

City of Grand Island, Nebraska

Independent Auditor's Reports and Financial Statements

September 30, 2020

City of Grand Island, Nebraska
September 30, 2020

Contents

Independent Auditor’s Report..... 1

Management’s Discussion and Analysis 4

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position..... 16

Statement of Activities 17

Fund Financial Statements

Balance Sheet – Governmental Funds..... 18

Reconciliation of the Balance Sheet – Governmental Funds to the
Statement of Net Position..... 19

Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds 20

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances – Governmental Funds to the Statement of Activities 21

Statement of Net Position – Proprietary Funds 22

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds 23

Statement of Cash Flows – Proprietary Funds 24

Statement of Net Position – Fiduciary Funds..... 26

Notes to Financial Statements 27

Required Supplementary Information

Budgetary Comparison Schedules

General Fund 61

Streets Fund..... 62

Note to Required Supplementary Information 63

City of Grand Island, Nebraska
September 30, 2020

Contents - Continued

Required Supplementary Information - Continued

Condition Rating of the Street System	64
Schedule of Changes in the Total Pension Liability and Related Ratios	65
Schedule of Changes in the Total Other Postemployment Liability and Related Ratios	66

Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds.....	67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	69
Combining Statement of Net Position – Internal Service Funds.....	71
Combining Statement of Revenues, Expenditures, and Changes in Net Position – Internal Service Funds	72
Combining Statement of Cash Flows – Internal Service Funds.....	73
Combining Statement of Net Position – Fiduciary Funds	74
Combining Statement of Net Position – Component Units.....	75
Combining Statement of Activities – Component Units	76

Single Audit Reports

Schedule of Expenditures of Federal Awards	77
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> – Independent Auditor’s Report.....	79
Report on Compliance for the Major Program and on Internal Control Over Compliance – Independent Auditor’s Report	81
Schedule of Findings and Questioned Costs	83
Summary Schedule of Prior Audit Findings.....	88

Independent Auditor's Report

The Honorable Mayor and City Council
City of Grand Island
Grand Island, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Grand Island, Nebraska (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Grand Island, Nebraska, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons, condition rating for the streets system, pension and other postemployment benefit information as listed in the table of contents 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's basic financial statements. The combining fund schedules and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund schedules and 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 combining fund schedules and 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 also have issued our report dated March 31, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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'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's internal control over financial reporting and compliance.

BKD, LLP

Lincoln, Nebraska
March 31, 2021

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT’S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2020**

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, 2020.

Financial Highlights

- The assets and deferred outflows of resources of the City of Grand Island exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$738,586,941 (*net position*). Of this amount, \$126,416,444 (*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’s governmental activities reported combined ending net position of \$413,602,490. Approximately 7.4 percent of this total amount, \$30,803,932 is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$22,974,051, or 55.3 percent of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of 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 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 deferred outflows of resources and liabilities and deferred inflows of resources, 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, 2020

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, and Landfill 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, 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 16 and 17 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 25 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 and the Streets Fund, which are considered to be major funds. Data from the other governmental funds is 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, 2020

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

The basic governmental fund financial statements can be found on pages 18-21 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, and Landfill 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 an 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, and Sewer Funds, all of which are considered to be major funds, and the Landfill Fund, a nonmajor enterprise fund.

The basic proprietary fund financial statements can be found on pages 22-25 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 statement can be found on page 26 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 starting on page 27 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 pension and other postemployment benefits information. Required supplementary information can be found on pages 61-66 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 67-76 of this report.

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2020

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$738,586,941 at the close of the most recent fiscal year.

Summary Statements of Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 55,639,616	\$ 52,041,255	\$ 116,894,203	\$ 117,760,737	\$ 172,533,819	\$ 169,801,992
Capital assets	380,155,237	369,310,254	320,079,526	324,437,355	700,234,763	693,747,609
Total assets	435,794,853	421,351,509	436,973,729	442,198,092	872,768,582	863,549,601
Deferred outflows of resources	545,137	396,781	-	-	545,137	396,781
Total assets and deferred outflows	436,339,990	421,748,290	436,973,729	442,198,092	873,313,719	863,946,382
Long term liabilities	16,635,542	17,769,545	105,959,443	111,983,851	122,594,985	129,753,396
Other liabilities	5,813,256	4,886,845	6,029,835	6,141,978	11,843,091	11,028,823
Total liabilities	22,448,798	22,656,390	111,989,278	118,125,829	134,438,076	140,782,219
Deferred inflows of resources	288,702	128,427	-	-	288,702	128,427
Total liabilities and deferred inflows	22,737,500	22,784,817	111,989,278	118,125,829	134,726,778	140,910,646
Net position						
Net investment in capital assets	369,512,622	357,121,847	220,910,910	219,560,264	590,423,532	576,682,111
Restricted	13,285,936	12,020,687	8,461,029	10,008,277	21,746,965	22,028,964
Unrestricted	30,803,932	29,820,939	95,612,512	94,503,722	126,416,444	124,324,661
Total net position	\$ 413,602,490	\$ 398,963,473	\$ 324,984,451	\$ 324,072,263	\$ 738,586,941	\$ 723,035,736

By far, the largest portion of the City of Grand Island's net position (79.9 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 (2.9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* of \$126,416,444 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, 2020

Summary Statements of Activities

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues						
Charges for services	\$ 10,352,733	\$ 11,521,024	\$ 105,493,638	\$ 109,584,101	\$ 115,846,371	\$ 121,105,125
Operating grants and contributions	2,809,135	2,153,074	52,493	122,594	2,861,628	2,275,668
Capital grants and contributions	4,456,485	2,689,172	1,611,949	2,188,748	6,068,434	4,877,920
General revenues						
Property taxes	11,558,568	12,447,959	-	-	11,558,568	12,447,959
Other taxes	28,392,229	26,649,147	-	-	28,392,229	26,649,147
State allocation	6,347,596	6,404,231	-	-	6,347,596	6,404,231
Special assessments	60,097	-	273,056	23,626	333,153	23,626
Other	1,351,069	2,184,583	1,981,455	1,688,173	3,332,524	3,872,756
Total revenues	65,327,912	64,049,190	109,412,591	113,607,242	174,740,503	177,656,432
Expenses:						
General government	8,071,977	6,827,218	-	-	8,071,977	6,827,218
Public safety	26,228,947	26,292,494	-	-	26,228,947	26,292,494
Public works	7,227,787	5,901,740	-	-	7,227,787	5,901,740
Environment and leisure	7,026,302	9,128,811	-	-	7,026,302	9,128,811
Nondepartmental	2,447,324	2,678,990	-	-	2,447,324	2,678,990
Interest on long-term debt	214,279	249,106	-	-	214,279	249,106
Electric	-	-	85,024,974	90,388,083	85,024,974	90,388,083
Water	-	-	6,007,863	5,583,431	6,007,863	5,583,431
Sewer	-	-	14,193,654	13,545,317	14,193,654	13,545,317
Landfill	-	-	2,746,191	3,188,160	2,746,191	3,188,160
Total expenses	51,216,616	51,078,359	107,972,682	112,704,991	159,189,298	163,783,350
Increase in net position before transfers	14,111,296	12,970,831	1,439,909	902,251	15,551,205	13,873,082
Transfers, net	527,721	517,366	(527,721)	(517,366)	-	-
Increase in net position	14,639,017	13,488,197	912,188	384,885	15,551,205	13,873,082
Net position, beginning of year	398,963,473	385,475,276	324,072,263	323,687,378	723,035,736	709,162,654
Net position, end of year	\$ 413,602,490	\$ 398,963,473	\$ 324,984,451	\$ 324,072,263	\$ 738,586,941	\$ 723,035,736

Governmental activities. Revenues exceeded expenses and net transfers out by \$14,639,017. Revenues increased from the previous fiscal year by approximately \$1.28 million. Property taxes decreased \$889,391 due to timing of receipts and the lowering of the City's mill levy request from 0.3604 to 0.3445. Other taxes increased approximately \$1.7 million, primarily as a result of increased sales taxes from the previous fiscal year and an increase in online sales during the pandemic. Additionally, the sales tax rate was increased from 1.5% to 2.0%, effective April 1, 2019. Expenses increased only marginally by \$138,257, which was less than the budgeted increase due to cut backs the City implemented during the pandemic including a reduction in workforce.

Business-type activities. Business-type activities increased the City of Grand Island's net position \$912,188. Revenues decreased from the previous fiscal year by approximately \$4.2 million, however expenses decreased from the previous fiscal year by approximately \$4.7 million, primarily driven by a decrease in electric expenses.

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.

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2020

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 \$46,531,430. Approximately 49.2 percent of this total amount (\$22,872,659) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balances is not available for new spending because it has already been 1) placed in a nonspendable endowment for cemetery perpetual care (\$930,685), 2) placed in a nonspendable trust for library expenditures (\$61,386), 3) restricted for street improvements (\$512,656), 4) restricted for debt service (\$126,176), 5) restricted for economic development (\$1,764,636), 6) restricted for Federal programs (\$193,430), 7) restricted to fund housing loans (\$290,781), 8) restricted for community improvements (\$9,172,772), 9) restricted for other purposes (\$233,414), 10) assigned for a variety of other purposes (\$10,372,835).

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 \$22,974,051, while total fund balance reached \$33,954,422. 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 55.3 percent of total General Fund expenditures, while total fund balance represents 81.8 percent of that same amount.

The fund balance of the City of Grand Island's General Fund increased by \$5,635,514 during the current fiscal year.

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, 2020, amounts to \$700,234,763 (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 is nearing completion for construction with an expected FY2021 expenditure of \$490,500 from the City. A drop structure on Silver Creek at the detention cell was recently bid with the City share estimated at \$106,103. Work is also being done to finish the Operation-Maintenance & Flood Alert manuals & protocols. The total City obligation for this project is estimated at \$6,537,300. Such project total is estimated at \$29,000,000. 2020 City expenditures were \$74,210.
- Moore's Creek Extension; Project No. 2020-D-1 built a portion of the Moores Creek Drainage Ditch extension, which developed drainage to the southwest, serves current areas, as well as the proposed US Highway 30 realignment project. This portion of Moores Creek provided a drainage outlet to the rapidly expanding Copper Creek Subdivision. FY 2020 expenditures were \$167,480.

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2020

- North Broadwell Drainage; Project No. 2018-D-1 improved drainage and consisted of removing trees and re-grading the ditch to allow for proper maintenance and improved channel flow on North Broadwell Avenue between Burlington Northern Santa Fe Railroad and US Highway 281, with a FY 2020 cost of \$190,487.
- Kaufman Detention Cell; Project No. 2019-D-2 improved drainage in the area of Old Potash Highway, North Road and Diers/ Kaufman Avenue and was constructed in connection with the Old Potash Highway improvements. FY 2020 expenses were \$481,971.
- N Moores Creek Wetland Mitigation Bank project will determine the feasibility of a wetland bank on an 80 acre parcel of the land the City currently owns just north of Eagle Scout Lake, which Moores Creek drains through. This project will permit future City wetland impacts to be offset and potentially permit the sale of wetland credit if desired. This area is also likely to provide additional detention capacity for the Moores Creek system allowing the removal of several weir structures to encourage faster flow through town. The City completed a Master Plan for the Moores Creek system in 2019 in which these concepts were initially investigated. FY 2020 expenses were \$86,920.
- The Sidewalk Cost Share Program provides a repair program for single family residential properties to improve pedestrian safety and continue efforts to comply with applicable law. FY 2020 expenditures were \$6,279.
- The Handicap Ramp project consists of the ADA compliant curb ramps in the 2020-CR-1 project, which was for the installation of handicap ramps along 4th Street from Kimball Avenue to Plum Street, Old Potash Highway & Cherokee Avenue, 9th Street & Lincoln Avenue, Louise Street & Madison Street, John Street & Monroe Street, and South Street & Eddy Street/Clark Street. 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 23 years. Project No. 2020-CR-1 was completed August 24, 2020 for a total cost of \$128,866.
- 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 2020 expenses were \$80,390.
- South Front Street over Sycamore Underpass Rehab; Project No. 2017-U-1 provided for a number of repairs and replacements necessary to preserve the structure. This included a number of issues related to the retaining walls, the South Front Street Bridge, and the storm sewer pumping system. FY 2020 expenses were \$806,514.

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2020

- Five Points intersection improvements are to improve geometrics with a multi-lane roundabout, which will right size the lane configuration to optimize safety and efficiency, and meet the Federal Highway Administration (FHWA) safety program requirements. FY 2020 expenses were \$297,214.
- The Old Potash Highway Roadway Improvements; Project No. 2019-P-1 includes widening and reconfiguring Old Potash Highway, signal and geometric improvements at each intersection, access management throughout the corridor, and improvements to the north and south of the Old Potash Highway corridor. Such improvements are needed to allow the corridor to safely handle the ever increasing traffic in this area. FY 2020 expenses were \$4,732,629.
- Pavement Condition Survey is used to determine roadways that become part of the annual maintenance project, as well as roadways that require more substantial work or rebuild. This information is also used for the City's annual audit for GASB 34 (GASB 34 provides a comprehensive framework for financial reporting with the objective of making annual reports easier to understand and more useful to the people who rely upon the financial condition contained therein). FY 2020 expenditures were \$101,228.
- Broadwell/UPRR Grade Separation Feasibility Report for a grade separation structure with the UPRR to be located at or around the existing Broadwell Avenue crossing north of 3rd Street. This study is necessary for the City to submit to the Nebraska Department of Transportation (NDOT) in order to secure potential federal funding for assistance in building a grade separation in this area. FY 2020 expenditures were \$151,056.
- US Highway 281 Signal Timing optimized traffic signal timings/ operations along the US 281 Highway corridor from Capital Avenue to US Highway 30 interchange. FY 2020 expenditures were \$22,121.
- North Rd; 13th to Hwy 2 will improve this roadway by providing a concrete curb and gutter section with associated sidewalk, traffic control, drainage and other related improvements. Phase I of this project, which is from Capital Avenue to Hwy 2 was substantially completed FY2020, with Phase II scheduled to begin Spring 2021. FY 2020 expenditures were \$2,433,288.
- North Rd; Old Potash to 13th will improve this roadway by providing a concrete curb and gutter roadway section with associated sidewalk, traffic control, drainage and all other related improvements. FY 2020 expenditures were \$136,335.
- North Rd; Old Potash Hwy to Hwy 30 will improve this roadway by providing a concrete curb and gutter roadway section with associated sidewalk, traffic control, drainage and all other related improvements need to complete the project. FY 2020 expenditures were \$162,637.
- Capital Avenue; Moores Creek to North Road will provide improvements from the Moores Creek Drainway to the roundabout at North Road. The proposal includes a concrete curb and gutter roadway section with associated sidewalk, traffic control, drainage and all other related improvements needed to complete the project. FY 2020 expenditures were \$29,076.

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2020

- The Eddy Street Underpass project will evaluate any repairs and/or replacements which should be implemented to extend the life of the structure. Issues needing to be evaluated are related to the condition of the concrete retaining walls of the structure as well as the condition of the Mill Drive and North Front Street Bridges. The current storm sewer pumping system for the underpass is also to be evaluated and rehabbed as needed. The intent is to also install netting to aid in the reduction of roosting birds. FY 2020 expenditures were \$60,450.
- Custer Avenue- Forrest Street to Old Potash Highway Roadway Rehabilitation; Project No. 2019-P-13 is for the improvement/rehabilitation of Custer Avenue. The proposal is to improve the ride/pavement condition along this stretch of existing concrete curb and gutter roadway. Initial concepts are full replacement of panels, corner grinding, or an asphalt overlay. FY 2020 expenditures were \$73,307.
- Sanitary Sewer: For fiscal year 2020 expenses were incurred on the following projects:

Wastewater Treatment Plant Laboratory, Operations Control Center, and Administrative Building Renovation; Project No. 2017-WWTP-2 will provide separation for the HVAC serving the management and accounting offices from the laboratory and operations areas, addressing an immediate safety hazard. This project will also allow installation of a fire suppression system, update equipment, address limited physical space, and allow for future expansion of electrical and mechanical needs. FY2020 expenditures were \$148,438.

The Biological Nutrient Removal (BNR) Study will give the City sufficient time to make any necessary adjustments to the wastewater treatment process prior to new permit limits being imposed by the Nebraska Department of Environmental Quality (NDEQ). FY 2020 expenses were \$1,994.

Concrete Pad Upgrade will extend the existing concrete pad at the Wastewater Treatment Plant to allow for easier movement of equipment used daily in the plant operations. FY 2020 expenditures were \$30,889.

Final Clarifier No 2 Renovation; Project No. 2020-WWTP-2 consisted of labor and installation of parts procured, as well as painting of both existing and new clarifier components. FY2020 expenditures were \$605,996.

Wastewater Treatment Plant Paving Improvements; Project No. 2020-WWTP-1 is for the improvements of existing paving and drainage within the plant and the construction of a new main entrance driveways from Shady Bend Road. The project will also reconfigure existing perimeter fencing and gates to enclose the property. Lighting and additional piping with one combined outlet to the adjacent drainway for localized dewatering system will also be incorporated. FY2020 expenditures were \$71,691.

Diffuser Replacement; Project No. 2020-WWTP-3 replaced the existing ethylene propylene diene terpolymer (EPDM) membrane component within the diffuser assemblies in the oxic zones of one (1) of the four (4) aeration basins with a 9-inch membrane diffuser at the Wastewater Treatment Plant. FY2020 expenditures were \$51,311.

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2020

Downtown Sanitary Sewer Manhole Rehabilitation; Project No. 2020-S-7 was a proactive approach in rehabilitating sanitary sewer in the downtown area to avoid failures. The infrastructure was in constricted alleyways and right-of-way of the project boundary, which was Clark Street to the west, South Front Street to the north, Plum Street to the east, and First Street to the south. Segments were mostly 8-inch pipe, with total length of approximately 13,000 linear feet. FY2020 expenditures were \$728,970.

SS Inflow & Infiltration Flow Monitoring allowed for installation of flowmeters at six (6) critical points along the South Interceptor. These flowmeters help staff evaluate flow conditions and capacity within the South Interceptor and aid in decision making and planning. Information is sent wirelessly and can be monitored in real time. FY 2020 expenditures were \$80,640.

Central Nebraska Regional Airport (CNRA) Sanitary Sewer Collection System Rehabilitation; Project No. 2017-S-4 consists of a comprehensive collection system review for planning, designing and building the rehabilitation of the sanitary sewer collection system at the CNRA. An interlocal agreement with the City, Hall County, and CNRA is being drafted. FY2020 expenditures were \$132,389.

Sanitary Sewer District No. 544; Ellington Pointe and Westwood Park Subdivisions was created by City Council on January 28, 2020, via Ordinance No. 9755 and continued on March 24, 2020, via Resolution No. 2020-78. Such district will provide sanitary sewer to an existing residential area, as well as a new development within the City. FY2020 expenditures were \$61,739.

The Lift Station No. 11 Relocation will alleviate some capacity issues in the South Interceptor by re-routing such lift station force main to the North Interceptor. FY 2020 expenses were \$430,307.

Sanitary Sewer District No. 543; Willow Street will serve an area previously underserved that is located north of 4th Street, east of Congdon Avenue. This district will eliminate around fifteen (15) septic tanks and provide sanitary service to thirty-seven (37) lots. It is advantageous to construct such sanitary sewer main now as there is Community Development Block Grant (CDBG) funding available for 2019, which will reduce the assessment amount for the property owners by about half. FY 2020 expenses were \$196,306.

**City of Grand Island's Capital
Assets**

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land and land improvements	\$ 36,814,759	\$ 36,066,266	\$ 161,213,617	\$ 156,756,978	\$ 198,028,376	\$ 192,823,244
Infrastructure	289,898,697	277,677,436	-	-	289,898,697	277,677,436
Construction in progress	23,630,557	28,385,057	11,291,273	13,724,693	34,921,830	42,109,750
Buildings and systems	64,056,859	58,847,592	480,809,434	470,208,313	544,866,293	529,055,905
Machinery and equipment	11,145,794	10,430,513	-	-	11,145,794	10,430,513
Office furniture and equipment	3,206,982	3,206,982	356,719	356,719	3,563,701	3,563,701
Vehicles	10,112,548	9,472,292	10,521,930	9,698,440	20,634,478	19,170,732
Accumulated depreciation	(58,710,959)	(54,775,884)	(344,113,447)	(326,307,788)	(402,824,406)	(381,083,672)
Net totals	<u>\$ 380,155,237</u>	<u>\$ 369,310,254</u>	<u>\$ 320,079,526</u>	<u>\$ 324,437,355</u>	<u>\$ 700,234,763</u>	<u>\$ 693,747,609</u>

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2020

Additional information on the City of Grand Island's capital assets can be found in Note 5 on pages 41-42 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 \$106,728,832. Of this amount, \$4,066,000 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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
General obligation bonds	\$ 4,066,000	\$ 4,560,000	\$ -	\$ -	\$ 4,066,000	\$ 4,560,000
Revenue bonds	-	-	66,745,000	71,265,000	66,745,000	71,265,000
Notes payable	3,873,142	4,333,045	29,341,217	30,431,443	33,214,359	34,764,488
Capital leases	2,703,473	3,295,362	-	-	2,703,473	3,295,362
Total	<u>\$ 10,642,615</u>	<u>\$ 12,188,407</u>	<u>\$ 96,086,217</u>	<u>\$ 101,696,443</u>	<u>\$ 106,728,832</u>	<u>\$ 113,884,850</u>

The City of Grand Island's total debt decreased by \$7,156,018 (6.3 percent) during the current fiscal year due to scheduled repayments on outstanding obligations exceeding additions to capital leases and notes payable.

Additional information on the City of Grand Island's long-term debt can be found in Note 6 starting on page 43 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.

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2020

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.

- In 2013 the City of Grand Island became a Metropolitan Statistical Area (MSA) resulting in a new array for wage comparability. In 2019 the City negotiated two new union contracts. The new wage rates continued to impact the 2019-2020 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 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 June 2019 the City entered into a contract with Senior Citizens Industries, Inc. to provide transit service in the maximum amount of \$697,213 for the time period of July 1, 2019- June 30, 2020. This initial agreement will provide for service to June 30, 2022, with the City having the option of renewing the agreement on an annual basis for a two (2) year period, at which time proposal will be solicited.

All of these factors were considered in preparing the City of Grand Island's budget for the 2021 fiscal year.

City of Grand Island, Nebraska
Statement of Net Position
September 30, 2020

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
Assets:				
Current assets:				
Cash and cash equivalents	\$ 25,975,459	\$ 54,480,767	\$ 80,456,226	\$ 902,796
Investments	13,042,716	13,816,720	26,859,436	-
County treasurer cash	638,019	-	638,019	333,938
Receivables				
Accounts, net of allowance for doubtful accounts	1,849,874	7,874,934	9,724,808	-
Unbilled revenue	-	4,023,971	4,023,971	-
Property taxes	568,904	-	568,904	196,300
Special assessments	636,268	583,291	1,219,559	24,520
Interest	48,323	138,848	187,171	619
Current portion of notes receivable	-	120,000	120,000	-
Current portion of notes from redevelopers	-	-	-	31,920
Internal balances	172,119	(172,119)	-	-
Due from other governments	5,769,008	-	5,769,008	3,467
Prepaid expenses	-	608,825	608,825	-
Inventory	125,734	10,060,492	10,186,226	-
Total current assets	<u>48,826,424</u>	<u>91,535,729</u>	<u>140,362,153</u>	<u>1,493,560</u>
Noncurrent assets:				
Restricted cash and cash equivalents	929,346	6,534,624	7,463,970	-
Restricted investments	5,409,443	14,189,953	19,599,396	-
Notes receivable	474,403	-	474,403	-
Noncurrent portion of note receivable	-	1,769,723	1,769,723	-
Costs recoverable in future periods	-	2,864,174	2,864,174	-
Capital assets:				
Land, infrastructure, and construction in progress	322,260,993	172,504,890	494,765,883	-
Other capital assets, net of depreciation	57,894,244	147,574,636	205,468,880	527,362
Net capital assets	<u>380,155,237</u>	<u>320,079,526</u>	<u>700,234,763</u>	<u>527,362</u>
Total noncurrent assets	<u>386,968,429</u>	<u>345,438,000</u>	<u>732,406,429</u>	<u>527,362</u>
Total assets	<u>435,794,853</u>	<u>436,973,729</u>	<u>872,768,582</u>	<u>2,020,922</u>
Deferred Outflows for OPEB	545,137	-	545,137	-
Liabilities:				
Current liabilities:				
Accounts payable	2,302,363	3,692,250	5,994,613	26,514
Accrued expenses	3,510,893	2,337,585	5,848,478	4,631
Compensated absences - current	215,641	453,198	668,839	-
Current portion of total pension liability	103,000	-	103,000	-
Current portion of total OPEB liability	72,000	-	72,000	-
Current portion of long-term obligations	1,564,685	6,228,414	7,793,099	185,000
Total current liabilities	<u>7,768,582</u>	<u>12,711,447</u>	<u>20,480,029</u>	<u>216,145</u>
Noncurrent liabilities:				
Compensated absences - noncurrent	2,693,734	2,028,280	4,722,014	-
Closure/post-closure liability	-	4,916,929	4,916,929	-
Total pension liability	678,386	-	678,386	-
Total other postemployment benefits liability	2,230,166	-	2,230,166	-
Noncurrent portion of long-term obligations	9,077,930	89,857,803	98,935,733	385,000
Unamortized bond premiums	-	2,474,819	2,474,819	-
Total noncurrent liabilities	<u>14,680,216</u>	<u>99,277,831</u>	<u>113,958,047</u>	<u>385,000</u>
Total liabilities	<u>22,448,798</u>	<u>111,989,278</u>	<u>134,438,076</u>	<u>601,145</u>
Deferred Inflows for OPEB	288,702	-	288,702	-
Net position:				
Net investment in capital assets	369,512,622	220,910,910	590,423,532	527,362
Restricted for:				
Debt service	126,176	6,834,515	6,960,691	-
Landfill closure/post-closure costs	-	1,401,514	1,401,514	-
Perpetual care - permanent	992,071	-	992,071	-
Street improvements	512,656	-	512,656	-
Economic development	1,764,636	-	1,764,636	-
Community improvements	9,172,772	-	9,172,772	-
Other purposes	717,625	225,000	942,625	-
Unrestricted	30,803,932	95,612,512	126,416,444	892,415
Total net position	<u>\$ 413,602,490</u>	<u>\$ 324,984,451</u>	<u>\$ 738,586,941</u>	<u>\$ 1,419,777</u>

City of Grand Island, Nebraska
Statement of Activities
Year Ended September 30, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Functions/programs:								
Primary government:								
Governmental activities:								
General government	\$ 8,071,977	\$ 3,611,519	\$ 532,062	\$ 1,032,623	\$ (2,895,773)	\$ -	\$ (2,895,773)	\$ -
Public safety	26,228,947	5,035,858	1,495,939	4,739	(19,692,411)	-	(19,692,411)	-
Public works	7,227,787	512,016	8,000	2,435,687	(4,272,084)	-	(4,272,084)	-
Environment and leisure	7,026,302	1,193,340	723,134	983,436	(4,126,392)	-	(4,126,392)	-
Non-departmental	2,447,324	-	50,000	-	(2,397,324)	-	(2,397,324)	-
Interest and fees on long-term debt	214,279	-	-	-	(214,279)	-	(214,279)	-
Total governmental activities	<u>51,216,616</u>	<u>10,352,733</u>	<u>2,809,135</u>	<u>4,456,485</u>	<u>(33,598,263)</u>	<u>-</u>	<u>(33,598,263)</u>	<u>-</u>
Business-type activities:								
Electric	85,024,974	81,518,937	-	-	-	(3,506,037)	(3,506,037)	-
Water	6,007,863	6,615,783	-	963,773	-	1,571,693	1,571,693	-
Sewer	14,193,654	13,649,067	52,493	648,176	-	156,082	156,082	-
Landfill	2,746,191	3,709,851	-	-	-	963,660	963,660	-
Total business-type activities	<u>107,972,682</u>	<u>105,493,638</u>	<u>52,493</u>	<u>1,611,949</u>	<u>-</u>	<u>(814,602)</u>	<u>(814,602)</u>	<u>-</u>
Total primary government	<u>\$ 159,189,298</u>	<u>\$ 115,846,371</u>	<u>\$ 2,861,628</u>	<u>\$ 6,068,434</u>	<u>(33,598,263)</u>	<u>(814,602)</u>	<u>(34,412,865)</u>	<u>-</u>
Component units:								
Business Improvement Districts	\$ 248,165	\$ 3,500	\$ 23,200	\$ 15,000	-	-	-	(206,465)
Community Redevelopment Authority	3,609,125	-	-	-	-	-	-	(3,609,125)
Total component units	<u>\$ 3,857,290</u>	<u>\$ 3,500</u>	<u>\$ 23,200</u>	<u>\$ 15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,815,590)</u>
General revenues:								
Taxes:								
Property					11,558,568	-	11,558,568	3,394,011
Motor vehicle taxes					1,222,693	-	1,222,693	-
Occupation					2,746,182	-	2,746,182	-
Sales taxes					23,256,720	-	23,256,720	-
Franchise					1,166,634	-	1,166,634	-
State allocation					6,347,596	-	6,347,596	-
Special assessments					60,097	273,056	333,153	117,657
Miscellaneous					1,000,418	-	1,000,418	657,040
Interest income					279,259	1,948,485	2,227,744	14,624
Gain on sale of capital assets					71,392	32,970	104,362	37,884
Interfund transfers					527,721	(527,721)	-	-
Total general revenues and transfers					<u>48,237,280</u>	<u>1,726,790</u>	<u>49,964,070</u>	<u>4,221,216</u>
Change in net position					14,639,017	912,188	15,551,205	405,626
Net position, beginning of year					398,963,473	324,072,263	723,035,736	1,014,151
Net position, end of year					<u>\$ 413,602,490</u>	<u>\$ 324,984,451</u>	<u>\$ 738,586,941</u>	<u>\$ 1,419,777</u>

City of Grand Island, Nebraska
Balance Sheet – Governmental Funds
September 30, 2020

Assets	General Fund	Streets Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 15,687,287	\$ 479,797	\$ 8,250,034	\$ 24,417,118
Investments	13,378,479	238,429	3,631,568	17,248,476
County treasurer cash	637,522	-	497	638,019
Receivables:				
Accounts, net of allowance and doubtful accounts	1,333,815	23,384	258,420	1,615,619
Property taxes	537,794	-	31,110	568,904
Special assessments	-	750	635,518	636,268
Interest	32,988	91	11,682	44,761
Notes receivable	-	-	474,403	474,403
Due from other funds	363,186	-	-	363,186
Due from other governments	4,405,661	1,252,755	110,592	5,769,008
Total assets	\$ 36,376,732	\$ 1,995,206	\$ 13,403,824	\$ 51,775,762
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ 172,685	\$ 1,259,611	\$ 594,058	\$ 2,026,354
Accrued expenses	1,096,492	103,137	17,829	1,217,458
Due to other funds	97,509	119,802	57,043	274,354
Total liabilities	1,366,686	1,482,550	668,930	3,518,166
Deferred inflows of resources				
Unavailable revenues	1,055,624	-	670,542	1,726,166
Fund balances:				
Nonspendable				
Cemetery perpetual care	-	-	930,685	930,685
Library trust	-	-	61,386	61,386
Restricted				
Street improvements	-	512,656	-	512,656
Debt service	-	-	126,176	126,176
Economic development	-	-	1,764,636	1,764,636
Federal programs	-	-	193,430	193,430
Housing loans	-	-	290,781	290,781
Community improvements	4,884,166	-	4,288,606	9,172,772
Other purposes	-	-	233,414	233,414
Assigned				
Capital improvements	1,385,986	-	2,124,244	3,510,230
Public safety	-	-	1,780,680	1,780,680
Transportation programs	-	-	230,171	230,171
Future employee benefits	4,710,219	-	-	4,710,219
Other purposes	-	-	141,535	141,535
Unassigned	22,974,051	-	(101,392)	22,872,659
Total fund balances	33,954,422	512,656	12,064,352	46,531,430
Total liabilities, deferred inflows of resources, and fund balances	\$ 36,376,732	\$ 1,995,206	\$ 13,403,824	\$ 51,775,762

City of Grand Island, Nebraska
Reconciliation of the Balance Sheet –
Governmental Funds to the Statement of Net Position
September 30, 2020

Total fund balances - governmental funds		\$ 46,531,430
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and; therefore, are not reported as assets in governmental funds.		380,008,073
Deferred inflows of resources for unavailable revenues not available to pay for current-period expenditures and; therefore the revenues are not recognized in the funds.		1,726,166
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.		1,712,514
Pension and OPEB liabilities and related deferred items do not represent an obligation of current financial resources, and are therefore not reported in the funds.		(2,827,117)
Long-term liabilities, including bonds payable and related interest 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 consists of:		
Compensated absences	\$ (2,793,864)	
Accrued interest payable	(112,097)	
Capital lease obligations	(2,703,473)	
Note payable	(3,873,142)	
General obligation bonds payable	(4,066,000)	<u>(13,548,576)</u>
Total net position - governmental activities		<u>\$ 413,602,490</u>

City of Grand Island, Nebraska
Statement of Revenues, Expenditures, and
Changes in Fund Balances – Governmental Funds
Year Ended September 30, 2020

	<u>General Fund</u>	<u>Streets Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes:				
Property	\$ 11,663,425	\$ -	\$ 9,722	\$ 11,673,147
Motor vehicle	1,219,268	-	27	1,219,295
Occupation	198,879	-	2,547,303	2,746,182
Sales tax	20,926,860	2,329,860	-	23,256,720
Franchise	1,166,634	-	-	1,166,634
Intergovernmental	2,421,108	7,497,395	1,141,862	11,060,365
Keno	-	-	272,213	272,213
Special assessments	-	-	60,097	60,097
Charges for services	9,775,708	67,908	712,024	10,555,640
Interest income	48,705	-	139,183	187,888
Contributions and grants	13,942	-	1,151,946	1,165,888
Other revenue	389,337	44,904	249,204	683,445
Total revenues	<u>47,823,866</u>	<u>9,940,067</u>	<u>6,283,581</u>	<u>64,047,514</u>
Expenditures:				
General government	6,505,325	-	2,429,246	8,934,571
Public safety	23,886,885	-	465,885	24,352,770
Public works	1,809,300	13,715,725	1,051,777	16,576,802
Environment and leisure	6,746,180	-	1,654,403	8,400,583
Non-departmental	1,864,842	-	-	1,864,842
Principal payments on debt	698,876	-	760,061	1,458,937
Interest on long-term debt	11,057	-	217,745	228,802
Total expenditures	<u>41,522,465</u>	<u>13,715,725</u>	<u>6,579,117</u>	<u>61,817,307</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,301,401</u>	<u>(3,775,658)</u>	<u>(295,536)</u>	<u>2,230,207</u>
Other financing sources (uses):				
Proceeds from sales of capital asset	71,392	-	-	71,392
Transfers in	3,231,721	500,000	2,303,642	6,035,363
Transfers out	(3,969,000)	(600,000)	(938,642)	(5,507,642)
Total other financing sources (uses)	<u>(665,887)</u>	<u>(100,000)</u>	<u>1,365,000</u>	<u>599,113</u>
Net change in fund balances	5,635,514	(3,875,658)	1,069,464	2,829,320
Fund balances, beginning of year	<u>28,318,908</u>	<u>4,388,314</u>	<u>10,994,888</u>	<u>43,702,110</u>
Fund balances, end of year	<u>\$ 33,954,422</u>	<u>\$ 512,656</u>	<u>\$ 12,064,352</u>	<u>\$ 46,531,430</u>

City of Grand Island, Nebraska
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances – Governmental Funds
to the Statement of Activities
Year Ended September 30, 2020

Total net change in fund balances - governmental funds	\$ 2,829,320
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay (\$13,568,129) exceeded depreciation expense (\$3,980,978).	9,587,151
The net effect of various transactions involving capital asset activity to decrease net position.	1,287,279
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds: Change in revenues in fund statements previously recognized in the statement of activities.	15,974
Internal service funds are used by management to charge the costs of certain activities, such as information technology and fleet services, to individual funds. The change in net position of the internal service funds is reported within governmental activities.	(245,970)
The change in compensated absences is reported as an expense in the statement of activities. Compensated absences are not reported in the governmental funds.	(206,750)
Changes in the total pension liability, total OPEB liability and deferred inflows and outflows for OPEB do not represent financial activity in the governmental funds.	(101,447)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position, including the change in accrued interest payable not recognized in the fund financial statements.	<u>1,473,460</u>
Change in net position of governmental activities	<u><u>\$ 14,639,017</u></u>

City of Grand Island, Nebraska
Statement of Net Position
Proprietary Funds
Year Ended September 30, 2020

	Enterprise Funds					Internal Service Fund
	Major Funds			Nonmajor Landfill Fund	Total	
	Electric Fund	Water Fund	Sewer Fund			
Assets:						
Current assets:						
Cash and cash equivalents	\$ 34,288,038	\$ 6,891,480	\$ 11,888,328	\$ 1,412,921	\$ 54,480,767	\$ 2,487,687
Investments	7,206,829	-	5,907,757	702,134	13,816,720	1,203,683
Receivables						
Accounts, net of allowance for doubtful accounts	5,981,541	607,430	1,025,049	260,914	7,874,934	234,255
Unbilled revenue	3,108,085	420,074	495,812	-	4,023,971	-
Interest	43,202	10,247	41,478	43,921	138,848	3,562
Special assessments	-	66,124	517,167	-	583,291	-
Current portion of note receivable	-	-	120,000	-	120,000	-
Due from other funds	188,567	28,036	-	25,814	242,417	84,143
Inventory	9,791,891	268,601	-	-	10,060,492	125,734
Prepaid expenses	590,560	18,265	-	-	608,825	-
Total current assets	<u>61,198,713</u>	<u>8,310,257</u>	<u>19,995,591</u>	<u>2,445,704</u>	<u>91,950,265</u>	<u>4,139,064</u>
Noncurrent assets:						
Restricted cash and cash equivalents	1,781,974	421,400	4,331,250	-	6,534,624	-
Restricted investments	6,138,115	-	500,000	7,551,838	14,189,953	-
Noncurrent portion of note receivable	-	-	1,769,723	-	1,769,723	-
Costs recoverable in future periods	2,864,174	-	-	-	2,864,174	-
Capital assets:						
Land and improvements	6,069,593	-	146,533,069	8,610,955	161,213,617	-
Construction in progress	7,470,680	1,141,282	2,679,311	-	11,291,273	-
Distribution and collection systems	327,169,816	82,653,378	8,296,661	-	418,119,855	-
Buildings and equipment	44,290,176	4,216,738	18,374,136	6,687,178	73,568,228	1,835,168
Less accumulated depreciation	<u>(248,673,734)</u>	<u>(20,724,842)</u>	<u>(66,975,793)</u>	<u>(7,739,078)</u>	<u>(344,113,447)</u>	<u>(1,688,004)</u>
Net capital assets	136,326,531	67,286,556	108,907,384	7,559,055	320,079,526	147,164
Total noncurrent assets	<u>147,110,794</u>	<u>67,707,956</u>	<u>115,508,357</u>	<u>15,110,893</u>	<u>345,438,000</u>	<u>147,164</u>
Total assets	<u>208,309,507</u>	<u>76,018,213</u>	<u>135,503,948</u>	<u>17,556,597</u>	<u>437,388,265</u>	<u>4,286,228</u>
Liabilities:						
Current liabilities:						
Accounts payable	2,738,383	141,685	743,098	69,084	3,692,250	276,009
Due to other funds	117,737	104,721	170,962	21,116	414,536	856
Accrued expenses	1,748,529	267,360	274,867	46,829	2,337,585	2,181,338
Compensated absences - current	394,544	39,021	11,322	8,311	453,198	8,567
Current portion of long-term obligations	3,345,000	310,000	2,573,414	-	6,228,414	-
Total current liabilities	<u>8,344,193</u>	<u>862,787</u>	<u>3,773,663</u>	<u>145,340</u>	<u>13,125,983</u>	<u>2,466,770</u>
Noncurrent liabilities:						
Compensated absences - noncurrent	1,578,177	156,083	179,561	114,459	2,028,280	106,944
Closure/post-closure liability	1,002,360	-	-	3,914,569	4,916,929	-
Noncurrent portion of long-term obligations	28,090,000	6,225,000	55,542,803	-	89,857,803	-
Unamortized bond premiums	1,547,215	-	927,604	-	2,474,819	-
Total noncurrent liabilities	<u>32,217,752</u>	<u>6,381,083</u>	<u>56,649,968</u>	<u>4,029,028</u>	<u>99,277,831</u>	<u>106,944</u>
Total liabilities	<u>40,561,945</u>	<u>7,243,870</u>	<u>60,423,631</u>	<u>4,174,368</u>	<u>112,403,814</u>	<u>2,573,714</u>
Net position:						
Net investment in capital assets	103,247,751	60,663,222	49,440,882	7,559,055	220,910,910	147,164
Restricted for:						
Debt service	6,138,115	196,400	500,000	-	6,834,515	-
Uranium removal	-	225,000	-	-	225,000	-
Closure/post-closure costs	779,614	-	-	621,900	1,401,514	-
Unrestricted	<u>57,582,082</u>	<u>7,689,721</u>	<u>25,139,435</u>	<u>5,201,274</u>	<u>95,612,512</u>	<u>1,565,350</u>
Total net position	<u>\$ 167,747,562</u>	<u>\$ 68,774,343</u>	<u>\$ 75,080,317</u>	<u>\$ 13,382,229</u>	<u>\$ 324,984,451</u>	<u>\$ 1,712,514</u>

City of Grand Island, Nebraska
Statement of Revenues, Expenditures, and
Changes in Net Position – Proprietary Funds
Year Ended September 30, 2020

	Enterprise Funds					Internal Service Funds
	Major Funds			Nonmajor Landfill Funds	Total	
	Electric Fund	Water Fund	Sewer Fund			
Operating revenues:						
Sales						
Consumers	\$ 62,452,155	\$ 6,280,067	\$ 13,451,117	\$ 3,709,688	\$ 85,893,027	\$ -
Municipal and interdepartmental	1,958,443	198,134	-	-	2,156,577	10,695,885
Wholesale	16,170,324	-	-	-	16,170,324	-
Total sales	80,580,922	6,478,201	13,451,117	3,709,688	104,219,928	10,695,885
Tap fees	-	-	34,235	-	34,235	-
Other revenue	938,015	137,582	163,715	163	1,239,475	-
Total operating revenues	81,518,937	6,615,783	13,649,067	3,709,851	105,493,638	10,695,885
Operating expenses:						
Cost of power	60,152,137	-	-	-	60,152,137	-
Production	-	2,514,852	-	-	2,514,852	-
Operation of system	3,094,520	1,036,523	4,987,123	1,323,323	10,441,489	-
Maintenance of system	2,665,388	-	248,503	182,826	3,096,717	-
Consumer accounting and collection	1,617,849	596,718	715,487	133,562	3,063,616	-
General office expense	1,905,380	136,212	668,820	313,486	3,023,898	-
Special services	1,180,438	119,999	110,352	152,497	1,563,286	-
Information technology	-	-	-	-	-	1,413,626
Central garage	-	-	-	-	-	1,017,589
Insurance	630,913	14,163	101,211	46,437	792,724	8,509,884
Miscellaneous	141,835	247,248	-	-	389,083	106,520
Change in closure/post-closure liability	-	-	-	(366,921)	(366,921)	-
Depreciation	12,435,682	1,152,547	5,307,046	663,360	19,558,635	35,607
Total operating expenses	83,824,142	5,818,262	12,138,542	2,448,570	104,229,516	11,083,226
Operating income (loss)	(2,305,205)	797,521	1,510,525	1,261,281	1,264,122	(387,341)
Nonoperating revenues (expenses):						
Interest income	1,147,626	98,703	359,664	342,492	1,948,485	91,371
Intergovernmental/grants	-	-	52,493	-	52,493	50,000
Interest expense	(1,200,832)	(189,601)	(2,055,112)	-	(3,445,545)	-
Gain (loss) on disposal of assets	32,970	-	-	(297,621)	(264,651)	-
Special assessments	-	-	273,056	-	273,056	-
Total nonoperating revenues (expenses)	(20,236)	(90,898)	(1,369,899)	44,871	(1,436,162)	141,371
Change in net position before contributions and transfers	(2,325,441)	706,623	140,626	1,306,152	(172,040)	(245,970)
Capital contributions	-	963,773	648,176	-	1,611,949	-
Transfers in (out)	(449,060)	(78,661)	-	-	(527,721)	-
Change in net position	(2,774,501)	1,591,735	788,802	1,306,152	912,188	(245,970)
Net position, beginning	170,522,063	67,182,608	74,291,515	12,076,077	324,072,263	1,958,484
Net position, ending	\$ 167,747,562	\$ 68,774,343	\$ 75,080,317	\$ 13,382,229	\$ 324,984,451	\$ 1,712,514

City of Grand Island, Nebraska
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2020

	Enterprise Funds					Internal Service Funds
	Electric Fund	Major Funds Water Fund	Sewer Fund	Nonmajor Landfill Fund	Total	
Cash flows from operating activities:						
Receipts from customers	\$ 80,767,703	\$ 6,374,312	\$ 13,247,042	\$ 3,686,212	\$ 104,075,269	\$ -
Receipts from other funds	-	-	-	-	-	10,463,149
Payments to suppliers	(67,630,227)	(4,302,486)	(4,563,671)	(1,197,316)	(77,693,700)	(10,409,959)
Payments to employees	(2,918,159)	(272,537)	(2,124,445)	(981,218)	(6,296,359)	(1,072,690)
Net cash provided by (used in) operating activities	<u>10,219,317</u>	<u>1,799,289</u>	<u>6,558,926</u>	<u>1,507,678</u>	<u>20,085,210</u>	<u>(1,019,500)</u>
Cash flows from noncapital financing activities:						
Payments in lieu of taxes	(445,443)	(71,923)	-	-	(517,366)	-
Transfer from (to) other funds	(22,902)	21,056	-	-	(1,846)	-
Change in interfund balances	-	-	15,827	(5,195)	10,632	(27,649)
Net cash provided by (used in) noncapital financing activities	<u>(468,345)</u>	<u>(50,867)</u>	<u>15,827</u>	<u>(5,195)</u>	<u>(508,580)</u>	<u>(27,649)</u>
Cash flows from capital and related financing activities:						
Purchase of property and equipment	(9,224,247)	(1,063,028)	(3,001,077)	(703,097)	(13,991,449)	-
Proceeds from sale of property and equipment	92,937	-	-	-	92,937	-
Intergovernmental receipts	-	-	617,691	-	617,691	50,000
Special assessment collections	-	585	162,375	-	162,960	-
Principal payments on capital debt	(3,225,000)	(305,000)	(2,474,211)	-	(6,004,211)	-
Interest paid on capital debt	(1,583,550)	(189,855)	(2,141,283)	-	(3,914,688)	-
Net cash provided by (used in) capital and related financing activities	<u>(13,939,860)</u>	<u>(1,557,298)</u>	<u>(6,836,505)</u>	<u>(703,097)</u>	<u>(23,036,760)</u>	<u>50,000</u>
Cash flows from investing activities:						
Proceeds from the sale of maturities of investment securities	13,602,010	-	-	-	13,602,010	-
Purchase of investment securities	(7,206,829)	-	-	-	(7,206,829)	-
Change in allocation of pooled investments	-	-	4,663,918	(996,360)	3,667,558	1,274,354
Collections on notes receivable	-	-	120,000	-	120,000	-
Interest received	1,370,974	91,330	387,728	342,165	2,192,197	93,401
Net cash provided by (used in) investing activities	<u>7,766,155</u>	<u>91,330</u>	<u>5,171,646</u>	<u>(654,195)</u>	<u>12,374,936</u>	<u>1,367,755</u>
Net increase in cash and cash equivalents	<u>3,577,267</u>	<u>282,454</u>	<u>4,909,894</u>	<u>145,191</u>	<u>8,914,806</u>	<u>370,606</u>
Cash and cash equivalents, beginning	<u>32,492,745</u>	<u>7,030,426</u>	<u>11,309,684</u>	<u>1,267,730</u>	<u>52,100,585</u>	<u>2,117,081</u>
Cash and cash equivalents, ending	<u>\$ 36,070,012</u>	<u>\$ 7,312,880</u>	<u>\$ 16,219,578</u>	<u>\$ 1,412,921</u>	<u>\$ 61,015,391</u>	<u>\$ 2,487,687</u>

City of Grand Island, Nebraska
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2020

	Enterprise Funds				Total	Internal Service Funds
	Electric Fund	Major Funds Water Fund	Sewer Fund	Nonmajor Landfill Fund		
Composition of cash and cash equivalents						
Cash and cash equivalents	\$ 34,288,038	\$ 6,891,480	\$ 11,888,328	\$ 1,412,921	\$ 54,480,767	\$ 2,487,687
Restricted cash and cash equivalents	1,781,974	421,400	4,331,250	-	6,534,624	-
	<u>\$ 36,070,012</u>	<u>\$ 7,312,880</u>	<u>\$ 16,219,578</u>	<u>\$ 1,412,921</u>	<u>\$ 61,015,391</u>	<u>\$ 2,487,687</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (2,305,205)	\$ 797,521	\$ 1,510,525	\$ 1,261,281	\$ 1,264,122	\$ (387,341)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	12,435,682	1,152,547	5,307,046	663,360	19,558,635	35,607
Change in assets and liabilities:						
Accounts receivable	(751,234)	(241,471)	(402,025)	(23,639)	(1,418,369)	(234,255)
Inventories	(58,235)	22,340	-	-	(35,895)	(7,733)
Prepaid expenses	(132,632)	(4,102)	-	-	(136,734)	-
Deferred charges	880,898	-	-	-	880,898	-
Accounts payable and accrued expenses	86,970	72,454	143,380	(26,403)	276,401	(427,297)
Other	63,073	-	-	(366,921)	(303,848)	1,519
Net cash provided by (used in) operating activities	<u>\$ 10,219,317</u>	<u>\$ 1,799,289</u>	<u>\$ 6,558,926</u>	<u>\$ 1,507,678</u>	<u>\$ 20,085,210</u>	<u>\$ (1,019,500)</u>
Supplemental cash flow information						
Capital contributions	\$ -	\$ 963,773	\$ 648,176	\$ -	\$ 1,611,949	\$ -
Amortization of bond premium	\$ 366,593	\$ -	\$ -	\$ -	\$ 366,593	\$ -
Accounts payable incurred for capital asset purchase	\$ 96,565	\$ 88,334	\$ 422,681	\$ -	\$ 607,580	\$ -

City of Grand Island, Nebraska
Statement of Net Position
Fiduciary Funds
September 30, 2020

	Agency Funds
Assets	
Cash	\$ 205,654
Investments	102,196
Interest receivable	88
Special assessments receivable	24,711
Total assets	\$ 332,649
Liabilities	
Due to others	\$ 332,649
Total liabilities	\$ 332,649

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 1: 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.

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 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

In determining the financial reporting entity, the City has considered all potential component units 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 exclusions would cause the reporting entity's financial statements to be misleading.

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. The City has determined the Grand Island Facilities Corporation (Facilities Corporation) is a blended component unit as the governing body consists of members appointed by City government and the City is the sole corporate member of the Facilities Corporation.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 1: Summary of Significant Accounting Policies - Continued

Financial Reporting Entity - Continued

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 (CRA)	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.
Business Improvement Districts (BID)	The BIDs account for funding held for improvement and maintenance of public areas within the boundaries of the District.

The CRA and BID do not have separately issued financial statements.

Basis of Presentation

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

Fund Financial Statements - Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, 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 and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type; and

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 1: Summary of Significant Accounting Policies - Continued

Basis of Presentation - Continued

- b) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds

The City reports the following major 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.

Streets Fund – The Streets Fund, a special revenue fund, is used to account for operation of the street department. Revenues are provided by the City’s share of state gasoline taxes, in addition to the required match from the City. State law requires these taxes to be used to construct and maintain roads, streets and improvements, and for the street program administration.

Additionally, the city reports the following non-major fund types:

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. These nonmajor funds consist of the Enhanced 911, PSC Wireless, Pioneer Consortium, Occupation Tax, Keno, Transportation, Community Youth Council, Program Income Reuse, Economic Development, HUD Entitlement, Housing Reuse, Community Development, Community Grants, Police Grants, Parking District #1, Parking District #2, and Local Assistance funds.

Capital Projects Funds – The nonmajor capital projects funds consist of the Capital Projects Fund and the Special Assessments Fund. The Capital Projects Fund is used to account for resources restricted for the acquisition or construction of specific capital projects with transfers made to governmental funds. The Special Assessments Fund is used to account for collections of special assessments for the Debt Service or Capital Projects Fund.

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 the debt service payments made by the enterprise funds. Ad valorem taxes are used for the payment of principal and interest on the City’s general obligation bonds.

Permanent Funds – The Permanent Funds account for assets held by the City pursuant to trust agreements. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund. These nonmajor funds consist of the Library Trust and Cemetery Trust funds.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 1: Summary of Significant Accounting Policies - Continued

Proprietary Funds

Enterprise Funds – Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on the change in net position 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. The City’s internal service funds consist of the Information Technology, Fleet Services, Insurance, and Equipment Reserve funds.

The City reports the following major proprietary funds:

Electric Fund – The Electric Fund accounts for the revenues and expenses of the electric utility.

Water Fund – The Water Fund accounts for the revenues and expenses of the water utility.

Sewer Fund – The Sewer Fund accounts for the activity from sewer service charges and related expenditures for operation, maintenance, and capital improvements of the sanitary sewer system.

Additionally, the City reports the following nonmajor enterprise fund:

Landfill Fund – The Landfill Fund accounts for the revenues and expenses for the maintenance and operation of the landfill.

Fiduciary Funds

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:

Fund	Brief Description
Cafeteria Plan	Accounts for voluntary employee contributions as a tax-free reimbursement for medical and child care expenses.
Other Agencies	Accounts for fines and fees collected by the City which are ultimately remitted to Grand Island Public Schools.
Tri City Task Force	Accounts for the collection of grant monies and seized funds, which are used for the operation of the task force or ultimately remitted to the task force members.
BID Assessments	Accounts for the collection of assessments for the Railside, South Locust and Fonner Park Business Improvement Districts, and remittance of assessments to the Districts.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 1: Summary of Significant Accounting Policies - Continued

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 measurement focus applied.

The government-wide and proprietary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flows takes place. Property taxes are recognized as revenues in the year for which they are levied. Revenue from grants and similar items are recognized when the eligibility requirements have been met.

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for debt service expenditures and other certain long-term obligations, which are reported as expenditures in the year due.

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

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

Use of 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, liabilities and deferred inflows/outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 1: Summary of Significant Accounting Policies - Continued

Cash and Investments

For the purpose of the Statement of Net Position and Balance Sheet, “cash and cash equivalents” include all demand accounts and savings accounts. For the purpose of 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.

Nonnegotiable certificates of deposit are carried at amortized cost, which approximates fair value. All other investments are carried at fair value. Fair value is determined using quoted market prices.

Investment income includes dividend and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is assigned to the funds with which the related investment asset is associated.

Receivables

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 receivables 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.

Inventory

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies and repair parts and are recorded on the government-wide financial statements and the proprietary fund statements. In the governmental funds, inventory is recorded as an expenditure when purchased. There are not significant balances of inventory to record in the governmental funds.

Restricted Assets

Restricted assets include cash and investments that are legally restricted as 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.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 1: Summary of Significant Accounting Policies - Continued

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 Section Re10, *Regulated Operations*, 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.

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 acquisition 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.

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

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 1: Summary of Significant Accounting Policies - Continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category, deferred outflows for OPEB, reported in the government-wide statement of net position. The deferred outflow for OPEB results from changes in actuarial assumptions. This amount will be amortized over the weighted average of the expected remaining service lives for all covered active and inactive OPEB plan members.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The unavailable revenues reported in the governmental funds balance sheet are from property taxes, special assessments and other revenues that are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflows for OPEB reported in the government-wide statement of net position are from changes in actuarial assumptions and differences between expected and actual experience. These amounts are amortized over the weighted average of the expected remaining service lives for all covered active and inactive OPEB plan members.

Unamortized Bond Premiums

Bond premiums for the Electric and Sewer Funds are amortized over the life of the bonds using the effective interest method.

Unavailable Revenues

Unavailable revenues consist of property taxes, special assessments and certain other receivables 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.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 1: Summary of Significant Accounting Policies - Continued

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 government-wide statements. The long-term debt consists primarily of notes payable, accrued compensated absences, and closure/post-closure liabilities.

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.

Net Position

Net position is required to be displayed in three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvements of those assets are also included in this component of net position. If there are significant unspent related debt proceeds at year-end, the portion of debt attributable to unspent proceeds is not included in the calculation of net investment in capital assets.

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 provision or enabling legislation.

Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Balance Classification

Fund balances for the City’s governmental funds are classified as follows:

Nonspendable – Amounts that are not in a spendable form or are legally or contractually required to be maintained intact.

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

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 1: Summary of Significant Accounting Policies - Continued

Fund Balance Classification - Continued

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

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

Unassigned – The residual classification for the general fund and includes all amounts not included in the other classifications.

Sales and Use Tax

The City presently levies a sales tax on taxable sales within the City. The sales tax rate was 2.0% for the 2020 fiscal year. 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 and October (which represents sales for August and September) and received by the City in October and November 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, 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% interest.

Property taxes levied for 2019-20 are recorded as revenue when expected to be collected within 60 days after September 30, 2020. Prior-year levies were recorded using these same principles, and remaining receivables are re-evacuated 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 5% of its net operating revenues, excluding depreciation, and the water department pays 1% of its gross revenues derived from within the City limits.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 1: Summary of Significant Accounting Policies - Continued

Contributions in Aid of Construction

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

Interfund Transfers

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

Note 2: 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:

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, and Agency Funds.

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 pledging institution in the City's name.

Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local requirements.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 2: Stewardship, Compliance and Accountability - Continued

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.

Budgetary Data

The City is required by state laws to adopt annual budgets for all funds 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 expenditures 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 become 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 the Financial Statements
September 30, 2020

Note 2: Stewardship, Compliance and Accountability - Continued

Deficit Fund Balances

The deficit fund balances in the Transportation Fund of \$74,824 and in the Community Development Fund of \$26,568 are the result of costs incurred during 2020 in excess of the related revenues. These deficits will be resolved in future years through additional revenues and transfers from the General Fund.

Note 3: Deposits and Investments

Deposits

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. As of September 30, 2020, all of the City's deposits with financial institutions were fully insured or collateralized by securities held in the City's name in the form of pledged securities.

Investments

The City's investments consist of nonnegotiable certificates of deposits and investments in equity securities, U.S. Government and agency obligations, and corporate bonds.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates (market rates) will affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from risking 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:

Investment Type	Carrying Value	Investment Term			Credit Rating Moody's / S&P
		Less Than 1	1 - 5 Years	6 - 10 Years	
Certificates of deposit	\$ 32,192,864	\$ 31,702,864	\$ 490,000	\$ -	Not Rated
U.S. Treasury securities	105,326	-	-	105,326	AAA / Not Rated
Corporate bonds	303,641	303,641	-	-	A2 / A-
Domestic common stocks	4,579,677	4,579,677	-	-	Not Rated
Money markets	2,090,824	2,090,824	-	-	Not Rated
	<u>\$ 39,272,332</u>	<u>\$ 38,677,006</u>	<u>\$ 490,000</u>	<u>\$ 105,326</u>	

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 3: Deposits and Investments - Continued

Investments - Continued

Custodial Credit Risk – 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 possession of an outside party. All of the underlying securities for the City’s investments at September 30, 2020, 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.

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, corporate bonds, equity securities 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 places no limit on the amount that may be invested in any one issuer.

Fair Value of Investments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

The City’s investments in certificates of deposit and money markets are carried at cost, and thus are not included within the fair value hierarchy.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 3: Deposits and Investments - Continued

Recurring Measurements

The following table presents the fair value measurements of investments recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2020:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
U.S. Treasury securities	\$ 105,326	\$ -	\$ 105,326	\$ -
Corporate bonds	303,641	-	303,641	-
Domestic common stocks	4,579,677	4,579,677	-	-
	<u>\$ 4,988,644</u>	<u>\$ 4,579,677</u>	<u>\$ 408,967</u>	<u>\$ -</u>

Summary of Carrying Values

The carrying values of deposits and investments are as follows:

Deposits	\$ 95,414,546
Investments	<u>39,272,332</u>
	<u>\$ 134,686,878</u>

Included in the following statement of net position captions:

	Statement of Net Position		
	Government-Wide	Fiduciary Funds	Total
Cash and cash equivalents	\$ 80,456,226	\$ 205,654	\$ 80,661,880
Restricted cash and cash equivalents	7,463,970	-	7,463,970
Investments	26,859,436	102,196	26,961,632
Restricted investments	19,599,396	-	19,599,396
	<u>\$ 134,379,028</u>	<u>\$ 307,850</u>	<u>\$ 134,686,878</u>

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 4: Accounts and Notes Receivable

Accounts and notes receivable at September 30, 2020 consist of the following:

Fund			Special			Gross		Allowance	Net
	Taxes	Accounts	Assessments	Interest	Notes	Receivables			
General	\$ 537,794	\$ 1,333,815	\$ -	\$ 32,988	\$ -	\$ 1,904,597	\$ -	\$ 1,904,597	
Streets	-	23,384	750	91	-	24,225	-	24,225	
Nonmajor	31,110	258,420	635,518	11,682	474,403	1,411,133	-	1,411,133	
Electric	-	9,674,553	-	43,202	-	9,717,755	(584,927)	9,132,828	
Water	-	1,078,341	66,124	10,247	-	1,154,712	(50,837)	1,103,875	
Sewer	-	1,594,696	517,167	41,478	1,889,723	4,043,064	(73,835)	3,969,229	
Landfill	-	260,914	-	43,921	-	304,835	-	304,835	
Internal Service	-	234,255	-	3,562	-	237,817	-	237,817	
	<u>\$ 568,904</u>	<u>\$ 14,458,378</u>	<u>\$ 1,219,559</u>	<u>\$ 187,171</u>	<u>\$ 2,364,126</u>	<u>\$ 18,798,138</u>	<u>\$ (709,599)</u>	<u>\$ 18,088,539</u>	

Note 5: Capital Assets

Capital asset activity for the year ended September 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 8,731,739	\$ -	\$ -	\$ 8,731,739
Infrastructure	277,677,436	12,221,261	-	289,898,697
Construction in progress	28,385,057	12,118,727	16,873,227	23,630,557
Total capital assets, not being depreciated	<u>314,794,232</u>	<u>24,339,988</u>	<u>16,873,227</u>	<u>322,260,993</u>
Capital assets, being depreciated:				
Land improvements	27,334,527	766,580	18,087	28,083,020
Buildings	58,847,592	5,209,267	-	64,056,859
Machinery and equipment	10,430,513	766,881	51,600	11,145,794
Office furniture and equipment	3,206,982	-	-	3,206,982
Vehicles	9,472,292	655,927	15,671	10,112,548
Total capital assets, being depreciated	<u>109,291,906</u>	<u>7,398,655</u>	<u>85,358</u>	<u>116,605,203</u>
Less accumulated depreciation for:				
Land improvements	9,927,696	849,463	8,340	10,768,819
Buildings	27,835,518	1,860,953	-	29,696,471
Machinery and equipment	7,037,329	532,024	21,892	7,547,461
Office furniture and equipment	2,973,939	76,395	-	3,050,334
Vehicles	7,001,402	662,143	15,671	7,647,874
Total accumulated depreciation	<u>54,775,884</u>	<u>3,980,978</u>	<u>45,903</u>	<u>58,710,959</u>
Total capital assets, being depreciated, net	<u>54,516,022</u>	<u>3,417,677</u>	<u>39,455</u>	<u>57,894,244</u>
Governmental activities capital assets, net	<u>\$ 369,310,254</u>	<u>\$ 27,757,665</u>	<u>\$ 16,912,682</u>	<u>\$ 380,155,237</u>

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 5: Capital Assets - Continued

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 4,797,218	\$ -	\$ -	\$ -	\$ 4,797,218
Construction in progress	13,724,693	12,600,269	-	(15,033,689)	11,291,273
Total capital assets, not being depreciated	<u>18,521,911</u>	<u>12,600,269</u>	<u>-</u>	<u>(15,033,689)</u>	<u>16,088,491</u>
Capital assets, being depreciated:					
Land improvements	151,959,760	639,315	-	3,817,324	156,416,399
Buildings, distribution systems, equipment	470,208,313	1,427,820	2,043,064	11,216,365	480,809,434
Office furniture and equipment	356,719	-	-	-	356,719
Vehicles	9,698,440	1,110,930	287,440	-	10,521,930
Total capital assets, being depreciated	<u>632,223,232</u>	<u>3,178,065</u>	<u>2,330,504</u>	<u>15,033,689</u>	<u>648,104,482</u>
Less accumulated depreciation for:					
Land improvements	51,309,488	4,802,364	-	-	56,111,852
Buildings, distribution systems, equipment	267,898,548	13,863,831	1,499,067	-	280,263,312
Office furniture and equipment	244,267	38,556	-	-	282,823
Vehicles	6,855,485	853,884	253,909	-	7,455,460
Total accumulated depreciation	<u>326,307,788</u>	<u>19,558,635</u>	<u>1,752,976</u>	<u>-</u>	<u>344,113,447</u>
Total capital assets, being depreciated, net	<u>305,915,444</u>	<u>(16,380,570)</u>	<u>577,528</u>	<u>15,033,689</u>	<u>303,991,035</u>
Business-type activities capital assets, net	<u>\$ 324,437,355</u>	<u>\$ (3,780,301)</u>	<u>\$ 577,528</u>	<u>\$ -</u>	<u>\$ 320,079,526</u>

Depreciation expense was charged to governmental activities as follows:

Governmental activities:	
General government	\$ 441,478
Public safety	2,317,102
Public works	194,461
Environment and leisure	797,189
Nondepartmental	230,748
Total depreciation expense - governmental	<u>\$ 3,980,978</u>
Business-type activities:	
Electric	\$ 12,435,682
Water	1,152,547
Sewer	5,307,046
Landfill	663,360
Total depreciation expense - business-type activities	<u>\$ 19,558,635</u>

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 6: Long-term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2020:

	Balances at October 1, 2019	Additions	Retirements or Other Reductions	Balances at September 30, 2020	Amount Due Within One Year
Governmental activities:					
Bonds payable	\$ 4,560,000	\$ -	\$ (494,000)	\$ 4,066,000	\$ 496,000
Notes payable - direct borrowings	4,333,045	-	(459,903)	3,873,142	472,381
Capital lease - direct borrowings	3,295,362	-	(591,889)	2,703,473	596,304
Compensated absences	2,587,114	2,502,235	(2,179,974)	2,909,375	215,641
Total governmental activities	<u>14,775,521</u>	<u>2,502,235</u>	<u>(3,725,766)</u>	<u>13,551,990</u>	<u>1,780,326</u>
Business-type activities					
Bonds payable	71,265,000	-	(4,520,000)	66,745,000	4,690,000
Bond premium	2,927,216	-	(452,397)	2,474,819	-
Notes payable - direct borrowings	30,431,443	393,985	(1,484,211)	29,341,217	1,538,414
Compensated absences	2,139,415	1,429,216	(1,087,153)	2,481,478	453,198
Closure/post-closure liability	5,220,777	-	(303,848)	4,916,929	-
Total business-type activities	<u>111,983,851</u>	<u>1,823,201</u>	<u>(7,847,609)</u>	<u>105,959,443</u>	<u>6,681,612</u>
Total primary government	<u>\$ 126,759,372</u>	<u>\$ 4,325,436</u>	<u>\$ (11,573,375)</u>	<u>\$ 119,511,433</u>	<u>\$ 8,461,938</u>
Component units					
Bonds payable	\$ 750,000	\$ -	\$ (180,000)	\$ 570,000	\$ 185,000
Notes payable - direct borrowings	36,693	-	(36,693)	-	-
Total component units	<u>\$ 786,693</u>	<u>\$ -</u>	<u>\$ (216,693)</u>	<u>\$ 570,000</u>	<u>\$ 185,000</u>

Governmental Activities

As of September 30, 2020, the governmental activities long-term debt consisted of the following:

Original Amount	Issued	Issue	Interest Rate	Final Maturity	Outstanding
Governmental Activities					
Bonds Payable					
\$ 1,231,000	11/9/2015	General Obligation Various Purpose Bonds	1.10 - 2.30	12/15/2024	\$ 706,000
4,435,000	12/23/2016	Public Safety Anticipation Bonds	2.90	12/15/2036	<u>3,360,000</u>
		Total Bonds Payable			<u>\$ 4,066,000</u>
Notes Payable - Direct Borrowing					
\$ 5,000,000	12/8/2016	Promissory Note	Variable	12/8/2028	<u>\$ 3,873,142</u>
Capital Leases - Direct Borrowings					
\$ 3,728,681	4/7/2017	Capital Lease Refunding Obligation - Heartland Events Center	14.80	12/15/2024	\$ 2,385,400
158,052	6/9/2017	Capital Lease - Tractors	2.70	6/9/2021	41,034
213,600	5/26/2016	Capital Lease - Motor Grader	2.785	11/25/2020	40,125
299,557	12/6/2018	Capital Lease - Combo Sewer/Cleaner	4.76	12/6/2023	<u>236,914</u>
		Total Capital Leases			<u>\$ 2,703,473</u>

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 6: Long-term Debt - Continued

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. The capital lease agreements are secured by the related financed facilities and equipment.

Business-type Activities

As of September 30, 2020, the long-term debt payable from proprietary fund resources consisted of the following:

Original Amount	Issued	Issue	Interest Rate	Final Maturity	Outstanding
Business-Type Activities					
Bonds Payable					
\$ 35,430,000	9/17/2013	Sewer System Revenue Bonds	0.500 - 5.375	9/15/2038	\$ 28,775,000
18,510,000	3/8/2012	Electric System Revenue Refunding Bonds, Series 2012	0.200 - 4.000	8/15/2022	3,980,000
36,915,000	10/31/2013	Electric System Revenue Refunding Bonds, Series 2013	0.250 - 5.000	8/15/2028	27,455,000
7,435,000	4/10/2017	Water Revenue Refunding Bonds, Series 2017	2.000 - 3.375	3/15/2037	6,535,000
Total Bonds Payable					<u>\$ 66,745,000</u>
Notes Payable - Direct Borrowings					
\$ 6,200,000	9/12/2014	DEQ Sewer Note - Project C317867	1.50	12/15/2025	\$ 5,068,878
29,000,000	9/12/2014	DEQ Sewer Note - Project C317981	1.25	12/15/2037	19,493,656
4,800,000	9/17/2015	DEQ Sewer Note - Project C317984	1.50	12/15/2037	1,890,564
6,473,500	9/18/2017	DEQ Sewer Note - Project C317990	0.50	12/15/2039	2,888,119
Total Notes Payable					<u>\$ 29,341,217</u>

Component Units

Original Amount	Issued	Issue	Interest Rate	Final Maturity	Outstanding
Component Units					
Bonds Payable					
\$ 1,800,000	10/30/2012	Limited Tax Obligation Bonds	0.40 - 2.40	12/15/2022	\$ 570,000

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 6: Long-term Debt - Continued

Debt Service Requirements

Annual debt service requirement to maturity, including principal and interest, for long-term debt as of September 30, 2020, are as follows:

Bonds Payable

	Governmental Activities		Business- type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 496,000	106,814	\$ 4,690,000	\$ 3,116,705
2022	498,000	94,062	4,780,000	2,935,205
2023	296,000	84,249	5,090,000	2,726,355
2024	299,000	76,511	5,325,000	2,492,690
2025	307,000	68,631	5,585,000	2,235,650
2026-2030	835,000	255,128	22,130,000	6,854,300
2031-2035	930,000	127,310	11,375,000	3,708,847
2036-2040	405,000	11,818	7,770,000	777,728
Total	<u>\$ 4,066,000</u>	<u>\$ 824,523</u>	<u>\$ 66,745,000</u>	<u>\$ 24,847,480</u>

Notes Payable – Direct Borrowings

	Governmental Activities		Business- type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 472,381	\$ 101,785	\$ 1,538,414	\$ 377,213
2022	485,269	88,897	1,558,808	356,818
2023	498,509	75,657	1,579,475	336,151
2024	512,110	62,056	1,600,418	315,208
2025	526,082	48,084	1,621,641	293,986
2026-2030	1,378,791	56,554	8,436,590	1,141,542
2031-2035	-	-	9,071,107	568,997
2036-2040	-	-	3,934,764	86,679
Total	<u>\$ 3,873,142</u>	<u>\$ 433,033</u>	<u>\$ 29,341,217</u>	<u>\$ 3,476,594</u>

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 6: Long-term Debt - Continued

Debt Service Requirements - Continued

Capital Lease Obligations – Direct Borrowings

	Governmental Activities
Year Ending September 30,	
2021	\$ 647,373
2022	562,879
2023	569,375
2024	565,100
2025	497,851
Total minimum lease payments	2,842,578
Less amount representing interest	(139,105)
	\$ 2,703,473

In November 2020, the City issued \$15,000,000 of Highway Allocation Fund Pledge Bonds, Series 2020. The proceeds of the Series 2020 bonds will be used for paying the costs of certain street improvements and related improvements within the City of Grand Island. The Series 2020 bonds are due in annual installments, with a final stated maturity of November 15, 2030, and bear interest at rates ranging from 3.0% to 4.0%.

In November 2020, the City issued \$24,275,000 of Combined Utilities Revenue Refunding Bonds, Series 2020A. The proceeds of the Series 2020A bonds, along with other available funds of the City, shall be used to prepay the promissory notes with the Nebraska Department of Environment and Energy (“DEQ Sewer Notes”). The Series 2020A bonds are due in annual installments, with a final stated maturity of August 15, 2037, and bear interest at 4.0%. The prepayment of the NEQ Sewer Notes is expected to result in a cash flow savings of approximately \$1.9 million.

In November 2020, the City issued \$68,485,000 of Combined Utilities Revenue Refunding Bonds (Taxable Interest), Series 2020B. The proceeds of the Series 2020B bonds, along with other available funds of the City, were used to refund \$28,775,000 of Sewer Revenue Refunding Bonds, Series 2013, \$3,980,000 of Electric System Revenue Refunding Bonds, Series 2013, and \$6,535,000 of Water Revenue and Refunding Bonds, Series 2017. The Series 2020B bonds are due in annual installments, with a final stated maturity of December 15, 2037, and bear interest at rates ranging from 0.443% to 2.78%. The refunding will result in a combined cash flow savings of approximately \$13,930,000 and a net present value savings of approximately \$5,200,000.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 6: Long-term Debt - Continued

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 Environment and Energy 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 \$1,002,360 at September 30, 2020, which is based on 56.25% usage (filled) of the ash disposal area. The remaining estimated liability for these costs is approximately \$810,000, 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, 2020. 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.

At September 30, 2020, the City incurred a liability of \$3,914,569 for the municipal solid waste landfill, which represents the costs reported to date based on the approximately 36.50% of the landfill capacity used to date. The remaining estimated liability for these costs is approximately \$6,810,000, which will be recognized as the remaining capacity is used (estimated to be over approximately 12 years).

The City meets the requirements of the *Local Government Financial Test*, so they are not subject to annual funding requirements. At September 30, 2020, funds of \$1,401,514 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 of 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.

In 1997, the City entered into an agreement with the Nebraska Department of Environment and Energy to establish a closure/post-closure care account for the fly ash disposal area at the Platte Generating Station. The purpose of this account is to accumulate sufficient monies to fund all related costs of closure and post-closure of the fly ash disposal area at the Platte Generating Station. The calculated amount of the closure/post-closure liability was \$1,002,360 as of September 30, 2020. The amount on deposit in the closure/post-closure care account was \$1,781,974 at September 30, 2020.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 7: Interfund Transactions and Balances

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those that are related to goods and services transactions are classified as “due to and from other funds”.

	Receivable Fund					Total
	General Fund	Electric	Water	Landfill	Internal Service	
Payable Fund:						
General	\$ -	\$ 59,044	\$ 5,646	\$ 559	\$ 32,260	\$ 97,509
Streets	57,714	29,235	6,043	-	26,810	119,802
Nonmajor Governmental	56,305	738	-	-	-	57,043
Electric	87,686	-	16,347	12,323	1,381	117,737
Water	28,127	52,214	-	12,932	11,448	104,721
Sewer	119,788	47,336	-	-	3,838	170,962
Landfill	12,710	-	-	-	8,406	21,116
Internal Service	856	-	-	-	-	856
	<u>\$ 363,186</u>	<u>\$ 188,567</u>	<u>\$ 28,036</u>	<u>\$ 25,814</u>	<u>\$ 84,143</u>	<u>\$ 689,746</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (b) move revenues from restricted funds to funds where the expenditures were incurred related to the restriction and to (c) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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 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.

Note 8: Defined Contribution Retirement Plans

The City participants in defined contribution employee pension plans as follows:

Name of Plan	Type of Plan
City General Plan	Defined Contribution Plan
Police Plan	Defined Contribution Plan
Firefighters Plan	Defined Contribution Plan
Deferred Compensation Plan	Qualified Deferred Compensation Plan

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 8: Defined Contribution Retirement 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 a continuous year, to participate in the plan immediately. Participants are required to contribute 6.0-7.5% of their earnings, depending on union agreements, and the City is required to match those participant contributions. The participant can contribute an additional 10% with no City match.

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

Vested Year	Percentage
1	60%
2	70%
3	80%
4	90%
5	100%

The employees and the City contributed \$1,856,303 and \$1,856,451, respectively, as required by the plan for the fiscal year ended September 30, 2020.

Police Plan

All regular full-time sworn officers of the City are covered by a defined contribution plan. Certain sworn officers are also covered by a single-employer defined benefit pension plan (see Note 9). Participants are required to contribute 7.0% of their earnings, but may contribute up to the maximum amount allowed under the Internal Revenue Code. Contributions made by the City equal 7.0% of the participants' compensation. Vesting of employer contributions occurs between four and ten years of service. Forfeitures shall first be applied to administrative expense of the Plan and then may be used by the City to reduce City contributions. The plan members and the City contributed \$479,876 and \$466,120, respectively, to the plan in fiscal 2020. There were no forfeitures used to reduce the amount of funding required by the City for the year ended September 30, 2020. The Plan is administered by a trustee independent of the City and is, therefore, not included in these financial statements.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 8: Defined Contribution Retirement Plans - Continued

Fire Plan

All regular full-time fire fighters of the City are covered by a defined contribution plan. Certain fire fighters are also covered by a single-employer defined benefit pension plan (see Note 9). Participants are required to contribute 6.50% of their earnings, but may contribute up to the maximum amount allowed under the Internal Revenue Code. Contributions made by the City equal 13.0% of the participants' compensation. Vesting of employer contributions occurs between four and ten years of service. Forfeitures shall first be applied to administrative expense of the Plan and then may be used by the City to reduce City contributions. The plan members and the City contributed \$313,081 and \$626,171, respectively, to the plan in fiscal 2020. There were no forfeitures used to reduce the amount of funding required by the City for the year ended September 30, 2020. The Plan is administered by a trustee independent of the City and is, therefore, not included in these financial statements.

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.

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.

Note 9: Police and Fire Defined Benefit Retirement Plan

Plan Description

The City has a single-employer defined benefit pension plan with certain members of the Grand Island Police and Fire Departments. The Plan covers 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 benefits under the new plan at least as great as those under the old defined benefit plan. 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (GASB 68). The Plan does not issue separate financial statements.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 9: Police and Fire Defined Benefit Retirement Plans - Continued

Summary of Benefit Provisions

Police – 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% of regular pay. All current employees will receive a benefit based on their defined contribution account. An employee is 100% vested in his or her contributions of 7.0% of monthly compensation, and vests 40% after two years of service, 60% after four years, 80% after five years, and is 100% vested at seven years or more in the City’s contributions, which is a matching 7%.

Fire – An employee who 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% of regular pay. All current employees will receive a benefit based on their defined contribution account. An employee is 100% vested in his or her contributions, 6.5% of monthly compensation, and vests 40% after four years of service plus 10% for each year thereafter, up to 100%, in the City’s contributions, 13% of monthly compensation.

Plan Membership

As of September 30, 2020, plan membership consisted of the following:

Inactive members and beneficiaries receiving benefits	15
Active plan members - Police	1
Active plan members - Fire	-
	-
Total participants	16

Contributions and Funding Policy

The City’s contributions for the additional amount to fund minimum pension benefits are limited to amounts paid to retirees during the fiscal year.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 9: Police and Fire Defined Benefit Retirement Plans - Continued

Actuarial Methods and Assumptions

The total pension liability was determined using the following actuarial assumptions:

Valuation Date	September 30, 2020
Measurement Date	September 30, 2020
Actuarial Cost Method	Entry Age Normal
Salary Increases	2.00%
Investment Rate of Return	6.0% per year for defined contribution accounts
Mortality Rates	RP-2014 Combined Generational Mortality Tables, adjusted for mortality improvement using Projection Scale MP-2020

Total Pension Liability

The total pension liability of the City at September 30, 2020 was \$781,386.

Discount Rate

The discount rate used to measure the total pension liability as of September 30, 2020 was 2.22%, which is a decrease from the discount rate of 2.81% used to measure the total pension liability at September 30, 2019. As an unfunded plan, the discount rate reflects the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date, obtained from the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Sensitivity of the Total Pension Liability to Changes in the Discount Rate

The following presents the City’s total pension liability, calculated using the current discount rate of 2.22%, as well as the total pension liability calculated using a discount rate that is 1% lower (1.22%) or 1% higher (3.22%) than the current rate:

	1% Decrease	Current	1% Increase
	1.22%	Discount Rate	3.22%
		2.22%	
Total pension liability	\$ 827,038	\$ 781,386	\$ 740,247

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 9: Police and Fire Defined Benefit Retirement Plans - Continued

Changes in the Total Pension Liability

	Total Pension Liability
Balance, Beginning of Year	\$ 795,888
Changes for the year	
Interest on total pension liability	20,926
Differences between expected and actual experience	51,334
Changes in assumptions	16,309
Benefit payments	(103,071)
Net changes	(14,502)
Balance, End of Year	\$ 781,386

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

Pension expense for the year ended September 30, 2020 was \$88,569.

Gains and losses which are amortized over future years are referred to as deferred inflows of resources or gains, and deferred outflows of resources losses. As of September 30, 2020, there were no deferred items related to the Plan.

Note 10: Other Postemployment Benefits

Plan Description

The City administers a single-employer other postemployment benefits (OPEB) plan providing disability benefits to eligible members who become disabled due to a work-related accident. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements.

Summary of Benefit Provisions

Any police officer or firefighter is automatically eligible for benefits under the plan. Benefits include 50% of regular pay, offset by amounts paid under the Nebraska Worker's Compensation Act. In addition, payments shall not commence until all credit for unused annual or sick leave and other similar credits, such as a member's Defined Contribution retirement account balance, have been fully utilized by the disabled member. Benefits are funded by the member's Defined Contribution account balance until the balance is depleted, at which time the remaining benefits are paid by the City.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 10: Other Postemployment Benefits - Continued

Plan Membership

As of September 30, 2020, plan membership consisted of the following:

Disabled members currently receiving benefits	3
Active employees - Police	81
Active employees - Fire	67
	151
	151

Contributions and Funding Policy

The City’s contributions are made on a pay-as-you-go basis. There are no assets accumulated to pay these benefits.

Actuarial Methods and Assumptions

The total OPEB liability was determined using the following actuarial assumptions:

Valuation Date	September 30, 2020
Measurement Date	September 30, 2020
Actuarial Cost Method	Entry Age Normal
Salary Increases	2.0%, including inflation
Investment Rate of Return	6.0% per year for defined contribution accounts
Mortality Rates	RP-2014 Combined Generational Mortality Tables for males and females, adjusted for mortality improvement using Projection Scale MP-2020

Total OPEB Liability

The total OPEB liability of the City at September 30, 2020 was \$2,302,166.

Discount Rate

The discount rate used to measure the total OPEB liability as of September 30, 2020 was 2.22%, which is a decrease from the discount rate of 2.81% used to measure the total OPEB liability at September 30, 2019. As an unfunded plan, the discount rate reflects the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date, obtained from the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 10: Other Postemployment Benefits - Continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the City's total OPEB liability, calculated using the current discount rate of 2.22%, as well as the total pension liability calculated using a discount rate that is 1% lower (1.22%) or 1% higher (3.22%) than the current rate:

	1% Decrease	Current	1% Increase
	1.22%	Discount Rate	3.22%
	1.22%	2.22%	3.22%
Total OPEB Liability	\$ 2,769,933	\$ 2,302,166	\$ 1,937,200

Changes in the Total OPEB Liability

	Total
	OPEB
	Liability
Balance, beginning of year	\$ 2,198,136
Changes for the year:	
Service cost	106,742
Interest	60,763
Differences between expected and actual experience	(185,225)
Changes of assumptions	193,784
Benefit payments	(72,034)
Net changes	104,030
Balance, end of year	\$ 2,302,166

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 10: Other Postemployment Benefits - Continued

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

Total OPEB expense for the year ended September 30, 2020 was \$187,983.

Economic and demographic gains and losses and changes in the total OPEB liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining service lives of all covered active and inactive members, determined as of the beginning of the measurement period. The amortization period is calculated as the weighted average of expected remaining service lives assuming zero years for all inactive members. As of September 30, the deferred inflows of resources and deferred outflows of resources related to OPEB are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 545,137	\$ (117,725)
Differences between expected and actual experience	-	(170,977)
	\$ 545,137	\$ (288,702)

Amounts currently reported as deferred inflows of resources and deferred outflows of resources related to OPEB will be recognized in future years' OPEB expense as follows:

Fiscal Year	Amount
2021	\$ 20,478
2022	20,478
2023	20,478
2024	20,478
2025	20,478
Thereafter	154,045
	\$ 256,435

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 11: Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The City purchases 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 \$500,000 per occurrence and \$1,075,000 in the aggregate. The City is self-insured for health insurance claims up to \$1,000,000 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.

Settled claims in the past three years have not exceeded the commercial coverages.

Note 12: 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.

Claims and Litigation

The City is involved in various litigation in the normal course of its operations and services. In the opinion of City management, although the outcome of any legal proceedings cannot be predicted with certainty, the ultimate liability of the City in connection with its legal proceedings will not have a material effect on the City's financial position, but could be material to the results of operations in future accounting periods.

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 2013-2014 and will continue for 10 years. A three percent fee will be retained by the City for program administration.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 12: Commitments and Contingencies - Continued

Power Supply

The Department currently has generation capacity of approximately 181 MW from coal-fired and gas/oil-fired electric generating stations. The peak load of the Department during the fiscal years ended September 30, 2020 and 2019, respectively, was approximately 153 MW in July 2020 and 161 MW in July 2019.

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.

Purchased Power Agreements

The Department entered into a participation power agreement with Omaha Public Power District (OPPD) on January 15, 2004, to obtain approximately 33 MW of energy from the OPPD Nebraska City Unit #2. 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 Generation 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 2022. 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 came online in October 2018.

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.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2020

Note 13: 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.

Total property taxes abated through TIF for the year ended September 30, 2020 were approximately \$2.5 million.

Note 14: COVID-19

As a result of the COVID-19 outbreak in the United States, economic uncertainties have arisen that have had, and will continue to have, varying impacts on municipalities. Voluntary, and then subsequently mandatory, shelter-in-place orders necessitated temporary business closings. The extent of the financial impact and other possible impacting matters are not fully known at this time. Although some facilities were closed for certain periods, all City services remained operational during the past year. Some loss of sales tax and other revenues was recognized during the year as a result of measures enacted to prevent the spread of COVID-19. The City did not obtain any loans or defer the payment of federal employment taxes. Through February 2021, the City had been awarded a total of approximately \$3.8 million from the State of Nebraska, through the Coronavirus Relief Fund, to reimburse the City for expenditures incurred related to the COVID-19 pandemic.

Note 15: Subsequent Events

During February 2021, a polar vortex resulted in persistent and extreme cold weather that covered most of the United States, including the midwest. This weather event led to an increase in energy demand while generating facilities faced fuel-supply issues and equipment failures that stressed the bulk electric system. As a result, Southwest Power Pool (SPP) declared an Energy Emergency Alert Level 3, signaling that operating reserves were below the required minimum, and member utilities were asked to implement controlled service interruptions. The market experienced extreme price volatility for utilities buying or selling energy during this weather event. The City is currently evaluating the effects of this situation and the ultimate impact on the financial statements cannot reasonably be estimated at this time.

Required Supplementary Information

City of Grand Island, Nebraska
Budgetary Comparison Schedule
General Fund
Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 26,795,385	\$ 26,795,385	\$ 27,568,775	\$ 773,390
Licenses and permits	761,000	761,000	699,072	(61,928)
Intergovernmental revenues	4,375,874	4,375,874	4,113,375	(262,499)
Charges for services	5,803,898	5,803,898	7,591,045	1,787,147
Grant income	17,500	17,500	26,979	9,479
Interest income	400,000	400,000	533,209	133,209
Miscellaneous	1,055,313	1,055,313	964,238	(91,075)
Total revenues	<u>39,208,970</u>	<u>39,208,970</u>	<u>41,496,693</u>	<u>2,287,723</u>
Expenditures				
General government	4,552,936	4,552,936	3,733,120	819,816
Public works	1,302,447	1,302,447	1,214,220	88,227
Public safety	22,174,746	22,174,746	23,205,603	(1,030,857)
Environment and leisure	7,353,830	7,353,830	6,032,194	1,321,636
Nondepartmental	1,731,068	1,731,068	1,581,757	149,311
Total expenditures	<u>37,115,027</u>	<u>37,115,027</u>	<u>35,766,894</u>	<u>1,348,133</u>
Excess of Revenues Over Expenditures				
	2,093,943	2,093,943	5,729,799	3,635,856
Other Financing Sources (Uses)				
Proceeds from sales of capital assets	-	-	23	23
Operating transfers, net	<u>(2,065,000)</u>	<u>(2,065,000)</u>	<u>(1,417,634)</u>	<u>647,366</u>
Total other financing sources	<u>(2,065,000)</u>	<u>(2,065,000)</u>	<u>(1,417,611)</u>	<u>647,366</u>
Net Change in Fund Balances	<u>\$ 28,943</u>	<u>\$ 28,943</u>	<u>\$ 4,312,188</u>	<u>\$ 4,283,222</u>

City of Grand Island, Nebraska
Budgetary Comparison Schedule
Streets Fund
Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 1,750,000	\$ 1,750,000	\$ 2,159,178	\$ 409,178
Licenses and permits	20,000	20,000	20,986	986
Intergovernmental revenues	6,783,812	6,783,812	7,100,514	316,702
Charges for services	340,000	340,000	347,645	7,645
Miscellaneous	13,000	13,000	44,904	31,904
Total revenues	<u>8,906,812</u>	<u>8,906,812</u>	<u>9,673,227</u>	<u>766,415</u>
Expenditures				
Public works	<u>12,149,159</u>	<u>11,334,370</u>	<u>12,975,458</u>	<u>(1,641,088)</u>
Total expenditures	<u>12,149,159</u>	<u>11,334,370</u>	<u>12,975,458</u>	<u>(1,641,088)</u>
Excess of Revenues Over Expenditures	(3,242,347)	(2,427,558)	(3,302,231)	(874,673)
Other Financing Sources (Uses)				
Operating transfers, net	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total other financing sources	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net Change in Fund Balances	<u><u>\$ (3,342,347)</u></u>	<u><u>\$ (2,527,558)</u></u>	<u><u>\$ (3,402,231)</u></u>	<u><u>\$ (874,673)</u></u>

City of Grand Island, Nebraska
Budgetary Comparison Schedules
Note to Required Supplementary Information
Year Ended September 30, 2020

	General Fund	Streets Fund
Net change in fund balances:		
Balance on a GAAP basis	\$ 5,635,514	\$ (3,875,658)
Basis differences (accruals) occur because the cash basis of accounting used for budgeting differs from the modified accrual basis of accounting prescribed for government funds	(1,323,326)	473,427
Balance on a budget basis	\$ 4,312,188	\$ (3,402,231)

City of Grand Island, Nebraska
Condition Rating of the Street System
Year Ended September 30, 2020

Condition Rating of the City's Street System

	Percentage of Streets in Good or Better Condition
Arterial	77.47%
Local	57.66%
Collector	49.56%
Overall system	64.99%

	Percentage of Streets in Substandard Condition
Arterial	6.04%
Local	6.36%
Collector	2.76%
Overall system	5.28%

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

Overall System	
Needed	\$ 2,940
Actual	1,628
Difference	\$ 1,312

Note: The condition of road payment 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 (75-85), 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. 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 2019, in accordance with the three year requirement.

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 Changes in the Total Pension Liability and Related Ratios
Year Ended September 30, 2020

	2020	2019	2018
Total Pension Liability			
Interest	\$ 20,926	\$ 36,990	\$ 41,278
Difference between expected and actual experience	51,334	(136,905)	-
Changes of assumptions	16,309	45,506	(29,917)
Benefit payments	<u>(103,071)</u>	<u>(107,121)</u>	<u>(416,704)</u>
Net Change in Total Pension Liability	(14,502)	(161,530)	(405,343)
Total Pension Liability - Beginning	<u>795,888</u>	<u>957,418</u>	<u>1,362,761</u>
Total Pension Liability - Ending	<u><u>\$ 781,386</u></u>	<u><u>\$ 795,888</u></u>	<u><u>\$ 957,418</u></u>
Covered-Employee Payroll	\$ 154,598	\$ 314,812	\$ 516,607
Total Pension Liability as a Percentage of Covered-Employee Payroll	505.43%	252.81%	185.33%

Notes to schedule:

2020

Benefit changes - None

Changes of assumptions - The discount rate changed from 2.81% to 2.22%. The mortality improvement scale was updated from MP-2017 to MP-2020.

2019

Benefit changes - None

Changes of assumptions - The discount rate changed from 4.09% to 2.81%. The mortality improvement scale was updated from MP-2017 to MP-2019.

2018

Benefit changes - None

Changes of assumptions - The discount rate changed from 3.57% to 4.09%.

Schedule is intended to show information for 10 years. Additional years will be displayed when available.

City of Grand Island, Nebraska
Schedule of Changes in the Total Other Postemployment
Liability and Related Ratios
Year Ended September 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 106,742	\$ 75,756	\$ 83,394
Interest	60,763	68,028	62,099
Difference between expected and actual experience	(185,225)	-	-
Changes of assumptions	193,784	427,303	(149,831)
Benefit payments	<u>(72,034)</u>	<u>(71,759)</u>	<u>(72,056)</u>
Net Change in Total OPEB Liability	104,030	499,328	(76,394)
Total OPEB Liability - Beginning	<u>2,198,136</u>	<u>1,698,808</u>	<u>1,775,202</u>
Total OPEB Liability - Ending	<u>\$ 2,302,166</u>	<u>\$ 2,198,136</u>	<u>\$ 1,698,808</u>
Covered-Employee Payroll	\$ 11,475,532	\$ 10,942,114	\$ 10,629,848
Total OPEB Liability as a Percentage of Covered-Employee Payroll	20.06%	20.09%	15.98%

Notes to schedule:

2020

Benefit changes - None

Changes of assumptions - The discount rate changed from 2.81% to 2.22%.

2019

Benefit changes - None

Changes of assumptions - The discount rate changed from 4.09% to 2.81%.

2018

Benefit changes - None

Changes of assumptions - The discount rate changed from 3.57% to 4.09%.

Schedule is intended to show information for 10 years. Additional years will be displayed when available.

Supplementary Information

City of Grand Island, Nebraska
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2020

Assets	Special Revenue Funds										
	Permanent Funds		Enhanced 911	PSC Wireless	Keno	Transportation	Community Youth Council	Program Income Reuse Fund	Housing Reuse Fund	Community Development	Metropolitan Planning Organization
	Library Trust	Cemetery Trust									
Cash and cash equivalents	\$ -	\$ 929,346	\$ 146,989	\$ 49,344	\$ 392,721	\$ 32,468	\$ 27,449	\$ 117,268	\$ 105,417	\$ 25,543	\$ 164,746
Investments	72,613	-	73,044	24,521	195,158	16,135	13,641	58,274	-	-	81,868
County treasurer cash	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-
Property tax	-	-	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-
Interest	34	1,339	-	-	547	45	39	-	-	-	230
Notes	-	-	-	-	-	-	-	185,364	-	-	-
Due from other governments	-	-	10,250	-	34,191	65,654	-	-	-	-	-
Total assets	<u>\$ 72,647</u>	<u>\$ 930,685</u>	<u>\$ 230,283</u>	<u>\$ 73,865</u>	<u>\$ 622,617</u>	<u>\$ 114,302</u>	<u>\$ 41,129</u>	<u>\$ 175,542</u>	<u>\$ 290,781</u>	<u>\$ 25,543</u>	<u>\$ 246,844</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances											
Liabilities:											
Accounts payable	\$ 5,281	\$ -	\$ 73,986	\$ 5,879	\$ -	\$ 185,026	\$ 264	\$ -	\$ -	\$ 420	\$ 12,002
Accrued expenses	-	-	5,805	-	-	4,100	-	-	-	3,253	4,671
Due to other funds	5,980	-	3	-	-	-	-	-	-	48,438	-
Total liabilities	<u>11,261</u>	<u>-</u>	<u>79,794</u>	<u>5,879</u>	<u>-</u>	<u>189,126</u>	<u>264</u>	<u>-</u>	<u>-</u>	<u>52,111</u>	<u>16,673</u>
Deferred inflows of resources											
Unavailable revenue	-	-	-	-	-	-	-	-	-	-	-
Fund balances:											
Nonspendable											
Cemetery perpetual care	-	930,685	-	-	-	-	-	-	-	-	-
Library trust	61,386	-	-	-	-	-	-	-	-	-	-
Restricted for											
Economic development	-	-	-	-	-	-	-	175,542	-	-	-
Federal programs	-	-	-	-	-	-	-	-	-	-	-
Housing loans	-	-	-	-	-	-	-	-	290,781	-	-
Community improvements	-	-	-	-	622,617	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	150,489	67,986	-	-	40,865	-	-	-	230,171
Unassigned	-	-	-	-	-	(74,824)	-	-	-	(26,568)	-
Total fund balances	<u>61,386</u>	<u>930,685</u>	<u>150,489</u>	<u>67,986</u>	<u>622,617</u>	<u>(74,824)</u>	<u>40,865</u>	<u>175,542</u>	<u>290,781</u>	<u>(26,568)</u>	<u>230,171</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 72,647</u>	<u>\$ 930,685</u>	<u>\$ 230,283</u>	<u>\$ 73,865</u>	<u>\$ 622,617</u>	<u>\$ 114,302</u>	<u>\$ 41,129</u>	<u>\$ 175,542</u>	<u>\$ 290,781</u>	<u>\$ 25,543</u>	<u>\$ 246,844</u>

City of Grand Island, Nebraska
Combining Balance Sheet - Continued
Nonmajor Governmental Funds
September 30, 2020

Assets	Special Revenue Funds						Capital Projects Funds		Debt Service Fund	Total Nonmajor Governmental Funds			
	Police Grants	Occupation Tax	Parking District #1	Parking District #2	Local Assistance	Pioneer Consortium	HUD Entitlements	Economic Development			Community Grants	Capital Projects	Special Assessments
Cash and cash equivalents	\$ 21,750	\$ 2,398,278	\$ 68,847	\$ 93,785	\$ 1,028,569	\$ 64,909	\$ 96,345	\$ 929,130	\$ 41,856	1,125,829	\$ 305,234	\$ 84,211	\$ 8,250,034
Investments	10,808	1,191,794	34,213	46,606	545,121	32,256	-	461,719	20,800	559,466	151,683	41,848	3,631,568
County treasurer cash	-	-	-	497	-	-	-	-	-	-	-	-	497
Receivables													
Accounts receivable	-	257,956	-	-	-	-	464	-	-	-	-	-	258,420
Property tax	-	-	-	-	-	-	-	-	-	-	-	31,110	31,110
Special assessments	-	-	3,989	-	-	-	-	-	-	-	631,529	-	635,518
Interest	-	-	97	129	1,434	91	-	1,296	-	-	6,284	117	11,682
Notes	-	-	-	-	-	-	-	285,949	3,090	-	-	-	474,403
Due from other governments	-	-	-	497	-	-	-	-	-	-	-	-	110,592
Total assets	\$ 32,558	\$ 3,848,028	\$ 107,146	\$ 141,514	\$ 1,575,124	\$ 97,256	\$ 96,809	\$ 1,678,094	\$ 65,746	\$ 1,685,295	\$ 1,094,730	\$ 157,286	\$ 13,403,824
Liabilities, Deferred Inflows of Resources, and Fund Balances													
Liabilities:													
Accounts payable	\$ 1,683	\$ 181,490	\$ 2,168	\$ -	\$ 12,919	\$ 4,657	\$ -	\$ 89,000	\$ -	19,283	\$ -	\$ -	\$ 594,058
Accrued expenses	-	-	-	-	-	-	-	-	-	-	-	-	17,829
Due to other funds	-	549	319	699	-	-	-	-	-	1,055	-	-	57,043
Total liabilities	1,683	182,039	2,487	699	12,919	4,657	-	89,000	-	20,338	-	-	668,930
Deferred inflows of resources:													
Unavailable revenue	-	-	3,989	-	-	-	-	-	-	-	635,443	31,110	670,542
Fund balances:													
Nonspendable													
Cemetery perpetual care	-	-	-	-	-	-	-	-	-	-	-	-	930,685
Library trust	-	-	-	-	-	-	-	-	-	-	-	-	61,386
Restricted for													
Economic development	-	-	-	-	-	-	-	1,589,094	-	-	-	-	1,764,636
Federal programs	30,875	-	-	-	-	-	96,809	-	65,746	-	-	-	193,430
Housing loans	-	-	-	-	-	-	-	-	-	-	-	-	290,781
Community improvements	-	3,665,989	-	-	-	-	-	-	-	-	-	-	4,288,606
Debt service	-	-	-	-	-	-	-	-	-	-	-	126,176	126,176
Other purposes	-	-	-	140,815	-	92,599	-	-	-	-	-	-	233,414
Assigned	-	-	100,670	-	1,562,205	-	-	-	-	1,664,957	459,287	-	4,276,630
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	(101,392)
Total fund balances	30,875	3,665,989	100,670	140,815	1,562,205	92,599	96,809	1,589,094	65,746	1,664,957	459,287	126,176	12,064,352
Total liabilities, deferred inflows of resources, and fund balances	\$ 32,558	\$ 3,848,028	\$ 107,146	\$ 141,514	\$ 1,575,124	\$ 97,256	\$ 96,809	\$ 1,678,094	\$ 65,746	\$ 1,685,295	\$ 1,094,730	\$ 157,286	\$ 13,403,824

City of Grand Island, Nebraska
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended September 30, 2020

	Special Revenue Funds										
	Permanent Funds		Enhanced 911	PSC Wireless	Keno	Transportation	Community Youth Council	Program Income Reuse Fund	Housing Reuse Fund	Community Development	Metropolitan Planning Organization
	Library Trust	Cemetery Trust									
Revenues:											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Motor vehicle	-	-	-	-	-	-	-	-	-	-	-
Occupation	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	532,062	-	-	-	-	-
Keno	-	-	-	-	272,213	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	42,352	173,000	121,088	-	-	-	-	-	-	-
Interest income	1,741	25,323	-	-	8,845	1,016	851	1,565	668	78	5,880
Contributions and grants	-	-	-	-	-	-	-	-	-	-	76,130
Other revenue	-	-	-	-	-	-	-	-	15,000	-	-
Total revenues	1,741	67,675	173,000	121,088	281,058	533,078	851	1,565,000	15,668	78	82,010
Expenditures:											
General government	-	-	-	-	-	-	-	73,000	-	78,884	163,427
Public safety	-	-	174,241	164,830	5,000	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-	-	-
Environment and leisure	4,976	-	-	-	39,354	661,251	266	-	50,314	-	-
Principal payments on long-term debt	-	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	4,976	-	174,241	164,830	44,354	661,251	266	73,000	50,314	78,884	163,427
Excess (deficiency) of revenues over (under) expenditures	(3,235)	67,675	(1,241)	(43,742)	236,704	(128,173)	585	(71,435,000)	(34,646)	(78,806)	(81,417)
Other financing sources (uses):											
Transfers in	-	-	-	-	-	125,000	-	-	-	25,000	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	125,000	-	-	-	25,000	-
Net change in fund balances	(3,235)	67,675	(1,241)	(43,742)	236,704	(3,173)	585	(71,435,000)	(34,646)	(53,806)	(81,417)
Fund balances, beginning of year	64,621	863,010	151,730	111,728	385,913	(71,651)	40,280	246,977	325,427	27,238	311,588
Fund balances, ending	\$ 61,386	\$ 930,685	\$ 150,489	\$ 67,986	\$ 622,617	\$ (74,824)	\$ 40,865	\$ 175,542	\$ 290,781	\$ (26,568)	\$ 230,171

City of Grand Island, Nebraska
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Continued
Nonmajor Governmental Funds
Year Ended September 30, 2020

	Special Revenue Funds								Capital Projects Funds		Debt Service Fund	Total Nonmajor Governmental Funds	
	Police Grants	Occupation Tax	Parking District #1	Parking District #2	Local Assistance	Pioneer Consortium	HUD Entitlement	Economic Development	Community Grants	Capital Projects Grants			Special Assessments
Revenues:													
Taxes:													
Property	\$ -	\$ -	\$ -	\$ 9,722	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,722
Motor vehicle	-	-	-	27	-	-	-	-	-	-	-	-	27
Occupation	-	2,547,303	-	-	-	-	-	-	-	-	-	-	2,547,303
Intergovernmental	92,234	-	-	-	9,719	-	507,847	-	-	-	-	-	1,141,862
Keno	-	-	-	-	-	-	-	-	-	-	-	-	272,213
Special assessments	-	-	2,782	-	-	-	-	-	-	-	57,315	-	60,097
Charges for services	-	196,322	4,554	6,285	163,898	4,525	-	-	-	-	-	-	712,024
Interest income	-	33,156	1,801	2,749	6,902	1,912	-	28,673	-	-	17,142	881	139,183
Contributions and grants	-	-	-	-	1,075,816	-	-	-	-	-	-	-	1,151,946
Other revenue	7,076	100,452	96,048	-	-	30,628	-	-	-	-	-	-	249,204
Total revenues	99,310	2,877,233	105,185	18,783	1,256,335	37,065	507,847	28,673	-	-	74,457	881	6,283,581
Expenditures:													
General government	-	854,815	58,522	9,483	-	-	411,030	768,191	7,615	-	-	4,279	2,429,246
Public safety	97,940	-	-	-	23,874	-	-	-	-	-	-	-	465,885
Public works	-	-	-	-	-	-	-	-	-	1,051,777	-	-	1,051,777
Environment and leisure	-	710,748	-	-	154,074	33,420	-	-	-	-	-	-	1,654,403
Principal payments on long-term debt	-	459,903	-	-	-	-	-	-	-	-	-	300,158	760,061
Interest on long-term debt	-	114,260	-	-	-	-	-	-	-	-	-	103,485	217,745
Total expenditures	97,940	2,139,726	58,522	9,483	177,948	33,420	411,030	768,191	7,615	1,051,777	-	407,922	6,579,117
Excess (deficiency) of revenues over expenditures	1,370	737,507	46,663	9,300	1,078,387	3,645	96,817	(739,518)	(7,615)	(1,051,777)	74,457	(407,041)	(295,536)
Other financing sources (uses):													
Transfers in	-	-	-	-	-	-	-	750,000	-	1,000,000	-	403,642	2,303,642
Transfers out	-	(252,770)	-	-	(35,000)	-	-	-	-	-	(650,872)	-	(938,642)
Total other financing sources (uses)	-	(252,770)	-	-	(35,000)	-	-	750,000	-	1,000,000	(650,872)	403,642	1,365,000
Net change in fund balances	1,370	484,737	46,663	9,300	1,043,387	3,645	96,817	10,482	(7,615)	(51,777)	(576,415)	(3,399)	1,069,464
Fund balances, beginning of year	29,505	3,181,252	54,007	131,515	518,818	88,954	(8)	1,578,612	73,361	1,716,734	1,035,702	129,575	10,994,888
Fund balances, end of year	\$ 30,875	\$ 3,665,989	\$ 100,670	\$ 140,815	\$ 1,562,205	\$ 92,599	\$ 96,809	\$ 1,589,094	\$ 65,746	\$ 1,664,957	\$ 459,287	\$ 126,176	\$ 12,064,352

City of Grand Island, Nebraska
Combining Statement of Net Position
Internal Service Funds
September 30, 2020

Assets	Internal Service Funds				Total
	Information Technology	Fleet Services	Insurance	Equipment Reserve	
Current assets					
Cash and cash equivalents	\$ -	\$ 48,545	\$ 2,234,218	\$ 204,924	\$ 2,487,687
Investments	22,369	24,124	1,055,355	101,835	1,203,683
Receivables					
Accounts, net	184,766	2,230	47,259	-	234,255
Interest	143	68	3,065	286	3,562
Due from other funds	-	84,143	-	-	84,143
Inventory	-	125,734	-	-	125,734
Total current assets	<u>207,278</u>	<u>284,844</u>	<u>3,339,897</u>	<u>307,045</u>	<u>4,139,064</u>
Noncurrent assets					
Capital assets					
Buildings and equipment	1,544,580	290,588	-	-	1,835,168
Less accumulated depreciation	(1,436,337)	(251,667)	-	-	(1,688,004)
Net capital assets	<u>108,243</u>	<u>38,921</u>	<u>-</u>	<u>-</u>	<u>147,164</u>
Total assets	<u>315,521</u>	<u>323,765</u>	<u>3,339,897</u>	<u>307,045</u>	<u>4,286,228</u>
Liabilities					
Current liabilities					
Accounts payable	-	31,556	244,453	-	276,009
Accrued expenses	30,760	14,578	2,136,000	-	2,181,338
Due to other funds	8	848	-	-	856
Compensated absences - current	5,908	2,659	-	-	8,567
Total current liabilities	<u>36,676</u>	<u>49,641</u>	<u>2,380,453</u>	<u>-</u>	<u>2,466,770</u>
Noncurrent liabilities					
Compensated absences - noncurrent	81,519	25,425	-	-	106,944
Total liabilities	<u>118,195</u>	<u>75,066</u>	<u>2,380,453</u>	<u>-</u>	<u>2,573,714</u>
Net Position					
Net investment in capital assets	108,243	38,921	-	-	147,164
Unrestricted	89,083	209,778	959,444	307,045	1,565,350
Total net position	<u>\$ 197,326</u>	<u>\$ 248,699</u>	<u>\$ 959,444</u>	<u>\$ 307,045</u>	<u>\$ 1,712,514</u>

City of Grand Island, Nebraska
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended September 30, 2020

	Internal Service Funds				Total
	Information Technology	Fleet Services	Insurance	Equipment Reserve	
Operating Revenues					
Charges for services	1,345,925	\$ 1,095,697	\$ 8,254,263	\$ -	\$ 10,695,885
Total operating revenues	1,345,925	1,095,697	8,254,263	-	10,695,885
Operating Expenses					
Information technology	1,413,626	-	-	-	1,413,626
Central garage	-	1,017,589	-	-	1,017,589
Insurance and benefits	-	-	8,509,884	-	8,509,884
Building maintenance	-	-	-	106,520	106,520
Depreciation	29,603	6,004	-	-	35,607
Total operating expenditures	1,443,229	1,023,593	8,509,884	106,520	11,083,226
Operating income (loss)	(97,304)	72,104	(255,621)	(106,520)	(387,341)
Nonoperating Revenues					
Interest income	16,550	615	66,160	8,046	91,371
Intergovernmental	-	-	-	50,000	50,000
Total nonoperating revenues	16,550	615	66,160	58,046	141,371
Change in net position	(80,754)	72,719	(189,461)	(48,474)	(245,970)
Net Position, Beginning of Year	278,080	175,980	1,148,905	355,519	1,958,484
Net Position, End of Year	\$ 197,326	\$ 248,699	\$ 959,444	\$ 307,045	\$ 1,712,514

City of Grand Island, Nebraska
Combining Statement of Cash Flows
Internal Service Funds
Year Ended September 30, 2020

	Internal Service Funds				Total
	Information Technology	Fleet Services	Insurance	Equipment Reserve	
Cash Flows from Operating Activities					
Receipts from other funds	\$ 1,162,678	\$ 1,093,467	\$ 8,207,004	\$ -	\$ 10,463,149
Payments to suppliers	(667,490)	(662,917)	(8,915,032)	(164,520)	(10,409,959)
Payments to employees	(736,325)	(336,365)	-	-	(1,072,690)
Net cash provided by (used in) operating activities	<u>(241,137)</u>	<u>94,185</u>	<u>(708,028)</u>	<u>(164,520)</u>	<u>(1,019,500)</u>
Cash Flows From Noncapital Financing Activities					
Changes in interfund balances	1,504	(29,153)	-	-	(27,649)
Cash Flows From Capital and Related Financing Activities					
Intergovernmental receipts	-	-	-	50,000	50,000
Cash Flows From Investing Activities					
Change in allocation of pooled investments	118,267	(17,034)	1,047,545	125,576	1,274,354
Interest received	16,692	547	67,897	8,265	93,401
Net cash provided by (used in) investing activities	<u>134,959</u>	<u>(16,487)</u>	<u>1,115,442</u>	<u>133,841</u>	<u>1,367,755</u>
Increase (decrease) in cash and cash equivalents	(104,674)	48,545	407,414	19,321	370,606
Cash and Cash Equivalents - Beginning of the Year	104,674	-	1,826,804	185,603	2,117,081
Cash and Cash Equivalents - End of the Year	<u>\$ -</u>	<u>\$ 48,545</u>	<u>\$ 2,234,218</u>	<u>\$ 204,924</u>	<u>\$ 2,487,687</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating loss	\$ (97,304)	\$ 72,104	\$ (255,621)	\$ (106,520)	\$ (387,341)
Adjustments to reconciled operating loss to net cash provided by (used in) operating activities					
Depreciation expense	29,603	6,004	-	-	35,607
Change in assets and liabilities					
Accounts receivable	(184,766)	(2,230)	(47,259)	-	(234,255)
Inventories	-	(7,733)	-	-	(7,733)
Accounts payable and accrued expenses	9,811	26,040	(405,148)	(58,000)	(427,297)
Unearned revenue	1,519	-	-	-	1,519
Compensated absences	15,406	7,090	-	-	22,496
Net cash provided by (used in) operating activities	<u>\$ (241,137)</u>	<u>\$ 94,185</u>	<u>\$ (708,028)</u>	<u>\$ (164,520)</u>	<u>\$ (1,019,500)</u>

City of Grand Island, Nebraska
Combining Statement of Net Position
Fiduciary Funds
September 30, 2020

	Agency Funds				Total Agency Funds
	Cafeteria Plan	Other Agencies	Tri City Task Force	BID Assessment	
Assets					
Cash	\$ 3,340	\$ 9,622	\$ 137,252	\$ 55,440	\$ 205,654
Investments	1,660	4,781	68,205	27,550	102,196
Interest receivable	-	-	-	88	88
Special assessments receivable	-	-	-	24,711	24,711
 Total assets	 <u>\$ 5,000</u>	 <u>\$ 14,403</u>	 <u>\$ 205,457</u>	 <u>\$ 107,789</u>	 <u>\$ 332,649</u>
Liabilities					
 Due to others	 <u>\$ 5,000</u>	 <u>\$ 14,403</u>	 <u>\$ 205,457</u>	 <u>\$ 107,789</u>	 <u>\$ 332,649</u>
 Total liabilities	 <u>\$ 5,000</u>	 <u>\$ 14,403</u>	 <u>\$ 205,457</u>	 <u>\$ 107,789</u>	 <u>\$ 332,649</u>

City of Grand Island, Nebraska
Combining Statement of Net Position
Discretely Presented Component Units
September 30, 2020

Assets	Business Improvement Districts	Community Redevelopment Authority	Total
	<u> </u>	<u> </u>	<u> </u>
Current assets			
Cash and cash equivalents	\$ 82,973	\$ 819,823	\$ 902,796
County treasurer cash	-	333,938	333,938
Receivables			
Special assessments	24,520	-	24,520
Interest	41	578	619
Current portion of notes from redevelopers	-	31,920	31,920
Property tax	-	196,300	196,300
Due from other governments	<u>3,467</u>	<u>-</u>	<u>3,467</u>
Total current assets	<u>111,001</u>	<u>1,382,559</u>	<u>1,493,560</u>
Noncurrent assets			
Capital assets			
Other capital assets, net of depreciation	<u>36,876</u>	<u>490,486</u>	<u>527,362</u>
Net capital assets	<u>36,876</u>	<u>490,486</u>	<u>527,362</u>
Total noncurrent assets	<u>36,876</u>	<u>490,486</u>	<u>527,362</u>
Total assets	<u>147,877</u>	<u>1,873,045</u>	<u>2,020,922</u>
Liabilities			
Current liabilities:			
Accounts payable	16,093	3,000	19,093
Accrued expenses	1,700	2,931	4,631
Due to other governments	3,329	4,092	7,421
Current portion of long-term obligations	<u>-</u>	<u>185,000</u>	<u>185,000</u>
Total current liabilities	<u>21,122</u>	<u>195,023</u>	<u>216,145</u>
Noncurrent liabilities			
Noncurrent portion of long-term obligations	<u>-</u>	<u>385,000</u>	<u>385,000</u>
Total noncurrent liabilities	<u>-</u>	<u>385,000</u>	<u>385,000</u>
Total liabilities	<u>21,122</u>	<u>580,023</u>	<u>601,145</u>
Net Position			
Net investment in capital assets	36,876	490,486	527,362
Unrestricted	<u>89,879</u>	<u>802,536</u>	<u>892,415</u>
Total net position	<u>\$ 126,755</u>	<u>\$ 1,293,022</u>	<u>\$ 1,419,777</u>

City of Grand Island, Nebraska
Combining Statement of Activities
Discretely Presented Component Units
Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Business Improvement Districts	Community Redevelopment Authority	Total
Business Improvement Districts							
Fonner Park Business Improvement District	\$ 40,040	\$ -	\$ -	\$ -	\$ (40,040)	\$ -	\$ (40,040)
South Locust Business Improvement District	68,103	-	-	-	(68,103)	-	(68,103)
Downtown Business Improvement District	140,022	3,500	23,200	15,000	(98,322)	-	(98,322)
Total Business Improvement District	<u>248,165</u>	<u>3,500</u>	<u>23,200</u>	<u>15,000</u>	<u>(206,465)</u>	<u>-</u>	<u>(206,465)</u>
Community Redevelopment Authority							
General Government	159,355	-	-	-	-	(159,355)	(159,355)
Community Development	3,435,744	-	-	-	-	(3,435,744)	(3,435,744)
Interest on Long-term Debt	14,026	-	-	-	-	(14,026)	(14,026)
Total Community Redevelopment Authority	<u>3,609,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,609,125)</u>	<u>(3,609,125)</u>
Total Component Units	<u>\$ 3,857,290</u>	<u>\$ 3,500</u>	<u>\$ 23,200</u>	<u>\$ 15,000</u>	<u>(206,465)</u>	<u>(3,609,125)</u>	<u>(3,815,590)</u>
General revenues							
Taxes							
Property					-	3,394,011	3,394,011
Special assessments					117,657	-	117,657
Miscellaneous					-	657,040	657,040
Gain on sale of capital asset					-	37,884	37,884
Interest income					1,875	12,749	14,624
Total general revenues					<u>119,532</u>	<u>4,101,684</u>	<u>4,221,216</u>
Change in net position					(86,933)	492,559	405,626
Net position - September 30, 2019					<u>213,688</u>	<u>800,463</u>	<u>1,014,151</u>
Net position - September 30, 2020					<u>\$ 126,755</u>	<u>\$ 1,293,022</u>	<u>\$ 1,419,777</u>

Single Audit Reports

City of Grand Island, Nebraska
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020

Federal Grantor/ Program Title	Pass-Through Grantor	Federal CFDA Number	Grant Number / Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
Department of Housing and Urban Development:					
CDBG Entitlement Grants Cluster:					
CDBG Entitlement Grant		14.218		\$ -	\$ 534,030
CDBG Entitlement Grant		14.218		-	235,678
Total CDBG Entitlement Grants Cluster				-	769,708
Total Department of Housing and Urban Development				-	769,708
Department of Justice:					
Crime Victim Assistance	Nebraska Crime Commission	16.575	2020-VA-1014	-	110,674
Total Department of Justice				-	110,674
Department of Transportation:					
Highway Planning and Construction Cluster:					
Highway Planning and Construction	Nebraska Department of Transportation	20.205	FHWA PL Funding	-	66,483
Highway Planning and Construction	Nebraska Department of Transportation	20.205	Rail and Transit	-	9,089
Total Highway Planning and Construction Cluster				-	75,572
Federal Transit Cluster:					
Federal Transit - Formula Grants		20.507		-	291,710
Total Federal Transit Cluster				-	291,710
Total Department of Transportation				-	367,282
Environmental Protection Agency:					
Clean Water State Revolving Fund Cluster:					
Capitalization Grants for Clean Water					
State Revolving Funds	Nebraska Department of Environmental Quality	66.458	C317990	-	393,985
Total Clean Water State Revolving Fund Cluster				-	393,985
Total Environmental Protection Agency				-	393,985
Department of Homeland Security/Federal Emergency Management Agency:					
Emergency Management Performance Grants	Nebraska Emergency Management Agency	97.042	19-SR 8721-01	-	211,813
Total Department of Homeland Security				-	211,813
Total Federal Expenditures				\$ -	\$ 1,853,462

City of Grand Island, Nebraska
Schedule of Expenditures of Federal Awards - Continued
Year Ended September 30, 2020

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Grand Island, Nebraska (the "City") under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.
2. Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City of Grand Island has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. The federal loan programs listed subsequently are administered directly by the City of Grand Island, Nebraska, and balances and transactions relating to these programs are included in the City of Grand Island, Nebraska's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at September 30, 2020, consists of:

CFDA Number	Program Name	Outstanding Balance at September 30, 2020
14.218	CDBG Entitlement Grant	\$185,364

**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***

Independent Auditor's Report

The Mayor and City Council
City of Grand Island
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 and the aggregate remaining fund information of the City of Grand Island, Nebraska (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 31, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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 City's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

The City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Lincoln, Nebraska
March 31, 2021

Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance

Independent Auditor's Report

The Honorable Mayor and City Council
City of Grand Island
Grand Island, Nebraska

Report on Compliance for the Major Federal Program

We have audited the City of Grand Island, Nebraska's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2020. The City's major federal program is 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 the City's major federal program 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 the 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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the 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 its major federal program for the year ended September 30, 2020.

Report on Internal Control over Compliance

Management of the City 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 a 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.

BKD, LLP

Lincoln, Nebraska
March 31, 2021

City of Grand Island, Nebraska
Schedule of Findings and Questioned Costs
Year Ended September 30, 2020

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

Unmodified Qualified Adverse Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)? Yes None reported

Material weakness(es)? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit?

Yes No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

Significant deficiency(ies)? Yes None reported

Material weakness(es)? Yes No

5. The opinion expressed in the independent auditor's report on compliance for major federal awards was:

Unmodified Qualified Adverse Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?

Yes No

7. The City's major program was:

Cluster/Program	CFDA Number
CDBG Entitlement Grants Cluster	14.218

City of Grand Island, Nebraska
Schedule of Findings and Questioned Costs - Continued
Year Ended September 30, 2020

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. The City qualified as a low-risk auditee? Yes No

City of Grand Island, Nebraska
Schedule of Findings and Questioned Costs - Continued
Year Ended September 30, 2020

Findings Required to be Reported by Government Auditing Standards

Reference Number	Finding
2020-001	<p>Material Weakness - Proposed Audit Adjustments</p> <p><i>Criteria or Specific Requirement</i> – Management is responsible for the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).</p> <p><i>Condition</i> – The preparation of the City’s financial statements required proposed adjusting journal entries for proper financial statement presentation.</p> <p><i>Effect</i> – Auditor proposed current year adjustments were identified and proposed for proper financial statement presentation.</p> <p><i>Cause</i> – Procedures were not maintained throughout the year that allowed for the proper evaluation of potential adjustments that, individually or in the aggregate, had a significant effect on the financial statements.</p> <p><i>Recommendation</i> – Management should consider modification to procedures to ensure that controls and resources are in place that will allow for preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions (Management’s Response)</i> – Finance Department personnel did attend training on Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) statements during the audit year, and will continue to attend additional trainings in the future. The Finance Department recognizes its need to compile a comprehensive list of Department procedures and will continue to work on those lists in 2021.</p>

City of Grand Island, Nebraska
Schedule of Findings and Questioned Costs - Continued
Year Ended September 30, 2020

Reference Number	Finding
2020-002	<p>Significant Deficiency – Preparation and Timeliness of Bank Reconciliations</p> <p><i>Criteria or Specific Requirement</i> – Management is responsible for establishing and maintaining effective internal controls over financial reporting and the safekeeping of assets.</p> <p><i>Condition</i> – City bank reconciliations were not completed on a routine basis with multiple months of activity not reconciled as of year-end. In addition, there is no formal review of completed reconciliations.</p> <p>Effective accounting control practices require access, monitoring and recording responsibilities be assigned to different individuals. Where these duties are not segregated, potential internal control deficiencies exist.</p> <p><i>Effect</i> – Potentially material misstatements in the financial statements or material misappropriations of assets due to error or fraud could occur and not be prevented or detected and corrected in a timely manner.</p> <p><i>Cause</i> – Duties over financial reporting are not adequately monitoring and other compensation controls related to the cash reconciliation process are insufficient.</p> <p><i>Recommendation</i> – Management should consider modification to procedures to ensure that controls are in place that will allow for timely preparation and review of cash reconciliations on a routine (i.e. monthly) basis.</p> <p>In addition, a formal review process should be put in place which would require the personnel reconciling the cash accounts to be a separate individual from the personnel reviewing and approving the reconciliations.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions (Management’s Response)</i> – The Finance Department is currently implementing a MUNIS Cash Management Module. This implementation began in 2019, however was delayed due to a shortage of personnel resources (replacement of Assistant Finance Director and Accountant), the City’s implementation of electronic time clocks throughout the entire organization, and software changes at the City’s primary financial institution in order to provide the necessary electronic files for the module. These other matters have been resolved and the City anticipates completing implementation of the module in 2021.</p>

City of Grand Island, Nebraska
Schedule of Findings and Questioned Costs - Continued
Year Ended September 30, 2020

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
	No matters are reportable.

City of Grand Island, Nebraska
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2020

Reference Number	Summary of Finding	Status
2019-001	<p><i>Finding</i> – The preparation of the City’s financial statements required prior period adjustments and proposed adjusting journal entries for proper financial statement presentation.</p> <p><i>Reasons for Recurrence and Planned Corrective Action</i> – Finance Department personnel did attend training on Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) statements during the audit year, and will continue to attend additional trainings in the future. The Finance Department recognizes its need to compile a comprehensive list of Department procedures and will continue to work on those lists in 2021.</p>	Not Corrected. See Finding 2020-001.
2019-002	<p><i>Finding</i> – City bank reconciliations were not completed on a routine basis with multiple months of activity not reconciled as of year-end. In addition, there is no formal review of completed reconciliations.</p> <p><i>Reasons for Recurrence and Planned Corrective Action</i> – The Finance Department is currently implementing a MUNIS Cash Management Module. This implementation began in 2019, however was delayed due to a shortage of personnel resources (replacement of Assistant Finance Director and Accountant), the City’s implementation of electronic time clocks throughout the entire organization, and software changes at the City’s primary financial institution in order to provide the necessary electronic files for the module. These other matters have been resolved and the City anticipates completing implementation of the module in 2021.</p>	Not Corrected. See Finding 2020-002.