes	754,103	1.37	790,880	1.34
Occupation Taxes	2,739,981	4.99	2,559,692	4.32
Sales Tax	16,413,028	29.90	16,410,878	27.71
Franchise Taxes	1,232,677	2.25	1,375,669	2.32
State Allocation	5,769,045	10.51	5,620,787	9.49
Keno	281,351	0.51	231,595	0.39
Special Assessments	299,601	0.55	122,255	0.21
Miscellaneous	479,969	0.87	410,635	0.69
Interest	209,922	0.38	133,046	0.23
Loss on Sale of Assets	(49,000)	(0.09)	(34,345)	(0.06)
Total	<u>\$ 54,888,089</u>	<u>100.00 %</u>	<u>\$ 59,214,891</u>	<u>100.00 %</u>

Net position increased \$6,612,959 in the governmental funds during the year ended September 30, 2017.

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017**

Business-type activities. Business-type activities increased the City of Grand Island's net position by \$5,023,671, accounting for 43.2 percent of the total growth in the government's net position for the year ended September 30, 2017. Key elements of this increase are as follows:

Expenses and Program Revenues - Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2017</u>		<u>Year Ended September 30, 2016</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 84,090,853	\$ 85,413,359	\$ 66,341,216	\$ 65,860,807
Water	8,135,810	5,728,029	7,721,535	5,096,031
Sewer	13,767,450	10,751,859	14,593,221	8,767,778
Landfill	3,066,752	2,895,370	2,757,073	2,578,904
Golf	694,838	787,389	563,010	709,385
Total	<u>\$ 109,755,703</u>	<u>\$ 105,576,006</u>	<u>\$ 91,976,055</u>	<u>\$ 83,012,905</u>

Revenues by Source - Business-type Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2017</u>		<u>Year Ended September 30, 2016</u>	
Charges for Services	\$ 107,437,736	97.14 %	\$ 87,388,835	94.51 %
Capital Grants & Contributions	2,317,967	2.10	4,587,220	4.96
Special Assessments	183,223	0.17	94,789	0.10
Interest	647,476	0.58	628,200	0.68
Loss on Disposal of Assets	(186,725)	(0.17)	(236,626)	(0.25)
Transfer From Other Funds	200,000	0.18	-	-
Total	<u>\$ 110,599,677</u>	<u>100.00 %</u>	<u>\$ 92,462,418</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.

As of the end of the current fiscal year, the City of Grand Island's governmental funds reported combined ending fund balances of \$30,793,003. Approximately 43.7 percent of this total amount (\$13,444,190) constitutes *unassigned fund balance*, which is available for spending at the

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017**

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 (\$763,063), 2) placed in a nonspendable trust for library expenditures (\$65,495), 3) restricted for street improvements (\$1,970,556), 4) restricted for capital projects (\$3,469,062), 5) restricted for debt service (\$114,410), 6) restricted for economic development (\$1,693,451), 7) restricted for Federal programs (\$229,401), 8) restricted to fund housing loans (\$400,352), 9) restricted for community improvements (\$3,024,569), 10) restricted for library expenses (\$713,837), 11) restricted for other donor purposes (\$185,128), 12) assigned for budgetary stabilization (\$674,277), 13) assigned to liquidate contracts and purchase orders of the prior period (\$1,590,605), 14) assigned for a variety of other purposes (\$2,454,607).

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 \$13,444,190, while total fund balance reached \$13,489,245. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 32.5 percent of total General Fund expenditures, while total fund balance represents 32.6 percent of that same amount.

The fund balance of the City of Grand Island's General Fund decreased by \$2,507,279 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 - \$54,230,149, Water Fund - \$6,307,506, Sewer Fund - \$18,889,044, Landfill Fund - \$2,167,224, and Golf Fund - \$25,759. The change in net position for the proprietary funds was as follows: Electric Fund - decrease of \$(1,067,730), Water Fund - \$2,426,556, Sewer Fund - \$3,380,183, Landfill Fund - \$177,213, and Golf Fund - \$107,449. 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 Assets. The City of Grand Island's investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounts to \$684,541,571 (net of accumulated depreciation). This investment in capital assets includes land, building and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

- The Northwest Flood Control project has an estimated two 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

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017

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. 2017 expenditures were \$600,890.

- Moores Creek Drain Extension: Project No. 2017-D-1 is to plan, design and build the extension of drainage to the southwest and to serve current areas as well as the proposed US Highway 30 realignment project. By coordinating with the State of Nebraska US Highway 30 realignment project overall City cost should be reduced and will provide the opportunity for some of this drainage project to be constructed as part of such. The northwest part of the City has a need for this large drainage project, which will handle water in the newly developed subdivision and commercial areas. FY 2017 expenditures were \$76,740. Project construction will begin after completion of US Highway 30 realignment.
- Shady Bend Drainage; Project No. 2017-D-2 was constructed in response to Wetzel Street resident requests. This project improved drainage on Shady Bend Road between Seedling Mile Road and US Highway 30, with a FY 2017 cost of \$135,197.
- North Broadwell Drainage; Project No. 2017-D-3 improved drainage on North Broadwell Avenue between Burlington Northern Santa Fe Railroad and US Highway 281, with a FY 2017 cost of \$67,225.
- The Handicap Ramp project consists of the ADA compliant curb ramps in the 2017-CR-1 and 2017-CR-2 projects, which was for the installation of handicap ramps along Faidley Avenue (at Custer Avenue, Waldo Avenue, Alpha Street, Grace Avenue, Carey Avenue, Ruby Avenue, Darr Avenue, Boggs Avenue, and White Avenue), Koenig Street at Cedar Street [2017-CR-1], and Custer Avenue (at 4th Street, 5th Street, 6th Street and North Front Street), North Front Street (at Waldo Avenue, Grace Avenue, Carey Avenue, Ruby Avenue, Darr Avenue, Boggs Avenue, and White Avenue), and 1st Street at Monroe Street [2017-CR-2]. The City is 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 19 years. Project No. 2017-CR-1 was completed August 2017 for a total cost of \$103,033 and Project No. 2017-CR-2 is anticipated to be complete November 2017.
- Capital Avenue Widening; Webb Road to Broadwell Avenue consisted of removal of the previous 24' wide asphalt roadway and construction of new concrete pavement on Capital Avenue from Webb Road through Broadwell Avenue. The new roadway consists of five lane curbed concrete pavement. Other improvements included construction of sidewalks and a concrete hike/bike trail, updated street lighting, and construction of new storm sewer. A HAWK pedestrian signal was constructed approximately 1000' east of Webb Road to provide for safe crossing for users of the hike/bike trail. FY 2017 expenses were \$438,052. Project completion was Winter 2016.
- 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

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017**

intersections along the corridor. This project qualified for Federal Safety Transportation funding as a road diet project. To meet FHWA and NDOR requirements this project was delayed; it is now estimated to be complete Summer 2018. FY 2017 expenses were \$25,928.

- Webb Road Paving Assessments are annual payments through 2025 for the City's Park Department share of roadway improvements from Stolley Park Road north to the Union Pacific Railroad tracks. FY 2017 expenses were \$128,062.
- South Front Street over Sycamore Underpass Rehab; Project No. 2017-U-1 provides geotechnical and structural analysis, recommendations, and development of a cost effective design to address issues with the retaining walls and storm sewer pumping system of the underpass, as well as the South Front Street Bridge. FY 2017 expenses were \$105,514.
- Adams Street; Paving Project No. 2016-P-2 consisted of removing approximately 1250' of the existing Adams Street roadway north of Stolley Park Road and replacing with concrete pavement. The roadway was widened from 24' to 37' for a 3-lane section with improved drainage and elimination of the ditch section. A traffic signal was also located at the intersection of Adams Street and Stolley Park Road as part of this project. FY 2017 expenses were \$1,123,294, with reimbursement from Grand Island Public Schools of \$560,679 per the interlocal agreement for such project.
- Sterling Estates Paving District No. 1262 allowed for a public/private partnership for development of the area, which consists of a City park with parking, as well as a residential area. A portion of this paving district was assessed to the subdivision developer. Project costs were \$186,425, all of which are assessable.
- Improving US Highway 281 from south of US Highway 30 north to Chapman Road, which is a State project, consists of resurfacing, concrete pavement removal, reconstruction, and repairs, lighting, sidewalk & curb ramps, curb & gutter, storm sewer, adjusting manholes, guardrail, trench widening, crack & joint sealing, fog sealing, granular subdrains, median surfacing, culverts, bridge deck repairs, rail remodeling, joint repairs, deck resurfacing, pier sealing, permanent pavement markings, reconstruction of North Broadwell Avenue, increase left turn lane offsets on NB US Highway 281 with the intersections of Old Potash Highway, Faidley Avenue, 13th Street and State Street, and increase left turn lane offsets on SB US Highway 281 with the intersection of Old Potash Highway. FY 2017 expenses were \$2,928,665.
- Five Points traffic signal improvements were to update lane designation and traffic signal operations to comply with current standards at the Five Points intersection. FY 2017 expenses were \$31,592.
- 13th Street at North Road intersection improvements will provide a three lane curb and gutter roadway section with associated sidewalk and other miscellaneous improvements. Much needed drainage improvements at this intersection will also be part of this project. FY 2017 expenses were \$12,764.

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017**

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

	Year Ended September 30, 2017			Year Ended September 30, 2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 8,708,789	\$ 7,610,480	\$ 16,319,269	\$ 8,682,989	\$ 7,476,074	\$ 16,159,063
Infrastructure Construction	271,987,779	-	271,987,779	264,077,331	-	264,077,331
in Progress	20,234,961	9,988,599	30,223,560	21,373,562	68,682,600	90,056,162
Land Improvements	11,388,622	103,406,636	114,795,258	10,681,009	37,485,996	48,167,005
Buildings	33,352,752	-	33,352,752	34,943,709	-	34,943,709
Machinery and Equipment	2,217,407	-	2,217,407	1,906,363	-	1,906,363
Buildings, Distribution Systems, and Equipment	-	200,661,218	200,661,218	-	206,440,285	206,440,285
Office Furniture and Equipment	382,249	4,647,110	5,029,359	520,906	4,593,796	5,114,702
Vehicles	2,735,936	7,219,033	9,954,969	2,204,947	6,746,626	8,951,573
Total	<u>\$ 351,008,495</u>	<u>\$ 333,533,076</u>	<u>\$ 684,541,571</u>	<u>\$ 344,390,816</u>	<u>\$ 331,425,377</u>	<u>\$ 675,816,193</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 \$119,742,710. Of this amount, \$6,343,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Grand Island's debt represents bonds and notes payable secured solely by specified revenue sources (i.e., revenue bonds) and capital lease obligations.

City of Grand Island's Outstanding Debt

	Year Ended September 30, 2017			Year Ended September 30, 2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General Obligation Bonds	\$ 6,343,000	\$ -	\$ 6,343,000	\$ 2,816,000	\$ -	\$ 2,816,000
Revenue Bonds	-	109,240,055	109,240,055	-	104,713,961	104,713,961
Note Payable	50,001	-	50,001	-	-	-
Capital Lease	4,109,654	-	4,109,654	4,437,766	-	4,437,766
Total	<u>\$ 10,502,655</u>	<u>\$ 109,240,055</u>	<u>\$ 119,742,710</u>	<u>\$ 7,253,766</u>	<u>\$ 104,713,961</u>	<u>\$ 111,967,727</u>

The City of Grand Island's total debt increased by \$7,774,983 (6.9 percent) during the current fiscal year due primarily to the issuance of \$4,094,163 of Sewer DEQ notes, the issuance of \$7,435,000 water refunding bonds, and the issuance of \$4,435,000 public safety tax anticipation bonds.

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017**

Additional information on the City of Grand Island's long-term debt can be found in Note C6 on pages 60-70 of this report.

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 2017-2018 budget. Changes in fuel and purchased power costs are accounted for through the Power Cost Adjustment. The Electric System Master Plan, completed in April 2015, identified some expected deficiencies with the 115 kV transmission system during the next 20 years. An upgrade of line 1093 between Substation E and Nebraska Public Power District's 115 kV Grand Island substation was completed in 2017. The three gas-fueled steam units at the Burdick Station were taken out of service due to economic evaluation of their cost to maintain and market conditions. An engineering evaluation of the Burdick decommissioning requirements and an electric rate cost of service study are planned to be completed during the 2017-2018 fiscal year.
- Water: The construction of an elevated water storage tank in the western part of the City will be completed in late summer of 2017. This project will increase reliability, add additional capacity during peak periods, and provide for additional growth of the system. The 2017-2018 budget is focused on repair and upgrade of critical facilities and system improvements to meet continued growth.
- Sanitary Sewer: Most of the 2011 Wastewater Rehabilitation projects have been completed. Half of these projects were financed with Clean Water State Revolving Fund loans authorized by the Nebraska Department of Environmental Quality at 2.25 percent interest for "Green" projects and 2.5 percent interest for others. For fiscal year 2017 expenses were incurred on the following projects:

North Interceptor Phase 1 \$169,021

This large line replaced the southernmost portion of the Northeast Interceptor that failed after only 35 years of service (50 to 80 is normal). The Northeast Interceptor was lined and demoted to become a local main.

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017**

North Interceptor Phase 2 \$3,008,557

This replaced the remaining portion of the Northeast Interceptor and extended service north and west.

Sanitary Sewer Rehabilitation \$138,713

Line several failing mains.

Automation \$57,327

The individual components at the treatment plant were inventoried and evaluated so that a proper inspection and replacement cycle can be developed for each.

Sanitary Sewer District 530T (South Highway 281 Extension) \$4,579

This connection district provided service to the watersheds along Highway 281

Sanitary Sewer District 528 (Wildwood Industrial Subdivision) \$12,855

This assessment district provides service to properties in the Wildwood Industrial Subdivision.

Sanitary Sewer District 538T (North Engleman) \$41,720

This connection district provided service to several properties under development.

Sanitary Sewer District 539 (Webb Road South of 13th Street) \$82,787

This assessment district provides service to five properties along Webb Road south of 13th Street.

Stolley Park & Engleman Sanitary Sewer \$82,037

Extend sanitary sewer service in coordination with the Nebraska Department of Transportation's Highway 30 Realignment project.

Talon Apartments Sanitary Sewer \$50,879

The developer was paid to oversize the line to the Talon Apartment development so that service could be extended to other properties.

CNRA Evaluation \$35,550

There is a desire on the part of the Airport and City to combine the private sanitary sewer system with the City's. The existing system was evaluated and a conceptual plan developed to accomplish this.

Lift Station 20 & 14 \$945,768

Replace Lift Station 20 to increase capacity to meet current and anticipated needs in the southern portion of the City. This mitigates some of the issues with the South Interceptor, but does not eliminate the need for the South Interceptor projects.

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017

- With the ever-increasing personnel costs and growth in operating expenses, the City balanced the General Fund budget for the 2017-2018 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 2017-2018 budget year.
- In 2013 the City of Grand Island became a Metropolitan Statistical Area (MSA) resulting in a new array for wage comparability. In 2017 the City negotiated two new union contracts. The new wage rates continued to impact the 2017-2018 budget year and will continue to influence the budget for years to come.
- The Grand Island AREA Metropolitan Planning Organization (GIAMPO) was established in 2013 and is mandated by the United States Department of Transportation (DOT). The Federal Highway Administration (FHWA) is the primary regulator, with sister agencies Federal Railroad Administration (FRA), Federal Transit Administration (FTA), and Federal Aviation Administration (FAA) contributing additional regulations. The MPO is 80 percent federally funded with 20 percent local match; usually the 20 percent is divided among all of the transportation providers in the MPO planning area, but the City of Grand Island provides 100 percent of the match. MPOs are usually a separate agency similar to the EDC; this is likely to happen once the population reaches over 2,100,000 (the division between a small MPO and a large MPO). One FTE is dedicated to this function and other employees provide assistance.
- As a result of the City's status of metropolitan statistical area, the City became the direct recipient of federal funds for public transit services from the United States Department of Transportation, Federal Transit Administration. This requires public transportation trips originating and terminating within the Grand Island urbanized area to be funded utilizing urban transportation funds. In July 2016, the City entered into a contract with Senior Citizens Industries, Inc. to provide transit service in the amount of \$638,430 for a period of 12 months with an option to extend up to 2 additional years. In accordance with federal requirements, a transit needs study was completed in 2018, and based on these recommendations, the City will solicit bids for a new transit service contract in the Spring of 2018.

All of these factors were considered in preparing the City of Grand Island's budget for the 2018 fiscal year.

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 Interim 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, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 6,507,315	\$ 14,606,609	\$ 21,113,924	\$ 987,269
Investments	10,648,838	51,526,260	62,175,098	-
County treasurer cash	569,577	-	569,577	330,725
Receivables:				
Special assessments	1,273,539	565,946	1,839,485	34,057
Accounts, net of allowance for doubtful accounts	1,733,979	7,175,221	8,909,200	-
Unbilled revenue	-	4,511,428	4,511,428	-
Current portion of note receivable	-	120,000	120,000	-
Current portion of notes from redevelopers	-	-	-	37,822
Interest	150,029	155,316	305,345	-
Property tax	599,741	-	599,741	146,501
Due from other governments	4,311,110	-	4,311,110	21,208
Prepaid expenses	-	408,542	408,542	-
Inventory	126,343	10,374,340	10,500,683	-
Total current assets	<u>25,920,471</u>	<u>89,443,662</u>	<u>115,364,133</u>	<u>1,557,582</u>
Noncurrent assets:				
Restricted cash and cash equivalents	6,456,478	9,870,026	16,326,504	105,475
Restricted investments	4,644,610	12,942,090	17,586,700	-
Permanently restricted investments	569,757	-	569,757	-
Permanently restricted notes receivable	629,828	-	629,828	-
Noncurrent portion of note receivable	-	2,129,723	2,129,723	-
Notes from redevelopers	-	-	-	191,369
Deferred charges	-	152,339	152,339	-
Capital assets:				
Land, infrastructure, and construction in progress	300,931,529	153,894,750	454,826,279	575,369
Other capital assets, net of depreciation	50,076,966	179,638,326	229,715,292	43,455
Net capital assets	<u>351,008,495</u>	<u>333,533,076</u>	<u>684,541,571</u>	<u>618,824</u>
Total noncurrent assets	<u>363,309,168</u>	<u>358,627,254</u>	<u>721,936,422</u>	<u>915,668</u>
Total assets	<u>389,229,639</u>	<u>448,070,916</u>	<u>837,300,555</u>	<u>2,473,250</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,011,510	4,629,457	5,640,967	85,190
Accrued expenses	2,223,654	3,549,085	5,772,739	12,184
Unavailable property tax	523,600	-	523,600	140,461
Current portion of long-term obligations	1,914,984	5,577,956	7,492,940	258,484
Total current liabilities	<u>5,673,748</u>	<u>13,756,498</u>	<u>19,430,246</u>	<u>496,319</u>
Noncurrent liabilities:				
Compensated absences - noncurrent	1,782,553	585,812	2,368,365	324
Closure/post-closure liability	-	4,737,378	4,737,378	-
Noncurrent portion of long-term obligations	8,587,671	103,662,099	112,249,770	1,045,295
Unamortized bond premiums	-	3,919,622	3,919,622	-
Total noncurrent liabilities	<u>10,370,224</u>	<u>112,904,911</u>	<u>123,275,135</u>	<u>1,045,619</u>
Total liabilities	<u>16,043,972</u>	<u>126,661,409</u>	<u>142,705,381</u>	<u>1,541,938</u>
NET POSITION				
Net investment in capital assets	340,505,840	221,715,087	562,220,927	618,824
Restricted for:				
Debt service	114,410	8,967,593	9,082,003	-
Landfill closure/post-closure costs	-	5,536,437	5,536,437	-
Perpetual care - permanent	763,063	-	763,063	-
Street improvements	1,970,556	-	1,970,556	-
Capital projects	3,469,062	3,570,708	7,039,770	-
Economic development	1,693,451	-	1,693,451	-
Community improvements	3,024,569	-	3,024,569	-
Other purposes	1,594,213	-	1,594,213	105,475
Unrestricted	20,050,503	81,619,682	101,670,185	207,013
Total net position	<u>\$ 373,185,667</u>	<u>\$ 321,409,507</u>	<u>\$ 694,595,174</u>	<u>\$ 931,312</u>

See notes to financial statements.

CITY OF GRAND ISLAND, NEBRASKA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2017

<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	\$ 6,349,334	\$ 3,370,012	\$ 710,928
Public safety	22,942,035	5,445,423	1,753,488
Public works	6,785,483	316,602	16,000
Environment and leisure	10,254,442	1,671,020	658,395
Non-departmental	1,380,987	-	-
Interest and fees on long-term debt	362,849	-	-
Total governmental activities	<u>48,075,130</u>	<u>10,803,057</u>	<u>3,138,811</u>
Business-type activities:			
Electric	85,413,359	84,090,853	-
Water	5,728,029	6,692,702	-
Sewer	10,751,859	12,892,591	-
Landfill	2,895,370	3,066,752	-
Golf	787,389	694,838	-
Total business-type activities	<u>105,576,006</u>	<u>107,437,736</u>	<u>-</u>
Total primary government	<u><u>\$ 153,651,136</u></u>	<u><u>\$ 118,240,793</u></u>	<u><u>\$ 3,138,811</u></u>
Component units:			
Business Improvement Districts	\$ 251,793	\$ 10,597	\$ 26,000
Metropolitan Planning Organization	108,439	1,004	86,259
Grand Island Facilities Corporation	-	-	-
Community Redevelopment Authority	1,754,777	-	1,149,995
Total component units	<u><u>\$ 2,115,009</u></u>	<u><u>\$ 11,601</u></u>	<u><u>\$ 1,262,254</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		
\$ -	\$ (2,268,394)		\$ (2,268,394)	
251,163	(15,491,961)		(15,491,961)	
2,076,884	(4,375,997)		(4,375,997)	
56,808	(7,868,219)		(7,868,219)	
-	(1,380,987)		(1,380,987)	
-	(362,849)		(362,849)	
<u>2,384,855</u>	<u>(31,748,407)</u>	<u>\$ -</u>	<u>(31,748,407)</u>	
-	-	(1,322,506)	(1,322,506)	
1,443,108	-	2,407,781	2,407,781	
874,859	-	3,015,591	3,015,591	
-	-	171,382	171,382	
-	-	(92,551)	(92,551)	
<u>2,317,967</u>	<u>-</u>	<u>4,179,697</u>	<u>4,179,697</u>	
<u>\$ 4,702,822</u>	<u>(31,748,407)</u>	<u>4,179,697</u>	<u>(27,568,710)</u>	
\$ 6,300				\$ (208,896)
-				(21,176)
-				-
-				(604,782)
<u>\$ 6,300</u>				<u>(834,854)</u>
General revenues:				
Taxes:				
Property	9,362,854	-	9,362,854	754,109
Motor vehicle	1,067,835	-	1,067,835	-
Payments in lieu of taxes	754,103	-	754,103	-
Occupation	2,739,981	-	2,739,981	-
Sales tax	16,413,028	-	16,413,028	-
Franchise	1,232,677	-	1,232,677	-
State allocation	5,769,045	-	5,769,045	-
Keno	281,351	-	281,351	-
Special assessments	299,601	183,223	482,824	231,243
Miscellaneous	479,969	-	479,969	26,079
Interest income	209,922	647,476	857,398	1,825
Loss on sale of assets	(49,000)	(186,725)	(235,725)	-
Interfund transfers	(200,000)	200,000	-	-
Total general revenues	<u>38,361,366</u>	<u>843,974</u>	<u>39,205,340</u>	<u>1,013,256</u>
Change in net position	6,612,959	5,023,671	11,636,630	178,402
Net position - September 30, 2016	<u>366,572,708</u>	<u>316,385,836</u>	<u>682,958,544</u>	<u>752,910</u>
Net position - September 30, 2017	<u>\$ 373,185,667</u>	<u>\$ 321,409,507</u>	<u>\$ 694,595,174</u>	<u>\$ 931,312</u>

CITY OF GRAND ISLAND, NEBRASKA

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

September 30, 2017

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Gas Tax</u>	<u>Other Governmental Funds</u>	<u>Eliminations</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 3,497,834	\$ 3,813,245	\$ 42,342	\$ 728,380	\$ 3,097,588	\$ -	\$ 11,179,389
Investments	5,965,199	591,510	72,210	1,242,176	4,948,992	-	12,820,087
County treasurer cash	530,372	-	37,996	-	1,209	-	569,577
Receivables:							
Special assessments	-	-	-	750	1,272,789	-	1,273,539
Accounts, net of allowance for doubtful accounts	1,255,753	-	-	-	382,079	-	1,637,832
Notes receivable	-	-	-	-	629,828	-	629,828
Interest	64,215	-	-	87	85,727	-	150,029
Property tax	551,076	-	48,060	-	605	-	599,741
Due from other funds	13,530	-	-	-	-	(13,530)	-
Due from other governments	3,278,943	-	-	842,799	189,368	-	4,311,110
Total assets	\$ 15,156,922	\$ 4,404,755	\$ 200,608	\$ 2,814,192	\$ 10,608,185	\$ (13,530)	\$ 33,171,132
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 224,250	\$ 75,795	\$ -	\$ 178,905	\$ 275,126	\$ -	\$ 754,076
Accrued expenses	961,073	-	45,478	87,075	6,827	-	1,100,453
Due to other funds	-	-	-	-	13,530	(13,530)	-
Unavailable property tax	482,354	-	40,720	-	526	-	523,600
Total liabilities	1,667,677	75,795	86,198	265,980	296,009	(13,530)	2,378,129
Fund balances:							
Nonspendable:							
Cemetery perpetual care	-	-	-	-	763,063	-	763,063
Library trust	-	-	-	-	65,495	-	65,495
Restricted for:							
Street improvements	-	-	-	1,970,556	-	-	1,970,556
Capital projects	-	3,466,400	-	-	2,662	-	3,469,062
Debt service	-	-	114,410	-	-	-	114,410
Economic development	-	-	-	-	1,693,451	-	1,693,451
Federal programs	-	-	-	-	229,401	-	229,401
Housing loans	-	-	-	-	400,352	-	400,352
Community improvements	-	-	-	-	3,024,569	-	3,024,569
Library expenses	-	-	-	-	713,837	-	713,837
Other purposes	-	-	-	-	185,128	-	185,128
Assigned for:							
Budgetary stabilization	-	-	-	-	674,277	-	674,277
Encumbrances	45,055	862,560	-	577,656	105,334	-	1,590,605
Other purposes	-	-	-	-	2,454,607	-	2,454,607
Unassigned	13,444,190	-	-	-	-	-	13,444,190
Total fund balances	13,489,245	4,328,960	114,410	2,548,212	10,312,176	-	30,793,003
Total liabilities and fund balances	\$ 15,156,922	\$ 4,404,755	\$ 200,608	\$ 2,814,192	\$ 10,608,185	\$ (13,530)	\$ 33,171,132

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, 2017

Total fund balances - governmental funds		\$ 30,793,003
<p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because:</p>		
<p>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 \$395,953,792, and the accumulated depreciation is \$45,168,389.</p>		350,785,403
<p>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.</p>		3,863,408
<p>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:</p>		
Noncurrent compensated absences	\$ (1,753,492)	
Capital lease obligations	(4,109,654)	
Note payable	(50,001)	
General obligation bonds payable	(6,343,000)	(12,256,147)
Total net position - governmental activities		\$ 373,185,667

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, 2017

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Gas Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes:						
Property	\$ 6,427,980	\$ -	\$ 727,007	\$2,200,000	\$ 7,867	\$ 9,362,854
Motor vehicle	1,067,811	-	-	-	24	1,067,835
Occupation	61,470	-	-	-	2,678,511	2,739,981
Sales tax	14,866,974	-	-	1,546,054	-	16,413,028
Franchise	1,986,780	-	-	-	-	1,986,780
Intergovernmental	2,377,151	23,038	-	7,299,780	1,305,050	11,005,019
Keno	-	-	-	-	281,351	281,351
Special assessments	-	-	-	-	299,601	299,601
Charges for services	10,022,444	-	-	78,104	702,509	10,803,057
Interest income	109,893	-	14,728	-	61,097	185,718
Contributions	23,372	-	-	-	81,205	104,577
Sale of assets	99,979	-	-	-	-	99,979
Bond proceeds	4,697,889	3,465,792	-	-	50,001	8,213,682
Other revenue	213,355	532	-	78,669	187,413	479,969
Total revenues	<u>41,955,098</u>	<u>3,489,362</u>	<u>741,735</u>	<u>11,202,607</u>	<u>5,654,629</u>	<u>63,043,431</u>
EXPENDITURES						
General government	3,906,329	195,578	-	-	2,164,107	6,266,014
Public safety	24,504,633	-	-	-	401,089	24,905,722
Public works	974,281	978,912	-	11,496,852	1,256	13,451,301
Environment and leisure	6,324,865	-	-	-	2,297,718	8,622,583
Non-departmental	1,380,987	-	-	-	-	1,380,987
Principal payments on debt	4,100,000	-	908,000	114,845	-	5,122,845
Interest on long-term debt	106,273	-	138,303	8,995	-	253,571
Bond/loan fees	44,558	-	64,720	-	-	109,278
Total expenditures	<u>41,341,926</u>	<u>1,174,490</u>	<u>1,111,023</u>	<u>11,620,692</u>	<u>4,864,170</u>	<u>60,112,301</u>
Excess (deficiency) of revenues over expenditures	613,172	2,314,872	(369,288)	(418,085)	790,459	2,931,130
OTHER FINANCING SOURCES (USES)						
Transfers in	5,132	700,608	199,134	800,190	2,280,459	3,985,523
Transfers out	<u>(3,125,583)</u>	<u>(800,190)</u>	<u>(608)</u>	<u>(5,132)</u>	<u>(254,010)</u>	<u>(4,185,523)</u>
Net transfers	<u>(3,120,451)</u>	<u>(99,582)</u>	<u>198,526</u>	<u>795,058</u>	<u>2,026,449</u>	<u>(200,000)</u>
Net change in fund balances	(2,507,279)	2,215,290	(170,762)	376,973	2,816,908	2,731,130
Fund balances - September 30, 2016	<u>15,996,524</u>	<u>2,113,670</u>	<u>285,172</u>	<u>2,171,239</u>	<u>7,495,268</u>	<u>28,061,873</u>
Fund balances - September 30, 2017	<u>\$ 13,489,245</u>	<u>\$ 4,328,960</u>	<u>\$ 114,410</u>	<u>\$2,548,212</u>	<u>\$10,312,176</u>	<u>\$ 30,793,003</u>

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, 2017

Total net change in fund balances - governmental funds \$ 2,731,130

Amounts reported for *governmental activities* 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 (\$10,263,190) exceeded depreciation expense (\$3,496,532) and assets acquired with capital lease obligations (\$158,052) during the period. (Capital additions of \$133,115 were funded directly by grants and donations.)

6,608,606

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.

(148,979)

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.

81,605

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.

485,180

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.

(53,746)

Bond/loan proceeds are reported as revenue in the governmental funds, but the issuance of bonds increases long-term liabilities in the statement of net position.

(8,213,682)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

5,122,845

Change in net position of governmental activities

\$ 6,612,959

See notes to financial statements.

CITY OF GRAND ISLAND, NEBRASKA
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
September 30, 2017

	Enterprise Funds		
	Electric Fund	Water Fund	Sewer Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,956,289	\$ 2,126,362	\$ 4,724,045
Investments	34,279,422	3,626,294	12,256,375
Receivables:			
Accounts, net of allowance for doubtful accounts	5,523,236	573,028	872,415
Unbilled revenue	3,611,447	406,638	493,343
Interest	37,621	10,849	86,323
Special assessments	-	101,091	464,855
Current portion of note receivable	-	-	120,000
Inventory	10,076,145	298,195	-
Prepaid expenses	396,286	12,256	-
Total current assets	60,880,446	7,154,713	19,017,356
Noncurrent assets:			
Restricted cash and cash equivalents	1,716,128	3,960,029	5
Restricted investments	5,938,446	313,112	2,551,709
Noncurrent portion of note receivable	-	-	2,129,723
Deferred charges	152,339	-	-
Capital assets:			
Land and improvements	6,323,816	-	135,897,047
Construction in progress	5,979,039	1,950,904	1,949,259
Distribution and collection systems	337,467,752	73,063,074	8,213,554
Buildings and equipment	41,580,148	4,077,986	17,682,662
Less accumulated depreciation	(237,097,946)	(17,378,169)	(51,145,034)
Net capital assets	154,252,809	61,713,795	112,597,488
Total noncurrent assets	162,059,722	65,986,936	117,278,925
Total assets	222,940,168	73,141,649	136,296,281
LIABILITIES			
Current liabilities:			
Accounts payable	3,436,670	447,195	690,522
Accrued expenses	2,726,248	365,065	352,732
Current portion of long-term obligations	3,035,000	295,000	2,247,956
Total current liabilities	9,197,918	1,107,260	3,291,210
Noncurrent liabilities:			
Compensated absences - noncurrent	487,379	34,947	25,432
Closure/post closure liability	872,651	-	-
Noncurrent portion of long-term obligations	37,770,000	7,140,000	58,752,099
Unamortized bond premiums	2,730,273	-	1,189,349
Total noncurrent liabilities	41,860,303	7,174,947	59,966,880
Total liabilities	51,058,221	8,282,207	63,258,090
NET POSITION			
Net investment in capital assets	110,869,875	54,278,795	51,597,433
Restricted for:			
Debt service	5,938,446	477,433	2,551,714
Capital outlay - unspent bond proceeds	-	3,570,708	-
Uranium removal	-	225,000	-
Closure/post-closure costs	843,477	-	-
Unrestricted	54,230,149	6,307,506	18,889,044
Total net position	\$ 171,881,947	\$ 64,859,442	\$ 73,038,191

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>
\$ 774,871	\$ 25,042	\$ 14,606,609	\$ 1,784,404
1,321,461	42,708	51,526,260	3,043,118
206,542	-	7,175,221	96,147
-	-	4,511,428	-
20,523	-	155,316	-
-	-	565,946	-
-	-	120,000	-
-	-	10,374,340	126,343
-	-	408,542	-
<u>2,323,397</u>	<u>67,750</u>	<u>89,443,662</u>	<u>5,050,012</u>
4,193,864	-	9,870,026	-
4,138,823	-	12,942,090	-
-	-	2,129,723	-
-	-	152,339	-
253,515	1,431,773	143,906,151	-
109,397	-	9,988,599	-
-	-	418,744,380	-
10,842,062	790,966	74,973,824	1,771,518
(6,869,536)	(1,589,193)	(314,079,878)	(1,548,426)
<u>4,335,438</u>	<u>633,546</u>	<u>333,533,076</u>	<u>223,092</u>
<u>12,668,125</u>	<u>633,546</u>	<u>358,627,254</u>	<u>223,092</u>
<u>14,991,522</u>	<u>701,296</u>	<u>448,070,916</u>	<u>5,273,104</u>
55,070	-	4,629,457	257,434
79,333	25,707	3,549,085	1,123,201
-	-	5,577,956	-
<u>134,403</u>	<u>25,707</u>	<u>13,756,498</u>	<u>1,380,635</u>
21,770	16,284	585,812	29,061
3,864,727	-	4,737,378	-
-	-	103,662,099	-
-	-	3,919,622	-
<u>3,886,497</u>	<u>16,284</u>	<u>112,904,911</u>	<u>29,061</u>
<u>4,020,900</u>	<u>41,991</u>	<u>126,661,409</u>	<u>1,409,696</u>
4,335,438	633,546	221,715,087	223,092
-	-	8,967,593	-
-	-	3,570,708	-
-	-	225,000	-
4,467,960	-	5,311,437	-
2,167,224	25,759	81,619,682	3,640,316
<u>\$ 10,970,622</u>	<u>\$ 659,305</u>	<u>\$ 321,409,507</u>	<u>\$ 3,863,408</u>

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

For the year ended September 30, 2017

	Enterprise Funds		
	Electric Fund	Water Fund	Sewer Fund
Operating revenues:			
Sales:			
Consumers	\$ 62,727,260	\$ 6,207,643	\$ 12,543,170
Municipal and interdepartmental	1,801,327	176,619	-
Wholesale	18,946,068	-	-
Total sales	<u>83,474,655</u>	<u>6,384,262</u>	<u>12,543,170</u>
Tap fees	-	56,500	121,840
Other revenue	616,198	251,940	227,581
Total operating revenues	<u>84,090,853</u>	<u>6,692,702</u>	<u>12,892,591</u>
Operating expenses:			
Cost of power	54,439,616	-	-
Production	-	2,052,346	-
Operation of system	2,835,164	989,141	4,300,746
Maintenance of system	2,665,405	-	262,618
Consumer accounting and collection	1,498,600	607,910	757,517
General office expense	1,777,634	243,440	698,479
Special services	1,229,286	130,297	67,193
Information technology	-	-	-
Central garage	-	-	-
Insurance	452,884	10,997	85,864
Miscellaneous	109,859	249,952	-
Closure costs	-	-	-
Depreciation	12,603,461	1,082,210	3,065,322
Total operating expenses	<u>77,611,909</u>	<u>5,366,293</u>	<u>9,237,739</u>
Operating income (loss)	6,478,944	1,326,409	3,654,852
Nonoperating revenues (expenses):			
Interest income	341,352	8,107	167,649
Intergovernmental/grants	-	-	-
Allocated debt on participation power	(5,775,493)	-	-
Interest expense	(1,822,659)	(137,783)	(1,513,370)
Bond fees/issuance cost	-	(140,433)	(750)
Bond premium accretion	436,163	-	-
Payments in lieu of taxes	(639,461)	(83,520)	-
Gain (loss) on disposal of assets	(86,576)	10,668	13,720
Special assessments	-	-	183,223
Contributions in aid of construction	-	1,443,108	874,859
Total nonoperating revenues (expenses)	<u>(7,546,674)</u>	<u>1,100,147</u>	<u>(274,669)</u>
Excess (deficiency) of revenues over expenditures	(1,067,730)	2,426,556	3,380,183
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Change in net position	(1,067,730)	2,426,556	3,380,183
Net position - September 30, 2016	<u>172,949,677</u>	<u>62,432,886</u>	<u>69,658,008</u>
Net position - September 30, 2017	<u>\$ 171,881,947</u>	<u>\$ 64,859,442</u>	<u>\$ 73,038,191</u>

See notes to financial statements.

<u>Landfill Fund</u>	<u>Golf Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 3,051,832	\$ 693,272	\$ 85,223,177	\$ -
-	-	1,977,946	11,658,449
-	-	18,946,068	-
<u>3,051,832</u>	<u>693,272</u>	<u>106,147,191</u>	<u>11,658,449</u>
-	-	178,340	-
14,920	1,566	1,112,205	-
<u>3,066,752</u>	<u>694,838</u>	<u>107,437,736</u>	<u>11,658,449</u>
-	-	54,439,616	-
-	-	2,052,346	-
1,330,642	595,971	10,051,664	-
163,874	57,607	3,149,504	-
99,372	-	2,963,399	-
281,320	87,743	3,088,616	-
157,393	432	1,584,601	-
-	-	-	1,119,696
-	-	-	1,182,631
39,397	3,929	593,071	8,843,161
-	-	359,811	20,379
160,750	-	160,750	-
662,622	41,707	17,455,322	81,606
<u>2,895,370</u>	<u>787,389</u>	<u>95,898,700</u>	<u>11,247,473</u>
171,382	(92,551)	11,539,036	410,976
130,368	-	647,476	24,204
-	-	-	50,000
-	-	(5,775,493)	-
-	-	(3,473,812)	-
-	-	(141,183)	-
-	-	436,163	-
-	-	(722,981)	-
(124,537)	-	(186,725)	-
-	-	183,223	-
-	-	2,317,967	-
<u>5,831</u>	<u>-</u>	<u>(6,715,365)</u>	<u>74,204</u>
177,213	(92,551)	4,823,671	485,180
-	200,000	200,000	-
<u>177,213</u>	<u>107,449</u>	<u>5,023,671</u>	<u>485,180</u>
10,793,409	551,856	316,385,836	3,378,228
<u>\$ 10,970,622</u>	<u>\$ 659,305</u>	<u>\$ 321,409,507</u>	<u>\$ 3,863,408</u>

CITY OF GRAND ISLAND, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the year ended September 30, 2017

	Enterprise Funds	
	Electric Fund	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 83,873,775	\$ 6,594,588
Receipts from other funds	-	-
Payments to suppliers	(53,751,494)	(3,490,583)
Payments to employees	(11,003,677)	(730,415)
Net cash provided (used) by operating activities	19,118,604	2,373,590
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Payments in lieu of taxes	(675,217)	(78,886)
Transfer from other funds	-	-
Decrease in due to other funds	-	-
Net cash provided (used) by noncapital financing activities	(675,217)	(78,886)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(10,143,787)	(2,456,749)
Proceeds from sale of property and equipment	1,704,935	14,239
Decrease in deferred charges	228,509	-
Intergovernmental receipts	-	-
Special assessment collections	-	51,376
Payment of allocated debt on participation power purchase	(5,775,493)	-
Proceeds from issuance of bonds/notes payable	-	7,435,000
Payment of bond fees	-	(140,433)
Principal payments on capital debt	(2,975,000)	(2,825,000)
Interest paid on capital debt	(1,830,674)	(136,733)
Increase in closure/post-closure liability	691,573	-
Net cash provided (used) by capital and related financing activities	(18,099,937)	1,941,700
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale and maturities of investment securities	9,275,243	310,000
Purchase of investment securities	(11,246,213)	(762,109)
Decrease in note receivable	-	-
Interest received	341,716	20,883
Net cash provided (used) by investing activities	(1,629,254)	(431,226)
Increase (decrease) in cash and cash equivalents	(1,285,804)	3,805,178
Cash and cash equivalents - beginning of the year	9,958,221	2,281,213
Cash and cash equivalents - end of the year	\$ 8,672,417	\$ 6,086,391
Composition of cash and cash equivalents:		
Cash and cash equivalents	\$ 6,956,289	\$ 2,126,362
Restricted cash and cash equivalents	1,716,128	3,960,029
Total cash and cash equivalents	\$ 8,672,417	\$ 6,086,391

See notes to financial statements.

Enterprise Funds				Internal
Sewer	Landfill	Golf	Total	Service
Fund	Fund	Fund		Funds
\$ 12,681,639	\$ 3,078,540	\$ 694,838	\$ 106,923,380	\$ -
-	-	-	-	11,639,660
(4,359,637)	(1,427,409)	(536,758)	(63,565,881)	(10,469,774)
(1,795,458)	(758,157)	(232,326)	(14,520,033)	(711,251)
<u>6,526,544</u>	<u>892,974</u>	<u>(74,246)</u>	<u>28,837,466</u>	<u>458,635</u>
-	-	-	(754,103)	-
-	-	200,000	200,000	-
-	-	(58,004)	(58,004)	-
<u>-</u>	<u>-</u>	<u>141,996</u>	<u>(612,107)</u>	<u>-</u>
(6,413,870)	(895,341)	-	(19,909,747)	-
13,720	256,000	-	1,988,894	-
-	-	-	228,509	-
-	-	-	-	50,000
267,776	-	-	319,152	-
-	-	-	(5,775,493)	-
4,094,163	-	-	11,529,163	-
(750)	-	-	(141,183)	-
(1,203,069)	-	-	(7,003,069)	-
(1,499,902)	-	-	(3,467,309)	-
-	160,750	-	852,323	-
<u>(4,741,932)</u>	<u>(478,591)</u>	<u>-</u>	<u>(21,378,760)</u>	<u>50,000</u>
-	39,271	-	9,624,514	-
(3,331,458)	-	(42,708)	(15,382,488)	(398,767)
120,000	-	-	120,000	-
221,191	120,717	-	704,507	24,204
<u>(2,990,267)</u>	<u>159,988</u>	<u>(42,708)</u>	<u>(4,933,467)</u>	<u>(374,563)</u>
(1,205,655)	574,371	25,042	1,913,132	134,072
<u>5,929,705</u>	<u>4,394,364</u>	<u>-</u>	<u>22,563,503</u>	<u>1,650,332</u>
<u>\$ 4,724,050</u>	<u>\$ 4,968,735</u>	<u>\$ 25,042</u>	<u>\$ 24,476,635</u>	<u>\$ 1,784,404</u>
\$ 4,724,045	\$ 774,871	\$ 25,042	\$ 14,606,609	\$ 1,784,404
5	4,193,864	-	9,870,026	-
<u>\$ 4,724,050</u>	<u>\$ 4,968,735</u>	<u>\$ 25,042</u>	<u>\$ 24,476,635</u>	<u>\$ 1,784,404</u>

CITY OF GRAND ISLAND, NEBRASKA

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

For the year ended September 30, 2017

	Enterprise Funds	
	Electric Fund	Water Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 6,478,944	\$ 1,326,409
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	12,603,461	1,082,210
Change in assets and liabilities:		
Accounts receivable	(217,078)	(124,297)
Inventories	(731,958)	9,805
Prepaid expenses	26,054	806
Accounts payable and accrued expenses	959,181	78,657
Net cash provided (used) by operating activities	\$ 19,118,604	\$ 2,373,590
Supplemental cash flow information:		
Acquisition of capital assets through developers' aid of construction	\$ -	\$ 1,443,108
Accounts payable incurred for capital asset purchases	\$ -	\$ 307,486

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>		
\$ 3,654,852	\$ 171,382	\$ (92,551)	\$ 11,539,036	\$	410,976
3,065,322	662,622	41,707	17,455,322		81,606
(210,952)	11,788	-	(540,539)		(18,789)
-	-	-	(722,153)		10,499
-	-	-	26,860		-
17,322	47,182	(23,402)	1,078,940		(25,657)
<u>\$ 6,526,544</u>	<u>\$ 892,974</u>	<u>\$ (74,246)</u>	<u>\$ 28,837,466</u>	<u>\$</u>	<u>458,635</u>
<u>\$ 874,859</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,317,967</u>	<u>\$</u>	<u>-</u>
<u>\$ 441,459</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 748,945</u>	<u>\$</u>	<u>-</u>

CITY OF GRAND ISLAND, NEBRASKA

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

September 30, 2017

	<u>Employee Reserve Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ 25,211	\$ 68,351
Investments	4,429,713	116,564
Special assessments receivable	-	34,058
Total assets	<u>4,454,924</u>	<u>218,973</u>
LIABILITIES		
Agency liabilities	-	218,973
Pension liability	<u>1,942,109</u>	<u>-</u>
Total liabilities	<u>1,942,109</u>	<u>218,973</u>
NET POSITION		
Held in trust for pension benefits	<u><u>\$ 2,512,815</u></u>	<u><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, 2017

	<u>Employee Reserve Funds</u>
ADDITIONS	
Investment income	\$ 510,179
DEDUCTIONS	
Pension benefits	54,577
Loss on investments	60,835
Total deductions	<u>115,412</u>
Change in net position	394,767
Net position - September 30, 2016	<u>2,118,048</u>
Net position - September 30, 2017	<u><u>\$ 2,512,815</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, 2017

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, 2017

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, 2017

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. (This entity had no activity this year.)

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, 2017

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, 2017

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, 2017

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, 2017.)

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, 2017

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.
Gas Tax	Accounts for the City's share of the State's gasoline tax from the State of Nebraska.
Proprietary:	
Enterprise:	
Electric, Water, Sewer, Landfill, and Golf	See above for description.
<i>Nonmajor:</i>	
Special Revenue:	
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.
Occupation Tax	Accounts for various occupation taxes including the food and beverage tax that voters renewed July 1, 2016.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

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.
HUD Entitlement	Accounts for Community Development Block Grant Funds.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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	\$ 2,631,081	Sales Tax
General	56,338	Municipal Equalization
General	279,774	Hall County reimbursements
General	248,614	GI Public Schools officer Reimbursement
General	6,990	Airport services
General	30,461	VOCA grant
General	25,685	State reimbursement of National 4-H shoot
Gas Tax	789,417	Motor Vehicle/Gas Tax
Gas Tax	53,382	State reimbursement of Highway 30 drainage
Enhanced 911	48,000	Hall County reimbursements
Police Grant	4,200	HIDTA grant reimbursement
Police Grant	2,925	State grant for conference
Transportation	101,001	Transportation grant
Keno	<u>33,242</u>	Keno Proceeds
Total governmental funds	<u>\$ 4,311,110</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, 2017

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, Water, and Sewer 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>	<u>Sewer</u>
Interest costs capitalized	\$ -	\$ -	\$ 190,744
Interest costs charged to expense	<u>1,822,659</u>	<u>137,783</u>	<u>1,513,370</u>
	<u>\$ 1,822,659</u>	<u>\$ 137,783</u>	<u>\$ 1,704,114</u>

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

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, 2017

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, 2017

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, 2017

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 restricted 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 2016-2017 are recorded as revenue when expected to be collected within 60 days after September 30, 2017. 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, 2017

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 \$5,775,493 is shown as a nonoperating expense for the year ended September 30, 2017.

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, 2017

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, 2017

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, 2017

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, 2017. 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	\$ 43,305,681	\$ 750,000	\$ 42,555,681	\$ -	\$ <u>38,626,734</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –					
Unrestricted cash and cash equivalents					\$ 21,113,924
Restricted cash and cash equivalents					16,326,504
Component Units –					
Unrestricted cash and cash equivalents					987,269
Restricted cash and cash equivalents					105,475
Employee Pension Funds Cash (not included in government-wide statement)					25,211
Agency Fund Cash (not included in government-wide statement)					<u>68,351</u>
					\$ <u>38,626,734</u>

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

September 30, 2017

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, 2017. 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 the 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	\$ 80,377,712	\$ -	\$ -	\$ 80,377,712	\$ 80,377,712
Publicly Traded Equities	-	4,500,120	-	<u>4,500,120</u>	<u>4,500,120</u>
				<u>\$ 84,877,832</u>	<u>\$ 84,877,832</u>

Reconciliation to Government-wide Statements of Net Position:

Primary Government –	
Unrestricted investments	\$ 62,175,098
Restricted investments	17,586,700
Permanently restricted investments	569,757
Employee Pension Funds (not included in government-wide statements)	4,429,713
Agency Funds (not included in government-wide statements)	<u>116,564</u>
	<u>\$ 84,877,832</u>

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

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

2. Restricted Assets

The restricted assets as of September 30, 2017, are as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Type of Restricted Assets:				
Cash and cash equivalents	\$ 6,456,478	\$ 9,870,026	\$ 16,326,504	\$ 105,475
Investments	4,644,610	12,942,090	17,586,700	-
Permanently restricted investments	569,757	-	569,757	-
Permanently restricted notes receivable	<u>629,828</u>	<u>-</u>	<u>629,828</u>	<u>-</u>
	<u>\$ 12,300,673</u>	<u>\$ 22,812,116</u>	<u>\$ 35,112,789</u>	<u>\$ 105,475</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 (6.0 percent), cable franchise tax (8.8 percent), food and beverage occupation tax (14.8 percent), other franchise/occupation tax (5.8 percent), ambulance (39.5 percent), payroll reimbursement (7.0 percent), administrative fees (10.9 percent), and other (7.2 percent) receivables. Receivables detail at September 30, 2017, is as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Accounts receivable	\$2,436,658	\$7,730,846	\$10,167,504	\$ -
Allowance for doubtful accounts	<u>(702,679)</u>	<u>(555,625)</u>	<u>(1,258,304)</u>	<u>-</u>
Net accounts receivable	<u>\$1,733,979</u>	<u>\$7,175,221</u>	<u>\$ 8,909,200</u>	<u>\$ -</u>

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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, 2017:

<u>Note Held By:</u>	<u>Due From</u>	Note Balance at September 30, <u>2017</u>	<u>Terms</u>
Program Income Reuse	Standard Iron	\$ 47,618	\$250,000 is 0% loan due in 168 monthly installments.
Community Grants Fund	Rehab Housing - Various Homeowners	72,053	Forgivable over 5 or 10 years of continued home ownership.
Economic Development Fund	Borer Wholesale	34,250	Forgivable if employment objectives are met.
Economic Development Fund	Inland Truck Parts Co	24,000	Forgivable if employment objectives are met.
Economic Development Fund	GIX Logistics	153,300	Forgivable if employment objectives are met.
Housing Reuse Loan Fund	Rehab Housing - Various Homeowners	91,163	0%; due upon sale of house.
Housing Reuse Loan Fund	Housing Downpayment Loans - Various Homeowners	207,444	Forgivable over 5 to 10 years of continued home ownership.
		<u>\$ 629,828</u>	

The above notes are permanently restricted as revolving loan funds.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

4. Capital Assets

Capital asset activity for the year ended September 30, 2017, was as follows:

	Balance at October 1, <u>2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2017</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 8,682,989	\$ 25,800	\$ -	\$ -	\$ 8,708,789
Infrastructure	264,077,331	-	-	7,910,448	271,987,779
Construction in progress	21,373,562	6,964,884	-	(8,103,485)	20,234,961
Total capital assets not being depreciated	294,133,882	6,990,684	-	(193,037)	300,931,529
Other capital assets being depreciated:					
Land improvements	17,880,575	1,100,238	-	193,037	19,173,850
Buildings	56,997,708	208,634	-	-	57,206,342
Machinery and equipment	7,640,524	728,520	(81,816)	-	8,287,228
Office furniture and equipment	3,144,593	3,303	(6,664)	-	3,141,232
Vehicles	8,097,268	1,231,811	(343,950)	-	8,985,129
Total other capital assets at historical cost	93,760,668	3,272,506	(432,430)	193,037	96,793,781
Less accumulated depreciation for:					
Land improvements	(7,199,566)	(585,662)	-	-	(7,785,228)
Buildings	(22,053,999)	(1,799,591)	-	-	(23,853,590)
Machinery and equipment	(5,734,161)	(345,607)	9,947	-	(6,069,821)
Office furniture and equipment	(2,623,687)	(141,960)	6,664	-	(2,758,983)
Vehicles	(5,892,321)	(623,712)	266,840	-	(6,249,193)
Total accumulated depreciation	(43,503,734)	(3,496,532) *	283,451	-	(46,716,815)
Other capital assets, net	50,256,934	(224,026)	(148,979)	193,037	50,076,966
Governmental activities capital assets, net	<u>\$ 344,390,816</u>	<u>\$ 6,766,658</u>	<u>\$ (148,979)</u>	<u>\$ -</u>	<u>\$ 351,008,495</u>

* Depreciation expense was charged to governmental activities as follows:

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

September 30, 2017

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

4. Capital Assets, continued

Governmental Activities, continued:

General Fund:

General government:

City Hall	\$ 205,988
Human Resources	<u>6,581</u>
Total general government	212,569

Public safety:

Building inspection	7,227
Fire	426,310
Ambulance	35,215
Police	491,632
Emergency management	<u>43,464</u>
Total public safety	1,003,848

Public works:

Engineering	26,713
Streets and transportation	<u>266,642</u>
Total public works	293,355

Environment and leisure:

Library	234,992
Parks	230,834
Recreation	129,800
Water park and pools	174,356
Community Fieldhouse	168,977
Cemetery	26,970
Public information	55,314
Heartland Public Shooting Park	88,772
Heartland Events Center	<u>700,255</u>
Total environment and leisure	1,810,270

Total General Fund	3,320,042
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Special Revenue Funds:

Gas Tax (Street)	29,791
Enhanced 911	21,619
PSC Wireless	1,167
Community development	41,924
Downtown development	<u>384</u>
Total Special Revenue Funds	94,885

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

September 30, 2017

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

4. Capital Assets, continued

Governmental Activities, continued:

Internal Service Funds:

Information technology	75,601
Fleet services	<u>6,004</u>
Total Internal Service Funds	<u>81,605</u>

Total governmental activities depreciation expense \$ 3,496,532

	Balance at October 1, <u>2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2017</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 7,476,074	\$ 134,406	\$ -	\$ -	\$ 7,610,480
Construction in progress	<u>68,682,600</u>	<u>16,146,418</u>	<u>-</u>	<u>(74,840,419)</u>	<u>9,988,599</u>
Total capital assets not being depreciated	76,158,674	16,280,824	-	(74,840,419)	17,599,079
Other capital assets being depreciated:					
Land improvements	78,140,643	-	-	68,208,150	146,348,793
Buildings, distribution systems, and equipment	462,139,694	3,645,563	(2,524,349)	6,632,269	469,893,177
Office furniture and equipment	4,724,496	91,869	-	-	4,816,365
Vehicles	<u>8,362,007</u>	<u>1,740,184</u>	<u>(1,146,651)</u>	<u>-</u>	<u>8,955,540</u>
Total other capital assets at historical cost	553,366,840	5,477,616	(3,671,000)	74,840,419	630,013,875
Less accumulated depreciation for:					
Land improvements	(40,654,647)	(2,287,510)	-	-	(42,942,157)
Buildings, distribution systems, and equipment	(255,699,409)	(14,946,138)	1,413,588	-	(269,231,959)
Office furniture and equipment	(130,700)	(38,555)	-	-	(169,255)
Vehicles	<u>(1,615,381)</u>	<u>(183,119)</u>	<u>61,993</u>	<u>-</u>	<u>(1,736,507)</u>
Total accumulated depreciation	<u>(298,100,137)</u>	<u>(17,455,322) *</u>	<u>1,475,581</u>	<u>-</u>	<u>(314,079,878)</u>
Other capital assets, net	<u>255,266,703</u>	<u>(11,977,706)</u>	<u>(2,195,419)</u>	<u>74,840,419</u>	<u>315,933,997</u>
Business-type capital assets, net	<u>\$ 331,425,377</u>	<u>\$ 4,303,118</u>	<u>\$ (2,195,419)</u>	<u>\$ -</u>	<u>\$ 333,533,076</u>

* Depreciation expense was charged to functions as follows:

Electric	\$ 12,603,461
Water	1,082,210
Sewer	3,065,322
Landfill	662,622
Golf	<u>41,707</u>
Total business-type activities depreciation expense	<u>\$ 17,455,322</u>

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

September 30, 2017

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

4. Capital Assets, continued

	Balance at October 1, <u>2016</u>	<u>Additions</u>	<u>Disposals</u>	Balance at September 30, <u>2017</u>
<u>Business Improvement Districts:</u>				
Capital assets being depreciated:				
Land improvements	\$ 65,787	\$ -	\$ -	\$ 65,787
Less accumulated depreciation:				
Land improvements	<u>(20,139)</u>	<u>(2,193)</u>	<u>-</u>	<u>(22,332)</u>
Business Improvement Districts, net	<u>\$ 45,648</u>	<u>\$ (2,193)</u>	<u>\$ -</u>	<u>\$ 43,455</u>
<u>Community Redevelopment Authority:</u>				
Capital assets not being depreciated:				
Land held for redevelopment	<u>\$ 575,369</u>	<u>\$ -</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, 2017

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, 2017:

<u>Type of Debt</u>	Balance October 1, 2016	<u>Additions</u>	<u>Deductions</u>	Balance September 30, 2017	Amounts Due Within One Year
Governmental Activities:					
Bonds payable	\$ 2,816,000	\$ 4,435,000	\$ (908,000)	\$ 6,343,000	\$ 1,291,000
Note payable	-	50,001	-	50,001	50,001
Capital Lease	4,437,766	3,886,733	(4,214,845)	4,109,654	573,983
	<u>\$ 7,253,766</u>	<u>\$ 8,371,734</u>	<u>\$ (5,122,845)</u>	<u>\$ 10,502,655</u>	<u>\$ 1,914,984</u>
Business-type Activities:					
Bonds payable	<u>\$ 104,713,961</u>	<u>\$ 11,529,163</u>	<u>\$ (7,003,069)</u>	<u>\$ 109,240,055</u>	<u>\$ 5,577,956</u>
Component Units:					
CRA notes payable	<u>\$ 1,559,075</u>	<u>\$ -</u>	<u>\$ (255,296)</u>	<u>\$ 1,303,779</u>	<u>\$ 258,484</u>

Governmental Activities

As of September 30, 2017, the governmental long-term liabilities consisted of the following:

Bonds payable:

General obligation various purpose bonds dated November 9, 2015, with original issue amount of \$1,231,000. Interest ranges from 1.10 to 2.30 percent with final maturity December 15, 2024. \$ 1,103,000

Public safety tax anticipation bonds dated December 23, 2016 for \$4,435,000. Interest of 2.90 percent with final maturity December 15, 2036. 4,435,000

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

September 30, 2017

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

6. Long-term Debt, continued

Governmental Activities, continued

Bonds payable, continued:

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, 2018.

Total bonds payable

805,000
6,343,000

Note Payable:

At September 30, 2017, the City had drawn \$50,001 on the \$5 million Series 2016 promissory note at Security First Bank dated December 8, 2016. Interest on the note shall be payable on June 8, 2017 and semi-annually thereafter on December 8 and June 8 of each year during the draw-down period. Principal and Interest shall be payable semi-annually during the amortization period, on dates determined at the commencement of the amortization period. The draw-down period shall commence on December 8, 2016 and extend to the earlier of (a) the two-year anniversary of the date of issuance of the note, (b) the date on which the City makes a principal payment on the note, or (c) the date on which the City certifies in writing to Security First Bank that all required funds have been advanced, even if less than \$5,000,000. The amortization period shall commence on the day following the last day of the draw-down period and shall extend for ten years, ending on the tenth anniversary of the commencement of the amortization period. The interest rate during the draw-down period shall be fixed at 1.10 percent. The interest rate during the amortization period shall be the ten-year treasury rate in effect on the first day of the amortization period, plus 0.25 percent. The note shall be subject to optional redemption, in whole or in part, prior to maturity at any time, at the principal amount thereof plus accrued interest to the date fixed for redemption at the sole discretion of the City.

50,001

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

6. Long-term Debt, continued

Governmental Activities, continued

Capital Leases:

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. This obligation was refinanced during the year ended September 30, 2017.	-
Capital lease refunding obligation due to the Heartland Events Center dated April 7, 2017, with original issue amount of \$3,728,681. Interest of 1.80 percent with final maturity December 15, 2024.	3,728,681
Capital lease obligation due to Merchants Bank Equipment Finance dated June 9, 2017, with original issue amount of \$158,052 to finance the three tractors. The lease bears interest of 2.70 percent and is due in four annual principal and interest payments of \$42,250, commencing June 9, 2018 through June 9, 2021.	158,052
Capital lease obligation due to John Deere Financial dated May 26, 2016, with original issue amount of \$213,600 to finance a 2016 John Deere 672G motor grader. The lease bears interest of 2.785 percent and is due in five annual principal and interest payments of \$45,722, commencing November 25, 2016 through November 25, 2020.	170,832

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

6. Long-term Debt, continued

Governmental Activities, continued

Capital Leases, 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.

-

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.

15,538

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.

36,551

Total capital lease obligations

4,109,654

Total governmental activities long-term obligations

\$ 10,502,655

Current portion

\$ 1,914,984

Noncurrent portion

8,587,671

Total

\$ 10,502,655

The Debt Service and General Funds are making the principal and interest payments on the bonds, the Occupation Tax Fund is making the principal and interest payments on the note payable, and the Gas Tax Fund is paying the capital lease obligations.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

6. Long-term Debt, continued

Business-type Activities

As of September 30, 2017, 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. \$ 31,680,000

DEQ Sewer note - project C317867 with total loan principal of \$6,200,000. 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 December 15, 2035. 5,921,931

DEQ Sewer note - project C317981, with total loan principal of \$29 million. As of September 30, 2017, the City had drawn \$22,526,457 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, 2037. 22,526,457

DEQ Sewer note - project C317984, with total loan principal of \$4,800,000. As of September 30, 2017, the City had drawn \$871,667 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. 871,667

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

September 30, 2017

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.	9,080,000
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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.	31,725,000
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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.	-
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Water revenue refunding bonds, Series 2017, due serially to March 15, 2037. Interest ranges from 2.0 to 3.375 percent; secured by water system revenue and a deposit in the debt service reserve account.	<u>7,435,000</u>
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Total business-type activity bonds/notes payable	\$ <u>109,240,055</u>
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Current portion	\$ 5,577,956
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Noncurrent portion	<u>103,662,099</u>
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Total	\$ <u>109,240,055</u>
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CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

6. Long-term Debt, continued

Component Units

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. \$ 1,105,000

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. 1,741

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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.

27,614

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.

169,424

Total CRA bonds and notes payable

\$ 1,303,779

Current portion

\$ 258,484

Noncurrent portion

1,045,295

Total

\$ 1,303,779

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

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, 2017, are as follows:

Year Ending September 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>			<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 1,914,984	\$ 240,913	\$ 5,577,956	\$ 3,912,172	\$ 286,950	\$ 258,484	\$ 31,254
2019	1,016,349	193,477	5,707,815	3,803,466	276,900	258,586	23,682
2020	1,034,312	171,245	5,870,338	3,641,043	263,528	216,709	15,444
2021	1,041,158	147,978	6,058,093	3,443,587	249,980	185,000	10,805
2022	963,967	124,534	6,166,084	3,244,096	236,255	190,000	6,818
2023-2027	2,686,885	385,539	35,128,724	12,431,387	968,985	195,000	2,340
2028-2032	870,000	205,610	22,130,594	6,228,011	597,726	-	-
2033-2037	975,000	72,138	20,185,335	2,812,483	204,197	-	-
2038-2042	-	-	2,415,116	128,651	126	-	-
	<u>\$ 10,502,655</u>	<u>\$ 1,541,434</u>	<u>\$ 109,240,055</u>	<u>\$ 39,644,896</u>	<u>\$ 3,084,647</u>	<u>\$ 1,303,779</u>	<u>\$ 90,343</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 \$872,651 at September 30, 2017, which is based on 50.85 percent usage (filled) of the ash disposal area. It is estimated that an additional \$843,477 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, \$1,716,128, 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, 2017. 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, 2017

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, 2017, funds of \$1,716,128 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 \$3,864,727 as of September 30, 2017, which is based on 38.17 percent usage (filled) of the landfill. It is estimated that an additional \$6,260,309 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, \$10,125,036, 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, 2017. 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, 2017, funds of \$4,138,823 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, 2017

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	\$ 5,132	\$ -
Capital Projects	-	700,000
Occupation Tax	-	1,290,583
Golf	-	200,000
Transportation	-	160,000
Community Development	-	25,000
Economic Development	-	750,000
Total General Fund	5,132	3,125,583
Capital Projects Fund:		
General	700,000	-
Debt Service	608	-
Gas Tax	-	800,190
Total Capital Projects Fund	700,608	800,190
Debt Service Fund:		
Special Assessments	151,114	-
Occupation Tax	48,020	-
Capital Projects	-	608
Total Debt Service Fund	199,134	608
Gas Tax Fund:		
General	-	5,132
Capital Projects	800,190	-
Total Gas Tax Fund	800,190	5,132
Nonmajor Funds	2,280,459	254,010

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

September 30, 2017

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>
Golf Fund:		
General Fund	<u>200,000</u>	<u> -</u>
Total Operating Transfers	<u>\$ 4,185,523</u>	<u>\$ 4,185,523</u>

As of September 30, 2017, the Transportation Fund owed \$13,530 to the General Fund for negative pooled cash. This interfund balance is expected to be eliminated when grants receivable are collected during the year ending September 30, 2018.

8. Fund Equity

Restricted net position for other purposes consists of the following:

Federal Projects	\$ 229,401
Housing Loans	400,352
Library Expenses	779,332
Other Donor Purposes	<u>185,128</u>
	<u>\$ 1,594,213</u>

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

September 30, 2017

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, 2017

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 \$26,226,780, of which \$24,986,205 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 \$1,658,456 and \$1,499,174, respectively, as required by the plan for the fiscal year ended September 30, 2017.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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, 2017, the City's payroll total and covered under the Plan was \$6,029,258 and \$6,029,258, respectively.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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 7.0 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 7.0 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, 2017

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, 2017, 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, 2017, were as follows:

		<u>Amount as a Percentage of Covered Payroll</u>
Employer	\$ 422,048	7.0%
Employee	<u>422,048</u>	7.0%
Total	\$ <u>844,096</u>	

In addition, there were \$5,357 of voluntary retirement contributions for the year ended September 30, 2017.

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, 2017, the City's payroll total and covered under the Plan was \$4,293,378 and \$4,293,378, respectively.

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

September 30, 2017

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, 2017

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, 2017.

Contributions made under the defined contribution portion of the Firefighters Plan for the year ended September 30, 2017, were as follows:

		<u>Amount as a Percentage of Covered Payroll</u>
Employer	\$ 570,927	13.0%
Employee	<u>285,463</u>	6.5%
Total	<u>\$ 856,390</u>	

In addition, there were \$2,428 of voluntary retirement contributions for the year ended September 30, 2017.

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, 2017, was \$515,818. 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>	
9/30/15	\$ -	N/A	-
9/30/16	-	N/A	-
9/30/17	-	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, 2017 was \$1,164,152 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, 2017

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 \$356,394 to the plan and the City contributed \$0. The employees also contributed \$127,099 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, 2017

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 \$885,000; the amount represents two months of subsequent claims. Also accrued in the Insurance Fund is \$145,000 of estimated unsubmitted workers compensation claims at September 30, 2017. For all of the reserve funds, a reserve of \$2,883,748 is established in an internal service fund at September 30, 2017.

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>
2014-2015	\$ 800,000	\$ 8,651,563	\$ (8,681,563)	\$ 770,000
2015-2016	770,000	9,235,965	(8,775,965)	1,230,000
2016-2017	1,230,000	9,255,206	(9,455,206)	1,030,000

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, 2017, 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, 2017

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 2017	\$ 1,193,864
November 2017	7,579,204
December 2017	4,044,523
February 2018	2,289,000
March 2018	2,321,078
May 2018	11,707,559
June 2018	1,239,088
July 2018	3,283,993
September 2018	12,030,864
December 2018	1,196,942
January 2019	3,019,781
February 2019	500,000
March 2019	2,013,128
April 2019	3,009,723
May 2019	8,127,802
June 2019	3,111,975
August 2019	250,000
September 2019	3,175,000
October 2019	750,000
November 2019	1,021,352
February 2020	750,000
May 2020	250,000
June 2020	245,000
October 2020	500,000
November 2020	500,000
June 2020	490,000
No stated maturity dates	<u>5,777,836</u>
	<u>\$ 80,377,712</u>

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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, 2017, the City's investments in certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Five Points Bank	\$ 8,049,707
Wells Fargo Bank	14,762,836
Home Federal Bank	1,193,864
Exchange Bank	8,219,864
First National Bank	14,673,857
Great Western Bank	5,277,088
Cornerstone Bank	<u>28,200,496</u>
	<u>\$ 80,377,712</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, 2017.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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 9/30/2017</u>	<u>Obligation Pending</u>
13th Street & North Road Improvements	\$ 15,000	\$ 12,764	\$ 2,236
Stolley Park Road Pavement Maintenance & Intersection Study	248,418	78,639	169,779
Adams Street Paving Project No. 2016-P-2	1,174,053	1,122,869	51,184
Sycamore Underpass Rehabilitation	285,122	105,514	179,608
North Broadwell Avenue Drainage Project	154,190	67,116	87,074
Northwest Flood Control Project	3,442,582	1,491,177	1,951,405
Transit Needs Assessment and Feasibility Study	156,015	107,184	48,831
Final Clarifier No. 3 Skimmer Arm Replacement	38,000	-	38,000
Wastewater Treatment Plant Building Renovations	57,000	40,583	16,417
Sanitary Sewer Collection Rehabilitation Project No. 2017-S-2A	349,013	-	349,013
Sanitary Sewer Collection System Rehabilitation in Various Locations	131,082	75,332	55,750
Upgrade LS 20 & Rehab Forcemain & Abandon LS 14	2,703,960	1,001,865	1,702,095
LS 11 Replacement	128,342	-	128,342
West Stolley Park Road & Engleman Road Sanitary Sewer Project No. 2017-S-3	117,082	82,025	35,057
Wastewater Major Rehab	9,227,115	8,668,951	558,164
Restrooms/Concession Building at Vet's Complex	330,174	240,131	90,043
Water Main District 469T Engleman Road	287,333	263,675	23,658
2017 Water Distribution System Improvements	678,685	164,671	514,014
Elevated Water Storage Tower	3,485,622	955,530	2,530,092
Water Treatment Uranium Removal System	8,297,048	3,160,725	5,136,323

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

September 30, 2017

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Construction, continued

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/2017</u>	<u>Obligation Pending</u>
Electric Unit 1541 Bucket Truck	254,844	-	254,844
Electric Garage & Warehouse Project 2017-VS-1	394,447	268,910	125,537
Electrical Distribution Architectural Services	180,000	173,986	6,014
Burdick Steam Unit 3 DCS Upgrade	647,387	619,414	27,973
ARC Flash Hazard Analysis	29,171	23,755	5,416
Bottom Ash Conveyor System Controls Upgrade	159,644	89,520	70,124
Boiler Condition Assessment	189,754	-	189,754
Total City Commitments	<u>\$ 33,161,083</u>	<u>\$ 18,814,336</u>	<u>\$ 14,346,747</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

Lease commitments as of September 30, 2017, are as follows:

<u>Year ending September 30,</u>	<u>Commitment</u>
2018	\$ 21,734
2019	22,386
2020	23,058
2021	23,750
2022	24,462
Thereafter	<u>93,939</u>
	<u>\$ 209,329</u>

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. As of September 30, 2017, nothing had been drawn on this letter of credit, which expires August 1, 2018.

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

September 30, 2017

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

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, 2017, the City has not met the job creation condition but has received an extension of deadline from Nebraska DED to March 25, 2019.

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. During the year ended September 30, 2016, the Department entered into a 25-year agreement with Invenergy for the entire 35.8 MW output of the Prairie Breeze III windfarm near Elgin, Nebraska. This facility came online in March 2016. Subsequent agreements with the City of Nebraska City and City of Neligh for 7 MW and 2 MW, respectively, have since been signed. During the year ended September 30, 2017, the Department entered into a 25 year agreement with Sempra for the entire 50 MW output of Prairie Hills windfarm to be located in Custer County, Nebraska. This facility is due to be online by the end of 2019. During the year ended September 30, 2017, the Department also entered into a 25 year agreement with Sol Systems for the entire 1 MW output of a new solar installation to be located near a Department substation. This facility is due to be online by the end of 2018.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Electric Department, continued

Purchased Power Agreements, continued:

The Department entered into a coal supply agreement with Arch Coal Sales Company, Inc., on April 21, 2016, to obtain at least 150,000 tons of coal from January 1, 2017, to December 31, 2017. On August 4, 2017, the Department also entered into an agreement with Cloud Peak Energy Resources, LLC to obtain at 300,000 tons of coal from January 1, 2018, to December 31, 2019. The Department received 263,423 tons from January 1, 2017, through September 30, 2017, fulfilling the contract for 2017 with Arch Coal Sales Company, Inc. As of September 30, 2017, the Department had remaining contractual obligations for the 300,000 tons under contract for calendar years 2018 through 2019.

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 181 MW from coal-fired and gas/oil-fired electric generating stations. One older gas-fired steam unit has been removed from the market lowering the generation capacity by 54 MW. The peak load of the Department during the fiscal year ended September 30, 2017, was approximately 162 MW in July 2017.

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, 2050.

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 \$639,461 for the year ended September 30, 2017.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

NOTE D – OTHER NOTES, continued

4. Related-party Transactions, continued

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. The Water Fund accrued in lieu of tax in the amount of \$83,520 for the year ended September 30, 2017.

5. Major Customers

The City has one customer that was billed \$6,241,175 for electricity, \$912,348 for water and \$2,182,778 for sewer for the year ended September 30, 2017. This represents 7.5 percent of total electric billing, 14.3 percent of total water billing, and 17.4 percent of total sewer billing, respectively, for the year ended September 30, 2017. This customer maintains a current status on monthly billings.

The City has three sanitary landfill customers that had a combined total billing of \$2,064,859 for the year ended September 30, 2017. This represents 67.7 percent of total sanitary landfill billings for the year ended September 30, 2017. These customers maintain current status on monthly billings.

6. EPA Emissions Allowances

As of September 30, 2017, the City had 13,516 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 \$0.50 (the September 30, 2017, market value), the City would recognize revenue of \$6,758. The City will receive an additional 2,932 credits per year until 2047.

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, 2017, the City had 473 annual NO_x credits and 3,055 Group 2 SO₂ allowances. The allowances can be bought and sold. If the credits and allowances were sold for their estimated market value of \$2.75 and \$3.25 per unit, respectively, the City would recognize revenue of \$11,230. The City will receive an additional 855 NO_x and 2,224 Group 2 SO₂ credits in 2017 and 2018.

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

September 30, 2017

NOTE D – OTHER NOTES, continued

7. Interlocal Agreements

The City is a party to 56 interlocal agreements in effect as of September 30, 2017. The City Clerk maintains a complete list of the interlocal agreements in effect.

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, 2016, and terminates on September 30, 2019.
- Grand Island International Association of Firefighters Local #647. This agreement commenced on October 1, 2017, and terminates on September 30, 2019.
- 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 AFSCME Nebraska Public Employees Local #251. This agreement commenced October 1, 2014, and terminates September 30, 2018.
- Grand Island IBEW (Utilities) Local #1597. This agreement commenced October 1, 2017, and terminates September 30, 2020.
- Grand Island IBEW (Service-Clerical) 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, 2017

NOTE D – OTHER NOTES, continued

9. Tax Abatements

The Community Redevelopment Agency (CRA), who is authorized by Nebraska statutes to enter into property tax abatement agreements for the purpose of developing properties in blighted areas, has entered into tax increment financing (TIF) agreements with various redevelopers. The TIF program has the stated purpose of increasing valuation, business activity and employment in the community.

Under the TIF program, redevelopers can apply for TIF financing whereby the property tax they pay on the increased valuation of property under a TIF agreement is returned to the redeveloper by the CRA to finance the project for a period of up to 15 years.

Information relevant to the abatements granted by the CRA for the year ended September 30, 2017 is as follows:

<u>TIF Project:</u>	<u>Years Remaining on TIF Agreements</u>	<u>2017 TIF Valuation</u>	<u>TIF Proceeds Received for Year End 9-30-2017</u>
Bruns Pet Grooming	3	\$ 661,277	\$ 13,900
Girard Vet Clinic	3	491,853	10,582
PROCON – Geddes Street	5	1,296,271	27,888
Southeast Crossing	4	713,574	15,352
Casey’s	6	653,121	14,051
South Pointe	6	3,889,696	83,682
Todd Enck	5	299,047	6,434
Pharmacy Properties	7	549,595	11,824
John Schulte	7	328,163	7,060
Ken-Ray, LLC	6	2,107,770	45,346
Token Properties	9	136,735	2,942
Gordman of GI	10	2,474,472	53,235
Baker Development	10	165,675	3,465
Stratford Plaza	10	1,532,860	32,978
Copper Creek	12	3,311,168	71,051
Chief Industries	11	1,682,484	36,197

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE D – OTHER NOTES, continued

9. Tax Abatements, continued

<u>TIF Project:</u>	Years Remaining on TIF <u>Agreements</u>	2017 TIF <u>Valuation</u>	TIF Proceeds Received for Year End <u>9-30-2017</u>
Token Properties – Kimball St.	11	121,208	2,608
Habitat (St. Paul Rd.)	11	191,164	4,113
Auto One	11	583,170	11,866
EIG	10	3,317,944	71,016
Token Properties – Cary St.	10	387,334	8,333
Wenn	10	201,105	4,327
Copper Creek II	13	12,459,190	254,406
T.C. Enck	14	172,558	413
Super Market	14	5,662,281	-
Mainstay	13	2,969,301	63,881
Tower 217	13	921,154	14,471
Northwest Commons	14	6,504,661	139,369
Habitat (8th & Superior)	14	436,961	4,412
Copper Creek III	15	10,019,508	40,624
Kaufman Building	15	591,621	1,706
Pridon Victory Village 15	15	1,866,815	-
Bosselman – Webb Road	15	-	-
Talon Apartments	15	2,693,979	-
Middledon Properties II	15	-	-
Wing Properties	15	-	-
		<u>\$ 69,393,715</u>	<u>\$ 1,057,532</u>

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

September 30, 2017

NOTE D – OTHER NOTES, continued

10. Subsequent Events

Management has evaluated subsequent events through March 21, 2018, the date on which the financial statements were available for issue.

On November 14, 2017, Council approved a redevelopment agreement for Husker Harvest Days (HHD). The City will provide \$200,000 per year to the CRA for 10 years that the CRA will pass on to HHD in the form of a loan that will be forgivable \$100,000 per year for each year that HHD holds a 3 day farm show for up to 20 years.

On November 14, 2017, Council approved the sale of Fire Station No. 4 at 3690 West State Street to Menards for \$103,015 cash and Menard's agreement to construct a new fire station at 13th and North Road. The City will use the cash sales proceeds to acquire 3.7 acres of land at 13th and North Road, the site of the new fire station.

On December 19, 2017, Council approved Chief Construction's bid for EM911 building for \$3,122,701 – to be completed by February 1, 2019.

On January 23, 2018, Council approved a bid award for West Stolley Park Road and Engleman Road Sanitary Sewer Extension Project No 2017-S-3 and Sanitary Sewer District No 540T with Diamond Engineering Company for \$747,546.

On January 23, 2018, Council approved a bid award for concrete pavement and storm sewer repairs for 2018 with Diamond Engineering Company for \$796,310.

On February 13, 2018, Council approved a bid award for the 2018 asphalt resurfacing Project No 2018-AC-1 with Gary Smith Construction Co, Inc. for \$537,015.

On February 27, 2018, Council approved a bid award for GT3 Modified Hot Gas Path Inspection with General Electric International, Inc. for \$494,261.

On February 27, 2018, Council approved a bid award for 13th Street Paving Improvements (Project No 2018-P-1) and 13th Street Water Main Improvements (Project No 2018-W-5) with Blessing Construction for \$1,975,887.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GRAND ISLAND, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND**

Year ended September 30, 2017

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 6,547,460	\$ 6,468,158	\$ (79,302)
Motor vehicle	951,492	1,063,633	112,141
Occupation	64,255	61,470	(2,785)
Sales tax	15,293,914	14,849,904	(444,010)
Franchise	1,699,000	1,244,272	(454,728)
Intergovernmental	2,556,135	2,300,290	(255,845)
Charges for services	8,350,572	9,868,898	1,518,326
Interest income	60,000	98,537	38,537
Contributions	20,000	25,332	5,332
Loan proceeds	970,000	969,208	(792)
Sale of property	84,000	99,979	15,979
Other	<u>75,253</u>	<u>189,611</u>	<u>114,358</u>
Total resources	36,672,081	37,239,292	567,211
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government:			
City Administrator's office	424,035	385,014	(39,021)
Economic development	100,000	-	(100,000)
Mayor's office	23,365	19,079	(4,286)
Council	93,471	86,066	(7,405)
City clerk	146,656	161,909	15,253
Finance	2,220,197	2,083,505	(136,692)
Legal	391,786	356,741	(35,045)
Grand Generation Center	85,000	22,548	(62,452)
City Hall	410,452	332,810	(77,642)
Human resources	<u>555,641</u>	<u>457,813</u>	<u>(97,828)</u>
Total general government	4,450,603	3,905,485	(545,118)
Public safety:			
Building inspection	961,186	905,428	(55,758)
Fire services	10,037,176	11,495,132	1,457,956
Police	11,040,873	10,147,787	(893,086)
Law Enforcement Center	208,644	277,285	68,641
Emergency management	440,723	414,597	(26,126)
Local emergency planning	5,600	1,352	(4,248)
Communication	<u>1,083,345</u>	<u>985,425</u>	<u>(97,920)</u>
Total public safety	23,777,547	24,227,006	449,459

CITY OF GRAND ISLAND, NEBRASKA

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

Year ended September 30, 2017

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
CHARGES TO APPROPRIATIONS (OUTFLOWS), continued			
Public works:			
Engineering	1,037,174	717,292	(319,882)
Public works administration	432,417	320,210	(112,207)
Total public works	<u>1,469,591</u>	<u>1,037,502</u>	<u>(432,089)</u>
Environment and leisure:			
Planning	268,426	245,080	(23,346)
CRA division	48,592	41,666	(6,926)
Library	1,829,339	1,762,095	(67,244)
Parks	1,866,813	1,810,997	(55,816)
Cemetery	546,910	533,204	(13,706)
Recreation	223,431	211,041	(12,390)
Fieldhouse	234,194	261,497	27,303
Aquatics	569,570	591,287	21,717
Public information	222,648	203,382	(19,266)
Heartland Shooting Park	527,419	618,229	90,810
Total environment and leisure	<u>6,337,342</u>	<u>6,278,478</u>	<u>(58,864)</u>
Non-departmental	<u>1,952,642</u>	<u>1,892,449</u>	<u>(60,193)</u>
Total charges to appropriations	<u>37,987,725</u>	<u>37,340,920</u>	<u>(646,805)</u>
Resources over (under) charges to appropriations	(1,315,644)	(101,628)	1,214,016
OTHER FINANCING SOURCES (USES)			
Transfers in	765,000	754,103	(10,897)
Transfers out	<u>(2,635,000)</u>	<u>(3,125,583)</u>	<u>(490,583)</u>
Net transfers	<u>(1,870,000)</u>	<u>(2,371,480)</u>	<u>(501,480)</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ (3,185,644)</u>	<u>\$ (2,473,108)</u>	<u>\$ 712,536</u>

CITY OF GRAND ISLAND, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
CAPITAL PROJECTS FUND**

Year ended September 30, 2017

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Intergovernmental	\$ -	\$ 18,000	\$ 18,000
Other revenue	7,307	5,570	(1,737)
	<hr/>	<hr/>	<hr/>
Total resources	7,307	23,570	16,263
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works capital projects	1,518,870	882,713	(636,157)
Parks capital projects	75,000	23,269	(51,731)
Other capital projects	-	216,410	216,410
911 center	3,400,000	-	(3,400,000)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	4,993,870	1,122,392	(3,871,478)
Resources over (under) charges to appropriations	(4,986,563)	(1,098,822)	3,887,741
OTHER FINANCING SOURCES (USES)			
Transfers in	4,400,000	4,166,400	(233,600)
Transfers out	(600,000)	(800,190)	(200,190)
	<hr/>	<hr/>	<hr/>
Net transfers	3,800,000	3,366,210	(433,790)
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	\$ (1,186,563)	\$ 2,267,388	\$ 3,453,951

CITY OF GRAND ISLAND, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
DEBT SERVICE FUND

Year ended September 30, 2017

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Property tax	\$ 730,560	\$ 740,857	\$ 10,297
Motor vehicle tax	5,982	2,951	(3,031)
Interest income	900	14,119	13,219
Bond proceeds	<u>3,500,000</u>	<u>3,466,400</u>	<u>(33,600)</u>
Total resources	4,237,442	4,224,327	(13,115)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Principal payments	908,000	908,000	-
Interest expense	116,739	114,759	(1,980)
Fiscal agent fees	<u>113,500</u>	<u>72,119</u>	<u>(41,381)</u>
Total charges to appropriations	<u>1,138,239</u>	<u>1,094,878</u>	<u>(43,361)</u>
Resources over charges to appropriations	3,099,203	3,129,449	30,246
OTHER FINANCING SOURCES (USES)			
Transfers in	201,114	199,134	(1,980)
Transfers out	<u>(3,400,000)</u>	<u>(3,466,400)</u>	<u>(66,400)</u>
Net transfers	<u>(3,198,886)</u>	<u>(3,267,266)</u>	<u>(68,380)</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ (99,683)</u>	<u>\$ (137,817)</u>	<u>\$ (38,134)</u>

CITY OF GRAND ISLAND, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
GAS TAX FUND

Year ended September 30, 2017

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Property tax	\$ 2,231,000	\$ 2,200,000	\$ (31,000)
Sales tax	1,363,275	1,546,320	183,045
Intergovernmental	6,172,985	7,335,860	1,162,875
Charges for services	131,922	94,104	(37,818)
Other revenue	<u>57,529</u>	<u>77,832</u>	<u>20,303</u>
Total resources	9,956,711	11,254,116	1,297,405
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	5,667,800	6,076,030	408,230
Capital projects	<u>6,086,914</u>	<u>5,502,283</u>	<u>(584,631)</u>
Total charges to appropriations	<u>11,754,714</u>	<u>11,578,313</u>	<u>(176,401)</u>
Resources over (under) charges to appropriations	(1,798,003)	(324,197)	1,473,806
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>600,000</u>	<u>800,190</u>	<u>200,190</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ (1,198,003)</u>	<u>\$ 475,993</u>	<u>\$ 1,673,996</u>

CITY OF GRAND ISLAND, NEBRASKA

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

Year ended September 30, 2017

**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>	<u>Gas Tax Fund</u>
Sources/inflows of resources:				
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 37,239,292	\$ 23,570	\$ 4,224,327	\$ 11,254,116
Differences - budget to GAAP:				
Cash to accrual adjustments	<u>4,715,806</u>	<u>3,465,792</u>	<u>(3,482,592)</u>	<u>(51,509)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 41,955,098</u></u>	<u><u>\$ 3,489,362</u></u>	<u><u>\$ 741,735</u></u>	<u><u>\$ 11,202,607</u></u>
Uses/outflows of resources:				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedules	\$ 37,340,920	\$ 1,122,392	\$ 1,094,878	\$ 11,578,313
Differences - budget to GAAP:				
Cash to accrual adjustments	<u>4,001,006</u>	<u>52,098</u>	<u>16,145</u>	<u>42,379</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>\$ 41,341,926</u></u>	<u><u>\$ 1,174,490</u></u>	<u><u>\$ 1,111,023</u></u>	<u><u>\$ 11,620,692</u></u>
Net transfers:				
Actual amounts (budgetary basis) from the budgetary comparison schedules	\$ (2,371,480)	\$ 3,366,210	\$ (3,267,266)	\$ 800,190
Differences - budget to GAAP:				
Cash to accrual adjustments	<u>(748,971)</u>	<u>(3,465,792)</u>	<u>3,465,792</u>	<u>(5,132)</u>
Total net transfers as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ (3,120,451)</u></u>	<u><u>\$ (99,582)</u></u>	<u><u>\$ 198,526</u></u>	<u><u>\$ 795,058</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, 2017

Condition Rating of the City's Street System

	Percentage of Streets in <u>Good or Better Condition</u>
	<u>2017</u>
Arterial	85.75 %
Local	80.20 %
Collector	58.00 %
Overall system	75.94 %

	Percentage of Streets in <u>Substandard Condition</u>
	<u>2017</u>
Arterial	5.60 %
Local	6.40 %
Collector	2.50 %
Overall system	3.18 %

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

	<u>2017</u>
Overall System:	
Needed	\$ 2,800
Actual	1,506
Difference	<u>\$ 1,294</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 74.0 percent at September 30, 2017). 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 2016, in accordance with the three year requirement. The City will perform the same assessment during the Fall of 2019.

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 24 bridges on the bridge inventory. All of the bridges are in service and classified as functional.

CITY OF GRAND ISLAND, NEBRASKA

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

Year ended September 30, 2017

<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, 2017

	Permanent Funds		Special Revenue Funds	
	Library <u>Trust</u>	Cemetery <u>Trust</u>	Enhanced <u>911</u>	PSC <u>Wireless</u>
ASSETS				
Cash and cash equivalents	\$ 1,103	\$ 94,456	\$ 235,245	\$ 79,900
Investments	64,392	668,332	401,186	131,719
County treasurer cash	-	-	-	-
Receivables:				
Accounts receivable	-	-	-	-
Special assessments	-	-	-	-
Notes	-	-	-	-
Interest	-	275	-	-
Property tax	-	-	-	-
Due from other governments	-	-	48,000	-
	<u>-</u>	<u>-</u>	<u>48,000</u>	<u>-</u>
Total assets	<u>\$ 65,495</u>	<u>\$ 763,063</u>	<u>\$ 684,431</u>	<u>\$ 211,619</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 4,540	\$ -
Due to other funds	-	-	-	-
Unavailable property tax	-	-	-	-
Accrued expenses	-	-	626	1,879
Total liabilities	<u>-</u>	<u>-</u>	<u>5,166</u>	<u>1,879</u>
Fund balances:				
Nonspendable:				
Cemetery perpetual care	-	763,063	-	-
Library trust	65,495	-	-	-
Restricted for:				
Economic development	-	-	-	-
Federal programs	-	-	-	-
Housing loans	-	-	-	-
Equipment purchases	-	-	-	2,662
Community improvements	-	-	-	-
Library expenses	-	-	-	-
Other purposes	-	-	-	-
Assigned for:				
Budgetary stabilization	-	-	464,556	56,428
Encumbrances	-	-	-	-
Other purposes	-	-	214,709	150,650
Total fund balances	<u>65,495</u>	<u>763,063</u>	<u>679,265</u>	<u>209,740</u>
Total liabilities and fund balances	<u>\$ 65,495</u>	<u>\$ 763,063</u>	<u>\$ 684,431</u>	<u>\$ 211,619</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>
\$ 149,159	\$ -	\$ 14,908	\$ 73,642	\$ 28,166	\$ 43,267
254,376	-	25,425	125,587	48,036	30,227
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	47,618	298,607	-
-	-	-	-	-	-
-	-	-	-	-	-
33,242	101,001	-	-	-	-
<u>\$ 436,777</u>	<u>\$ 101,001</u>	<u>\$ 40,333</u>	<u>\$ 246,847</u>	<u>\$ 374,809</u>	<u>\$ 73,494</u>
\$ -	\$ 50,885	\$ -	\$ -	\$ -	\$ 7
-	13,530	-	-	-	-
-	-	-	-	-	-
-	2,575	-	-	-	1,747
-	66,990	-	-	-	1,754
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	246,847	-	-
-	-	-	-	-	-
-	-	-	-	374,809	25,543
-	-	-	-	-	-
436,777	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	7,994	-	-	-
-	34,011	-	-	-	-
-	-	32,339	-	-	46,197
<u>436,777</u>	<u>34,011</u>	<u>40,333</u>	<u>246,847</u>	<u>374,809</u>	<u>71,740</u>
<u>\$ 436,777</u>	<u>\$ 101,001</u>	<u>\$ 40,333</u>	<u>\$ 246,847</u>	<u>\$ 374,809</u>	<u>\$ 73,494</u>

CITY OF GRAND ISLAND, NEBRASKA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS, Continued

September 30, 2017

	Special Revenue Funds			
	Police Grants	Occupation Tax	Parking District #1	Parking District #2
ASSETS				
Cash and cash equivalents	\$ 13,680	\$ 1,207,035	\$ 28,811	\$ 60,172
Investments	23,331	1,196,191	49,132	56,674
County treasurer cash	-	-	-	1,209
Receivables:				
Accounts receivable	-	382,079	-	-
Special assessments	-	-	5,043	-
Notes	-	-	-	-
Interest	-	-	-	-
Property tax	-	-	-	605
Due from other governments	7,125	-	-	-
	\$ 44,136	\$ 2,785,305	\$ 82,986	\$ 118,660
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 458	\$ 197,513	\$ 249	\$ 252
Due to other funds	-	-	-	-
Unavailable property tax	-	-	-	526
Accrued expenses	-	-	-	-
Total liabilities	458	197,513	249	778
Fund balances:				
Nonspendable:				
Cemetery perpetual care	-	-	-	-
Library trust	-	-	-	-
Restricted for:				
Economic development	-	-	-	-
Federal programs	43,678	-	-	-
Housing loans	-	-	-	-
Equipment purchases	-	-	-	-
Community improvements	-	2,587,792	-	-
Library expenses	-	-	-	-
Other purposes	-	-	-	26,939
Assigned for:				
Budgetary stabilization	-	-	20,452	4,840
Encumbrances	-	-	-	-
Other purposes	-	-	62,285	86,103
Total fund balances	43,678	2,587,792	82,737	117,882
Total liabilities and fund balances	\$ 44,136	\$ 2,785,305	\$ 82,986	\$ 118,660

Special Revenue Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
<u>Local Assistance</u>	<u>Pioneer Consortium</u>	<u>HUD Entitlements</u>	<u>Economic Development</u>	<u>Community Grants</u>	<u>Special Assessments</u>	
\$ 350,383	\$ 30,941	\$ -	\$ 456,515	\$ 42,016	\$ 188,189	\$ 3,097,588
650,488	52,766	-	778,539	71,654	320,937	4,948,992
-	-	-	-	-	-	1,209
-	-	-	-	-	-	382,079
-	-	-	-	-	1,267,746	1,272,789
-	-	-	211,550	72,053	-	629,828
-	-	-	-	-	85,452	85,727
-	-	-	-	-	-	605
-	-	-	-	-	-	189,368
<u>\$ 1,000,871</u>	<u>\$ 83,707</u>	<u>\$ -</u>	<u>\$ 1,446,604</u>	<u>\$ 185,723</u>	<u>\$ 1,862,324</u>	<u>\$ 10,608,185</u>
\$ 21,222	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 275,126
-	-	-	-	-	-	13,530
-	-	-	-	-	-	526
-	-	-	-	-	-	6,827
<u>21,222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>296,009</u>
-	-	-	-	-	-	763,063
-	-	-	-	-	-	65,495
-	-	-	1,446,604	-	-	1,693,451
-	-	-	-	185,723	-	229,401
-	-	-	-	-	-	400,352
-	-	-	-	-	-	2,662
-	-	-	-	-	-	3,024,569
713,837	-	-	-	-	-	713,837
74,482	83,707	-	-	-	-	185,128
120,007	-	-	-	-	-	674,277
71,323	-	-	-	-	-	105,334
-	-	-	-	-	1,862,324	2,454,607
<u>979,649</u>	<u>83,707</u>	<u>-</u>	<u>1,446,604</u>	<u>185,723</u>	<u>1,862,324</u>	<u>10,312,176</u>
<u>\$ 1,000,871</u>	<u>\$ 83,707</u>	<u>\$ -</u>	<u>\$ 1,446,604</u>	<u>\$ 185,723</u>	<u>\$ 1,862,324</u>	<u>\$ 10,608,185</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, 2017

	Permanent Funds		Special Revenue Funds	
	Library Trust	Cemetery Trust	Enhanced 911	PSC Wireless
REVENUES				
Occupation tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Keno	-	-	-	-
Property tax	-	-	-	-
Motor vehicle tax	-	-	-	-
Special assessments	-	-	-	-
Charges for services	-	39,940	209,016	116,343
Interest income	13,286	3,936	-	-
Contributions	-	-	-	-
Bond/loan proceeds	-	-	-	-
Other revenue	-	-	979	81
Total revenues	<u>13,286</u>	<u>43,876</u>	<u>209,995</u>	<u>116,424</u>
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	240,507	56,128
Public works	-	-	-	-
Environment and leisure	4,997	-	-	-
Total expenditures	<u>4,997</u>	<u>-</u>	<u>240,507</u>	<u>56,128</u>
Excess (deficiency) of revenues over expenditures	8,289	43,876	(30,512)	60,296
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	54,876
Transfers out	-	-	(54,876)	-
Net transfers	<u>-</u>	<u>-</u>	<u>(54,876)</u>	<u>54,876</u>
Net change in fund balances	8,289	43,876	(85,388)	115,172
Fund balances - September 30, 2016	<u>57,206</u>	<u>719,187</u>	<u>764,653</u>	<u>94,568</u>
Fund balances - September 30, 2017	<u>\$ 65,495</u>	<u>\$ 763,063</u>	<u>\$ 679,265</u>	<u>\$ 209,740</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	432,364	5,000	-	-	-
281,351	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	2,398
1,651	-	199	57	364	-
-	-	1,890	-	-	-
-	-	-	-	-	-
-	-	22	-	13,557	80,279
<u>283,002</u>	<u>432,364</u>	<u>7,111</u>	<u>57</u>	<u>13,921</u>	<u>82,677</u>
-	-	-	-	-	60,710
-	-	-	-	-	-
-	-	-	-	-	-
-	520,549	5,590	-	114,406	-
<u>-</u>	<u>520,549</u>	<u>5,590</u>	<u>-</u>	<u>114,406</u>	<u>60,710</u>
283,002	(88,185)	1,521	57	(100,485)	21,967
-	160,000	-	-	-	25,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>160,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
283,002	71,815	1,521	57	(100,485)	46,967
<u>153,775</u>	<u>(37,804)</u>	<u>38,812</u>	<u>246,790</u>	<u>475,294</u>	<u>24,773</u>
<u>\$ 436,777</u>	<u>\$ 34,011</u>	<u>\$ 40,333</u>	<u>\$ 246,847</u>	<u>\$ 374,809</u>	<u>\$ 71,740</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, 2017

	Special Revenue Funds			
	Police <u>Grants</u>	Occupation <u>Tax</u>	Parking <u>District #1</u>	Parking <u>District #2</u>
REVENUES				
Occupation tax	\$ -	\$ 2,678,511	\$ -	\$ -
Intergovernmental	95,554	-	-	-
Keno	-	-	-	-
Property tax	-	-	(90)	7,957
Motor vehicle tax	-	-	-	24
Special assessments	-	-	31,937	-
Charges for services	-	190,960	5,620	6,470
Interest income	-	31,492	384	553
Contributions	-	-	-	-
Bond/loan proceeds	-	50,001	-	-
Other revenue	5,762	86,000	288	33
Total revenues	101,316	3,036,964	38,139	15,037
EXPENDITURES				
General government	-	864,142	18,916	5,197
Public safety	86,493	-	-	-
Public works	-	-	-	-
Environment and leisure	-	1,426,796	-	-
Total expenditures	86,493	2,290,938	18,916	5,197
Excess (deficiency) of revenues over expenditures	14,823	746,026	19,223	9,840
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,290,583	-	-
Transfers out	-	(48,020)	-	-
Net transfers	-	1,242,563	-	-
Net change in fund balances	14,823	1,988,589	19,223	9,840
Fund balances - September 30, 2016	28,855	599,203	63,514	108,042
Fund balances - September 30, 2017	<u>\$ 43,678</u>	<u>\$ 2,587,792</u>	<u>\$ 82,737</u>	<u>\$ 117,882</u>

Special Revenue Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
<u>Local Assistance</u>	<u>Pioneer Consortium</u>	<u>HUD Entitlement</u>	<u>Economic Development</u>	<u>Community Grants</u>	<u>Special Assessments</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,678,511
-	61,294	133,414	-	577,424	-	1,305,050
-	-	-	-	-	-	281,351
-	-	-	-	-	-	7,867
-	-	-	-	-	-	24
-	-	-	-	-	267,664	299,601
131,762	-	-	-	-	-	702,509
-	394	-	6,069	-	2,712	61,097
79,315	-	-	-	-	-	81,205
-	-	-	-	-	-	50,001
298	3	-	-	111	-	187,413
<u>211,375</u>	<u>61,691</u>	<u>133,414</u>	<u>6,069</u>	<u>577,535</u>	<u>270,376</u>	<u>5,654,629</u>
-	-	133,414	479,690	602,038	-	2,164,107
17,961	-	-	-	-	-	401,089
-	-	-	-	-	1,256	1,256
<u>170,257</u>	<u>55,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,297,718</u>
<u>188,218</u>	<u>55,123</u>	<u>133,414</u>	<u>479,690</u>	<u>602,038</u>	<u>1,256</u>	<u>4,864,170</u>
23,157	6,568	-	(473,621)	(24,503)	269,120	790,459
-	-	-	750,000	-	-	2,280,459
-	-	-	-	-	(151,114)	(254,010)
-	-	-	<u>750,000</u>	-	<u>(151,114)</u>	<u>2,026,449</u>
23,157	6,568	-	276,379	(24,503)	118,006	2,816,908
<u>956,492</u>	<u>77,139</u>	<u>-</u>	<u>1,170,225</u>	<u>210,226</u>	<u>1,744,318</u>	<u>7,495,268</u>
<u>\$ 979,649</u>	<u>\$ 83,707</u>	<u>\$ -</u>	<u>\$ 1,446,604</u>	<u>\$ 185,723</u>	<u>\$ 1,862,324</u>	<u>\$ 10,312,176</u>

CITY OF GRAND ISLAND, NEBRASKA

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS

September 30, 2017

	Internal Service Funds				
	Information Technology	Fleet Services	Insurance	Equipment Reserve	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 105,497	\$ 18,043	\$ 1,540,488	\$ 120,376	\$ 1,784,404
Investments	179,916	30,769	2,627,145	205,288	3,043,118
Receivables:					
Accounts, net of allowance for doubtful accounts	-	96,147	-	-	96,147
Inventory	-	126,343	-	-	126,343
Total current assets	285,413	271,302	4,167,633	325,664	5,050,012
Noncurrent assets:					
Capital assets:					
Buildings and equipment	1,480,930	290,588	-	-	1,771,518
Less accumulated depreciation	(1,314,772)	(233,654)	-	-	(1,548,426)
Net capital assets	166,158	56,934	-	-	223,092
Total assets	451,571	328,236	4,167,633	325,664	5,273,104
LIABILITIES					
Current liabilities:					
Accounts payable	732	2,817	253,885	-	257,434
Accrued expenses	53,083	40,118	1,030,000	-	1,123,201
Total current liabilities	53,815	42,935	1,283,885	-	1,380,635
Noncurrent liabilities:					
Compensated absences - noncurrent	13,994	15,067	-	-	29,061
Total liabilities	67,809	58,002	1,283,885	-	1,409,696
NET POSITION					
Net investment in capital assets	166,158	56,934	-	-	223,092
Unrestricted	217,604	213,300	2,883,748	325,664	3,640,316
Total net position	\$ 383,762	\$ 270,234	\$ 2,883,748	\$ 325,664	\$ 3,863,408

CITY OF GRAND ISLAND, NEBRASKA

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

For the year ended September 30, 2017

	Internal Service Funds				Total
	Information Technology	Fleet Services	Insurance	Equipment Reserve	
Operating revenues:					
Charges for services	\$1,092,057	\$ 1,113,793	\$ 9,407,348	\$ -	\$ 11,613,198
Other revenue	3,332	13,764	27,773	382	45,251
Total operating revenues	<u>1,095,389</u>	<u>1,127,557</u>	<u>9,435,121</u>	<u>382</u>	<u>11,658,449</u>
Operating expenses:					
Information technology	1,119,696	-	-	-	1,119,696
Central garage	-	1,182,631	-	-	1,182,631
Insurance and benefits	-	-	8,843,161	-	8,843,161
Building maintenance	-	-	-	20,379	20,379
Depreciation	75,602	6,004	-	-	81,606
Total operating expenses	<u>1,195,298</u>	<u>1,188,635</u>	<u>8,843,161</u>	<u>20,379</u>	<u>11,247,473</u>
Operating income (loss)	(99,909)	(61,078)	591,960	(19,997)	410,976
Nonoperating revenues (expenses):					
Interest income	2,222	313	20,085	1,584	24,204
Intergovernmental	-	-	-	50,000	50,000
Total nonoperating revenues (expenses)	<u>2,222</u>	<u>313</u>	<u>20,085</u>	<u>51,584</u>	<u>74,204</u>
Change in net position	(97,687)	(60,765)	612,045	31,587	485,180
Net position - September 30, 2016	<u>481,449</u>	<u>330,999</u>	<u>2,271,703</u>	<u>294,077</u>	<u>3,378,228</u>
Net position - September 30, 2017	<u>\$ 383,762</u>	<u>\$ 270,234</u>	<u>\$ 2,883,748</u>	<u>\$ 325,664</u>	<u>\$ 3,863,408</u>

CITY OF GRAND ISLAND, NEBRASKA

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

For the year ended September 30, 2017

	Internal Service Funds				Total
	Information Technology	Fleet Services	Insurance	Equipment Reserve	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from other funds	\$ 1,095,389	\$ 1,108,768	\$ 9,435,121	\$ 382	\$ 11,639,660
Payments to suppliers	(692,242)	(881,069)	(8,876,084)	(20,379)	(10,469,774)
Payments to employees	(424,312)	(286,939)	-	-	(711,251)
Net cash provided (used) by operating activities	(21,165)	(59,240)	559,037	(19,997)	458,635
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Intergovernmental receipts	-	-	-	50,000	50,000
CASH FLOWS FROM INVESTING ACTIVITIES:					
Net (purchase) sale of investment securities	7,484	35,569	(417,603)	(24,217)	(398,767)
Interest received	2,222	313	20,085	1,584	24,204
Net cash provided (used) by investing activities	9,706	35,882	(397,518)	(22,633)	(374,563)
Increase (decrease) in cash and cash equivalents	(11,459)	(23,358)	161,519	7,370	134,072
Cash and cash equivalents - beginning of the year	116,956	41,401	1,378,969	113,006	1,650,332
Cash and cash equivalents - end of the year	\$ 105,497	\$ 18,043	\$ 1,540,488	\$ 120,376	\$ 1,784,404
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (99,909)	\$ (61,078)	\$ 591,960	\$ (19,997)	\$ 410,976
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	75,602	6,004	-	-	81,606
Change in assets and liabilities:					
Accounts receivable	-	(18,789)	-	-	(18,789)
Inventories	-	10,499	-	-	10,499
Accounts payable and accrued expenses	3,142	4,124	(32,923)	-	(25,657)
Net cash provided (used) by operating activities	\$ (21,165)	\$ (59,240)	\$ 559,037	\$ (19,997)	\$ 458,635

CITY OF GRAND ISLAND, NEBRASKA

COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS

September 30, 2017

	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	\$ 25,211	\$ 1,769	\$ 64,600	\$ 1,982	\$ 68,351
Investments	4,429,713	3,015	110,170	3,379	116,564
Special assessments receivable	-	-	-	34,058	34,058
Total assets	<u>4,454,924</u>	<u>4,784</u>	<u>174,770</u>	<u>39,419</u>	<u>218,973</u>
LIABILITIES					
Agency liabilities	-	4,784	174,770	39,419	218,973
Pension liability	<u>1,942,109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,942,109</u>	<u>4,784</u>	<u>174,770</u>	<u>39,419</u>	<u>218,973</u>
NET POSITION					
Held in trust for pension benefits	<u>\$ 2,512,815</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, 2017

	<u>Employee Reserve</u>
ADDITIONS	
Interest and dividends	\$ 510,179
DEDUCTIONS	
Pension benefits	54,577
Loss on investments	60,835
Total deductions	<u>115,412</u>
Change in net position	394,767
Net position - September 30, 2016	<u>2,118,048</u>
Net position - September 30, 2017	<u><u>\$ 2,512,815</u></u>

CITY OF GRAND ISLAND, NEBRASKA

COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS

September 30, 2017

	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	\$ 113,299	\$ 117,442	\$ -	\$ 756,528	\$ 987,269
County treasurer cash	-	200,285	-	130,440	330,725
Receivables:					
Special assessments	34,057	-	-	-	34,057
Current portion of notes from redevelopers	-	-	-	37,822	37,822
Property tax	-	-	-	146,501	146,501
Due from other governments	-	21,208	-	-	21,208
Total current assets	<u>147,356</u>	<u>338,935</u>	<u>-</u>	<u>1,071,291</u>	<u>1,557,582</u>
Noncurrent assets:					
Restricted cash	-	-	-	105,475	105,475
Notes from redevelopers	-	-	-	191,369	191,369
Capital assets:					
Land, infrastructure, and construction in progress	-	-	-	575,369	575,369
Other capital assets, net of depreciation	43,455	-	-	-	43,455
Net capital assets	<u>43,455</u>	<u>-</u>	<u>-</u>	<u>575,369</u>	<u>618,824</u>
Total noncurrent assets	<u>43,455</u>	<u>-</u>	<u>-</u>	<u>872,213</u>	<u>915,668</u>
Total assets	<u>190,811</u>	<u>338,935</u>	<u>-</u>	<u>1,943,504</u>	<u>2,473,250</u>
LIABILITIES					
Current liabilities:					
Accounts payable	18,395	28	-	66,767	85,190
Accrued expenses	1,347	4,956	-	5,881	12,184
Unavailable property tax	-	-	-	140,461	140,461
Current portion of long-term obligations	-	-	-	258,484	258,484
Total current liabilities	<u>19,742</u>	<u>4,984</u>	<u>-</u>	<u>471,593</u>	<u>496,319</u>
Noncurrent liabilities:					
Compensated absences - noncurrent	-	324	-	-	324
Noncurrent portion of long-term obligations	-	-	-	1,045,295	1,045,295
Total liabilities	<u>19,742</u>	<u>5,308</u>	<u>-</u>	<u>1,516,888</u>	<u>1,541,938</u>
NET POSITION					
Net investment in capital assets	43,455	-	-	575,369	618,824
Restricted for:					
Redevelopers	-	-	-	25,475	25,475
Life safety grants	-	-	-	80,000	80,000
Unrestricted	127,614	333,627	-	(254,228)	207,013
Total net position	<u>\$ 171,069</u>	<u>\$ 333,627</u>	<u>\$ -</u>	<u>\$ 426,616</u>	<u>\$ 931,312</u>

CITY OF GRAND ISLAND, NEBRASKA
COMBINING STATEMENT OF ACTIVITIES - COMPONENT UNITS
For the year ended September 30, 2017

<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	\$ 36,116	\$ -	\$ -
South Locust Business Improvement District	62,014	-	-
Downtown Business Improvement District	153,663	10,597	26,000
Total Business Improvement Districts	251,793	10,597	26,000
Metropolitan Planning Organization:			
General government	108,439	1,004	86,259
Grand Island Facilities Corporation:			
Library construction project	-	-	-
Community Redevelopment Authority:			
General government	60,296	-	-
Community development	1,655,962	-	1,149,995
Interest on long-term debt	38,519	-	-
Total Community Redevelopment Authority	1,754,777	-	1,149,995
Total Component Units	\$ 2,115,009	\$ 11,601	\$ 1,262,254

<u>Program Revenues</u>	Net (Expenses) Receipts and Changes in Net Position					<u>Total</u>
	<u>Component Units</u>					
	<u>Business Improvement Districts</u>	<u>Metropolitan Planning Organization</u>	<u>Grand Island Facilities Corporation</u>	<u>Community Redevelopment Authority</u>		
\$ -	\$ (36,116)				\$ (36,116)	
-	(62,014)				(62,014)	
6,300	(110,766)				(110,766)	
<u>6,300</u>	<u>(208,896)</u>				<u>(208,896)</u>	
-	-	\$ (21,176)			(21,176)	
-	-	-	\$ -		-	
-	-	-	-	\$ (60,296)	(60,296)	
-	-	-	-	(505,967)	(505,967)	
-	-	-	-	(38,519)	(38,519)	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(604,782)</u>	<u>(604,782)</u>	
<u>\$ 6,300</u>	<u>(208,896)</u>	<u>(21,176)</u>	<u>-</u>	<u>(604,782)</u>	<u>(834,854)</u>	
General revenues:						
Taxes:						
Property	-	-	-	754,109	754,109	
Special assessments	231,243	-	-	-	231,243	
Miscellaneous	-	14	-	26,065	26,079	
Interest income	26	1,547	-	252	1,825	
Total general revenues	<u>231,269</u>	<u>1,561</u>	<u>-</u>	<u>780,426</u>	<u>1,013,256</u>	
Change in net position	22,373	(19,615)	-	175,644	178,402	
Net position - September 30, 2016	<u>148,696</u>	<u>353,242</u>	<u>-</u>	<u>250,972</u>	<u>752,910</u>	
Net position - September 30, 2017	<u>\$ 171,069</u>	<u>\$ 333,627</u>	<u>\$ -</u>	<u>\$ 426,616</u>	<u>\$ 931,312</u>	

SINGLE AUDIT REPORTS

CITY OF GRAND ISLAND, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended September 30, 2017

<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):			
Emergency Management Performance Grants	97.042	47-6006205	\$ 129,403
Homeland Security Grant	97.067	47-6006205	16,380
Total Passed through NEMA			<u>145,783</u>
Direct Program:			
Assistance to Firefighters Grant	97.044	n/a	533,364
Total Department of Homeland Security			<u>679,147</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	\$ 14,618
National Priority Safety Programs	20.616	47-6006205	<u>19,106</u>
Total Highway Safety Cluster			33,724
Passed through Nebraska Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	4210	456,313
Direct Program:			
Federal Transit Cluster			
Federal Transit - Formula Grant	20.507	n/a	262,010
Total Department of Transportation			<u>752,047</u>
<u>Department of Justice:</u>			
Direct Programs:			
Bulletproof Vest Partnership Program	16.607	n/a	11,074
Edward Byrne Memorial Justice Assistance Grant	16.738	n/a	26,512
Passed through Nebraska Crime Commission:			
Crime Victim Assistance	16.575	47-6006205	96,125
Total Department of Justice			<u>133,711</u>
<u>Institute of Museum and Library Services:</u>			
Passed through Nebraska Library Commission			
Grants to States	45.310	47-6006205	24,136
<u>Executive Office of the President:</u>			
Passed through Nebraska State Patrol:			
High Intensity Drug Trafficking Area Program	95.001	47-6006205	40,173
<u>Department of Housing and Urban Development:</u>			
Passed through Nebraska Department of Economic Development:			
Community Development Block Grant	14.228	47-6006205	561,622
Direct Program:			
CDBG Entitlement Grants Cluster:			
CDBG Entitlement Grant	14.218	n/a	133,414
Total Department of Housing and Urban Development			<u>695,036</u>

CITY OF GRAND ISLAND, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued

Year ended September 30, 2017

<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	<u>2,275,243</u> *
Total Expenditures of Federal Awards			<u><u>\$ 4,599,493</u></u>

*Major Program

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 the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

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

The City has not elected to use the 10 percent de minimis cost rate.

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, 2017, is \$91,163.



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

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
Kyle R. Overturf

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, 2017, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated March 21, 2018.

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, Maltzahn,
Galloway & Loh, P.C.*

Grand Island, Nebraska
March 21, 2018



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

SHAREHOLDERS
Robert D. Almquist
Phillip D. Maltzahn
Terry T. Galloway
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Heidi A. Ashby
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Michael E. Hoback
Joseph P. Stump
Kyle R. Overturf

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 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, 2017. The City of Grand Island, Nebraska's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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.

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, 2017.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Grand Island, Nebraska
March 21, 2018

CITY OF GRAND ISLAND, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2017

1. A summary of auditor's results:
 - (i) Unmodified opinions were issued on all opinion units of the City of Grand Island, Nebraska, as of September 30, 2017.
 - (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 2 CFR section 200.516(a).
 - (vii) Major Program: #66.458 – Clean Water State Revolving Funds.
 - (viii) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
 - (ix) The City of Grand Island, Nebraska, qualified as a low-risk auditee.
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 2 CFR section 200.516(a).

None

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

Year ended September 30, 2017

Program

Findings for the year ended September 30, 2016

None noted.