

**CITY OF GRAND ISLAND, NEBRASKA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**September 30, 2012**

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the fiduciary funds of the City of Grand Island, Nebraska, as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the fiduciary funds of the City of Grand Island, Nebraska, as of September 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2013, on our consideration of the City of Grand Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 15 and 99 through 105 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The accompanying other supplementary information and the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information and the schedule of expenditures of federal awards, as listed in the Table of Contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*August M. Malthalm*  
*Galloway & Luth, P.C.*

Grand Island, Nebraska  
January 30, 2013

**CITY OF GRAND ISLAND, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**For The Year Ended September 30, 2012**

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**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, 2012. For information on the Community Redevelopment Authority component unit included in these financial statements, please see the separate audit report for the Authority.

**Financial Highlights**

- The assets of the City of Grand Island exceeded its liabilities at the close of the most recent fiscal year by \$601,335,686 (*net assets*). Of this amount, \$75,930,160 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Grand Island governmental funds reported combined ending net assets of \$327,210,577. Approximately 5.1 percent of this total amount, \$16,755,883 is *unrestricted net assets*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10,679,717, or 30.7 percent of total General Fund expenditures.

**Overview of the Financial Statements**

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

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

The *statement of net assets* presents information on all of the City of Grand Island's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 (UNAUDITED), Continued**  
**For The Year Ended September 30, 2012**

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

The government-wide financial statements include not only the City of Grand Island itself (known as the *primary government*), but also the legally separate Business Improvement Districts, 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 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Projects Fund, and the Debt Service Fund, all of which are considered to be major funds. Data from the other 17 governmental funds are combined into a single, aggregated presentation. Individual

**CITY OF GRAND ISLAND, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**For The Year Ended September 30, 2012**

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

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

The basic governmental fund financial statements can be found on pages 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, Landfill, and Golf Funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Grand Island's various functions. The City of Grand Island uses internal service funds to account for its fleet of vehicles, its management information systems, its employee health insurance, and its equipment reserve. Because all four of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

The basic proprietary fund financial statements can be found on pages 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 statements can be found on pages 26 and 27 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-98 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 and disclosures on the modified approach to reporting infrastructure. Required supplementary information can be found on pages 99-105 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



**CITY OF GRAND ISLAND, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued  
For The Year Ended September 30, 2012**

the required supplementary information. Combining and individual fund statements and schedules can be found on pages 106-116 of this report.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Grand Island, assets exceeded liabilities by \$601,335,686 at the close of the most recent fiscal year.

**Net Assets**

|                             | <u>September 30, 2012</u>          |                                     |                       | <u>September 30, 2011</u>          |                                     |                       |
|-----------------------------|------------------------------------|-------------------------------------|-----------------------|------------------------------------|-------------------------------------|-----------------------|
|                             | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>          | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>          |
| Current and Other Assets    | \$ 29,046,892                      | \$ 81,279,244                       | \$ 110,326,136        | \$ 27,796,124                      | \$ 84,903,698                       | \$ 112,699,822        |
| Capital Assets              | 321,234,446                        | 229,008,147                         | 550,242,593           | 318,323,558                        | 218,060,393                         | 536,383,951           |
| Total Assets                | <u>350,281,338</u>                 | <u>310,287,391</u>                  | <u>660,568,729</u>    | <u>346,119,682</u>                 | <u>302,964,091</u>                  | <u>649,083,773</u>    |
| Long-term Liabilities       | 16,480,780                         | 25,597,309                          | 42,078,089            | 19,997,190                         | 29,087,560                          | 49,084,750            |
| Other Liabilities           | 6,589,981                          | 10,564,973                          | 17,154,954            | 6,395,962                          | 12,656,774                          | 19,052,736            |
| Total Liabilities           | <u>23,070,761</u>                  | <u>36,162,282</u>                   | <u>59,233,043</u>     | <u>26,393,152</u>                  | <u>41,744,334</u>                   | <u>68,137,486</u>     |
| Net Assets:                 |                                    |                                     |                       |                                    |                                     |                       |
| Invested in Capital Assets, |                                    |                                     |                       |                                    |                                     |                       |
| Net of Related Debt         | 302,474,017                        | 206,902,208                         | 509,376,225           | 296,156,752                        | 192,149,590                         | 488,306,342           |
| Restricted                  | 7,980,677                          | 8,048,624                           | 16,029,301            | 6,567,684                          | 9,577,902                           | 16,145,586            |
| Unrestricted                | 16,755,883                         | 59,174,277                          | 75,930,160            | 17,002,094                         | 59,492,265                          | 76,494,359            |
| Total Net Assets            | <u>\$ 327,210,577</u>              | <u>\$ 274,125,109</u>               | <u>\$ 601,335,686</u> | <u>\$ 319,726,530</u>              | <u>\$ 261,219,757</u>               | <u>\$ 580,946,287</u> |

By far, the largest portion of the City of Grand Island's net assets (84.7 percent) reflects its investment in capital assets (land, infrastructure, buildings, machinery, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of 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 assets (2.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$75,930,160) 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 assets, 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 (UNAUDITED), Continued**  
**For The Year Ended September 30, 2012**

**Expenses and Program Revenues - Governmental Activities**

| <u>Function</u>        | <u>Year Ended September 30, 2012</u> |                         | <u>Year Ended September 30, 2011</u> |                         |
|------------------------|--------------------------------------|-------------------------|--------------------------------------|-------------------------|
|                        | <u>Program Revenues</u>              | <u>Program Expenses</u> | <u>Program Revenues</u>              | <u>Program Expenses</u> |
| General Government     | \$ 5,274,824                         | \$ 7,455,579            | \$ 4,508,527                         | \$ 6,478,817            |
| Public Safety          | 5,801,199                            | 18,964,196              | 5,499,423                            | 18,031,173              |
| Public Works           | 2,467,177                            | 7,596,259               | 1,138,320                            | 6,083,824               |
| Environment & Leisure  | 1,601,513                            | 5,474,234               | 2,376,025                            | 7,598,207               |
| Non-Departmental       | -                                    | 457,028                 | -                                    | 391,057                 |
| Interest and Bond Fees | -                                    | 507,849                 | -                                    | 1,157,611               |
| Total                  | <u>15,144,713</u>                    | <u>40,455,145</u>       | <u>13,522,295</u>                    | <u>39,740,689</u>       |
| Interfund Transfers    | -                                    | 25,000                  | -                                    | -                       |
|                        | <u>\$ 15,144,713</u>                 | <u>\$ 40,480,145</u>    | <u>\$ 13,522,295</u>                 | <u>\$ 39,740,689</u>    |

**Revenues by Source - Governmental Activities**

**SOURCES OF REVENUE**

|                                  | <u>Year Ended September 30, 2012</u> |                 | <u>Year Ended September 30, 2011</u> |                 |
|----------------------------------|--------------------------------------|-----------------|--------------------------------------|-----------------|
| Charges for Services             | \$ 8,766,081                         | 18.28 %         | \$ 8,379,682                         | 19.47 %         |
| Operating Grants & Contributions | 3,361,814                            | 7.01            | 2,892,281                            | 6.72            |
| Capital Grants & Contributions   | 3,016,818                            | 6.29            | 2,250,332                            | 5.23            |
| Property Taxes                   | 7,796,069                            | 16.25           | 6,635,024                            | 15.41           |
| Motor Vehicle Taxes              | 911,607                              | 1.90            | 823,720                              | 1.91            |
| Payments in Lieu of Taxes        | 744,142                              | 1.55            | 711,073                              | 1.65            |
| Occupation Taxes                 | 1,472,789                            | 3.07            | 1,352,108                            | 3.14            |
| Sales Tax                        | 14,573,734                           | 30.38           | 13,630,857                           | 31.66           |
| Franchise Taxes                  | 1,595,471                            | 3.33            | 1,841,648                            | 4.28            |
| State Allocation                 | 4,327,699                            | 9.02            | 4,191,584                            | 9.74            |
| Keno                             | 281,867                              | 0.59            | 272,123                              | 0.63            |
| Special Assessments              | 792,832                              | 1.65            | 90,976                               | 0.21            |
| Miscellaneous                    | 200,803                              | 0.42            | 100,735                              | 0.23            |
| Interest                         | 94,172                               | 0.20            | 71,139                               | 0.17            |
| Gain (Loss) on Sale of Assets    | 28,294                               | 0.06            | (194,790)                            | (0.45)          |
| Total                            | <u>\$ 47,964,192</u>                 | <u>100.00 %</u> | <u>\$ 43,048,492</u>                 | <u>100.00 %</u> |

Net assets increased \$7,484,047 in the governmental funds during the year ended September 30, 2012.

**CITY OF GRAND ISLAND, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued  
For The Year Ended September 30, 2012**

**Business-type activities.** Business-type activities increased the City of Grand Island's net assets by \$12,905,352, accounting for 63.3 percent of the total growth in the government's net assets for the year ended September 30, 2012. Key elements of this increase are as follows:

**Expenses and Program Revenues - Business-type Activities**

| <u>Function</u> | <u>Year Ended September 30, 2012</u> |                         | <u>Year Ended September 30, 2011</u> |                         |
|-----------------|--------------------------------------|-------------------------|--------------------------------------|-------------------------|
|                 | <u>Program Revenues</u>              | <u>Program Expenses</u> | <u>Program Revenues</u>              | <u>Program Expenses</u> |
| Electric        | \$ 61,755,537                        | \$ 56,468,284           | \$ 57,373,551                        | \$ 55,209,338           |
| Water           | 8,219,569                            | 3,900,297               | 5,318,334                            | 3,353,572               |
| Sewer           | 9,129,113                            | 7,602,580               | 9,090,190                            | 8,132,516               |
| Landfill        | 2,409,746                            | 1,421,775               | 2,293,091                            | 2,359,375               |
| Golf            | 678,156                              | 611,681                 | 598,599                              | 566,468                 |
| Total           | <u>\$ 82,192,121</u>                 | <u>\$ 70,004,617</u>    | <u>\$ 74,673,765</u>                 | <u>\$ 69,621,269</u>    |

**Revenues by Source - Business-type Activities**

**SOURCES OF REVENUE**

|                                  | <u>Year Ended September 30, 2012</u> |                 | <u>Year Ended September 30, 2011</u> |                 |
|----------------------------------|--------------------------------------|-----------------|--------------------------------------|-----------------|
| Charges for Services             | \$ 80,379,025                        | 96.95 %         | \$ 73,408,115                        | 97.61 %         |
| Operating Grants & Contributions | -                                    | -               | -                                    | -               |
| Capital Grants & Contributions   | 1,813,096                            | 2.18            | 1,265,650                            | 1.68            |
| Special Assessments              | 65,440                               | 0.08            | 50,964                               | 0.07            |
| Interest                         | 503,348                              | 0.61            | 548,941                              | 0.73            |
| Interfund Transfers              | 25,000                               | 0.03            | -                                    | -               |
| Gain (Loss) on Sale of Assets    | 124,060                              | 0.15            | (70,819)                             | (0.09)          |
| Total                            | <u>\$ 82,909,969</u>                 | <u>100.00 %</u> | <u>\$ 75,202,851</u>                 | <u>100.00 %</u> |

**Financial Analysis of the Government's Funds**

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

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

**CITY OF GRAND ISLAND, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**For The Year Ended September 30, 2012**

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As of the end of the current fiscal year, the City of Grand Island's governmental funds reported combined ending fund balances of \$21,579,613. Approximately 49.4 percent of this total amount (\$10,663,430) 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 (\$586,596), 2) placed in a nonspendable trust for library expenditures (\$38,288), 3) restricted for street improvements (\$2,562,959), 4) restricted for capital projects (\$494,923), 5) restricted for debt service (\$235,984), 6) restricted for economic development (\$874,480), 7) restricted for Federal programs (\$901,969), 8) restricted to fund housing loans (\$949,884), 9) restricted for community improvements (\$534,104), 10) restricted for library expenses (\$759,473), 11) restricted for other donor purposes (\$42,017), 12) assigned for budgetary stabilization (\$967,744), 13) assigned to liquidate contracts and purchase orders of the prior period (\$280,232), 14) assigned for a variety of other purposes (\$1,687,530).

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 \$10,679,717, while total fund balance reached \$11,331,175. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 30.7 percent of total General Fund expenditures, while total fund balance represents 32.6 percent of that same amount.

The fund balance of the City of Grand Island's General Fund increased by \$1,488,756 during the current fiscal year.

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

Unrestricted net assets of the proprietary funds at the end of the year were as follows: Electric Fund - \$46,617,663, Water Fund - \$3,339,585, Sewer Fund - \$6,442,353, Landfill Fund - \$2,542,054, and Golf Fund - \$232,622. The growth in net assets for the proprietary funds was as follows: Electric Fund - \$5,711,785, Water Fund - \$4,341,415, Sewer Fund - \$1,699,292, Landfill Fund - \$1,086,385, and Golf Fund - \$66,475. Other factors concerning the finances of these four funds have already been addressed in the discussion of the City of Grand Island's business-type activities.

### **Budgetary Highlights**

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

**CITY OF GRAND ISLAND, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued  
For The Year Ended September 30, 2012**

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**Capital Asset and Debt Administration**

**Capital Assets.** The City of Grand Island's investment in capital assets for its governmental and business-type activities as of September 30, 2012, amounts to \$550,242,593 (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 scheduled to take several years. It was originally anticipated that the annual commitment would be fairly flat year over each year, typically in the \$375,000-\$400,000 range. Instead, expenditures for the project started out slower than anticipated and then billings by the Central Platte Natural Resources District ran higher than the \$375,000-\$400,000 range. For 2012, expenditures were \$164,585.
- The Grand Island Quiet Zone Improvement project developed improvements at the Union Pacific Railroad crossings at Oak Street, Pine Street, Walnut Street, and Elm Street so that train horns will not need to be activated for these crossings. "Silent" crossings will be created at Oak Street and Pine Street by constructing concrete medians and concrete curb to narrow the streets at the crossing approaches. Walnut Street will have an Automated Horn System installed and concrete curb will be constructed to narrow the street. The crossing at Elm Street will be closed at the completion of the project. Total project cost in 2012 was \$265,093; with reimbursements the net cost to the City was \$247,597.
- The Moores Creek Drain Extension project extended the last constructed segment of Moores Creek Drainway to the south under Old Potash Highway with project costs of \$206,804. The Moores Creek Drainway is one portion of a series of open ditches, detention cells and storm sewer that were proposed in a 1975 study to provide flood relief to urbanized areas in western Grand Island. Future extensions of this drainway will be constructed west and south beyond Engleman Road and Stolley Park Road.
- The Central Community College to Wood River (southwest drainage project) is in the final construction stages, with 2012 totaling \$197,334.
- The Handicap Ramp project consists of the ADA compliant curb ramps in the 2012 project which is adjacent to the streets in the 2011 Asphalt Resurfacing program. The City is also required to have a planned schedule for upgrading public sidewalks to conform to ADA requirements. The current schedule and budget will bring the City into compliance in approximately 24 years. The 2012 project cost was \$116,447.

**CITY OF GRAND ISLAND, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**For The Year Ended September 30, 2012**

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

|   | <u>Year Ended September 30, 2012</u>     |   |                       | <u>Year Ended September 30, 2011</u>     |   |                       |
|---|--|---|-----------------------|--|---|-----------------------|
|   | <u>Governmental</u><br><u>Activities</u> | <u>Business-type</u><br><u>Activities</u> | <u>Total</u>          | <u>Governmental</u><br><u>Activities</u> | <u>Business-type</u><br><u>Activities</u> | <u>Total</u>          |
| Land  | \$ 5,822,921                             | \$ 7,237,086                              | \$ 13,060,007         | \$ 5,552,803                             | \$ 7,237,086                              | \$ 12,789,889         |
| Infrastructure  | 255,408,309                              | -   | 255,408,309           | 248,646,166                              | -   | 248,646,166           |
| Construction<br>in Progress                             | 4,786,434                                | 27,536,428                                | 32,322,862            | 9,625,020                                | 10,459,987                                | 20,085,007            |
| Land Improvement  | 9,737,923                                | 30,772,992                                | 40,510,915            | 7,961,964                                | 30,752,016                                | 38,713,980            |
| Buildings   | 42,288,256                               | -   | 42,288,256            | 44,137,252                               | -   | 44,137,252            |
| Machinery<br>and Equipment                              | 1,252,116                                | -   | 1,252,116             | 1,096,790                                | -   | 1,096,790             |
| Buildings,<br>Distribution<br>Systems, and<br>Equipment | -  | 155,205,373                               | 155,205,373           | -  | 161,601,084                               | 161,601,084           |
| Office Furniture<br>and Equipment                       | 256,404                                  | 3,484,681                                 | 3,741,085             | 285,881                                  | 3,472,141                                 | 3,758,022             |
| Vehicles  | 1,682,083                                | 4,771,587                                 | 6,453,670             | 1,017,682                                | 4,538,079                                 | 5,555,761             |
| Total   | <u>\$ 321,234,446</u>                    | <u>\$ 229,008,147</u>                     | <u>\$ 550,242,593</u> | <u>\$ 318,323,558</u>                    | <u>\$ 218,060,393</u>                     | <u>\$ 536,383,951</u> |

Additional information on the City of Grand Island's capital assets can be found in Note C4 on pages 55-58 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 \$43,345,429. Of this amount, \$6,585,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Grand Island's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) and capital lease obligations.

**City of Grand Island's Outstanding Debt**

|                             | <u>Year Ended September 30, 2012</u>     |   |                      | <u>Year Ended September 30, 2011</u>     |   |                      |
|-----------------------------|--|---|----------------------|--|---|----------------------|
|                             | <u>Governmental</u><br><u>Activities</u> | <u>Business-type</u><br><u>Activities</u> | <u>Total</u>         | <u>Governmental</u><br><u>Activities</u> | <u>Business-type</u><br><u>Activities</u> | <u>Total</u>         |
| General Obligation<br>Bonds | \$ 6,585,000                             | \$ -                                      | \$ 6,585,000         | \$ 8,625,000                             | \$ -                                      | \$ 8,625,000         |
| Revenue Bonds               | -  | 24,585,000                                | 24,585,000           | -  | 31,225,000                                | 31,225,000           |
| Capital Lease               | 12,175,429                               | -   | 12,175,429           | 13,541,806                               | -   | 13,541,806           |
| Total                       | <u>\$ 18,760,429</u>                     | <u>\$ 24,585,000</u>                      | <u>\$ 43,345,429</u> | <u>\$ 22,166,806</u>                     | <u>\$ 31,225,000</u>                      | <u>\$ 53,391,806</u> |

The City of Grand Island's total debt decreased by \$10,046,377 (18.8 percent) during the current fiscal year due to scheduled principal payments.

Additional information on the City of Grand Island's long-term debt can be found in Note C6 on pages 58-64 of this report.

**CITY OF GRAND ISLAND, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued  
For The Year Ended September 30, 2012**

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**Modified Approach for Reporting Infrastructure Assets**

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

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

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

**Economic Factors and Next Year's Budgets and Rates**

The City's cash position improved in all of the Enterprise Funds and the City has been able to keep up with the increasing costs of operations.

- Electric. No rate increase was included in the fiscal 2012-2013 budget. Included in the fiscal 2012-2013 budget is funding for maintenance and replacement of aging, critical equipment at the power plants and in the electrical transmission and distribution systems. The utility also has capital improvement projects underway to meet expanding regulatory requirements and to continue to meet projected growth of the community, including the addition of an incremental 115kv transmission tie to the regional electric.
- Water. No rate increase was included in the fiscal 2012-2013 budget. The 2012-2013 budget is focused on meeting City obligations to cooperative projects, repair and upgrade of critical facilities, and system improvements to meet continued growth. Also included in the fiscal 2012-2013 budget are funds for installation of new water mains to serve a portion of Merrick County that is experiencing groundwater contamination issues due to a former solvent supply facility located on Union Pacific property. This remediation project is being funded by Union Pacific under a plan approved by the Nebraska Department of Environmental Quality.
- Sanitary Sewer. The City had a sanitary sewer rate study completed and presented to Council in April 2011. The rate study indicated the need for several yearly rate increases. The study indicated an initial nine percent increase in 2012 followed by nine percent increases in 2013 and 2014 and a five percent increase in 2015. The rate increases will fund the \$44 million failing infrastructure associated with the collection system and address the head work rehabilitation at the wastewater treatment plant. Black & Veatch was selected and contracted to begin the preliminary design in October of 2011. The first project will be to replace the North interceptor. This project will likely take three years to complete and cost between \$12 million and \$17 million, depending on the final capacity

**CITY OF GRAND ISLAND, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued  
For The Year Ended September 30, 2012**

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needed. There is sufficient cash to start this project, but the larger portion will probably require a bond issuance.

- The recession has had an impact on the City's sales tax receipts which provide nearly 33 percent of the revenue in Governmental Activities. With the ever-increasing personnel costs and growth in operating expenses, the City completed its third year of budgeting by programs within the general fund to match available revenues to programs and prioritize program expenditures for the fiscal 2013 budget process.

All of these factors were considered in preparing the City of Grand Island's budget for the 2013 fiscal year.

**Request for Information**

This financial report is designed to provide a general overview of the City of Grand Island's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of Grand Island, 100 E. 1st St., P.O. Box 1968, Grand Island, NE 68802.



**CITY OF GRAND ISLAND, NEBRASKA**  
**STATEMENT OF NET ASSETS**

**September 30, 2012**

|  | Primary Government         |                             |                       | Component<br>Units |
|--|----------------------------|-----------------------------|-----------------------|--------------------|
|  | Governmental<br>Activities | Business-type<br>Activities | Total                 |                    |
| <b>ASSETS</b>                                      |                            |                             |                       |                    |
| Current assets:                                    |                            |                             |                       |                    |
| Cash and cash equivalents                          | \$ 2,975,957               | \$ 4,020,677                | \$ 6,996,634          | \$ 321,693         |
| Investments  | 16,582,395                 | 40,612,656                  | 57,195,051            | -                  |
| County treasurer cash                              | 861,081                    | -                           | 861,081               | 150,785            |
| Receivables:                                       |                            |                             |                       |                    |
| Special assessments                                | 518,835                    | 856,199                     | 1,375,034             | 16,433             |
| Accounts, net of allowance for doubtful accounts   | 870,294                    | 7,207,534                   | 8,077,828             | -                  |
| Unbilled revenue                                   | -                          | 3,023,670                   | 3,023,670             | -                  |
| Current portion of notes from redevelopers         | -                          | -                           | -                     | 115,334            |
| Current portion of capital lease receivable        | -                          | -                           | -                     | 760,000            |
| Interest   | 113,748                    | 162,521                     | 276,269               | -                  |
| Property tax                                       | 365,371                    | -                           | 365,371               | 28,278             |
| Due from other governments                         | 3,589,221                  | -                           | 3,589,221             | -                  |
| Due from other funds                               | 512,914                    | -                           | 512,914               | -                  |
| Prepaid expenses                                   | -                          | 429,840                     | 429,840               | -                  |
| Inventory  | 159,048                    | 10,087,308                  | 10,246,356            | -                  |
| <b>Total current assets</b>                        | <b>26,548,864</b>          | <b>66,400,405</b>           | <b>92,949,269</b>     | <b>1,392,523</b>   |
| Noncurrent assets:                                 |                            |                             |                       |                    |
| Restricted cash and cash equivalents               | 551,612                    | 2,839,445                   | 3,391,057             | 60,722             |
| Restricted investments                             | 125,694                    | 8,600,291                   | 8,725,985             | -                  |
| Permanently restricted investments                 | 529,620                    | -                           | 529,620               | -                  |
| Permanently restricted notes receivable            | 1,291,102                  | -                           | 1,291,102             | -                  |
| Notes from redevelopers                            | -                          | -                           | -                     | 520,068            |
| Capital lease receivable - City of Grand Island    | -                          | -                           | -                     | 2,325,000          |
| Deferred charges                                   | -                          | 839,655                     | 839,655               | -                  |
| Prepaid transmission                               | -                          | 2,175,599                   | 2,175,599             | -                  |
| Unamortized bond costs                             | -                          | 423,849                     | 423,849               | 27,337             |
| Capital assets:                                    |                            |                             |                       |                    |
| Land, infrastructure, and construction in progress | 266,017,664                | 90,352,343                  | 356,370,007           | 676,012            |
| Other capital assets, net of depreciation          | 55,216,782                 | 138,655,804                 | 193,872,586           | 54,419             |
| <b>Net capital assets</b>                          | <b>321,234,446</b>         | <b>229,008,147</b>          | <b>550,242,593</b>    | <b>730,431</b>     |
| <b>Total noncurrent assets</b>                     | <b>323,732,474</b>         | <b>243,886,986</b>          | <b>567,619,460</b>    | <b>3,663,558</b>   |
| <b>Total assets</b>                                | <b>350,281,338</b>         | <b>310,287,391</b>          | <b>660,568,729</b>    | <b>5,056,081</b>   |
| <b>LIABILITIES</b>                                 |                            |                             |                       |                    |
| Current liabilities:                               |                            |                             |                       |                    |
| Accounts payable                                   | 1,109,091                  | 4,055,959                   | 5,165,050             | 344,312            |
| Accrued expenses                                   | 2,406,029                  | 2,784,014                   | 5,190,043             | -                  |
| Deferred revenue                                   | 253,083                    | -                           | 253,083               | 21,083             |
| Current portion of long-term obligations           | 2,821,778                  | 3,725,000                   | 6,546,778             | 875,334            |
| <b>Total current liabilities</b>                   | <b>6,589,981</b>           | <b>10,564,973</b>           | <b>17,154,954</b>     | <b>1,240,729</b>   |
| Noncurrent liabilities:                            |                            |                             |                       |                    |
| Compensated absences - noncurrent                  | 542,129                    | 550,153                     | 1,092,282             | -                  |
| Closure/post closure liability                     | -                          | 3,227,114                   | 3,227,114             | -                  |
| Noncurrent portion of long-term obligations        | 15,938,651                 | 20,860,000                  | 36,798,651            | 2,845,068          |
| Unamortized bond premiums                          | -                          | 960,042                     | 960,042               | -                  |
| <b>Total noncurrent liabilities</b>                | <b>16,480,780</b>          | <b>25,597,309</b>           | <b>42,078,089</b>     | <b>2,845,068</b>   |
| <b>Total liabilities</b>                           | <b>23,070,761</b>          | <b>36,162,282</b>           | <b>59,233,043</b>     | <b>4,085,797</b>   |
| <b>NET ASSETS</b>                                  |                            |                             |                       |                    |
| Invested in capital assets, net of related debt    | 302,474,017                | 206,902,208                 | 509,376,225           | 757,768            |
| Restricted for:                                    |                            |                             |                       |                    |
| Debt service                                       | 235,984                    | 5,601,078                   | 5,837,062             | -                  |
| Landfill closure/post closure costs                | -                          | 2,447,546                   | 2,447,546             | -                  |
| Perpetual care - permanent                         | 586,596                    | -                           | 586,596               | -                  |
| Street improvements                                | 2,562,959                  | -                           | 2,562,959             | -                  |
| Capital projects                                   | 494,923                    | -                           | 494,923               | -                  |
| Economic development                               | 874,480                    | -                           | 874,480               | -                  |
| Other purposes                                     | 3,225,735                  | -                           | 3,225,735             | 60,722             |
| Unrestricted                                       | 16,755,883                 | 59,174,277                  | 75,930,160            | 151,794            |
| <b>Total net assets</b>                            | <b>\$ 327,210,577</b>      | <b>\$ 274,125,109</b>       | <b>\$ 601,335,686</b> | <b>\$ 970,284</b>  |

See notes to financial statements.

**CITY OF GRAND ISLAND, NEBRASKA**

**STATEMENT OF ACTIVITIES**

**For the year ended September 30, 2012**

| <u>Functions/Programs</u>           | <u>Expenses</u>       | <u>Charges for<br/>Services</u> | <u>Program Revenues<br/>Operating<br/>Grants and<br/>Contributions</u> |
|-------------------------------------|-----------------------|---------------------------------|--|
| <b>Primary government:</b>          |                       |                                 |  |
| <b>Governmental activities:</b>     |                       |                                 |  |
| General government                  | \$ 7,455,579          | \$ 2,821,729                    | \$ 2,453,095   |
| Public safety                       | 18,964,196            | 4,535,498                       | 787,313  |
| Public works                        | 7,596,259             | 160,681                         | -  |
| Environment and leisure             | 5,474,234             | 1,248,173                       | 121,406  |
| Non-departmental                    | 457,028               | -                               | -  |
| Interest and fees on long-term debt | 507,849               | -                               | -  |
| Total governmental activities       | 40,455,145            | 8,766,081                       | 3,361,814  |
| <b>Business-type activities:</b>    |                       |                                 |  |
| Electric                            | 56,468,284            | 61,755,537                      | -  |
| Water                               | 3,900,297             | 7,160,722                       | -  |
| Sewer                               | 7,602,580             | 8,374,864                       | -  |
| Landfill                            | 1,421,775             | 2,409,746                       | -  |
| Golf                                | 611,681               | 678,156                         | -  |
| Total business-type activities      | 70,004,617            | 80,379,025                      | -  |
| <b>Total primary government</b>     | <b>\$ 110,459,762</b> | <b>\$ 89,145,106</b>            | <b>\$ 3,361,814</b>  |
| <b>Component units:</b>             |                       |                                 |  |
| Business Improvement Districts      | 230,623               | 47,597                          | -  |
| Grand Island Facilities Corporation | 757,031               | 749,312                         | -  |
| Community Redevelopment Authority   | 1,453,894             | -                               | 223,086  |
| <b>Total component units</b>        | <b>\$ 2,441,548</b>   | <b>\$ 796,909</b>               | <b>\$ 223,086</b>  |

See notes to financial statements.

| Capital<br>Grants and<br>Contributions | Net (Expenses) Revenues and Changes in Net Assets |                             |                       | Component<br>Units |
|--|---|-----------------------------|-----------------------|--------------------|
|  | Primary Government                                |                             |                       |                    |
|  | Governmental<br>Activities                        | Business-type<br>Activities | Total                 |                    |
| \$ -                                   | \$ (2,180,755)                                    |                             | \$ (2,180,755)        |                    |
| 478,388                                | (13,162,997)                                      |                             | (13,162,997)          |                    |
| 2,306,496                              | (5,129,082)                                       |                             | (5,129,082)           |                    |
| 231,934                                | (3,872,721)                                       |                             | (3,872,721)           |                    |
| -                                      | (457,028)   |                             | (457,028)             |                    |
| -                                      | (507,849)   |                             | (507,849)             |                    |
| <u>3,016,818</u>                       | <u>(25,310,432)</u>                               | \$ -                        | <u>(25,310,432)</u>   |                    |
| -                                      | -   | 5,287,253                   | 5,287,253             |                    |
| 1,058,847                              | -   | 4,319,272                   | 4,319,272             |                    |
| 754,249                                | -   | 1,526,533                   | 1,526,533             |                    |
| -                                      | -   | 987,971                     | 987,971               |                    |
| -                                      | -   | 66,475                      | 66,475                |                    |
| <u>1,813,096</u>                       | <u>-</u>  | <u>12,187,504</u>           | <u>12,187,504</u>     |                    |
| <u>\$ 4,829,914</u>                    | <u>(25,310,432)</u>                               | <u>12,187,504</u>           | <u>(13,122,928)</u>   |                    |
| 19,500                                 |   |                             |                       | (163,526)          |
| -                                      |   |                             |                       | (7,719)            |
| -                                      |   |                             |                       | (1,230,808)        |
| <u>\$ 19,500</u>                       |   |                             |                       | <u>(1,402,053)</u> |
| General revenues:                      |   |                             |                       |                    |
| Taxes:                                 |   |                             |                       |                    |
| Property                               | 7,796,069   | -                           | 7,796,069             | 620,417            |
| Motor vehicle                          | 911,607   | -                           | 911,607               | 2,517              |
| Payments in lieu of taxes              | 744,142   | -                           | 744,142               | -                  |
| Occupation                             | 1,472,789   | -                           | 1,472,789             | -                  |
| Sales tax                              | 14,573,734  | -                           | 14,573,734            | -                  |
| Franchise                              | 1,595,471   | -                           | 1,595,471             | -                  |
| State allocation                       | 4,327,699   | -                           | 4,327,699             | -                  |
| Keno                                   | 281,867   | -                           | 281,867               | -                  |
| Special assessments                    | 792,832   | 65,440                      | 858,272               | 195,121            |
| Miscellaneous                          | 200,803   | -                           | 200,803               | 22,616             |
| Interest income                        | 94,172  | 503,348                     | 597,520               | 4,827              |
| Gain (loss) on sale of assets          | 28,294  | 124,060                     | 152,354               | -                  |
| Interfund transfers                    | (25,000)  | 25,000                      | -                     | -                  |
| Total general revenues                 | <u>32,794,479</u>                                 | <u>717,848</u>              | <u>33,512,327</u>     | <u>845,498</u>     |
| Change in net assets                   | 7,484,047   | 12,905,352                  | 20,389,399            | (556,555)          |
| Net assets - September 30, 2011:       |   |                             |                       |                    |
| As previously reported                 | 316,535,193                                       | 252,365,696                 | 568,900,889           | 10,380,900         |
| Restatement of net assets              | <u>3,191,337</u>                                  | <u>8,854,061</u>            | <u>12,045,398</u>     | <u>(8,854,061)</u> |
| As restated                            | <u>319,726,530</u>                                | <u>261,219,757</u>          | <u>580,946,287</u>    | <u>1,526,839</u>   |
| Net assets - September 30, 2012        | <u>\$ 327,210,577</u>                             | <u>\$ 274,125,109</u>       | <u>\$ 601,335,686</u> | <u>\$ 970,284</u>  |

**CITY OF GRAND ISLAND, NEBRASKA**

**BALANCE SHEET -  
GOVERNMENTAL FUNDS**

**September 30, 2012**

|   | <u>General</u>       | <u>Capital<br/>Projects</u> | <u>Debt<br/>Service</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|----------------------|-----------------------------|-------------------------|---|---|
| <b>ASSETS</b>                                       |                      |                             |                         |   |   |
| Cash and cash equivalents                           | \$ 1,705,099         | \$ 14,562                   | \$ 16,680               | \$ 1,068,838                            | \$ 2,805,179                            |
| Investments   | 6,758,084            | 81,137                      | 92,942                  | 6,280,293                               | 13,212,456                              |
| County treasurer cash                               | 733,906              | -                           | 125,706                 | 1,469                                   | 861,081                                 |
| Receivables:  |                      |                             |                         |   |   |
| Special assessments                                 | -                    | -                           | -                       | 518,835                                 | 518,835                                 |
| Accounts, net of allowance<br>for doubtful accounts | 767,246              | -                           | -                       | -                                       | 767,246                                 |
| Notes receivable                                    | -                    | 38,504                      | -                       | 1,252,598                               | 1,291,102                               |
| Interest  | 63,389               | -                           | -                       | 50,359                                  | 113,748                                 |
| Property tax  | 300,429              | -                           | 64,942                  | -                                       | 365,371                                 |
| Due from other governments                          | 2,591,646            | 148,698                     | -                       | 848,877                                 | 3,589,221                               |
| Due from other funds                                | 414,354              | -                           | -                       | 11,910                                  | 426,264                                 |
| <b>Total assets</b>                                 | <b>\$ 13,334,153</b> | <b>\$ 282,901</b>           | <b>\$ 300,270</b>       | <b>\$ 10,033,179</b>                    | <b>\$ 23,950,503</b>                    |
| <b>LIABILITIES AND<br/>FUND BALANCES</b>            |                      |                             |                         |   |   |
| Liabilities:  |                      |                             |                         |   |   |
| Accounts payable                                    | \$ 447,119           | \$ 186,776                  | \$ -                    | \$ 104,880                              | \$ 738,775                              |
| Accrued expenses                                    | 1,343,319            | -                           | 23,743                  | 11,970                                  | 1,379,032                               |
| Deferred revenue                                    | 212,540              | -                           | 40,543                  | -                                       | 253,083                                 |
| <b>Total liabilities</b>                            | <b>2,002,978</b>     | <b>186,776</b>              | <b>64,286</b>           | <b>116,850</b>                          | <b>2,370,890</b>                        |
| Fund balances (deficit):                            |                      |                             |                         |   |   |
| Nonspendable:                                       |                      |                             |                         |   |   |
| Cemetery perpetual care                             | -                    | -                           | -                       | 586,596                                 | 586,596                                 |
| Library trust                                       | -                    | -                           | -                       | 38,288                                  | 38,288                                  |
| Restricted for:                                     |                      |                             |                         |   |   |
| Street improvements                                 | -                    | -                           | -                       | 2,562,959                               | 2,562,959                               |
| Capital projects                                    | 492,261              | -                           | -                       | 2,662                                   | 494,923                                 |
| Debt service  | -                    | -                           | 235,984                 | -                                       | 235,984                                 |
| Economic development                                | -                    | -                           | -                       | 874,480                                 | 874,480                                 |
| Federal programs                                    | -                    | -                           | -                       | 901,969                                 | 901,969                                 |
| Housing loans                                       | -                    | -                           | -                       | 949,884                                 | 949,884                                 |
| Community improvements                              | -                    | -                           | -                       | 534,104                                 | 534,104                                 |
| Library expenses                                    | -                    | -                           | -                       | 759,473                                 | 759,473                                 |
| Other purposes                                      | -                    | -                           | -                       | 42,017                                  | 42,017                                  |
| Assigned for:                                       |                      |                             |                         |   |   |
| Budgetary stabilization                             | -                    | -                           | -                       | 967,744                                 | 967,744                                 |
| Encumbrances  | 159,197              | 96,125                      | -                       | 24,910                                  | 280,232                                 |
| Other purposes                                      | -                    | -                           | -                       | 1,687,530                               | 1,687,530                               |
| Unassigned  | 10,679,717           | -                           | -                       | (16,287)                                | 10,663,430                              |
| <b>Total fund balances</b>                          | <b>11,331,175</b>    | <b>96,125</b>               | <b>235,984</b>          | <b>9,916,329</b>                        | <b>21,579,613</b>                       |
| <b>Total liabilities and<br/>fund balances</b>      | <b>\$ 13,334,153</b> | <b>\$ 282,901</b>           | <b>\$ 300,270</b>       | <b>\$ 10,033,179</b>                    | <b>\$ 23,950,503</b>                    |

See notes to financial statements.

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

**September 30, 2012**

**Total fund balances - governmental funds** \$ 21,579,613

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$353,101,935, and the accumulated depreciation is \$32,251,123. 320,850,812

Internal service funds are used by management to charge the costs of certain activities, such as information technology, fleet services, and insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 4,053,729

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

|                                  |                    |                     |
|----------------------------------|--------------------|---------------------|
| Noncurrent compensated absences  | \$ (513,148)       |                     |
| Capital lease obligations        | (12,175,429)       |                     |
| General obligation bonds payable | <u>(6,585,000)</u> | <u>(19,273,577)</u> |

**Total net assets - governmental activities** \$ 327,210,577

See notes to financial statements.

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

**For the year ended September 30, 2012**

|  | <u>General</u> | <u>Capital<br/>Projects</u> | <u>Debt<br/>Service</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|----------------|-----------------------------|-------------------------|---|---|
| <b>REVENUES</b>  |                |                             |                         |   |   |
| Taxes:   |                |                             |                         |   |   |
| Property   | \$ 6,517,810   | \$ -                        | \$ 1,270,237            | \$ 8,022                                | \$ 7,796,069                            |
| Motor vehicle  | 905,396        | -                           | 6,183                   | 28                                      | 911,607                                 |
| Occupation   | 1,472,789      | -                           | -                       | -                                       | 1,472,789                               |
| Sales tax  | 14,573,734     | -                           | -                       | -                                       | 14,573,734                              |
| Franchise  | 1,595,471      | -                           | -                       | -                                       | 1,595,471                               |
| Intergovernmental  | 1,377,919      | 701,174                     | -                       | 6,173,497                               | 8,252,590                               |
| Keno   | -              | -                           | -                       | 281,867                                 | 281,867                                 |
| Special assessments  | -              | -                           | -                       | 792,832                                 | 792,832                                 |
| Charges for services   | 8,364,895      | -                           | -                       | 401,186                                 | 8,766,081                               |
| Interest income  | 39,566         | -                           | 3,293                   | 21,133                                  | 63,992                                  |
| Contributions  | 76,115         | 1,762,000                   | -                       | 615,626                                 | 2,453,741                               |
| Sale of assets   | 112,976        | -                           | -                       | -                                       | 112,976                                 |
| Other revenue  | 171,725        | 12,109                      | -                       | 16,969                                  | 200,803                                 |
| Total revenues   | 35,208,396     | 2,475,283                   | 1,279,713               | 8,311,160                               | 47,274,552                              |
| <b>EXPENDITURES</b>  |                |                             |                         |   |   |
| General government   | 3,657,854      | -                           | -                       | 3,240,820                               | 6,898,674                               |
| Public safety  | 18,149,368     | -                           | -                       | 596,970                                 | 18,746,338                              |
| Public works   | 5,650,602      | 4,055,850                   | -                       | -                                       | 9,706,452                               |
| Environment and leisure  | 5,202,827      | 564,406                     | -                       | 118,369                                 | 5,885,602                               |
| Non-departmental   | 457,028        | -                           | -                       | -                                       | 457,028                                 |
| Principal payments on debt                                       | 1,366,377      | -                           | 2,040,000               | -                                       | 3,406,377                               |
| Interest on long-term debt                                       | 311,819        | -                           | 188,780                 | -                                       | 500,599                                 |
| Bond/loan fees   | 5,750          | -                           | 1,500                   | -                                       | 7,250                                   |
| Total expenditures   | 34,801,625     | 4,620,256                   | 2,230,280               | 3,956,159                               | 45,608,320                              |
| <b>Excess (deficiency) of<br/>    revenues over expenditures</b> | 406,771        | (2,144,973)                 | (950,567)               | 4,355,001                               | 1,666,232                               |
| <b>OTHER FINANCING<br/>SOURCES (USES)</b>                        |                |                             |                         |   |   |
| Transfers in   | 3,845,996      | 2,039,537                   | 774,000                 | 1,159,379                               | 7,818,912                               |
| Transfers out  | (2,764,011)    | (62,904)                    | (546,100)               | (3,774,121)                             | (7,147,136)                             |
| Net transfers  | 1,081,985      | 1,976,633                   | 227,900                 | (2,614,742)                             | 671,776                                 |
| <b>Net change in fund balances</b>                               | 1,488,756      | (168,340)                   | (722,667)               | 1,740,259                               | 2,338,008                               |
| Fund balances - September 30, 2011                               | 9,842,419      | 264,465                     | 958,651                 | 8,176,070                               | 19,241,605                              |
| Fund balances - September 30, 2012                               | \$ 11,331,175  | \$ 96,125                   | \$ 235,984              | \$ 9,916,329                            | \$ 21,579,613                           |

See notes to financial statements.

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

**For the year ended September 30, 2012**

**Total net change in fund balances - governmental funds** \$ 2,338,008

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

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capitalized capital outlay (\$5,967,948) exceeded depreciation expense (\$2,972,378) during the period. 2,995,570

Losses on disposal of capital assets are not shown in the governmental fund financial statements. However, in the statement of activities, the loss is reported as a reduction to asset sales proceeds. (84,682)

Internal service fund capital activity is removed from the reconciliation, since it is accounted for on the economic resource basis in the fund financial statements. 11,189

Internal service funds are used by management to charge the costs of certain activities, such as insurance, information technology, and fleet services, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities in the statement of activities. (1,116,762)

The change in noncurrent compensated absences is reported as an expense in the statement of net assets. Noncurrent compensated absences are not reported in the governmental funds. (65,653)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 3,406,377

**Change in net assets of governmental activities** \$ 7,484,047

See notes to financial statements.

**CITY OF GRAND ISLAND, NEBRASKA**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**

**September 30, 2012**

|   | Enterprise Funds      |                      |                      |
|---|-----------------------|----------------------|----------------------|
|   | Electric<br>Fund      | Water<br>Fund        | Sewer<br>Fund        |
| <b>ASSETS</b>                                       |                       |                      |                      |
| <b>Current assets:</b>                              |                       |                      |                      |
| Cash and cash equivalents                           | \$ 2,412,178          | \$ 415,972           | \$ 777,070           |
| Investments   | 31,229,938            | 2,737,801            | 4,329,932            |
| <b>Receivables:</b>                                 |                       |                      |                      |
| Accounts, net of allowance for<br>doubtful accounts | 5,454,558             | 864,454              | 692,567              |
| Unbilled revenue                                    | 2,387,719             | 299,452              | 336,499              |
| Interest  | 28,128                | 9,082                | 125,311              |
| Special assessments                                 | -                     | 53,018               | 803,181              |
| Due from other funds                                | -                     | -                    | -                    |
| Inventory   | 9,754,647             | 332,661              | -                    |
| Prepaid expenses                                    | 416,945               | 12,895               | -                    |
| <b>Total current assets</b>                         | <b>51,684,113</b>     | <b>4,725,335</b>     | <b>7,064,560</b>     |
| <b>Noncurrent assets:</b>                           |                       |                      |                      |
| Restricted cash and cash equivalents                | 336,545               | 412,319              | 599,340              |
| Restricted investments                              | 2,236,335             | 300,500              | 2,052,584            |
| Deferred charges                                    | 839,655               | -                    | -                    |
| Prepaid transmission                                | 2,175,599             | -                    | -                    |
| Unamortized bond costs                              | 252,225               | 50,839               | 120,785              |
| <b>Capital assets:</b>                              |                       |                      |                      |
| Land and improvements                               | 6,068,304             | -                    | 55,626,523           |
| Construction in progress                            | 13,199,346            | 7,332,221            | 7,004,861            |
| Distribution and collection systems                 | 274,326,517           | 53,012,679           | 5,636,619            |
| Buildings and equipment                             | 27,748,808            | 3,255,768            | 16,803,545           |
| Less accumulated depreciation                       | (196,203,205)         | (12,784,034)         | (37,096,404)         |
| <b>Net capital assets</b>                           | <b>125,139,770</b>    | <b>50,816,634</b>    | <b>47,975,144</b>    |
| <b>Total noncurrent assets</b>                      | <b>130,980,129</b>    | <b>51,580,292</b>    | <b>50,747,853</b>    |
| <b>Total assets</b>                                 | <b>182,664,242</b>    | <b>56,305,627</b>    | <b>57,812,413</b>    |
| <b>LIABILITIES</b>                                  |                       |                      |                      |
| <b>Current liabilities:</b>                         |                       |                      |                      |
| Accounts payable                                    | 2,485,397             | 1,068,537            | 445,771              |
| Accrued expenses                                    | 2,309,862             | 274,172              | 128,489              |
| Current portion of<br>long-term obligations         | 1,875,000             | 220,000              | 1,630,000            |
| <b>Total current liabilities</b>                    | <b>6,670,259</b>      | <b>1,562,709</b>     | <b>2,204,260</b>     |
| <b>Noncurrent liabilities:</b>                      |                       |                      |                      |
| Compensated absences - noncurrent                   | 435,189               | 43,041               | 47,947               |
| Closure/post closure liability                      | 172,547               | -                    | -                    |
| Noncurrent portion of<br>long-term obligations      | 15,935,000            | 3,505,000            | 1,420,000            |
| Unamortized bond premiums                           | 960,042               | -                    | -                    |
| <b>Total noncurrent liabilities</b>                 | <b>17,502,778</b>     | <b>3,548,041</b>     | <b>1,467,947</b>     |
| <b>Total liabilities</b>                            | <b>24,173,037</b>     | <b>5,110,750</b>     | <b>3,672,207</b>     |
| <b>NET ASSETS</b>                                   |                       |                      |                      |
| Invested in capital assets, net<br>of related debt  | 109,637,207           | 47,142,473           | 45,045,929           |
| Restricted for:                                     |                       |                      |                      |
| Debt service  | 2,236,335             | 712,819              | 2,651,924            |
| Landfill closure/post closure costs                 | -                     | -                    | -                    |
| Unrestricted  | 46,617,663            | 3,339,585            | 6,442,353            |
| <b>Total net assets</b>                             | <b>\$ 158,491,205</b> | <b>\$ 51,194,877</b> | <b>\$ 54,140,206</b> |

See notes to financial statements.



| <u>Landfill<br/>Fund</u> | <u>Golf<br/>Fund</u> | <u>Total</u>          | <u>Internal<br/>Service<br/>Funds</u> |
|--------------------------|----------------------|-----------------------|---------------------------------------|
| \$ 373,167               | \$ 42,290            | \$ 4,020,677          | \$ 722,390                            |
| 2,079,336                | 235,649              | 40,612,656            | 4,025,253                             |
| 184,370                  | 11,585               | 7,207,534             | 103,048                               |
| -                        | -                    | 3,023,670             | -                                     |
| -                        | -                    | 162,521               | -                                     |
| -                        | -                    | 856,199               | -                                     |
| -                        | -                    | -                     | 86,650                                |
| -                        | -                    | 10,087,308            | 159,048                               |
| -                        | -                    | 429,840               | -                                     |
| <u>2,636,873</u>         | <u>289,524</u>       | <u>66,400,405</u>     | <u>5,096,389</u>                      |
| 1,491,241                | -                    | 2,839,445             | -                                     |
| 4,010,872                | -                    | 8,600,291             | -                                     |
| -                        | -                    | 839,655               | -                                     |
| -                        | -                    | 2,175,599             | -                                     |
| -                        | -                    | 423,849               | -                                     |
| 253,515                  | 867,573              | 62,815,915            | -                                     |
| -                        | -                    | 27,536,428            | -                                     |
| -                        | -                    | 332,975,815           | -                                     |
| 9,708,796                | 723,592              | 58,240,509            | 1,504,242                             |
| (5,011,465)              | (1,465,412)          | (252,560,520)         | (1,120,608)                           |
| <u>4,950,846</u>         | <u>125,753</u>       | <u>229,008,147</u>    | <u>383,634</u>                        |
| <u>10,452,959</u>        | <u>125,753</u>       | <u>243,886,986</u>    | <u>383,634</u>                        |
| <u>13,089,832</u>        | <u>415,277</u>       | <u>310,287,391</u>    | <u>5,480,023</u>                      |
| 36,351                   | 19,903               | 4,055,959             | 370,316                               |
| 46,210                   | 25,281               | 2,784,014             | 1,026,997                             |
| -                        | -                    | 3,725,000             | -                                     |
| <u>82,561</u>            | <u>45,184</u>        | <u>10,564,973</u>     | <u>1,397,313</u>                      |
| 12,258                   | 11,718               | 550,153               | 28,981                                |
| 3,054,567                | -                    | 3,227,114             | -                                     |
| -                        | -                    | 20,860,000            | -                                     |
| -                        | -                    | 960,042               | -                                     |
| <u>3,066,825</u>         | <u>11,718</u>        | <u>25,597,309</u>     | <u>28,981</u>                         |
| <u>3,149,386</u>         | <u>56,902</u>        | <u>36,162,282</u>     | <u>1,426,294</u>                      |
| 4,950,846                | 125,753              | 206,902,208           | 383,634                               |
| -                        | -                    | 5,601,078             | -                                     |
| 2,447,546                | -                    | 2,447,546             | -                                     |
| 2,542,054                | 232,622              | 59,174,277            | 3,670,095                             |
| <u>\$ 9,940,446</u>      | <u>\$ 358,375</u>    | <u>\$ 274,125,109</u> | <u>\$ 4,053,729</u>                   |

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

**For the year ended September 30, 2012**

|  | Enterprise Funds      |                      |                      |
|--|-----------------------|----------------------|----------------------|
|  | Electric<br>Fund      | Water<br>Fund        | Sewer<br>Fund        |
| <b>Operating revenues:</b>                               |                       |                      |                      |
| Sales:   |                       |                      |                      |
| Consumers  | \$ 58,062,965         | \$ 5,079,025         | \$ 8,240,781         |
| Municipal and interdepartmental                          | 1,828,136             | 96,285               | -                    |
| Wholesale  | 1,288,128             | -                    | -                    |
| Total sales  | <u>61,179,229</u>     | <u>5,175,310</u>     | <u>8,240,781</u>     |
| Tap fees   | -                     | 1,795,043            | 4,133                |
| Other revenue  | 576,308               | 190,369              | 129,950              |
| Total operating revenues                                 | <u>61,755,537</u>     | <u>7,160,722</u>     | <u>8,374,864</u>     |
| <b>Operating expenses:</b>                               |                       |                      |                      |
| Cost of power  | 30,232,339            | -                    | -                    |
| Production   | -                     | 1,259,225            | -                    |
| Operation of system                                      | 1,774,133             | 890,135              | 3,146,713            |
| Maintenance of system                                    | 2,247,237             | -                    | 448,041              |
| Consumer accounting and collection                       | 1,175,353             | 448,460              | 528,130              |
| General office expense                                   | 1,347,574             | 174,847              | 557,842              |
| Special services   | 1,073,931             | 102,950              | 37,177               |
| Information technology                                   | -                     | -                    | -                    |
| Central garage   | -                     | -                    | -                    |
| Insurance  | 554,598               | 12,190               | 69,542               |
| Miscellaneous  | 100,817               | 203,528              | -                    |
| Closure costs  | -                     | -                    | -                    |
| Depreciation   | 9,905,761             | 663,944              | 2,587,687            |
| Amortization   | 19,693                | 4,884                | 99,228               |
| Total operating expenses                                 | <u>48,431,436</u>     | <u>3,760,163</u>     | <u>7,474,360</u>     |
| Operating income (loss)                                  | 13,324,101            | 3,400,559            | 900,504              |
| <b>Nonoperating revenues (expenses):</b>                 |                       |                      |                      |
| Interest income  | 403,962               | 20,528               | 52,319               |
| Intergovernmental/grants                                 | -                     | -                    | -                    |
| Allocated debt on participation power                    | (6,320,655)           | -                    | -                    |
| Interest expense   | (905,174)             | (56,416)             | (128,220)            |
| Payments in lieu of taxes                                | (811,019)             | (83,718)             | -                    |
| Gain on sale of assets                                   | 20,570                | 1,615                | 30,000               |
| Special assessments                                      | -                     | -                    | 65,440               |
| Contributions in aid of construction                     | -                     | 1,058,847            | 754,249              |
| Total nonoperating revenues (expenses)                   | <u>(7,612,316)</u>    | <u>940,856</u>       | <u>773,788</u>       |
| <b>Excess (deficiency) of revenues over expenditures</b> | 5,711,785             | 4,341,415            | 1,674,292            |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                       |                      |                      |
| Transfers in   | -                     | -                    | 25,000               |
| <b>Change in net assets</b>                              | 5,711,785             | 4,341,415            | 1,699,292            |
| Net assets - September 30, 2011 - as previously reported | 152,779,420           | 46,853,462           | 52,440,914           |
| Restatement of net assets                                | -                     | -                    | -                    |
| Net assets - September 30, 2011 - as restated            | <u>152,779,420</u>    | <u>46,853,462</u>    | <u>52,440,914</u>    |
| Net assets - September 30, 2012                          | <u>\$ 158,491,205</u> | <u>\$ 51,194,877</u> | <u>\$ 54,140,206</u> |

See notes to financial statements.

| <u>Landfill<br/>Fund</u> | <u>Golf<br/>Fund</u> | <u>Total</u>          | <u>Internal<br/>Service<br/>Funds</u> |
|--------------------------|----------------------|-----------------------|---------------------------------------|
| 2,387,681                | \$ 670,762           | \$ 74,441,214         | \$ -                                  |
| -                        | -                    | 1,924,421             | 8,880,803                             |
| -                        | -                    | 1,288,128             | -                                     |
| <u>2,387,681</u>         | <u>670,762</u>       | <u>77,653,763</u>     | <u>8,880,803</u>                      |
| -                        | -                    | 1,799,176             | -                                     |
| 22,065                   | 7,394                | 926,086               | -                                     |
| <u>2,409,746</u>         | <u>678,156</u>       | <u>80,379,025</u>     | <u>8,880,803</u>                      |
| -                        | -                    | 30,232,339            | -                                     |
| -                        | -                    | 1,259,225             | -                                     |
| 1,037,202                | 478,766              | 7,326,949             | -                                     |
| 140,651                  | 36,124               | 2,872,053             | -                                     |
| 44,738                   | -                    | 2,196,681             | -                                     |
| 225,869                  | 71,500               | 2,377,632             | -                                     |
| 97,543                   | 450                  | 1,312,051             | -                                     |
| -                        | -                    | -                     | 982,100                               |
| -                        | -                    | -                     | 1,234,790                             |
| 30,600                   | 3,000                | 669,930               | 7,799,875                             |
| -                        | -                    | 304,345               | 24,791                                |
| (685,152)                | -                    | (685,152)             | -                                     |
| 530,324                  | 21,841               | 13,709,557            | 74,093                                |
| -                        | -                    | 123,805               | -                                     |
| <u>1,421,775</u>         | <u>611,681</u>       | <u>61,699,415</u>     | <u>10,115,649</u>                     |
| 987,971                  | 66,475               | 18,679,610            | (1,234,846)                           |
| 26,539                   | -                    | 503,348               | 30,180                                |
| -                        | -                    | -                     | 50,000                                |
| -                        | -                    | (6,320,655)           | -                                     |
| -                        | -                    | (1,089,810)           | -                                     |
| -                        | -                    | (894,737)             | -                                     |
| 71,875                   | -                    | 124,060               | -                                     |
| -                        | -                    | 65,440                | -                                     |
| -                        | -                    | 1,813,096             | -                                     |
| <u>98,414</u>            | <u>-</u>             | <u>(5,799,258)</u>    | <u>80,180</u>                         |
| 1,086,385                | 66,475               | 12,880,352            | (1,154,666)                           |
| -                        | -                    | 25,000                | 37,904                                |
| <u>1,086,385</u>         | <u>66,475</u>        | <u>12,905,352</u>     | <u>(1,116,762)</u>                    |
| -                        | 291,900              | 252,365,696           | 5,170,491                             |
| <u>8,854,061</u>         | <u>-</u>             | <u>8,854,061</u>      | <u>-</u>                              |
| <u>8,854,061</u>         | <u>291,900</u>       | <u>261,219,757</u>    | <u>5,170,491</u>                      |
| <u>\$ 9,940,446</u>      | <u>\$ 358,375</u>    | <u>\$ 274,125,109</u> | <u>\$ 4,053,729</u>                   |

**CITY OF GRAND ISLAND, NEBRASKA**

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS**

**For the year ended September 30, 2012**

|  | Enterprise Funds |               |
|--|------------------|---------------|
|  | Electric<br>Fund | Water<br>Fund |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                         |                  |               |
| Receipts from customers  | \$ 61,006,851    | \$ 6,627,601  |
| Receipts from other funds  | -                | -             |
| Payments to suppliers  | (27,406,355)     | (2,429,087)   |
| Payments to employees  | (8,900,670)      | (606,441)     |
| Net cash provided (used) by operating activities                     | 24,699,826       | 3,592,073     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING<br/>ACTIVITIES:</b>          |                  |               |
| Payments in lieu of taxes  | (689,459)        | (54,683)      |
| Transfer from (to) other funds                                       | -                | -             |
| Net cash provided (used) by noncapital financing activities          | (689,459)        | (54,683)      |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES:</b> |                  |               |
| Purchase of property and equipment                                   | (10,441,997)     | (6,844,939)   |
| Proceeds from sale of property and equipment                         | 841,614          | 5,382         |
| Decrease in deferred charges   | 903,995          | -             |
| Intergovernmental receipts   | -                | -             |
| Special assessment collections                                       | -                | -             |
| Payment of allocated debt on participation power purchase            | (6,320,655)      | -             |
| Proceeds from issuance of bonds payable                              | 18,510,000       | 3,725,000     |
| Premium received on the issuance of bonds                            | 1,029,250        | -             |
| Payment of bond fees   | (270,408)        | (52,150)      |
| Principal payments on capital debt                                   | (26,190,000)     | (1,095,000)   |
| Interest paid on capital debt  | (1,013,645)      | (51,320)      |
| Increase (decrease) in closure/post closure liability                | 3,549            | -             |
| Net cash used by capital and related financing activities            | (22,948,297)     | (4,313,027)   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                         |                  |               |
| Proceeds from the sale and maturities of investment securities       | 24,273,923       | 412,219       |
| Purchase of investment securities                                    | (29,324,239)     | (518,031)     |
| Interest received  | 448,143          | 20,479        |
| Net cash provided (used) by investing activities                     | (4,602,173)      | (85,333)      |
| Increase (decrease) in cash and cash equivalents                     | (3,540,103)      | (860,970)     |
| Cash and cash equivalents - beginning of the year                    | 6,288,826        | 1,689,261     |
| Cash and cash equivalents - end of the year                          | \$ 2,748,723     | \$ 828,291    |
| <b>Composition of cash and cash equivalents:</b>                     |                  |               |
| Cash and cash equivalents  | \$ 2,412,178     | \$ 415,972    |
| Restricted cash and cash equivalents                                 | 336,545          | 412,319       |
| Total cash and cash equivalents                                      | \$ 2,748,723     | \$ 828,291    |

See notes to financial statements.

| Enterprise Funds    |                     |                  |                     | Internal Service Funds |
|---------------------|---------------------|------------------|---------------------|------------------------|
| Sewer Fund          | Landfill Fund       | Golf Fund        | Total               |                        |
| \$ 8,338,388        | \$ 2,427,136        | \$ 671,917       | \$ 79,071,893       | \$ -                   |
| -                   | -                   | -                | -                   | 8,876,455              |
| (3,239,070)         | (333,512)           | (375,771)        | (33,783,795)        | (9,295,433)            |
| (1,546,308)         | (556,804)           | (202,897)        | (11,813,120)        | (573,872)              |
| <u>3,553,010</u>    | <u>1,536,820</u>    | <u>93,249</u>    | <u>33,474,978</u>   | <u>(992,850)</u>       |
| -                   | -                   | -                | (744,142)           | -                      |
| 25,000              | -                   | -                | 25,000              | 37,904                 |
| <u>25,000</u>       | <u>-</u>            | <u>-</u>         | <u>(719,142)</u>    | <u>37,904</u>          |
| (5,329,129)         | (449,832)           | -                | (23,065,897)        | (62,904)               |
| 30,000              | 71,875              | -                | 948,871             | -                      |
| -                   | -                   | -                | 903,995             | -                      |
| -                   | -                   | -                | -                   | 50,000                 |
| 253,627             | -                   | -                | 253,627             | -                      |
| -                   | -                   | -                | (6,320,655)         | -                      |
| -                   | -                   | -                | 22,235,000          | -                      |
| -                   | -                   | -                | 1,029,250           | -                      |
| -                   | -                   | -                | (322,558)           | -                      |
| (1,590,000)         | -                   | -                | (28,875,000)        | -                      |
| (128,220)           | -                   | -                | (1,193,185)         | -                      |
| -                   | (685,152)           | -                | (681,603)           | -                      |
| <u>(6,763,722)</u>  | <u>(1,063,109)</u>  | <u>-</u>         | <u>(35,088,155)</u> | <u>(12,904)</u>        |
| 648,768             | -                   | -                | 25,334,910          | (621,424)              |
| -                   | (697,509)           | (125,074)        | (30,664,853)        | -                      |
| 47,627              | 27,839              | -                | 544,088             | 30,180                 |
| <u>696,395</u>      | <u>(669,670)</u>    | <u>(125,074)</u> | <u>(4,785,855)</u>  | <u>(591,244)</u>       |
| (2,489,317)         | (195,959)           | (31,825)         | (7,118,174)         | (1,559,094)            |
| <u>3,865,727</u>    | <u>2,060,367</u>    | <u>74,115</u>    | <u>13,978,296</u>   | <u>2,281,484</u>       |
| <u>\$ 1,376,410</u> | <u>\$ 1,864,408</u> | <u>\$ 42,290</u> | <u>\$ 6,860,122</u> | <u>\$ 722,390</u>      |
| \$ 777,070          | \$ 373,167          | \$ 42,290        | \$ 4,020,677        | \$ 722,390             |
| 599,340             | 1,491,241           | -                | 2,839,445           | -                      |
| <u>\$ 1,376,410</u> | <u>\$ 1,864,408</u> | <u>\$ 42,290</u> | <u>\$ 6,860,122</u> | <u>\$ 722,390</u>      |

**CITY OF GRAND ISLAND, NEBRASKA**

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

**For the year ended September 30, 2012**

|   | Enterprise Funds |               |
|---|------------------|---------------|
|   | Electric<br>Fund | Water<br>Fund |
| <b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>        |                  |               |
| Operating income (loss)   | \$ 13,324,101    | \$ 3,400,559  |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                  |               |
| Depreciation expense  | 9,905,761        | 663,944       |
| Amortization expense  | 19,693           | 4,884         |
| Change in assets and liabilities:   |                  |               |
| Accounts receivable   | (748,686)        | (533,121)     |
| Inventories   | 1,102,538        | (54,383)      |
| Prepaid expenses  | (23,796)         | (736)         |
| Prepaid transmissions   | 1,100,642        | -             |
| Accounts payable and accrued expenses   | 19,573           | 110,926       |
| Net cash provided (used) by operating activities  | \$ 24,699,826    | \$ 3,592,073  |
| <b>Supplemental cash flow information:</b>  |                  |               |
| Acquisition of capital assets through developers' aid of construction                                 | \$ -             | \$ 1,058,847  |
| Accounts payable incurred for capital asset purchases   | \$ -             | \$ 917,168    |

See notes to financial statements.

| Enterprise Funds    |                     |                  |                      | Internal Service Funds |
|---------------------|---------------------|------------------|----------------------|------------------------|
| <u>Sewer Fund</u>   |                     | <u>Golf Fund</u> | <u>Total</u>         | <u>Funds</u>           |
| \$ 900,504          | \$ 987,971          | \$ 66,475        | \$ 18,679,610        | \$ (1,234,846)         |
| 2,587,687           | 530,324             | 21,841           | 13,709,557           | 74,093                 |
| 99,228              | -                   | -                | 123,805              | -                      |
| (36,476)            | 17,390              | (6,239)          | (1,307,132)          | (4,348)                |
| -                   | -                   | -                | 1,048,155            | (24,921)               |
| -                   | -                   | -                | (24,532)             | -                      |
| -                   | -                   | -                | 1,100,642            | -                      |
| 2,067               | 1,135               | 11,172           | 144,873              | 197,172                |
| <u>\$ 3,553,010</u> | <u>\$ 1,536,820</u> | <u>\$ 93,249</u> | <u>\$ 33,474,978</u> | <u>\$ (992,850)</u>    |
| <u>\$ 754,249</u>   | <u>\$ -</u>         | <u>\$ -</u>      | <u>\$ 1,813,096</u>  | <u>\$ -</u>            |
| <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>      | <u>\$ 917,168</u>    | <u>\$ -</u>            |

**CITY OF GRAND ISLAND, NEBRASKA**

**STATEMENT OF NET ASSETS - FIDUCIARY FUNDS**

**September 30, 2012**

|                                    | <u>Employee Pension<br/>Reserve Funds</u> | <u>Agency<br/>Funds</u> |
|------------------------------------|---|-------------------------|
| <b>ASSETS</b>                      |   |                         |
| Cash                               | \$ 9,249                                  | \$ 23,373               |
| Investments                        | 5,125,906                                 | 130,241                 |
| Accounts receivable                | -   | 10,682                  |
| Special assessments receivable     | -   | 16,433                  |
| Total assets                       | <u>5,135,155</u>                          | <u>180,729</u>          |
| <b>LIABILITIES</b>                 |   |                         |
| Due to other funds                 | 512,914                                   | -                       |
| Agency liabilities                 | -   | 180,729                 |
| Pension liability                  | <u>1,160,256</u>                          | <u>-</u>                |
| Total liabilities                  | <u>1,673,170</u>                          | <u>180,729</u>          |
| <b>NET ASSETS</b>                  |   |                         |
| Held in trust for pension benefits | <u><u>\$ 3,461,985</u></u>                | <u><u>\$ -</u></u>      |

See notes to financial statements.



**CITY OF GRAND ISLAND, NEBRASKA**

**STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUNDS**

**For the year ended September 30, 2012**

|                                 | <u>Employee Pension<br/>Reserve Funds</u> |
|---------------------------------|---|
| <b>ADDITIONS</b>                |   |
| Transfers from other funds      | \$ 173,372                                |
| Interest and dividends          | 1,209,712                                 |
| Other revenue                   | 2,978                                     |
| Total additions                 | <u>1,386,062</u>                          |
| <b>DEDUCTIONS</b>               |   |
| Pension benefits                | 63,839                                    |
| Transfer to other funds         | 163,910                                   |
| Loss on investments             | 302,367                                   |
| Total deductions                | <u>530,116</u>                            |
| <b>Change in net assets</b>     | 855,946                                   |
| Net assets - September 30, 2011 | <u>2,606,039</u>                          |
| Net assets - September 30, 2012 | <u><u>\$ 3,461,985</u></u>                |

See notes to financial statements.

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS**

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# CITY OF GRAND ISLAND, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2012

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Grand Island, Nebraska (City) are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

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

#### 1. Financial Reporting Entity

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

The City's financial reporting entity comprises the following:

|                                       |   |
|---------------------------------------|---|
| Primary Government:                   | City of Grand Island  |
| Discretely Presented Component Units: | Community Redevelopment<br>Authority of Grand Island<br>Business Improvement Districts<br>Grand Island Facilities Corporation |

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14 and Statement No. 39, and has included all organizations that make up the City's legal entity and all component units. Consistent with applicable guidance, the criteria used by the City to include component units within its reporting entity are financial accountability and the nature and significance of the relationship. The City includes organizations as component units under the following financial accountability criteria:

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**1. Financial Reporting Entity, continued**

- (1) Organizations for which the City Council appoints a voting majority of the organization's governing body and for which (a) the City is able to impose its will on the organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City.
- (2) Organizations that are fiscally dependent on the City. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the City.

**Blended Component Units**

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

**Discretely Presented Component Units**

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

Brief Description of Activities and Relationship  
To The City:

Community Redevelopment  
Authority of Grand Island

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Discretely Presented Component Units, continued

Brief Description of Activities and Relationship  
To The City:

Business Improvement Districts

BID #4 was created on July 23, 2002; and BID #6, #7, and #8 were created during July 2008. The BIDs account for funding held for improvement and maintenance of public areas within the boundaries of the Districts.

Grand Island Facilities Corporation

Created in 2005 to provide for the construction and issuance of bonds for the library addition. The City Council appoints board members of this Corporation.

Effective October 1, 2011, the Grand Island Area Solid Waste Agency (Landfill), formerly accounted for as a discretely presented component unit, became an Enterprise Fund of the City.

2. Basis of Presentation

Government-wide Financial Statements

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

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**2. Basis of Presentation, continued**

**Fund Financial Statements**

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

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

The funds of the financial reporting entity are described below:

**Governmental Funds**

*General Fund*

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

*Special Revenue Funds*

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

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**2. Basis of Presentation, continued**

**Governmental Funds, continued**

*Capital Project Funds*

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

*Debt Service Fund*

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

*Permanent Fund*

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

**Proprietary Funds**

*Enterprise Funds*

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

*Internal Service Funds*

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

**Fiduciary Funds (not included in government-wide statements)**

*Agency Funds*

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

| <u>Fund</u>     | <u>Brief Description</u>  |
|-----------------|---|
| Cafeteria Plan  | Accounts for voluntary employee contributions as a tax-free reimbursement for medical and child care expenses.  |
| Other Agencies  | Accounts for the Tri-City Task Force and for the collection and remittance of the City lodging tax to Fonner Park.  |
| BID Assessments | Accounts for the collection of assessments for Business Improvement Districts #4, #6, #7, and #8 and remittance of assessments to the Districts. (Activity for these funds was transferred to a BID component unit during the year ended September 30, 2004). |

*Trust Funds*

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

|                         |   |
|-------------------------|---|
| Police and Fire Pension | Accounts for direct pension payments to police and fire personnel who retired prior to 1984 under a defined benefit plan. |
|-------------------------|---|



CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

**Fiduciary Funds (not included in government-wide statements), continued**

*Trust Funds, continued*

|                        |   |
|------------------------|---|
| Police Pension Reserve | Accounts for the administration of reserves for police.       |
| Fire Pension Reserve   | Accounts for the administration of reserves for firefighters. |

**Major and Nonmajor Funds**

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

| <u>Fund</u>                                   | <u>Brief Description</u>   |
|---|----------------------------|
| <i>Major:</i>                                 |                            |
| Governmental:                                 |                            |
| General                                       | See above for description. |
| Capital Projects                              | See above for description. |
| Debt Service                                  | See above for description. |
| Proprietary:                                  |                            |
| Enterprise:                                   |                            |
| Electric, Water, Sewer, Landfill,<br>and Golf | See above for description. |

**CITY OF GRAND ISLAND, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2012**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**2. Basis of Presentation, continued**

**Major and Nonmajor Funds, continued**

| <u>Fund</u>             | <u>Brief Description</u>   |
|-------------------------|--|
| <i>Nonmajor:</i>        |  |
| Special Revenue:        |  |
| Gas Tax                 | Accounts for the City’s share of the State’s gasoline tax from the State of Nebraska.  |
| Enhanced 911            | Accounts for the per-line telephone surcharge for the Emergency Communications System.   |
| PSC Wireless            | Accounts for the wireless E-911 fees distributed to the City by the Public Service Commission.   |
| Keno                    | Accounts for the City’s share of the Hall County Keno gaming proceeds.   |
| Community Youth Council | Accounts for the monies to implement a plan to combat risks for the City’s youth.  |
| Program Income Reuse    | Accounts for the repayment of loans from the Department of Economic Development into the City’s Economic Development Revolving Loan Fund.  |
| Economic Development    | Per the Local Option Economic Development Program passed by the citizens in May 2003 the City will set aside \$750,000 per year for 10 years to promote economic development. This division reflects the transfer in and subsequent expenditure of that portion of those funds to be used to provide incentives for business recruitment and retention. Funds are required to be segregated and expenditures are to be recommended by the Economic Development Corporation Executive Board, reviewed by the Citizens’ Advisory Review Committee, and finally submitted to the Mayor and City Council for approval. |

**CITY OF GRAND ISLAND, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2012**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**2. Basis of Presentation, continued**

**Major and Nonmajor Funds, continued**

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

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

3. Measurement Focus and Basis of Accounting

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

**Measurement Focus**

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

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

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**3. Measurement Focus and Basis of Accounting, continued**

**Measurement Focus, continued**

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

**Basis of Accounting**

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

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

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

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**4. Assets, Liabilities, and Equity**

**Estimates**

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

**Cash and Investments**

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

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

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

**Receivables**

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

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

**CITY OF GRAND ISLAND, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2012**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**4. Assets, Liabilities, and Equity, continued**

**Due from Other Governments**

The total due from other governments includes the following amounts:

| <u>Fund</u>              | <u>Amount</u>       | <u>Service</u>                                      |
|--------------------------|---------------------|---|
| General                  | \$ 2,474,827        | Sales Tax   |
| General                  | 61,147              | Hall County reimbursements                          |
| General                  | 44,837              | Department of Justice grant                         |
| General                  | 10,835              | State DUI grant                                     |
| Capital Projects         | 148,698             | State reimbursements for<br>Capital Avenue Project  |
| Gas Tax                  | 421,640             | Motor Vehicle/Gas Tax                               |
| Enhanced 911             | 13,000              | Hall County 911 surcharge                           |
| PSC Wireless             | 12,497              | State wireless fees                                 |
| Local Assistance         | 10,185              | Hotel occupation tax                                |
| Community grants         | 367,550             | State reimbursements for<br>CDBG grant expenditures |
| Keno                     | <u>24,005</u>       | Keno Proceeds                                       |
| Total governmental funds | <u>\$ 3,589,221</u> |   |

**Inventory**

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

**Restricted Assets**

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

**Deferred Charges**

Deferred charges incurred consists of various plant maintenance costs that are being amortized over the life of the scheduled maintenance repair life. In accordance with SFAS No. 71, 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.

**Prepaid Transmission**

The Electric Fund has made a long-term usage deposit for the availability of future transmission service with a public power district. The unused deposit at September 30, 2012, is \$2,175,599.

**CITY OF GRAND ISLAND, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2012**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**4. Assets, Liabilities, and Equity, continued**

**Capital Assets**

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

*Government-wide Statements*

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

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

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

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

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

|                                   | <u>Electric</u>   | <u>Water</u>     |
|-----------------------------------|-------------------|------------------|
| Interest costs capitalized        | \$ -              | \$ -             |
| Interest costs charged to expense | <u>905,174</u>    | <u>56,416</u>    |
|                                   | \$ <u>905,174</u> | \$ <u>56,416</u> |

*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 FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**4. Assets, Liabilities, and Equity, continued**

**Unamortized Bond Discounts and Premiums/Deferred Charges**

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

Defeasance costs for the sewer department are deferred and amortized over the shorter life of the old bonds or new bonds using the outstanding bond method. The bond issuance costs and premium for the sewer department are deferred and amortized over the life of the new bonds using the straight-line method.

**Deferred Revenues**

Deferred revenues consist primarily of property taxes expected to be collected after 60 days.

**Compensated Absences**

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

**Long-term Debt**

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

*Government-wide Statements*

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

**Long-term Debt, continued**

*Fund Financial Statements*

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

**Equity Classifications**

*Government-wide Statements*

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

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

See Note C8 for additional disclosures.

*Fund Financial Statements*

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

*Fund Financial Statements, continued*

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

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

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

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

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

**Unassigned**—All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 18). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the City Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

*Net Asset Restatement*

Governmental net assets were increased \$3,191,337 as of September 30, 2011, to reflect City infrastructure paid for directly by the State of Nebraska. Business-type net assets were increased and discretely presented component unit net assets were decreased \$8,854,061 to reclassify the landfill from a component unit to an Enterprise Fund.

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**5. Revenues, Expenditures, and Expenses**

**Sales and Use Tax**

The City presently levies a one-and-one-half percent sales tax on taxable sales within the City. The sales tax is collected by the Nebraska Department of Revenue and remitted to the City in the month following receipt. The Nebraska Department of Revenue receives the sales tax approximately one month after collection by vendors. The sales tax is recorded in the General Fund and used for budgeted General Fund appropriations. As of October 1, 2006, sales tax collected on the sale of motor vehicles is reserved for street improvements as required by LB904.

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

**Property Taxes**

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

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

Property taxes levied for 2011-2012 are recorded as revenue when expected to be collected within 60 days after September 30, 2012. Prior-year levies were recorded using these same principles, and remaining receivables are re-evaluated annually. Property taxes expected to be collected after 60 days are recorded as deferred revenue on the fund balance sheets.

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

**Operating Revenues and Expenses**

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

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**5. Revenues, Expenditures, and Expenses, continued**

**Expenditures/Expenses**

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

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

Governmental Funds – by Character and Function

Proprietary Fund – by Operating and Nonoperating

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

**Contributions in Aid of Construction**

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

**Allocated Debt on Participation Power Purchases**

A portion of the monthly bill the Department pays for participation power from OPPD is the Department's allocated debt on the NC2 Project. Allocated debt of \$6,320,655 is shown as a nonoperating expense for the year ended September 30, 2012.

**Interfund Transfers**

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

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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

**1. Fund Accounting Requirements**

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

**2. Deposit Laws and Regulations**

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

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

**3. Revenue Restrictions**

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

**4. Debt Restrictions and Covenants**

*Bonds Payable*

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

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued**

**5. Budgetary Data**

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

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

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

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

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

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

**1. Cash and Investments**

**Deposits**

The City’s policies regarding deposits of cash are discussed in Note A4. The table presented below is designed to disclose how its deposits were insured or secured with collateral at September 30, 2012. The categories of collateral are defined as follows:

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

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

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

| <b><u>Types of Deposits</u></b> | <b><u>Total Bank<br/>Balance</u></b> | <b><u>Category<br/>1</u></b> | <b><u>Category<br/>2</u></b> | <b><u>Category<br/>3</u></b> | <b><u>Total<br/>Carrying<br/>Value</u></b> |
|---------------------------------|--------------------------------------|------------------------------|------------------------------|------------------------------|--|
| Demand deposits                 | \$ 10,801,463                        | \$ 6,455,823                 | \$ 4,345,640                 | \$ -                         | \$ <u>10,802,728</u>                       |

Reconciliation to Government-wide Statement of Net Assets:

|   |                             |
|---|-----------------------------|
| Primary Government –  |                             |
| Unrestricted cash and cash equivalents                                  | \$ 6,996,634                |
| Restricted cash and cash equivalents                                    | 3,391,057                   |
| Component Units –   |                             |
| Unrestricted cash and cash equivalents                                  | 321,693                     |
| Restricted cash and cash equivalents                                    | 60,722                      |
| Employee Pension Funds Cash (not included in government-wide statement) | 9,249                       |
| Agency Fund Cash (not included in government-wide statement)            | <u>23,373</u>               |
|   | <b>\$ <u>10,802,728</u></b> |



**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

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

**1. Cash and Investments, continued**

**Investments**

The City’s policies and applicable laws regarding investments are discussed in Notes A4 and B2. The table presented below is designed to disclose the level of market risk and custodial credit risk assumed by the City (or public trust) based upon whether the investments are insured or registered and upon who holds the security at September 30, 2012. The categories of credit risk are defined as follows:

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

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

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

| <u>Type of Investment</u> | <u>Category<br/>1</u> | <u>Category<br/>2</u> | <u>Category<br/>3</u> | <u>Carrying<br/>Amount</u> | <u>Fair<br/>Value</u> |
|---------------------------|-----------------------|-----------------------|-----------------------|----------------------------|-----------------------|
| Time Deposits             | \$ 66,563,721         | \$ -                  | \$ -                  | \$ 66,563,721              | \$ 66,563,721         |
| Publicly Traded Equities  | -                     | 5,143,082             | -                     | <u>5,143,082</u>           | <u>5,143,082</u>      |
|                           |                       |                       |                       | <u>\$ 71,706,803</u>       | <u>\$ 71,706,803</u>  |

Reconciliation to Government-wide Statements of Net Assets:

|   |                      |
|---|----------------------|
| Primary Government –  |                      |
| Unrestricted investments  | \$ 57,195,051        |
| Restricted investments  | 8,725,985            |
| Permanently restricted investments                                  | 529,620              |
| Employee Pension Funds (not included in government-wide statements) | 5,125,906            |
| Agency Funds (not included in government-wide statements)           | <u>130,241</u>       |
|   | <u>\$ 71,706,803</u> |

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

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

**2. Restricted Assets**

The restricted assets as of September 30, 2012, are as follows:

|  | <u>Governmental<br/>Activities</u> | <u>Business-<br/>type<br/>Activities</u> | <u>Total<br/>Primary<br/>Government</u> | <u>Component<br/>Units</u> |
|--|------------------------------------|--|---|----------------------------|
| Type of Restricted Assets:                 |                                    |  |   |                            |
| Cash and cash equivalents                  | \$ 551,612                         | \$ 2,839,445                             | \$ 3,391,057                            | \$ 60,722                  |
| Investments                                | 125,694                            | 8,600,291                                | 8,725,985                               | -                          |
| Permanently restricted<br>investments      | 529,620                            | -  | 529,620                                 | -                          |
| Permanently restricted<br>notes receivable | <u>1,291,102</u>                   | <u>-</u>                                 | <u>1,291,102</u>                        | <u>-</u>                   |
|  | <u>\$2,498,028</u>                 | <u>\$ 11,439,736</u>                     | <u>\$ 13,937,764</u>                    | <u>\$ 60,722</u>           |

**3. Accounts and Notes Receivable**

Accounts receivable of the business-type activities consist of utilities receivables. Accounts receivable of the governmental activities consist of telephone tax (13.5 percent), cable franchise tax (13.9 percent), other franchise/occupation tax (2.2 percent), ambulance (27.7 percent), payroll reimbursement (11.1 percent), administrative fees (12.3 percent), and other (19.3 percent) receivables. Accounts receivable for the component units consists entirely of landfill receivables. Receivables detail at September 30, 2012, is as follows:

|                                    | <u>Governmental<br/>Activities</u> | <u>Business-<br/>type<br/>Activities</u> | <u>Total<br/>Primary<br/>Government</u> | <u>Component<br/>Units</u> |
|------------------------------------|------------------------------------|--|---|----------------------------|
| Accounts receivable                | \$1,031,794                        | \$7,580,354                              | \$8,612,148                             | \$ -                       |
| Allowance for doubtful<br>accounts | <u>(161,500)</u>                   | <u>(372,820)</u>                         | <u>(534,320)</u>                        | <u>-</u>                   |
| Net accounts receivable            | <u>\$ 870,294</u>                  | <u>\$7,207,534</u>                       | <u>\$8,077,828</u>                      | <u>\$ -</u>                |

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

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

**3. Accounts and Notes Receivable, continued**

Notes receivable for the governmental funds consist of the following at September 30, 2012:

| <u>Note Held By:</u>      | <u>Due From</u>                    | Note Balance<br>at September 30,<br><u>2012</u> | <u>Terms</u>  |
|---------------------------|------------------------------------|---|---|
| Capital Projects Fund     | Heartland Shooting Park            | \$ 10,000                                       | 0%; \$5,000 due annually March 17, 2009, through March 17, 2013.  |
| Capital Projects Fund     | Central Nebraska Humane Society    | 28,504  | 0%; \$100 due annually through 2013, then \$10,000 due annually beginning in 2014 until the loan is paid in full. |
| Program Income Reuse      | Standard Iron                      | 138,392   | \$250,000 is 0% loan due in 168 monthly installments.   |
| Community Grants Fund     | Rehab Housing - Various Homeowners | 420,256   | Forgivable over 5 or 10 years of continued home ownership.  |
| Economic Development Fund | Rogue Manufacturing                | 15,000  | Forgivable if employment objectives are met.  |
| Economic Development Fund | Hornady Manufacturing              | 41,666  | Forgivable if employment objectives and building occupancy terms are met.   |
| Economic Development Fund | Medberry Fabrication               | 55,000  | Forgivable if employment objectives are met.  |
| Economic Development Fund | Standard Iron                      | 75,000  | Forgivable if employment objectives are met.  |

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

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

**3. Accounts and Notes Receivable, continued**

| <u>Note Held By:</u>      | <u>Due From</u>                                      | Note Balance<br>at September 30,<br><u>2012</u> | <u>Terms</u>  |
|---------------------------|--|---|---|
| Economic Development Fund | Hastings Foods                                       | 46,667  | Forgivable if employment objectives are met                   |
| Economic Development Fund | Nova Tech  | 20,000  | Forgivable if employment objectives are met.                  |
| Economic Development Fund | CNH America, LLC                                     | 146,000   | Forgivable if employment objectives are met.                  |
| Housing Reuse Loan Fund   | Rehab Housing -<br>Various Homeowners                | 131,313   | 0%; due upon sale of house.                                   |
| Housing Reuse Loan Fund   | Housing Downpayment<br>Loans - Various<br>Homeowners | 163,304   | Forgivable over 5 to 10 years<br>of continued home ownership. |
|                           |  | <u>\$ 1,291,102</u>                             |   |

The above notes are permanently restricted as revolving loan funds.

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

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

**4. Capital Assets**

Capital asset activity for the year ended September 30, 2012, was as follows:

|  | Balance at<br>October 1,<br><u>2011</u> | <u>Additions</u>     | <u>Disposals</u>   | <u>Restatement<br/>and Reclass</u> | Balance at<br>September 30,<br><u>2012</u> |
|--|---|----------------------|--------------------|------------------------------------|--|
| <b><u>Governmental Activities:</u></b>           |   |                      |                    |                                    |  |
| Capital assets not being depreciated:            |   |                      |                    |                                    |  |
| Land   | \$ 5,552,803                            | \$ 270,118           | \$ -               | \$ -                               | \$ 5,822,921                               |
| Infrastructure                                   | 245,454,829                             | 52,975               | -                  | 9,900,505                          | 255,408,309                                |
| Construction in progress                         | 9,625,020                               | 1,870,582            | -                  | (6,709,168)                        | 4,786,434                                  |
| Total capital assets not being<br>depreciated    | <u>260,632,652</u>                      | <u>2,193,675</u>     | -                  | 3,191,337                          | <u>266,017,664</u>                         |
| Other capital assets being depreciated:          |   |                      |                    |                                    |  |
| Land improvements                                | 12,756,968                              | 2,197,499            | -                  | -                                  | 14,954,467                                 |
| Buildings  | 57,663,446                              | -                    | -                  | -                                  | 57,663,446                                 |
| Machinery and equipment                          | 6,153,965                               | 541,628              | (341,797)          | -                                  | 6,353,796                                  |
| Office furniture and equipment                   | 2,663,832                               | 62,904               | (207,320)          | -                                  | 2,519,416                                  |
| Vehicles   | 6,247,806                               | 972,242              | (122,661)          | -                                  | 7,097,387                                  |
| Total other capital assets at<br>historical cost | <u>85,486,017</u>                       | <u>3,774,273</u>     | <u>(671,778)</u>   | -                                  | <u>88,588,512</u>                          |
| Less accumulated depreciation for:               |   |                      |                    |                                    |  |
| Land improvements                                | (4,795,004)                             | (421,540)            | -                  | -                                  | (5,216,544)                                |
| Buildings  | (13,526,194)                            | (1,848,996)          | -                  | -                                  | (15,375,190)                               |
| Machinery and equipment                          | (5,057,175)                             | (333,547)            | 289,042            | -                                  | (5,101,680)                                |
| Office furniture and equipment                   | (2,377,951)                             | (92,381)             | 207,320            | -                                  | (2,263,012)                                |
| Vehicles   | (5,230,124)                             | (275,914)            | 90,734             | -                                  | (5,415,304)                                |
| Total accumulated depreciation                   | <u>(30,986,448)</u>                     | <u>(2,972,378) *</u> | <u>587,096</u>     | -                                  | <u>(33,371,730)</u>                        |
| Other capital assets, net                        | <u>54,499,569</u>                       | <u>801,895</u>       | <u>(84,682)</u>    | -                                  | <u>55,216,782</u>                          |
| Governmental activities capital<br>assets, net   | <u>\$ 315,132,221</u>                   | <u>\$ 2,995,570</u>  | <u>\$ (84,682)</u> | <u>\$ 3,191,337</u>                | <u>\$ 321,234,446</u>                      |

\* Depreciation expense was charged to governmental activities as follows:

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2012

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

4. Capital Assets, continued

Governmental Activities, continued:

General Fund:

General government:

City Hall \$ 228,480

Public safety:

Fire 160,363  
Ambulance 45,922  
Police 442,967  
Emergency management 105,048  
Total public safety 754,300

Public works:

Engineering 22,025  
Street and alley 167,641  
Total public works 189,666

Environment and leisure:

Library 249,383  
Parks 218,210  
Cemetery 23,679  
Recreation 240,837  
Water park and pools 97,553  
Community Fieldhouse 171  
Public information 30,181  
Heartland Public Shooting Park 71,880  
Heartland Events Center 700,255  
Total environment and leisure 1,632,149

Total General Fund 2,804,595

Special Revenue Funds:

Enhanced 911 23,889  
PSC Wireless 486  
Community development 50,997  
Downtown development 18,318  
Total Special Revenue Funds 93,690

**CITY OF GRAND ISLAND, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2012**

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

**4. Capital Assets, continued**

**Governmental Activities, continued:**

Internal Service Funds:

|  |                     |
|--|---------------------|
| Information technology                             | 64,677              |
| Fleet services                                     | <u>9,416</u>        |
| Total Internal Service Funds                       | <u>74,093</u>       |
| Total governmental activities depreciation expense | \$ <u>2,972,378</u> |

|  | Balance at<br>October 1,<br><u>2011</u> | <u>Additions</u>      | <u>Disposals</u>    | Reclass             | Balance at<br>September 30,<br><u>2012</u> |
|--|---|-----------------------|---------------------|---------------------|--|
| <b><u>Business-type Activities:</u></b>        |   |                       |                     |                     |  |
| Capital assets not being depreciated:          |   |                       |                     |                     |  |
| Land   | \$ 6,983,571                            | \$ -                  | \$ -                | \$ 253,515          | \$ 7,237,086                               |
| Construction in progress                       | <u>10,459,987</u>                       | <u>17,076,441</u>     | <u>-</u>            | <u>-</u>            | <u>27,536,428</u>                          |
| Total capital assets not being depreciated     | 17,443,558                              | 17,076,441            | -                   | 253,515             | 34,773,514                                 |
| Other capital assets being depreciated:        |   |                       |                     |                     |  |
| Land improvements                              | 56,184,022                              | 1,835,964             | -                   | 4,878,040           | 62,898,026                                 |
| Buildings, distribution systems, and equipment | 365,379,120                             | 5,922,662             | (1,236,114)         | 4,002,473           | 374,068,141                                |
| Office furniture and equipment                 | 3,523,688                               | 12,840                | -                   | 51,073              | 3,587,601                                  |
| Vehicles                                       | <u>5,379,854</u>                        | <u>630,417</u>        | <u>(438,760)</u>    | <u>669,874</u>      | <u>6,241,385</u>                           |
| Total other capital assets at historical cost  | 430,466,684                             | 8,401,883             | (1,674,874)         | 9,601,460           | 446,795,153                                |
| Less accumulated depreciation for:             |   |                       |                     |                     |  |
| Land improvements                              | (27,691,070)                            | (1,814,987)           | -                   | (2,618,977)         | (32,125,034)                               |
| Buildings, distribution systems, and equipment | (206,060,697)                           | (11,727,665)          | 645,406             | (1,719,812)         | (218,862,768)                              |
| Office furniture and equipment                 | (51,547)                                | (300)                 | -                   | (51,073)            | (102,920)                                  |
| Vehicles                                       | <u>(1,077,873)</u>                      | <u>(166,605)</u>      | <u>208,456</u>      | <u>(433,776)</u>    | <u>(1,469,798)</u>                         |
| Total accumulated depreciation                 | <u>(234,881,187)</u>                    | <u>(13,709,557) *</u> | <u>853,862</u>      | <u>(4,823,638)</u>  | <u>(252,560,520)</u>                       |
| Other capital assets, net                      | <u>195,585,497</u>                      | <u>(5,307,674)</u>    | <u>(821,012)</u>    | <u>4,777,822</u>    | <u>194,234,633</u>                         |
| Business-type capital assets, net              | <u>\$ 213,029,055</u>                   | <u>\$ 11,768,767</u>  | <u>\$ (821,012)</u> | <u>\$ 5,031,337</u> | <u>\$ 229,008,147</u>                      |

\* Depreciation expense was charged to functions as follows:

|   |                      |
|---|----------------------|
| Electric  | \$ 9,905,761         |
| Water   | 663,944              |
| Sewer   | 2,587,687            |
| Landfill  | 530,324              |
| Golf  | <u>21,841</u>        |
| Total business-type activities depreciation expense | \$ <u>13,709,557</u> |

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

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

**4. Capital Assets, continued**

|   | Balance at<br>October 1,<br><u>2011</u> | <u>Additions</u>  | <u>Disposals</u> | Balance at<br>September 30,<br><u>2012</u> |
|---|---|-------------------|------------------|--|
| <u>Business Improvement Districts:</u>    |   |                   |                  |  |
| Capital assets being depreciated:         |   |                   |                  |  |
| Land improvements                         | \$ 45,873                               | \$ 19,914         | \$ -             | \$ 65,787                                  |
| Less accumulated depreciation:            |   |                   |                  |  |
| Land improvements                         | <u>(9,175)</u>                          | <u>(2,193)</u>    | <u>-</u>         | <u>(11,368)</u>                            |
| Business Improvement<br>Districts, net    | <u>\$ 36,698</u>                        | <u>\$ 17,721</u>  | <u>\$ -</u>      | <u>\$ 54,419</u>                           |
| <u>Community Redevelopment Authority:</u> |   |                   |                  |  |
| Capital assets not being depreciated:     |   |                   |                  |  |
| Land held for redevelopment               | \$ 495,354                              | \$ -              | \$ -             | \$ 495,354                                 |
| Construction in progress                  | <u>-</u>                                | <u>180,658</u>    | <u>-</u>         | <u>180,658</u>                             |
| Total capital assets                      | <u>\$ 495,354</u>                       | <u>\$ 180,658</u> | <u>\$ -</u>      | <u>\$ 676,012</u>                          |

**5. Accounts Payable**

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

**6. Long-term Debt**

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



**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

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

**6. Long-term Debt, continued**

**Changes in Long-term Debt**

The following is a summary of changes in long-term debt for the year ended September 30, 2012:

| <u>Type of Debt</u>              | Balance<br>October 1,<br>2011 | <u>Additions</u>     | <u>Deductions</u>      | Balance<br>September 30,<br>2012 | Amounts Due<br>Within<br><u>One Year</u> |
|----------------------------------|-------------------------------|----------------------|------------------------|----------------------------------|--|
| <b>Governmental Activities:</b>  |                               |                      |                        |                                  |  |
| Bonds payable                    | \$ 8,625,000                  | \$ -                 | \$ (2,040,000)         | \$ 6,585,000                     | \$ 1,045,000                             |
| Capital Lease                    | 13,541,806                    | -                    | (1,366,377)            | 12,175,429                       | 1,776,778                                |
|                                  | <u>\$ 22,166,806</u>          | <u>\$ -</u>          | <u>\$ (3,406,377)</u>  | <u>\$ 18,760,429</u>             | <u>\$ 2,821,778</u>                      |
| <b>Business-type Activities:</b> |                               |                      |                        |                                  |  |
| Bonds payable                    | <u>\$ 31,225,000</u>          | <u>\$ 22,235,000</u> | <u>\$ (28,875,000)</u> | <u>\$ 24,585,000</u>             | <u>\$ 3,725,000</u>                      |
| <b>Component Units:</b>          |                               |                      |                        |                                  |  |
| GI Facilities Corporation        | 3,795,000                     | -                    | (710,000)              | 3,085,000                        | 760,000                                  |
| CRA notes payable                | <u>774,447</u>                | <u>-</u>             | <u>(139,045)</u>       | <u>635,402</u>                   | <u>115,334</u>                           |
| Total Component<br>Units         | <u>\$ 4,569,447</u>           | <u>\$ -</u>          | <u>\$ (849,045)</u>    | <u>\$ 3,720,402</u>              | <u>\$ 875,334</u>                        |

**Governmental Activities**

As of September 30, 2012, the governmental long-term liabilities consisted of the following:

Bonds payable:

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

\$ 2,045,000

**CITY OF GRAND ISLAND, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2012**

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

**6. Long-term Debt, continued**

**Governmental Activities, continued**

Bonds payable, continued:

|  |                  |
|--|------------------|
| Law enforcement center refunding bonds dated April 12, 2011, with original issue amount of \$5,535,000. Interest ranges from 0.45 to 2.90 percent with final maturity September 1, 2014. | <u>4,540,000</u> |
| Total bonds payable  | 6,585,000        |

Capital Lease:

|  |           |
|--|-----------|
| Capital lease refunding obligation due to the Heartland Events Center dated September 20, 2011, with original issue amount of \$5,795,000. Interest ranges from 0.3 to 3.35 percent with final maturity December 15, 2024. | 5,730,000 |
|--|-----------|

|  |           |
|--|-----------|
| Capital lease refunding obligation due to the Grand Island Facilities Corporation dated May 19, 2011, with original issue amount of \$3,795,000. Interest ranges from 0.45 to 1.85 percent with final maturity October 25, 2015. | 3,085,000 |
|--|-----------|

|  |                   |
|--|-------------------|
| Capital lease obligation due to Wells Fargo dated July 1, 2009, with original issue amount of \$5,062,500 to finance the State Fair building. The lease bears interest of 4.25 percent and is due in 16 semi-annual principal and interest payments of \$376,556, commencing January 1, 2010 through July 1, 2017. | <u>3,360,429</u>  |
| Total capital lease obligations  | <u>12,175,429</u> |

|   |                      |
|---|----------------------|
| Total governmental activities long-term obligations | \$ <u>18,760,429</u> |
|---|----------------------|

|                    |                      |
|--------------------|----------------------|
| Current portion    | \$ 2,821,778         |
| Noncurrent portion | <u>15,938,651</u>    |
| Total              | \$ <u>18,760,429</u> |

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2012

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

6. Long-term Debt, continued

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

**Business-type Activities**

As of September 30, 2012, the long-term debt payable from proprietary fund resources consisted of the following:

Bonds payable:

Sewer system revenue and refunding bonds dated June 25, 2003, with original issue amount of \$15,970,000. Interest ranges from 2.00 to 3.45 percent with final maturity on April 1, 2014. Callable after April 1, 2011. \$ 3,050,000

Electric system revenue refunding bonds, Series 2012, due serially to August 15, 2022. Interest ranges from 0.2 to 4.0 percent; secured by electric system revenues. 17,810,000

Water revenue refunding bonds, Series 2012, due serially to July 2, 2027. Interest ranges from 0.4 to 3.1 percent; secured by water system revenue and a deposit in the debt service reserve account. 3,725,000

Total business-type activity bonds payable \$ 24,585,000

Current portion \$ 3,725,000

Noncurrent portion 20,860,000

Total \$ 24,585,000

**Component Units**

Grand Island Facilities Corporation:

Library building bonds, Series 2005, dated November 1, 2005, with original issue amount of \$7,000,000. Interest ranges from 2.85 to 3.80 percent with final maturity on November 1, 2015, callable after November 1, 2010. (The City has a matching capital lease obligation to the Grand Island Facilities Corporation as described on page 60). \$ 3,085,000

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2012

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

6. Long-term Debt, continued

Component Units, continued

CRA notes payable:

The Authority borrowed \$479,700 from Five Points Bank on December 15, 1999, to finance the GI Cherry Park, LTD, redevelopment project. The note is collateralized by a promissory note from the redeveloper and a deed of trust on the real estate included in the project, and the incremental tax revenue increase by the redeveloped property will be used for payment of the note. The note bears interest at 7.74 percent with interest payments due semi-annually beginning June 15, 2001, and principal and interest payments due semi-annually beginning June 15, 2001, through December 15, 2013. 83,216

The Authority borrowed \$37,000 from Wells Fargo Bank on September 3, 2002, to finance the RSF Limited redevelopment project. The note is collateralized by a promissory note from the redeveloper and a deed of trust on the real estate included in the project, and the incremental tax revenue increase by the redeveloped property will be used for payment of the note. The note bears interest of 6.9 percent and payments are due semi-annually through December 15, 2017. 18,706

The Authority borrowed \$169,267 from Home Federal Savings and Loan on September 1, 2003, to finance the PROCON Development Company, LLC, redevelopment project. The note is collateralized by a promissory note from the redeveloper and a deed of trust on the real estate included in the project, and the incremental tax revenue increase by the redeveloped property will be used for payment of the note. The note bears interest of 7.0 percent and payments are due semi-annually beginning June 15, 2005, through December 15, 2018. 99,281

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

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

**6. Long-term Debt, continued**

**Component Units, continued**

CRA notes payable, continued:

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

|   |                     |
|---|---------------------|
|   | <u>434,199</u>      |
| Total CRA notes payable                       | <u>635,402</u>      |
| Total component units bonds and notes payable | <u>\$ 3,720,402</u> |
| Current portion                               | \$ 875,334          |
| Noncurrent portion                            | 2,845,068           |
| Total   | <u>\$ 3,720,402</u> |

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2012, are as follows:

| Year Ending<br>September 30, | <u>Governmental Activities</u> |                     | <u>Business-type Activities</u> |                     | <u>Component Units</u> |                   |
|------------------------------|--------------------------------|---------------------|---------------------------------|---------------------|------------------------|-------------------|
|                              | <u>Principal</u>               | <u>Interest</u>     | <u>Principal</u>                | <u>Interest</u>     | <u>Principal</u>       | <u>Interest</u>   |
| 2013                         | \$ 2,821,778                   | \$ 436,359          | \$ 3,725,000                    | \$ 592,763          | \$ 875,334             | \$ 78,510         |
| 2014                         | 2,878,269                      | 385,231             | 3,350,000                       | 529,640             | 860,144                | 62,758            |
| 2015                         | 2,925,898                      | 325,498             | 1,950,000                       | 462,363             | 845,309                | 47,474            |
| 2016                         | 3,004,715                      | 256,357             | 1,980,000                       | 439,337             | 860,173                | 29,924            |
| 2017                         | 2,274,769                      | 186,459             | 1,905,000                       | 415,508             | 80,374                 | 17,462            |
| 2018-2022                    | 3,380,000                      | 409,516             | 10,305,000                      | 1,351,312           | 199,068                | 19,384            |
| 2023-2027                    | 1,475,000                      | 73,014              | 1,370,000                       | 122,478             | -                      | -                 |
|                              | <u>\$ 18,760,429</u>           | <u>\$ 2,072,434</u> | <u>\$ 24,585,000</u>            | <u>\$ 3,913,401</u> | <u>\$ 3,720,402</u>    | <u>\$ 255,512</u> |

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

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

**6. Long-term Debt, continued**

**Closure and Postclosure Care Costs**

The City entered into an agreement with the Nebraska Department of Environmental Quality to establish a Closure/Post Closure Care Account. The purpose of this account is to accumulate sufficient monies to fund all related costs of closure and post closure of the ash disposal area at the Platte Generating Station. The calculated amount of the Closure/Post Closure liability was \$172,547 at September 30, 2012. The amount on deposit in the Closure/Post Closure Care Account was \$336,545 at September 30, 2012.

State and federal laws and regulations require that the City of Grand Island place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs has a balance of \$3,054,567 as of September 30, 2012, which is based on 32.33 percent usage (filled) of the landfill. It is estimated that an additional \$5,745,257 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and postclosure care, \$8,799,824, is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2012. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

At September 30, 2012, funds of \$4,010,872 are restricted to finance closure and postclosure of the City's landfill. These funds are presented on the City's statement of net assets as "restricted for landfill closure costs." It is anticipated that future inflation costs will be financed in part from earnings on funds reserved by the City. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

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

**7. Interfund Transactions and Balances**

Operating transfers:

|  | <u>Transfers In</u> | <u>Transfers Out</u> |
|--|---------------------|----------------------|
| General Fund:                                |                     |                      |
| Gas Tax                                      | \$ 2,530,000        | \$ -                 |
| Community Development                        | -                   | 110,000              |
| Community Grants                             | 754                 | -                    |
| Economic Development                         | -                   | 750,000              |
| Debt Service                                 | 546,100             | 774,000              |
| Capital Projects                             | -                   | 1,120,549            |
| Fleet Services                               | 25,000              | -                    |
| Employee Pension Reserve Funds               | -                   | 9,462                |
| Electric                                     | 689,459             | -                    |
| Water  | <u>54,683</u>       | <u>-</u>             |
| Total General Fund                           | 3,845,996           | 2,764,011            |
| Capital Projects Fund:                       |                     |                      |
| General                                      | 1,120,549           | -                    |
| Gas Tax                                      | 803,813             | -                    |
| Information Technology                       | -                   | 62,904               |
| Special Assessments                          | <u>115,175</u>      | <u>-</u>             |
| Total Capital Projects Fund                  | 2,039,537           | 62,904               |
| Debt Service Fund:                           |                     |                      |
| General Fund                                 | 774,000             | 546,100              |
| Nonmajor Funds                               | 1,159,379           | 3,774,121            |
| Enterprise Funds (payments in lieu of taxes) | -                   | 744,142              |
| Internal Service Funds                       | 62,904              | -                    |
| Fiduciary Funds:                             |                     |                      |
| Employee Pension Reserve Funds               | <u>173,372</u>      | <u>163,910</u>       |
| Total Operating Transfers                    | \$ <u>8,055,188</u> | \$ <u>8,055,188</u>  |

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

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

**7. Interfund Transactions and Balances, continued**

An interfund balance of \$414,354 is due from the Fire Pension Fund to the General Fund for current and prior year pension funding.

The Fire Pension Fund also owes various Special Revenue and Internal Service Funds a total of \$98,560.

**8. Fund Equity**

Restricted net assets for other purposes consist of the following:

|                        |                     |
|------------------------|---------------------|
| Federal Projects       | \$ 901,969          |
| Housing Loans          | 949,884             |
| Community Improvements | 534,104             |
| Library Expenses       | 797,761             |
| Other Donor Purposes   | <u>42,017</u>       |
|                        | <u>\$ 3,225,735</u> |

**NOTE D – OTHER NOTES**

**1. Employee Pension and Other Benefit Plans**

The City participates in six employee pension plans as follows:

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



**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**1. Employee Pension and Other Benefit Plans, continued**

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

**City General Plan**

The City of Grand Island has a contributory defined contribution employees' pension plan in which employees of the City participate. Changes in the plan effective January 1, 1991, allow any new employee anticipating working a minimum of 1,000 hours, for one continuous year, to participate in the plan immediately. City payroll totaled \$21,661,508, of which \$19,784,748 was qualified under this pension plan. As of October 1, 1997, the plan requires the participants to make only a six percent contribution, with the City being required to match the participants' contributions. The participant can contribute an additional 10 percent with no City match. The City applied for a private letter ruling from the Internal Revenue Service and received a favorable ruling that the participant's contribution to the plan is tax deferred.

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

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

The employees and the City contributed \$1,340,358 and \$1,187,086, respectively, as required by the plan for the fiscal year ending September 30, 2012.

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**1. Employee Pension and Other Benefit Plans, continued**

**Police and Firefighters Plan (Pre-1984)**

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

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

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

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

**Police Plan**

*Plan Description*

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

For the year ended September 30, 2012, the City's payroll total and covered under the Plan was \$4,463,608.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2012

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

**Police Plan, continued**

*Plan Description, continued*

As of January 1, 2011, the date of the last actuarial valuation of the defined benefit plan, there were eight active employees in the Police Plan.

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

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

*Funding Status of Defined Benefit Plan*

The projected retirement benefits at January 1, 2009, were determined through an actuarial valuation. The actuarial valuation was performed using the Aggregate Actuarial Cost Method, which determines the total cost of the projected pension benefits to all employees combined. This total cost is then spread over the average future remaining years to retirement for the employees. The cost is spread as a level percentage of compensation.

Significant actuarial assumptions used in the valuation included (a) a rate of return of seven percent for pre-retirement and 5.5 percent for post-retirement per annum, and (b) projected annual salary increases of four percent.

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

**CITY OF GRAND ISLAND, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**1. Employee Pension and Other Benefit Plans, continued**

**Police Plan, continued**

*Funding Status of Defined Benefit Plan, continued*

|   |                       |
|---|-----------------------|
| Fair value of plan assets at September 30, 2012                   | \$ 3,655,253          |
| Benefit obligation estimated at September 30, 2012*               | <u>3,253,269</u>      |
| Funded Status   | \$ <u>401,984</u>     |
| Prepaid (accrued) benefit cost recognized<br>in the balance sheet | \$ <u>          -</u> |

\* Increased by four percent per year from last actuarial calculation.

*Contribution Required and Made*

The actuarially determined recommended contribution under the defined benefit plan was \$0, and no contributions were made for the year ended September 30, 2012.

Contributions made under the defined contribution portion of the Police Plan for the year ended September 30, 2010, were as follows:

|          |                   | <u>Amount as a Percentage<br/>of Covered Payroll</u> |
|----------|-------------------|--|
| Employer | \$ 267,814        | 6%   |
| Employee | <u>267,814</u>    | 6%   |
| Total    | \$ <u>535,628</u> |  |

\* In addition, there were \$1,573 of voluntary retirement contributions for the year ended September 30, 2012.

**Firefighters Plan**

*Plan Description*

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

For the year ended September 30, 2012, the City's payroll total and covered under the Plan was \$3,659,009.

As of January 1, 2011, the date of the last actuarial valuation of the defined benefit plan, there was one active employee in the Firefighters Plan.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2012

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

**Firefighters Plan, continued**

*Plan Description, continued*

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

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

*Funding Status of Defined Benefit Plan*

The projected retirement benefits at January 1, 2012, were determined through an actuarial valuation. The actuarial valuation was performed using the Aggregate Actuarial Cost Method, which determines the total cost of the projected pension benefits to all employees combined. This total cost is then spread over the average future remaining years to retirement for the employees. The cost is spread as a level percentage of compensation.

Significant actuarial assumptions used in the valuation included (a) a rate of return of seven percent for pre-retirement and 5.5 percent for post-retirement per annum, and (b) projected annual salary increases of five percent.

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

|   |                         |
|---|-------------------------|
| Fair value of plan assets at September 30, 2012                   | \$ 608,527              |
| Benefit obligation estimated at September 30, 2012*               | <u>582,141</u>          |
| Funded Status   | \$ <u><u>26,386</u></u> |
| Prepaid (accrued) benefit cost<br>recognized in the balance sheet | \$ <u><u>-</u></u>      |

\*Increased by five percent per year from last actuarial calculation.

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**1. Employee Pension and Other Benefit Plans, continued**

**Firefighters Plan, continued**

*Contribution Required and Made*

The actuarially determined recommended contribution under the defined benefit plan was zero, and no contributions were made for the year ended September 30, 2012.

Contributions made under the defined contribution portion of the Firefighters Plan for the year ended September 30, 2012, were as follows:

|          |                   | <u>Amount as a Percentage<br/>of Covered Payroll</u> |
|----------|-------------------|--|
| Employer | \$ 475,670        | 13.0%  |
| Employee | <u>237,835</u>    | 6.5%   |
|          | <u>\$ 713,505</u> |  |

\* In addition, there were \$4,239 of voluntary retirement contributions for the year ended September 30, 2012.

**Pensioners**

The City provides pension benefits to police and firefighters who retired prior to January 1, 1984. This plan is administered by the City and payments are funded and budgeted for annually. The estimated benefit obligation at September 30, 2012, was \$1,160,256. It is fully funded by the excess in the defined benefit plans.

**Three-year Trend Information for Public Safety Employees Retirement System**

| <u>Fiscal Year Ending</u> | <u>Annual Pension Percentage of APC</u> |                    | <u>Net Pension<br/>Obligation</u> |
|---------------------------|---|--------------------|-----------------------------------|
|                           | <u>Cost (APC)</u>                       | <u>Contributed</u> |                                   |
| 9/30/10                   | \$ -                                    | N/A                | -                                 |
| 9/30/11                   | -                                       | N/A                | -                                 |
| 9/30/12                   | -                                       | N/A                | -                                 |

# CITY OF GRAND ISLAND, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2012

### NOTE D – OTHER NOTES, continued

#### 1. Employee Pension and Other Benefit Plans, continued

##### Deferred Compensation Plan

The City has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all City employees and elected officials. The plan permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, unforeseeable emergency, or permanent disability. Employees contributed \$269,933 to the plan and the City contributed \$0. The employees also contributed \$62,169 to a Roth 457 plan.

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

#### 2. Risk Management

##### Insurance

The City is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The City purchases insurance and administers funds for its self-insured programs. The City maintains a workers' compensation fund and a self-insured loss fund. The City provides first dollar coverage for all workers' compensation exposure, with insurance acting as an umbrella or excess coverage. The City is self-insured for workers' compensation claims up to \$100,000 per occurrence and \$1,075,000 in the aggregate. The City is self-insured for health insurance claims up to \$150,000 of individual claims or 125 percent of the anticipated group claims. The self-insurance programs are administered within the Internal Service Fund. The City maintains outside insurance coverage through various insurance policies on buildings and their contents, equipment and property, and employee dishonesty. The maximum exposure would be the deductible amounts for property and automobile physical damage as well as losses not covered by insurance, which is estimated at \$769,000.

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**2. Risk Management, continued**

**Insurance, continued**

Settled claims in the past three years have not exceeded the commercial coverages. The City has estimated unsubmitted claims on health insurance based on prior experience to be \$851,600; the amount represents two months of subsequent claims. Also accrued in the Insurance Fund is \$90,000 of estimated unsubmitted workers compensation claims at September 30, 2012. For all of the reserve funds, a reserve of \$2,810,579 is established in an internal service fund at September 30, 2012.

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

|           | Beginning<br>of Fiscal<br><u>Period Liability</u> | Current Period<br>Claims and<br>Changes in<br><u>Estimates</u> | Charges<br>and<br><u>Reimbursements</u> | Balance<br>at Fiscal<br><u>Period-End</u> |
|-----------|---|--|---|---|
| 2009-2010 | \$ 490,700  | \$ 6,969,989   | \$ (6,772,089)                          | \$ 688,600                                |
| 2010-2011 | \$ 688,600  | \$ 6,572,631   | \$ (6,381,231)                          | \$ 880,000                                |
| 2011-2012 | \$ 880,000  | \$ 7,799,875   | \$ (7,828,275)                          | \$ 851,600                                |

**Deposits and Investments**

***Custodial Credit Risk.*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City’s investments at September 30, 2012, are held by the counterparties not in the name of the City. The underlying securities consist of cash, direct obligations of or guaranteed by the full faith and credit of the U.S. Government, and other similar obligations of the U.S. Government or its agencies.



**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**2. Risk Management, continued**

**Deposits and Investments, continued**

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

| <u>Maturities by Month</u>                | <u>Amount</u>               |
|---|-----------------------------|
| October 2012                              | \$ 2,000,000                |
| November 2012                             | 10,030,949                  |
| December 2012                             | 3,730,862                   |
| February 2013                             | 2,788,520                   |
| March 2013                                | 1,505,298                   |
| April 2013                                | 5,664,214                   |
| May 2013                                  | 4,006,049                   |
| June 2013                                 | 2,052,584                   |
| August 2013                               | 3,000,000                   |
| October 2013                              | 6,173,310                   |
| November 2013                             | 2,000,000                   |
| December 2013                             | 2,000,000                   |
| February 2014                             | 1,250,058                   |
| March 2014                                | 2,393,013                   |
| June 2014                                 | 3,202,117                   |
| July 2014                                 | 300,500                     |
| August 2014                               | 9,421,154                   |
| June 2015                                 | 245,000                     |
| August 2015                               | 136,000                     |
| June 2016                                 | 245,000                     |
| June 2017                                 | 490,000                     |
| July 2017                                 | 245,000                     |
| June 2022                                 | 490,000                     |
| Money market accounts - no maturity dates | <u>3,081,028</u>            |
|   | <b>\$ <u>66,450,656</u></b> |

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

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

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**2. Risk Management, continued**

**Deposits and Investments, continued**

*Concentration of Credit Risk.* The City’s investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2012, the City’s investments in certificates of deposit consisted of the following:

| <u>Financial Institution</u>      | <u>Amount</u>        |
|-----------------------------------|----------------------|
| Five Points Bank                  | \$ 9,736,391         |
| Wells Fargo Bank                  | 4,932,026            |
| Platte Valley State Bank          | 1,221,313            |
| Home Federal Bank                 | 11,698,810           |
| NE Public Agency Investment Trust | 5,954,861            |
| Exchange Bank                     | 6,425,981            |
| Great Western Bank                | 3,119,519            |
| Cornerstone Bank                  | <u>23,361,755</u>    |
|                                   | <u>\$ 66,450,656</u> |

*Foreign Currency Risk.* This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The City’s investments had no exposure to foreign currency risk and the City held no investments denominated in foreign currency at September 30, 2012.

**3. Commitments and Contingencies**

**Construction**

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

| <u>Project</u>   | <u>Contract Amount</u> | <u>Paid Through 9/30/2012</u> | <u>Obligation Pending</u> |
|--|------------------------|-------------------------------|---------------------------|
| Walk to Walnut Construction Engineering                                | \$ 76,230              | \$ 72,244                     | \$ 3,986                  |
| US 30 Drainage Improvements  | 362,111                | 27,869                        | 334,242                   |
| Central Community College to Wood River Drainage Project (Engineering) | 86,900                 | 51,900                        | 35,000                    |
| Southwest Drainage 2011-D-1 Project Pipe                               | 199,728                | -                             | 199,728                   |
| Southwest Outafall Drainage Project No. 2011-D-1                       | 442,496                | -                             | 442,496                   |
| GI Quiet Zone Project No. 2012-QZ-1                                    | 250,605                | 235,243                       | 15,362                    |

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**3. Commitments and Contingencies, continued**

**Construction, continued**

| <u>Project</u>                                | <u>Contract<br/>Amount</u> | <u>Paid Through<br/>9/30/2012</u> | <u>Obligation<br/>Pending</u> |
|---|----------------------------|-----------------------------------|-------------------------------|
| Asphalt Resurfacing - Various Locations       | 600,098                    | 45,092                            | 555,006                       |
| Capital Ave Widening - Webb to Broadwell      | 650,129                    | 415                               | 649,714                       |
| Downtown Historical Lighting (Grant)          | 37,908                     | 1,990                             | 35,918                        |
| State and Capital Connector Trail             | 98,922                     | 2,214                             | 96,708                        |
| Groundwater Study Update                      | 45,000                     | 44,550                            | 450                           |
| Geospatial Data Collection - Stormwater Grant | 44,329                     | 44,000                            | 329                           |
| Sanitary Sewer District 528 and 530T          | 241,150                    | 17,074                            | 224,076                       |
| Aeration Basin Improvements                   | 4,669,508                  | 4,514,584                         | 154,924                       |
| Rehabilitation Services                       | 1,963,075                  | 634,670                           | 1,328,405                     |
| Lift Station #7 Repairs                       | 887,103                    | 183,852                           | 703,251                       |
| Platte Valley Industrial Park                 | 1,262,909                  | 411,512                           | 851,397                       |
| Sanitary Sewer District 530T                  | 172,550                    | 2,384                             | 170,166                       |
| Sanitary Sewer District 528                   | 62,600                     | 2,384                             | 60,216                        |
| Transmission Line Construction                | 3,732,714                  | 3,246,535                         | 486,179                       |
| Low NOx Burners                               | 3,437,792                  | 1,777,655                         | 1,660,137                     |
| PGS Control System Upgrade                    | 197,843                    | 159,644                           | 38,199                        |
| Emission Monitoring at PGS                    | 51,400                     | 48,830                            | 2,570                         |
| Air Quality Control Engineering               | 515,024                    | 366,379                           | 148,645                       |
| Turbine Generator Inspection and Repair       | 496,338                    | 49,634                            | 446,704                       |
| 2013 Truck with Digger Derrick - Unit #59     | 203,969                    | -                                 | 203,969                       |
| Turbine Generator Parts                       | 224,171                    | -                                 | 224,171                       |
| Turbine Generator Inspection and Repair       | 60,651                     | -                                 | 60,651                        |
| PGS Boiler Repair                             | 145,600                    | -                                 | 145,600                       |
| PGS Chimney Repairs                           | 59,994                     | -                                 | 59,994                        |
| PGS Fire Protection Upgrade                   | 68,900                     | -                                 | 68,900                        |
| PGS Cooling Tower Reconditioning              | 132,235                    | -                                 | 132,235                       |
| PGS High Pressure Wash and Blast Clean        | 101,956                    | -                                 | 101,956                       |

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**3. Commitments and Contingencies, continued**

**Construction, continued**

| <u>Project</u>                          | <u>Contract<br/>Amount</u> | <u>Paid Through<br/>9/30/2012</u> | <u>Obligation<br/>Pending</u> |
|---|----------------------------|-----------------------------------|-------------------------------|
| PGS Coal Conveyor #4 Upgrade            | 127,721                    | -                                 | 127,721                       |
| Turbine Generator Rotor Repairs         | 108,794                    | -                                 | 108,794                       |
| Uranium Removal Equipment               | 9,821,284                  | 2,130,969                         | 7,690,315                     |
| Water Main Construction - Parkview Area | 900,687                    | 855,652                           | 45,035                        |
| Water Main Project 458T - Platte Valley | 778,524                    | 513,461                           | 265,063                       |
| Water Main Project 2011-W-4             | 4,109,998                  | 1,551,803                         | 2,558,195                     |
| Liquid Ortho-Polyphosphate              | 88,740                     | -                                 | 88,740                        |
| Water Main District 464/465             | 350,547                    | -                                 | 350,547                       |
| Total City Commitments                  | <u>\$ 37,868,233</u>       | <u>\$ 16,992,539</u>              | <u>\$ 20,875,694</u>          |

**Lease Commitments**

| <u>Lessor</u>                             | <u>Leased Property</u>                  | <u>Term</u>                | <u>Amount</u>                            |
|---|---|----------------------------|--|
| Hometown Leasing                          | Copier                                  | March 2008-March 2013      | \$451/month                              |
| Hall County Regional<br>Airport Authority | Land for Jack Rabbit<br>Run golf course | May 2006-April 2026        | \$18,202/year plus<br>3% annual increase |
| State of Nebraska                         | Veteran's Home Land                     | May 1, 2009-April 30, 2108 | \$1/year                                 |

**CITY OF GRAND ISLAND, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**3. Commitments and Contingencies, continued**

**Lease Commitments, continued**

Lease commitments as of September 30, 2012, are as follows:

| <u>Year ending September 30,</u> | <u>Commitment</u> |
|----------------------------------|-------------------|
| 2013                             | \$ 21,005         |
| 2014                             | 19,312            |
| 2015                             | 19,891            |
| 2016                             | 20,488            |
| 2017                             | 21,102            |
| Thereafter                       | <u>209,420</u>    |
|                                  | <u>\$ 311,218</u> |

**Economic Development Program**

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

**Electric Department**

Purchased Power Agreements:

The Electric Department entered into a participation power agreement with Omaha Public Power District (OPPD) on January 15, 2004, to obtain up to approximately 33 MW of energy after the new OPPD Nebraska City Unit #2 is constructed and operational. The project was completed in May 2009 and was financed through a bond issuance by OPPD. The Department’s commitment to the project is approximately \$45,000,000. The Department has also entered into an agreement with the Public Power Generating Agency to obtain approximately 15 MW of energy at a cost of approximately \$22,000,000. The project was completed in May 2011.

The Department entered into a coal supply agreement with Arch Coal Sales Company, Inc., on November 22, 2010, to obtain approximately 250,000 tons of coal from January 1, 2012, to December 31, 2012, and a supplemental agreement on September 11, 2012 to obtain approximately 45,000 more tons of coal by December 31, 2012. On September 11, 2012, the Department also entered into an agreement to obtain approximately 325,000 tons of coal from January 1, 2013, to December 31, 2013. The Department received 233,677 tons from January 1, 2012, through September 30, 2012, leaving 61,323 tons under contract for the remainder of calendar year 2012 and 325,000 tons under contract for calendar year 2013.

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**3. Commitments and Contingencies, continued**

**Electric Department, continued**

**Purchased Power Agreements, continued:**

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

The Department currently has generation capacity of approximately 273 MW from coal-fired and gas/oil-fired electric generating stations. The peak load of the Department during the fiscal year ended September 30, 2012, was approximately 170.7 MW in August 2012.

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

**4. Related-party Transactions**

The Electric Fund remits five percent of net operating revenues, excluding depreciation expense, to the General Fund annually as payments in lieu of taxes. The City provides certain administrative services to the Electric Department for which the Department pays fees to the General Fund. The Electric Fund made payments in the amount of \$811,019 for the year ended September 30, 2012.

The Water Fund remits one percent of net operating revenues, excluding depreciation, to the General Fund annually as payments in lieu of taxes. The City provides certain administrative services to the Water Department for which the Water Department pays administrative fees to the General Fund. These fees are included in special services expense and amount to \$83,718 for the year ended September 30, 2012.

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**5. Major Customers**

The City has one customer that was billed \$4,249,265 for electricity, \$743,261 for water and \$2,659,215 for sewer for the year ended September 30, 2012. This represents 6.9 percent of total electric billing, 14.4 percent of total water billing, and 32.3 percent of total sewer billing, respectively, for the year ended September 30, 2012. This customer maintains a current status on monthly billings.

The City has three sanitary landfill customers that had a combined total billing of \$1,621,729 for the year ended September 30, 2012. This represents 67.9 percent of total sanitary landfill billings for the year ended September 30, 2012. These customers maintain current status on monthly billings.

**6. EPA Emissions Allowances**

As of September 30, 2012, the City had 6,904 SO<sub>2</sub> Emissions Allowances. The EPA has granted these allowances, which can be used to offset plant emissions. The allowances can be bought and sold. If each allowance was sold for \$0.65 (the September 30, 2012, market value), the City would recognize revenue of \$4,488.

The City will receive an additional 2,932 credits per year until 2042.

**7. Conduit Debt**

On June 10, 2008, the City issued \$7,000,000 of Solid Waste Disposal Facilities Revenue Bonds for the acquisition, construction, and equipping of certain industrial solid waste disposal facilities for the Micrology Grand Island, LLC, project at the JPS Swift & Co. beef processing plant.

These bonds are limited obligations of the City, payable solely out of the lease rental payments required to be paid by the Company pursuant to and in accordance with the agreement and as provided in the indenture, and are secured as provided in the indenture. The bonds and the interest thereon shall never constitute an indebtedness of the City, within the meaning of any State constitutional provision or statutory limitation, and shall not give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers.

**8. Subsequent Events**

Management has evaluated subsequent events through January 30, 2013, the date on which the financial statements were available for issue.

**CITY OF GRAND ISLAND, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**9. Union Contracts**

The City is subject to the following union contracts:

- Grand Island Fraternal Order of Police #24. This agreement commenced on October 1, 2011, and terminates on September 30, 2013.
- Grand Island International Association of Firefighters Local #647. This agreement commenced on October 1, 2011, and terminates on September 30, 2012.
- Grand Island International Brotherhood of Electrical Workers (IBEW) (Wastewater Treatment Plant) Local #1597. This agreement commenced on October 1, 2011, and terminates September 30, 2012.
- Grand Island Nebraska Public Employees Local #251. This agreement commenced October 1, 2011, and terminates September 30, 2014.
- Grand Island IBEW (Utilities Department) Local #1597. This agreement commenced October 1, 2011, and terminates September 30, 2012.
- Grand Island IBEW (AFL - CIO) Local #1597. This agreement commenced October 1, 2011, and terminates September 30, 2012.
- Grand Island IBEW (Finance Department and Information Technology Department) Local #1597. This agreement commenced October 1, 2011, and terminates September 30, 2012.

**10. Interlocal Agreements**

The City has the following interlocal agreements in effect as of September 30, 2012:

| Name of Agreement   | Parties to Agreement   | Date Effective  | Term       | Synopsis  |
|---|--|-----------------|------------|---|
| Interlocal Agreement for Drug Court Office Space            | Central Nebraska Drug Court  | October 1, 2010 | Perpetual  | Provides terms for the Drug Court use of administration and office space at the Law Enforcement Center.   |
| Interlocal Agreement for Household Hazardous Waste Facility | Cities of Alda, Ashton, Aurora, Burwell, Cairo, Central City, Doniphan, Grand Island, Hampton, Loup City, Ord, Spalding, Spencer, St. Paul, Wood River, and Counties of Hall, Hamilton, and Howard | 2008            | Five years | Grand Island to submit an application to the NE Dept. of Environmental Quality for funding the operation of a Household Hazardous Waste Facility. |



**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**10. Interlocal Agreements, continued**

| <b>Name of Agreement</b>   | <b>Parties to Agreement</b>  | <b>Date Effective</b> | <b>Term</b>   | <b>Synopsis</b>  |
|--|--|-----------------------|---|--|
| Interlocal Agreement for Cooperative Public Safety Services SCPETR – South Central Planning, Exercise, and Training Region | Cities and Villages of Adams, Buffalo, Clay, Dawson, Franklin, Frontier, Gosper, Hall, Hamilton, Harlan, Kearney, Lincoln, Nuckolls, Phelps, and Webster Counties                            | June 1, 2007          | Five years  | To establish, maintain, and operate a public safety Training Exercise and Training Program within the jurisdictions of the participating agencies. |
| Interlocal Agreement for Pioneer Consortium for Library Services   | Cities of Bellevue, Gretna, Holdrege, Lincoln, Omaha, St. Paul, and Grand Island   | 2010                  | Continue through April 30, 2010, with renewal every year as long as at least two parties desire to renew the Agreement.   | To support an open source unified catalog of library resources, materials requests, and activities.  |
| Cornhusker Army Ammunition Plant Fire Protection   | City of Grand Island, Wood River Rural Fire District, Cairo Rural Fire District, Grand Island Suburban Fire Protection District #3   | April 1, 1990         | One year renewable upon mutual agreement. May be terminated by any party giving notice to each of the other parties at least thirty days prior to the notice of termination dates applicable. | Cooperation in providing fire and ambulance protection services to CAAP as outlined in agreement.  |
| C.A.N.D.O. Project (Grant from the Commission on Law Enforcement and Criminal Justice)                                     | Adams County Sheriff, Buffalo County Sheriff, Hall County Sheriff, Phelps County Sheriff, Kearney County Sheriff, Hastings P.D., Kearney P.D., Grand Island P.D., Holdrege P.D., Minden P.D. | July 3, 1989          | Remains in effect until the C.A.N.D.O. project is terminated by mutual consent of the majority of participating members.  | The Interlocal Agreement is for the administration of the C.A.N.D.O. funds allocated by the Nebraska Crime Commission.                             |
| Central District Health Department   | City of Grand Island, Hall County, Hamilton County, and Merrick County   | October 1, 2002       | Automatically renews for successive terms of three years until terminated by giving the other parties notice 90 days prior of intended termination.   | Joint effort to provide cooperative health department services.  |

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**10. Interlocal Agreements, continued**

| <b>Name of Agreement</b>  | <b>Parties to Agreement</b>  | <b>Date Effective</b> | <b>Term</b>  | <b>Synopsis</b>  |
|---|--|-----------------------|--|--|
| Interlocal Agreement for Passenger Air Service Development                              | Hall County Airport Authority, City of Hastings, City of Grand Island        | April 18, 2000        | Terminates upon termination or expiration of the KHG passenger air service development contract with the Authority.  | Cooperative effort to fund contract with Kiehl Hendrickson Group (KHG) to provide ongoing air service development for Central Nebraska.                                      |
| Interlocal Agreement for Law Enforcement Security at the Airport                        | City of Grand Island and Hall County Airport Authority                       | April 1, 2009         | Remains in effect until September 30, 2012, with up to five additional one-year terms.   | Agreement provides uniformed officers at the Central Nebraska Regional Airport for security purposes.  |
| Interlocal Agreement for Infrastructure Construction for Army Aviation Support Facility | City of Grand Island and Hall County Airport Authority                       | August 8, 2007        | Remains in effect until 90 days after the completion of the water and sewer improvements and payments tendered.  | Agreement provides for the Airport to oversee the upgrade of the Airport's infrastructure  |
| Cooperative Agreement Flood Control Plan for Prairie/Silver Drainage Areas              | Central Platte Natural Resources District, City of Grand Island, Hall County | February 19, 1982     | Remains in effect forever unless amended or canceled upon written consent of all parties.  | Agreement outlines areas of responsibility and cooperation in developing and carrying out a flood control plan for the Prairie/Silver drainage areas.                        |
| Cooperative Agreement for maintaining wet meadow habitats on the City's Well Field      | Central Platte Natural Resources District and City of Grand Island           | November 24, 1997     | Agreement in effect until December 31, 2009. Either party may cancel at any time with 30 days' notice.   | Cooperative agreement for CPNRD to install a well to flood existing drainage ways at the City's well field to demonstrate and evaluate the potential of wetland enhancement. |
| Interlocal Agreement for Riverway Hike/Bike Trail                                       | City of Grand Island and Central Platte Natural Resources District           | September 23, 2003    | Perpetual unless City of Grand Island notifies CPNRD that hike/bike trail will not be constructed or not used as a hike/bike trail. Agreement will terminate 30 days from said notice. | Cooperative agreement for construction of a hike/bike trail.   |

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**10. Interlocal Agreements, continued**

| <b>Name of Agreement</b>   | <b>Parties to Agreement</b>  | <b>Date Effective</b> | <b>Term</b>  | <b>Synopsis</b>   |
|--|--|-----------------------|--|---|
| Interlocal Agreement for Hall County Bookmobile  | Grand Island Library Board, Hall County  | July 1, 1999          | Expires five years from date of commencement   | Agreement for Library to provide library services to inhabitants of Hall County, as well as furnishing bookmobile services.   |
| Joint City/NRD Ground Water Dewatering Plan  | City of Grand Island and Central Platte Natural Resources District                           | December 21, 1998     | Remains in effect during the term of study update.   | Agreement is to update the September 2000 Grand Island Dewatering System Study  |
| Interlocal Cooperation Agreement for Wood River/Warm Slough Food Control Project           | Central Platte Natural Resources District, City of Grand Island, Hall County, Merrick County | February 17, 1997     | Continues until December 31, 2050, or until terminated (as provided) and automatically renews for an additional 25 years commencing on January 1, 2051.  | Interlocal Agreement authorizes CPNRD to execute Project/Cooperation Agreement with the Department of the Army to commence and proceed with the Wood River/Warm Slough Flood Control Project. |
| Interlocal Agreement for Riverway Hike/Bike Development                                    | City of Grand Island, College Park   | October 26, 2004      | Perpetual. However, in the event that GI notifies College Park that the hike/bike trail will not be constructed or in the event that the trail will not be used as a hike/bike trail, then this agreement will terminate 30 days from the date of said notice. | Provides for encroachment on property owned by College Park for a hike/bike trail that is being extended over their property by the City of Grand Island.                                     |
| Interlocal Agreement for Improvements to Engleman Road between U.S. Hwy 30 & Airport Road. | City of Grand Island, Hall County  | July 26, 2011         | Terminates upon completion and payment of the City's portion   | Asphalt Maintenance Resurfacing Project on Engleman Road from U.S. Hwy 30 to Airport Road.  |

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**10. Interlocal Agreements, continued**

| <b>Name of Agreement</b>  | <b>Parties to Agreement</b>  | <b>Date Effective</b> | <b>Term</b>  | <b>Synopsis</b>  |
|---|--|-----------------------|--|--|
| Interlocal Agreement to provide Administration Services for the CRA | City of Grand Island, Community Redevelopment Authority  | June 22, 2010         | For the period beginning July 1, 2005, and ending September 30, 2006; thereafter, the Agreement shall automatically renew for successive one-year terms beginning each October 1 until terminated by either party upon 30 days' written notice to the other party. | City agrees to provide administrative services to the CRA. The CRA will reimburse the City for 10% of the Director's annual salary in return.  |
| Interlocal Agreement - Community Redevelopment Authority            | City of Grand Island, Community Redevelopment Authority  | October 10, 1995      | May be automatically renewed for successive one-year terms beginning each October 1. May be terminated by either party upon 30 days' prior written notice to the other party.  | Agreement provides for reimbursement by the Authority to the City for certain services provided by the Downtown Development Director, as Director of the Authority.  |
| Interlocal Agreement for Pedestrian Lighting                        | City of Grand Island, Community Redevelopment Authority  | July 30, 2003         | Ends upon payment by the Authority and receipt by the City of the cost of the pedestrian lighting units.   | CRA agreed to provide funding in the amount of \$150,000, and the City agreed to be responsible for designing, bidding, contract administration, repairing, maintaining, and operating said pedestrian lighting units. |
| Public Power Generation Agency Interlocal Agreement                 | City of Grand Island/Grand Island Utilities; City of Hastings/Hastings Utilities; Municipal Energy Agency of Nebraska; Heartland Consumer Power District | September 1, 2005     | Remains in effect for life of the project until decommissioning of the power generating facility.  | Cooperative agreement between public power entities for the construction of a power generation facility.   |
| NorthWestern Energy Rate Negotiation                                | City of Grand Island, City of Kearney, City of North Platte, and Village of Alda   | September 24, 2007    | Remains in effect until negotiations with NorthWestern Energy are settled.   | Cooperative agreement between parties to negotiate natural gas rate increase.  |
| Interlocal Agreement for Ambulance Service                          | City of Grand Island, Hall County  | July 8, 2008          | June 30, 2013  | Contract for City of Grand Island to provide ambulance service for Hall County.  |
| Interlocal Agreement for Ambulance Service                          | City of Grand Island, Hamilton County  | August 6, 1969        | Continues indefinitely. Can be terminated by either party with six months' notice.   | Contract for City of Grand Island to provide ambulance service for Hamilton County.  |

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**10. Interlocal Agreements, continued**

| <b>Name of Agreement</b>   | <b>Parties to Agreement</b>  | <b>Date Effective</b>                                       | <b>Term</b>  | <b>Synopsis</b>  |
|--|--|---|--|--|
| Interlocal Agreement for Building Inspection Services                            | City of Grand Island, Hall County  | November 24, 1980   | Perpetual unless terminated by either party with 30 days' notice.  | Joint agreement provides building inspection services by Hall County in the extra-territorial jurisdiction exercised by the City and located within Hall County.       |
| Interlocal Agreement for Civil Defense/Communications Center                     | City of Grand Island, Hall County  | April 28, 2008  | Perpetual. Can be terminated effective on the 30 <sup>th</sup> day of June in any year, provided written notice of such termination is delivered to the other party prior to the first day of March of that year.                                | Creates a joint Civil Defense/Communications Center.   |
| Interlocal Agreement for Participation in Planning Grant from NDEC (Hope Harbor) | City of Grand Island, Hall County, Buffalo County, Kearney County, Howard County, Hamilton County, Merrick County, City of Kearney, City of Hastings | 9/30/04, 10/11/04, and 10/18/04 (see individual Agreements) | Will remain in full force and effect until such time as it is amended or terminated pursuant to provisions herein.   | For the purpose of administration of planning block grant from NDEC to be used to pay for creation of plan to address homelessness in GI and Hope Harbor service area. |
| Interlocal Agreement for City/County Geographic Information System               | City of Grand Island, Hall County  | December 10, 1996   | Term of 10 years. May be terminated at any time upon written agreement by the City and the County.   | For the establishment, sharing, and maintenance of a City/County GIS.  |
| Interlocal Agreement for Lottery (Keno)  | City of Grand Island, Hall County  | March 23, 1993  | Agreement will expire December 31, 2003, shall automatically renew for an additional five years. Agreement extended to December 31, 2008, with an additional five years. Agreement extended to December 31, 2013, with an additional five years. | For the implementation and conduct of lottery games.   |

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**10. Interlocal Agreements, continued**

| <b>Name of Agreement</b>  | <b>Parties to Agreement</b>   | <b>Date Effective</b> | <b>Term</b>  | <b>Synopsis</b>   |
|---|---|-----------------------|--|---|
| Interlocal Agreement for Juvenile Attention Services                              | City of Grand Island, Hall County   | April 26, 2011        | May be terminated by 30 days written notice.   | For temporary safekeeping of juvenile offenders taken into custody by the City.   |
| Interlocal Agreement regarding Combined Purchasing                                | City of Grand Island, Hall County   | March 12, 1996        | None Stated.   | The City and County agreed to combine their purchasing efforts to mutually benefit both entities.   |
| Interlocal Agreement for Improvements to Shady Bend Road                          | City of Grand Island, Hall County   | February 16, 2009     |  | City and County agree to share in the improvements to Shady Bend Road between Bismark Road and Gregory Avenue for Asphalt Overlay Paving.   |
| Interlocal Agreement for Improvements to Schimmer Drive                           | City of Grand Island, Hall County   | June 1, 2004          |  | City and County agree to share in the improvements to Schimmer Drive to attain cost savings through a single bidding process.   |
| Interlocal Agreement for Juvenile Accountability Intake Probation Officer         | City of Grand Island, State of Nebraska Department of Probation Administration, Hall County | October 8, 2002       | The County or City may terminate the agreement or reduce the consideration upon 30 days' written notice.   | Provides for a juvenile intake probation officer and Assistant to Hall County Juvenile Services for pre- and post-adjudicated juveniles.  |
| Interlocal Agreement for Joint Services of Consultant for Cable Franchise Renewal | City of Grand Island, City of Kearney   | February 28, 2006     | Remains in effect until each of the respective parties' cable television franchises have been renewed. Agreement may be terminated at any time with or without cause upon 30 days' prior written notice given to the non-terminating party by the terminating party. | Establishes a joint agreement with Brian T. Grogan, attorney at law, of the firm Moss and Barnett, to assist each of the respective parties in the review and assessment of needs and negotiations for the renewal of each of the parties' respective cable franchises. |

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**10. Interlocal Agreements, continued**

| <b>Name of Agreement</b>   | <b>Parties to Agreement</b>   | <b>Date Effective</b>                     | <b>Term</b>  | <b>Synopsis</b>   |
|--|---|---|--|---|
| Interlocal Agreement for Quiet Zone Improvements                             | City of Grand Island and Community Redevelopment Authority (CRA)  | March 11, 2008                            | Perpetual unless terminated by either party with 90 days' written notice.  | Agreement with CRA to focus and deal with noise issues associated with the UPRR – study and installation of wayside horns.                                      |
| Interlocal Agreement for Internet Access and Email Access                    | City of Grand Island, Hall County   | September 26, 2000                        | 90 days or unless terminated by either party. Either party shall have the right to terminate this agreement upon written notice delivered to the non-terminating party. May be extended for an additional term of 90 days upon mutual agreement. | The County permits the Police Department access to the internet via the County's LAN, so as to provide internet access as well as internet and intranet e-mail. |
| Interlocal Agreement for Nebraska Storm Water Communities Cooperative        | City of Grand Island, City of Beatrice, City of Columbus, City of Fremont, City of Hastings, City of Kearney, City of Lexington, City of Norfolk, City of North Platte, City of Scottsbluff | 2007                                      | Continues indefinitely, any party may withdraw by giving 30 days' written notice to each party.  | Cooperative to facilitate obligations under the laws regarding the management of storm water.   |
| Memorandum of Understanding for Byrne Justice Assistance Program (JAG) Award | City of Grand Island, Hall County   | April 22, 2005, Renewed February 14, 2006 |  | This Memorandum of Understanding provides that the City be designated as the fiscal agent for disbursement of funds and allocation for the use of the funds.    |
| Agreement for Keeping of Prisoners   | City of Grand Island, Hall County   | May 29, 1973                              | Continues indefinitely, unless either party causes this agreement to be terminated by giving the other party 30 days' notice.  | The County agrees to permit the City to deliver City prisoners to the County Jail for detention for a daily consideration.                                      |

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**10. Interlocal Agreements, continued**

| <b>Name of Agreement</b>  | <b>Parties to Agreement</b>   | <b>Date Effective</b> | <b>Term</b>   | <b>Synopsis</b>   |
|---|---|-----------------------|---|---|
| Interlocal Cooperation Agreement to transfer jurisdiction of a roadway. | City of Grand Island, Hall County                                     | October 6, 1986       | Continues until terminated by either party with 30 days' notice.  | The County and City agree to divide snow removal and mowing responsibilities for former U.S. Highway 281, commencing at the junction of Broadwell and extending north to the new alignment of U.S. 281. |
| Memorandum of Understanding regarding Joint City/County Facilities      | City of Grand Island, Hall County                                     | November 26, 2002     |   | The Memorandum of Understanding supports the work of the Joint City/County Facilities Committee, and expresses commitment on the part of each to further cooperative efforts for government offices.    |
| Interlocal Agreement for development of Hike/Bike Trails                | City of Grand Island, Museum Board of the Hall County Nebraska Museum | September 25, 2003    | Perpetual; in the event that GI notifies MBHC that hike/bike trail will not be constructed or used, will terminate 30 days from notice. GI will have five years from date of agreement to commence construction; or agreement will automatically terminate. | Allows GI to extend hike/bike trail across property of MBHC.  |
| Interlocal Agreement for development of Hike/Bike Trails                | City of Grand Island, Central Community College                       | September 25, 2003    | Perpetual; in the event that GI notifies CCC that hike/bike trail will not be constructed or used, will terminate 30 days from notice.  | Allows GI to extend hike/bike trail across property of CCC.   |



**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**10. Interlocal Agreements, continued**

| <b>Name of Agreement</b>  | <b>Parties to Agreement</b>                                | <b>Date Effective</b>                    | <b>Term</b>   | <b>Synopsis</b>  |
|---|--|--|---|--|
| Interlocal Agreement for adopting a Load Weight Surcharge   | City of Grand Island, Grand Island Area Solid Waste Agency | February 8, 2000                         | Five years commencing February 8, 2000.   | Agreement to impose a load weight surcharge applicable to any hauler entering Solid Waste Facility to be used exclusively for repairs and maintenance of Husker Highway.             |
| Interlocal Agreement for Joint City/County Health Department  | City of Grand Island, Hall County                          | July 11, 2000                            | Takes effect October 1, 2000, and shall automatically renew for successive terms of three years unless terminated by either party with 90 days' notice.   | Outlines new terms for joint operation of Health Department.   |
| Interlocal Agreement for Law Enforcement Records Management and Computer-Aided Dispatch                             | City of Grand Island, Hall County                          | August 6, 2001, renewed February 7, 2006 | Two Years. Shall renew automatically for no more than five terms of one year each unless written notice of the non-renewal is provided by the non-renewing party to the other party not less than 90 days prior to the expiration of the then-current term. | City contracts with the County to provide City internet and e-mail services, law enforcement records management and computer-aided dispatch data services, and software sublicenses. |
| Interlocal Agreement for the Provision of Temporary Funds for the Purchase of Enhanced 911 Equipment and Facilities | City of Grand Island, Hall County                          | October 22, 2002                         | Shall terminate upon final and complete repayment of the funds to the City and the County.  | Allows for joint purchasing of the equipment for the 911 Center.   |
| Interlocal Agreement for Aerial Photography   | City of Grand Island, Hall County                          | March 2, 2011                            | Expires on June 30, 2013, may be extended for an additional 3 years   | Agreement to provide aerial digital orthophotos and other digital photographic products to the County  |

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**10. Interlocal Agreements, continued**

| <b>Name of Agreement</b>   | <b>Parties to Agreement</b>  | <b>Date Effective</b> | <b>Term</b>   | <b>Synopsis</b>  |
|--|--|-----------------------|---|--|
| Lease Agreement for Public Safety Building   | City of Grand Island, Hall County  | September 7, 1976     | 99 years. Lease may be amended in writing by both parties.  | Lease agreement provides for Police Department to lease space in the Public Safety Building.                                   |
| Interlocal Agreement for Regional Planning Commission  | City of Grand Island, Hall County (Villages of Alda, Cairo, Doniphan, Parkview, and Wood River)              | October 25, 1967      |   | Creates Regional Planning Commission.  |
| Interlocal Agreement to Establish Fund for Payment for Accrued and Unfunded Employee Benefit Liabilities | City of Grand Island, Hall County (Department of Health, Regional Planning Commission, Emergency Management) | July 28, 1997         | Remains in full force and effect so long as the parties continue to participate.  | Establishes a trust fund for payment of accrued or unfunded employee benefit liabilities.                                      |
| Interlocal Agreement for Widening County Bridges on Locust Street  | City of Grand Island, Hall County  | January 9, 2001       | Remains in effect until construction of the bridges has been completed and accepted by the Department of Roads and City has paid County all funds for the City's share. | Agreement allows widening of county bridges to accommodate South Locust Street improvements.                                   |
| Interlocal Cooperation Agreement regarding South Locust/I-80 Interchange Environmental Impact            | City of Grand Island, Hall County, Nebraska Game and Parks Commission, Nebraska Department of Roads          | March 13, 1996        | 25 years, unless terminated as provided.  | Requires limitations on the development of the I-80 Interchange at South Locust to mitigate any adverse environmental impacts. |
| Interlocal Agreement regarding Utility Poles   | City of Grand Island, Hall County  | October 10, 1988      |   | Allows for movement of City Utility poles to accommodate culvert construction by Hall County.                                  |

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**10. Interlocal Agreements, continued**

| <b>Name of Agreement</b>                            | <b>Parties to Agreement</b>  | <b>Date Effective</b> | <b>Term</b>   | <b>Synopsis</b>   |
|---|--|-----------------------|---|---|
| Lease Agreement for Law Enforcement Training Center | City of Grand Island, State of Nebraska                                    | April 15, 1979        | Rental period shall mean six months' period of time commencing July 1, 1981, and thereafter a 12 months' period of time commencing July 1 of any given year and ending with June 30 of the next year. | Allows use of facility for training of Police Officers.   |
| Mutual Assistance Agreement                         | City of Grand Island, Grand Island Suburban Fire Protection District No. 3 | October 10, 1985      | Can be terminated by either party upon 60 days' notice.   | Both parties will render mutual firefighting assistance to each other.  |
| Mutual Aid Agreement                                | City of Grand Island, City of Hastings                                     | April 13, 1982        |   | During civil defense disaster, either party can request aid and assistance of the other.                                |
| Mutual Assistance Agreement                         | City of Grand Island, Hall County Airport Authority                        | November 10, 1980     | May be terminated by either party upon 60 days' written notice.   | Parties agree to render mutual assistance to one another on all extra alarm fires within the City limits of each party. |
| Mutual Aid Assistance Agreement                     | City of Grand Island, Village of Doniphan                                  | March 3, 1980         | May be terminated by either party upon 60 days' written notice  | Parties agree to render mutual assistance to one another on all extra alarm fires within the City limits of each.       |
| Mutual Assistance Agreement                         | City of Grand Island, City of Aurora                                       | October 17, 1977      | May be terminated by either party upon 60 days' written notice.   | Parties agree to render mutual assistance to one another on all extra alarm fires within the City limits of each party. |
| Mutual Assistance Agreement                         | City of Grand Island, City of Central City                                 | August 11, 1977       | May be terminated by either party upon 60 days' written notice.   | Parties agree to render mutual assistance to one another on all extra alarm fires within the City limits of each party. |
| Mutual Assistance Agreement                         | City of Grand Island, Village of Cairo                                     | July 25, 1977         | May be terminated by either party upon 60 days' written notice.   | Parties agree to render mutual assistance to one another on all extra alarm fires within the City limits of each party. |

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**10. Interlocal Agreements, continued**

| <b>Name of Agreement</b>                    | <b>Parties to Agreement</b>  | <b>Date Effective</b> | <b>Term</b>  | <b>Synopsis</b>   |
|---|--|-----------------------|--|---|
| Mutual Assistance Agreement                 | City of Grand Island, Village of Alda  | July 11, 1977         | May be terminated by either party upon 60 days' written notice.                    | Parties agree to render mutual assistance to one another on all extra alarm fires within the City limits of each party.                                 |
| Fire Department Mutual Assistance Agreement | City of Grand Island, United States of America (Cornhusker Army Ammunition Plant)  | September 15, 1975    | May be terminated by either party upon 60 days' written notice.                    | Parties agree to render mutual assistance to one another on all extra alarm fires within the City limits of each party.                                 |
| Mutual Assistance Agreement                 | City of Grand Island, City of Saint Paul   | August 1, 1977        | May be terminated by either party upon 60 days' written notice.                    | Parties agree to render mutual assistance to one another on all extra alarm fires within the City limits of each party.                                 |
| Interlocal Agreement                        | Central Platte Natural Resources District (NRD), Loup NRD, Lower Elkhorn NRD, Upper Big Blue NRD, Loup Public Power District, Nebraska Public Power District, Central Nebraska Power & Irrigation District, Twin Platte NRD, North Platte NRD, Twin Loups Reclamation District, Upper Loup NRD, Upper Elkhorn NRD, Lower Platte North NRD, Tri-Basin NRD, Southern Public Power District, Dawson Public Power District, Middle Loup Public Power & Irrigation District, North Loup River Public Power & Irrigation District, Farwell Irrigation District, Sargent Irrigation District, South Platte NRD, Lewis and Clark NRD, Papio-Missouri River Natural Resources District, City of Lexington, City of Grand Island | October 10, 2002      | Any party may withdraw upon written notification to the Chairman of the Coalition. | Creates Nebraska Habitat Conservation Coalition, which provides the authority for representation of the parties in matters related to critical habitat. |

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**10. Interlocal Agreements, continued**

| <b>Name of Agreement</b>                                      | <b>Parties to Agreement</b>  | <b>Date Effective</b>                          | <b>Term</b>   | <b>Synopsis</b>  |
|---|--|--|---|--|
| Transmission Service Agreement                                | City of Grand Island, Nebraska Public Power District   | May 9, 1998                                    | Remains in effect unless terminated by either party upon 30 days' notice.   | Allows City to enter into transmission service transactions with NPPD.   |
| Interlocal Cooperation Agreement                              | City of Grand Island, Nebraska State Patrol  | September 3, 2002                              | Remains in full force for one year. Agreement may be terminated by either party upon 30 days' written notice.   | City and NSP agree to jointly retain and pay an engineer to prepare preliminary designs and cost estimates for law enforcement firearms training facility at former Cornhusker Army Ammunition Plant.  |
| Interlocal Agreement for Cooperative Law Enforcement Services | Counties of Adams, Buffalo, Dawson, Hall and Phelps; Cities of Aurora, Grand Island, Hastings, Holdrege and Kearney  | September 25, 2001; renewed September 12, 2006 | Five-year term beginning August 1, 2001, may be terminated at any time upon mutual consent of majority of the member parties, or any party can withdraw with 60-day written notice.   | Creates South Central Area Law Enforcement Services (SCALES); alliance among the parties to promote cooperation, provide for joint acquisition of equipment and materials, and allow for cooperative sharing and utilization of investigative resources. |
| Interlocal Agreement for Cooperative Public Safety Service    | Counties of Adams, Buffalo, Chase, Clay, Dawson, Dundy, Frontier, Furnas, Gosper, Hall, Hamilton, Harlan, Hayes, Hitchcock, Kearney, Nuckolls, Phelps, Red Willow, and Webster and the cities and villages within said counties. | July 27, 2010                                  | The agreement has a term of five years commencing on July 1, 2004. May be terminated at any time, with or without cause, upon the mutual consent of a majority of the member parties. | Agreement establishes the CNRI-Central Nebraska Radio Interoperability Group and sets parameters for the maintenance and operation of such.  |

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**10. Interlocal Agreements, continued**

| <b>Name of Agreement</b>   | <b>Parties to Agreement</b>                                   | <b>Date Effective</b> | <b>Term</b>   | <b>Synopsis</b>   |
|--|---|-----------------------|---|---|
| Interlocal Agreement for the Co-Located City/County Public Safety Center | City of Grand Island, County of Hall                          | March 28, 2006        | Either party may terminate agreement effective on the first day of October in any year after 2011, provided written notice of such termination is delivered to the other party not less than 360 days before said termination is to become effective.   | Agreement provides the terms for the shared use of the public safety center building.   |
| Interlocal Cooperation Agreement   | City of Grand Island, Hall County School District No. 40-0002 | September 13, 2011.   | Five-year term. May be terminated earlier by either party in writing by July 1 of each year preceding commencement of the next fiscal year for the City on October 1.   | Agreement for the City to provide five Youth Services School Resources Officers (Police Officers) and Crossing Guards to the School District. |
| Interlocal Agreement   | City of Grand Island, Grand Island Public Schools             | October 23, 2003      | 10 years, or until development of the facilities is completed, whichever occurs first. Upon expiration of initial term, the term shall extend automatically for successive consecutive terms of one year, if development is not complete, but either party may terminate by providing written notice to other party not less than 90 days prior to the end of initial term or renewal term. | Agreement for City to construct two softball fields on GIPS property adjacent to Senior High School and lease to Grand Island Public Schools. |

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**10. Interlocal Agreements, continued**

| <b>Name of Agreement</b> | <b>Parties to Agreement</b>  | <b>Date Effective</b> | <b>Term</b>   | <b>Synopsis</b>  |
|--------------------------|--|-----------------------|---|--|
| Interlocal Agreement     | City of Grand Island, Grand Island Public School System            | July 14, 2003         | Five-year term. Extends automatically for successive consecutive terms of one year. Either party may terminate by providing written notice.   | Joint agreement for the purchasing of utilities from GI Utilities.   |
| Interlocal Agreement     | City of Grand Island, Grand Island Public Schools                  | October 23, 2003      | 10 years, or until development of the facilities is completed, whichever occurs first. Upon expiration of initial term, the term shall extend automatically for successive consecutive terms of one year, if development is not complete, but either party may terminate by providing written notice to other party not less than 90 days prior to the end of initial term or renewal term. | Agreement for City to construct recreational facilities on GIPS property located adjacent to Shoemaker Elementary School. GIPS will be responsible for management, programming, operations, maintenance, repair, and replacement of recreation facilities. |
| Interlocal Agreement     | City of Grand Island, State of Nebraska                            | August 25, 1997       |   | Provides assurance by the City of Grand Island to the State of Nebraska for continuance of a special fund for paying closure/postclosure care costs of the Platte Generating Station Fossil Fuel Combustion Ash Disposal Area.                             |
| Memorandum of Agreement  | City of Grand Island, Nebraska Department of Environmental Quality | August 3, 1983        | Remains in effect until renegotiated. Either party may terminate by giving 180 days' notice to the other party.   | City and State agree to implement Pretreatment Program for priority pollutants.  |

**CITY OF GRAND ISLAND, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2012**

**NOTE D – OTHER NOTES, continued**

**10. Interlocal Agreements**

| <b>Name of Agreement</b>    | <b>Parties to Agreement</b>  | <b>Date Effective</b> | <b>Term</b>   | <b>Synopsis</b>   |
|-----------------------------|--|-----------------------|---|---|
| Intergovernmental Agreement | City of Grand Island, Nebraska Department of Environmental Quality | October 1, 2007       | Remains in effect until June 30, 2009. Either party may terminate by giving 10 days' written notice of intent to terminate.   | Storm Water Management Plan Program.  |
| Fire Protection Agreement   | City of Grand Island, State of Nebraska                            | September 14, 1998    | Commences October 1, 1998, for a one-year term. May be automatically renewed for up to four additional one-year terms unless either party provides 30-day written notice to the other of intent not to renew. | Agreement by the City to provide fire protection at Nebraska Law Enforcement Training Center.                     |
| Interlocal Agreement        | City of Grand Island, State of Nebraska                            | October 8, 2002       |   | Agreement for City to utilize Nebraska's wireless communications network.   |
| Interlocal Agreement        | City of Grand Island, Village of Alda                              | February 10, 2009     | 25 years from date of initial delivery of water and shall automatically renew for an additional 15 years.   | Agreement for City to supply water to Village of Alda.  |
| Interlocal Agreement        | City of Grand Island and various first class cities                | October 26, 2010      | Effective until January 31, 2059.   | Federal Highway Transportation Funding L200.  |
| Interlocal Agreement        | Platte River Coalition<br>Various Cities and NRD's                 | May 20, 2003          | Indefinite term, two-thirds of the Board can terminate when completion of its purposes and objects have been completed.   | Nebraska agencies to provide direction and funding for analysis for Platte River Recovery Implementation Program. |



**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF GRAND ISLAND, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
GENERAL FUND**

**Year ended September 30, 2012**

|   | Budget<br>(Original and<br><u>Final</u> ) | <u>Actual</u> | Variances -<br>Actual Over<br>(Under) Final<br><u>Budget</u> |
|---|---|---------------|--|
| <b>RESOURCES (INFLOWS)</b>                  |   |               |  |
| Taxes:                                      |   |               |  |
| Property                                    | \$ 6,682,989                              | \$ 6,617,388  | \$ (65,601)  |
| Motor vehicle                               | 847,018                                   | 842,091       | (4,927)  |
| Occupation                                  | 1,348,766                                 | 1,467,660     | 118,894  |
| Sales tax                                   | 13,831,456                                | 14,556,054    | 724,598  |
| Franchise                                   | 1,870,647                                 | 1,629,162     | (241,485)  |
| Intergovernmental                           | 1,578,741                                 | 1,290,763     | (287,978)  |
| Charges for services                        | 6,938,671                                 | 7,158,172     | 219,501  |
| Interest income                             | 120,000                                   | 53,479        | (66,521)   |
| Contributions                               | 40,000                                    | 8,300         | (31,700)   |
| Sale of property                            | 92,000                                    | 111,021       | 19,021   |
| Other                                       | 184,275                                   | 259,423       | 75,148   |
|   | <hr/>                                     | <hr/>         | <hr/>  |
| Total resources                             | 33,534,563                                | 33,993,513    | 458,950  |
| <b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b> |   |               |  |
| General government:                         |   |               |  |
| City Administrator's office                 | 310,600                                   | 225,762       | (84,838)   |
| Economic development                        | 350,000                                   | 355,750       | 5,750  |
| Mayor's office                              | 21,852                                    | 15,174        | (6,678)  |
| Council                                     | 75,365                                    | 72,007        | (3,358)  |
| City clerk                                  | 106,978                                   | 111,533       | 4,555  |
| Finance                                     | 1,969,113                                 | 1,870,506     | (98,607)   |
| Legal                                       | 311,447                                   | 282,591       | (28,856)   |
| City Hall                                   | 291,655                                   | 288,462       | (3,193)  |
| One stop building                           | 10,000                                    | 11,236        | 1,236  |
| Human resources                             | 424,373                                   | 397,988       | (26,385)   |
| Total general government                    | <hr/>                                     | <hr/>         | <hr/>  |
|   | 3,871,383                                 | 3,631,009     | (240,374)  |
| Public safety:                              |   |               |  |
| Building inspection                         | 834,760                                   | 782,418       | (52,342)   |
| Fire services                               | 7,556,920                                 | 6,810,242     | (746,678)  |
| Police                                      | 8,219,281                                 | 7,981,280     | (238,001)  |
| Law Enforcement Center                      | 246,137                                   | 224,828       | (21,309)   |
| Emergency management                        | 335,420                                   | 304,213       | (31,207)   |
| Local emergency planning                    | 15,560                                    | 10,318        | (5,242)  |
| Communication                               | 737,637                                   | 722,685       | (14,952)   |
| Total public safety                         | <hr/>                                     | <hr/>         | <hr/>  |
|   | 17,945,715                                | 16,835,984    | (1,109,731)  |

**CITY OF GRAND ISLAND, NEBRASKA**

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

**Year ended September 30, 2012**

|  | Budget<br>(Original and<br>Final) | Actual              | Variances -<br>Actual Over<br>(Under) Final<br>Budget |
|--|-----------------------------------|---------------------|---|
| <b>CHARGES TO APPROPRIATIONS (OUTFLOWS), continued</b>   |                                   |                     |   |
| Public works:  |                                   |                     |   |
| Engineering  | 910,411                           | 845,410             | (65,001)  |
| Streets and transportation   | 5,064,896                         | 4,767,114           | (297,782)   |
| Total public works   | <u>5,975,307</u>                  | <u>5,612,524</u>    | <u>(362,783)</u>                                      |
| Environment and leisure:   |                                   |                     |   |
| Planning   | 199,302                           | 209,221             | 9,919   |
| CRA division   | 34,216                            | 24,548              | (9,668)   |
| Library  | 1,721,671                         | 1,704,836           | (16,835)  |
| Parks  | 1,409,513                         | 1,358,749           | (50,764)  |
| Cemetery   | 445,622                           | 421,060             | (24,562)  |
| Recreation   | 369,869                           | 382,399             | 12,530  |
| Aquatics   | 578,373                           | 554,896             | (23,477)  |
| Public information   | 180,088                           | 164,669             | (15,419)  |
| Heartland Shooting Park  | 380,776                           | 382,081             | 1,305   |
| Total environment and leisure  | <u>5,319,430</u>                  | <u>5,202,459</u>    | <u>(116,971)</u>                                      |
| Non-departmental   | <u>2,517,321</u>                  | <u>2,112,995</u>    | <u>(404,326)</u>                                      |
| Total charges to appropriations  | <u>35,629,156</u>                 | <u>33,394,971</u>   | <u>(2,234,185)</u>                                    |
| Resources over (under) charges<br>to appropriations  | (2,094,593)                       | 598,542             | 2,693,135   |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                                   |                     |   |
| Transfers in   | 4,402,100                         | 4,321,498           | (80,602)  |
| Transfers out  | (1,671,304)                       | (2,764,011)         | (1,092,707)   |
| Net transfers  | <u>2,730,796</u>                  | <u>1,557,487</u>    | <u>(1,173,309)</u>                                    |
| <b>RESOURCES AND OTHER FINANCING<br/>SOURCES (USES) OVER (UNDER)<br/>CHARGES TO APPROPRIATIONS</b> | <u>\$ 636,203</u>                 | <u>\$ 2,156,029</u> | <u>\$ 1,519,826</u>                                   |

**CITY OF GRAND ISLAND, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
CAPITAL PROJECTS FUND**

**Year ended September 30, 2012**

|  | Budget<br>(Original and<br>Final) | <u>Actual</u>    | Variances -<br>Actual Over<br>(Under) Final<br><u>Budget</u> |
|--|-----------------------------------|------------------|--|
| <b>RESOURCES (INFLOWS)</b>   |                                   |                  |  |
| Intergovernmental  | \$ -                              | \$ 329,869       | \$ 329,869   |
| Contributions  | <u>80,000</u>                     | <u>17,210</u>    | <u>(62,790)</u>  |
| Total resources  | 80,000                            | 347,079          | 267,079  |
| <b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>  |                                   |                  |  |
| Capital projects   | 740,000                           | 87,239           | (652,761)  |
| Drainage projects  | 1,166,941                         | 655,054          | (511,887)  |
| Street construction  | 51,000                            | 127,223          | 76,223   |
| Bonded street and sewer projects   | 656,000                           | 702,873          | 46,873   |
| Public works projects  | 251,000                           | 296,013          | 45,013   |
| Parks and recreation   | <u>379,600</u>                    | <u>513,457</u>   | <u>133,857</u>   |
| Total charges to appropriations  | <u>3,244,541</u>                  | <u>2,381,859</u> | <u>(862,682)</u>   |
| Resources over (under) charges to<br>appropriations  | (3,164,541)                       | (2,034,780)      | 1,129,761  |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                                   |                  |  |
| Transfers in   | <u>3,174,600</u>                  | <u>2,039,537</u> | <u>(1,135,063)</u>   |
| <b>RESOURCES AND OTHER FINANCING<br/>SOURCES (USES) OVER (UNDER)<br/>CHARGES TO APPROPRIATIONS</b> | <u>\$ 10,059</u>                  | <u>\$ 4,757</u>  | <u>\$ (5,302)</u>  |

**CITY OF GRAND ISLAND, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
DEBT SERVICE FUND**

**Year ended September 30, 2012**

|  | Budget<br>(Original and<br>Final) | Actual              | Variances -<br>Actual Over<br>(Under) Final<br>Budget |
|--|-----------------------------------|---------------------|---|
| <b>RESOURCES (INFLOWS)</b>   |                                   |                     |   |
| Property tax   | \$ 1,287,442                      | \$ 1,399,310        | \$ 111,868  |
| Motor vehicle tax  | 7,500                             | 6,183               | (1,317)   |
| Interest income  | 920                               | 3,293               | 2,373   |
| Bond proceeds  | <u>720,000</u>                    | <u>-</u>            | <u>(720,000)</u>                                      |
| Total resources  | 2,015,862                         | 1,408,786           | (607,076)   |
| <b>CHARGES TO APPROPRIATIONS<br/>(OUTFLOWS)</b>  |                                   |                     |   |
| Principal payments   | 1,275,000                         | 2,040,000           | 765,000   |
| Interest expense   | 376,793                           | 202,145             | (174,648)   |
| Fiscal agent fees  | <u>45,000</u>                     | <u>15,486</u>       | <u>(29,514)</u>                                       |
| Total charges to appropriations  | <u>1,696,793</u>                  | <u>2,257,631</u>    | <u>560,838</u>  |
| Resources over (under) charges to<br>appropriations  | 319,069                           | (848,845)           | (1,167,914)   |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                                   |                     |   |
| Transfers in   | -                                 | 774,000             | 774,000   |
| Transfers out  | <u>(1,148,100)</u>                | <u>(546,100)</u>    | <u>602,000</u>  |
| Net transfers  | <u>(1,148,100)</u>                | <u>227,900</u>      | <u>1,376,000</u>                                      |
| <b>RESOURCES AND OTHER FINANCING<br/>SOURCES (USES) OVER (UNDER)<br/>CHARGES TO APPROPRIATIONS</b> |                                   |                     |   |
|  | <u>\$ (829,031)</u>               | <u>\$ (620,945)</u> | <u>\$ 208,086</u>                                     |

**CITY OF GRAND ISLAND, NEBRASKA**

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

**Year ended September 30, 2012**

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

|   | <u>General<br/>Fund</u>     | <u>Capital Projects<br/>Fund</u> | <u>Debt Service<br/>Fund</u> |
|---|-----------------------------|----------------------------------|------------------------------|
| <b>Sources/inflows of resources:</b>  |                             |                                  |                              |
| Actual amounts of resources (budgetary basis) from<br>the budgetary comparison schedules  | \$ 33,993,513               | \$ 347,079                       | \$ 1,408,786                 |
| Differences - budget to GAAP:   |                             |                                  |                              |
| Cash to accrual adjustments   | <u>1,214,883</u>            | <u>2,128,204</u>                 | <u>(129,073)</u>             |
| Total revenues as reported on the statement of<br>revenues, expenditures, and changes in fund<br>balances - governmental funds      | <u><u>\$ 35,208,396</u></u> | <u><u>\$ 2,475,283</u></u>       | <u><u>\$ 1,279,713</u></u>   |
| <b>Uses/outflows of resources:</b>  |                             |                                  |                              |
| Actual amounts (budgetary basis) "total charges<br>to appropriations" from the budgetary<br>comparison schedules                    | \$ 33,394,971               | \$ 2,381,859                     | \$ 2,257,631                 |
| Differences - budget to GAAP:   |                             |                                  |                              |
| Cash to accrual adjustments   | <u>1,406,654</u>            | <u>2,238,397</u>                 | <u>(27,351)</u>              |
| Total expenditures as reported on the statement<br>of revenues, expenditures, and changes in<br>fund balances - governmental funds  | <u><u>\$ 34,801,625</u></u> | <u><u>\$ 4,620,256</u></u>       | <u><u>\$ 2,230,280</u></u>   |
| <b>Net transfers:</b>   |                             |                                  |                              |
| Actual amounts (budgetary basis) from the<br>budgetary comparison schedules   | \$ 1,557,487                | \$ 2,039,537                     | \$ 227,900                   |
| Differences - budget to GAAP:   |                             |                                  |                              |
| Cash to accrual adjustments   | <u>(475,502)</u>            | <u>(62,904)</u>                  | <u>-</u>                     |
| Total net transfers as reported on the statement<br>of revenues, expenditures, and changes in<br>fund balances - governmental funds | <u><u>\$ 1,081,985</u></u>  | <u><u>\$ 1,976,633</u></u>       | <u><u>\$ 227,900</u></u>     |

**CITY OF GRAND ISLAND, NEBRASKA**

**RSI DISCLOSURES FOR A STREET SYSTEM BASED ON A PERCENTAGE  
OF ROADS IN GOOD OR SUBSTANDARD CONDITION**

**Year ended September 30, 2012**

**Condition Rating of the City's Street System**

|                     | Percentage of Lane-Miles in<br><u>Good or Better Condition</u><br><u>2012</u> |
|---------------------|---|
| Main arterial       | 81.30 %   |
| Arterial            | 60.37 %   |
| Collector           | 60.48 %   |
| Stop sign protected | 52.02 %   |
| Secondary           | 65.20 %   |
| Overall system      | 65.19 %   |

|                     | Percentage of Lane-Miles in<br><u>Substandard Condition</u><br><u>2012</u> |
|---------------------|--|
| Main arterial       | 0.92 %   |
| Arterial            | 2.26 %   |
| Collector           | 4.13 %   |
| Stop sign protected | 1.77 %   |
| Secondary           | 2.12 %   |
| Overall system      | 2.13 %   |

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

|                 | <u>2012</u>   |
|-----------------|---|
| Overall System: |   |
| Needed          | \$ 4,108 based on estimated 50-year life cycle cost |
| Actual          | <u>3,323</u>  |
| Difference      | <u><u>\$ 785</u></u>                                |

Note: The condition of road pavement is measured using the CartéGraph pavement management system, which is based on a weighted average of six distress factors found in pavement surfaces. The CartéGraph pavement management system uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify roads in good or better condition (75-100), fair condition (50-75), and substandard condition (less than 50). It is the City's policy to maintain and preserve the infrastructure assets at a 75 percent condition level. (The condition level was 80.31 percent at September 30, 2012). No more than 10 percent should be in a substandard condition. Condition assessments are determined every year based on actual assessments of approximately 1/3 of the City's infrastructure, thereby completing a condition assessment on the whole City within three years.

**CITY OF GRAND ISLAND, NEBRASKA**

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

**Year ended September 30, 2012**

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



**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF GRAND ISLAND, NEBRASKA**

**COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS**

**September 30, 2012**

|  | Permanent Funds  |                   | Special Revenue Funds |                   |
|--|------------------|-------------------|-----------------------|-------------------|
|  | Library<br>Trust | Cemetery<br>Trust | Gas Tax               | Enhanced<br>911   |
| <b>ASSETS</b>                                  |                  |                   |                       |                   |
| Cash and cash equivalents                      | \$ 1,186         | \$ 13,309         | \$ 325,818            | \$ 89,857         |
| Investments                                    | 37,102           | 573,287           | 1,815,501             | 500,691           |
| County treasurer cash                          | -                | -                 | -                     | -                 |
| Receivables:                                   |                  |                   |                       |                   |
| Special assessments                            | -                | -                 | -                     | -                 |
| Notes  | -                | -                 | -                     | -                 |
| Interest                                       | -                | -                 | -                     | -                 |
| Due from other funds                           | -                | -                 | -                     | 3,340             |
| Due from other governments                     | -                | -                 | 421,640               | 13,000            |
|  |                  |                   |                       |                   |
| <b>Total assets</b>                            | <b>\$ 38,288</b> | <b>\$ 586,596</b> | <b>\$ 2,562,959</b>   | <b>\$ 606,888</b> |
| <b>LIABILITIES AND FUND BALANCES</b>           |                  |                   |                       |                   |
| Liabilities:                                   |                  |                   |                       |                   |
| Accounts payable                               | \$ -             | \$ -              | \$ -                  | \$ -              |
| Accrued expenses                               | -                | -                 | -                     | 8,160             |
| Total liabilities                              | -                | -                 | -                     | 8,160             |
| Fund balances (deficit):                       |                  |                   |                       |                   |
| Nonspendable:                                  |                  |                   |                       |                   |
| Cemetery perpetual care                        | -                | 586,596           | -                     | -                 |
| Library trust                                  | 38,288           | -                 | -                     | -                 |
| Restricted for:                                |                  |                   |                       |                   |
| Street improvements                            | -                | -                 | 2,562,959             | -                 |
| Economic development                           | -                | -                 | -                     | -                 |
| Federal programs                               | -                | -                 | -                     | -                 |
| Housing loans                                  | -                | -                 | -                     | -                 |
| Equipment purchases                            | -                | -                 | -                     | -                 |
| Community improvements                         | -                | -                 | -                     | -                 |
| Library expenses                               | -                | -                 | -                     | -                 |
| Other purposes                                 | -                | -                 | -                     | -                 |
| Assigned for:                                  |                  |                   |                       |                   |
| Budgetary stabilization                        | -                | -                 | -                     | 19,282            |
| Encumbrances                                   | -                | -                 | -                     | -                 |
| Other purposes                                 | -                | -                 | -                     | 579,446           |
| Unassigned                                     | -                | -                 | -                     | -                 |
|  |                  |                   |                       |                   |
| Total fund balances (deficit)                  | 38,288           | 586,596           | 2,562,959             | 598,728           |
| <b>Total liabilities and fund<br/>balances</b> | <b>\$ 38,288</b> | <b>\$ 586,596</b> | <b>\$ 2,562,959</b>   | <b>\$ 606,888</b> |

Special Revenue Funds

| <u>PSC<br/>Wireless</u> | <u>Keno</u>       | <u>Community<br/>Youth Council</u> | <u>Program Income<br/>Reuse Fund</u> | <u>Housing<br/>Reuse Fund</u> | <u>Community<br/>Development</u> |
|-------------------------|-------------------|------------------------------------|--------------------------------------|-------------------------------|----------------------------------|
| \$ 8,766                | \$ 77,616         | \$ 8,691                           | \$ 18,185                            | \$ 95,026                     | \$ 42,251                        |
| 34,007                  | 432,483           | 48,427                             | 101,325                              | 529,498                       | 64,119                           |
| -                       | -                 | -                                  | -                                    | -                             | -                                |
| -                       | -                 | -                                  | -                                    | -                             | -                                |
| -                       | -                 | -                                  | 138,392                              | 294,617                       | -                                |
| -                       | -                 | -                                  | -                                    | -                             | -                                |
| -                       | -                 | -                                  | -                                    | -                             | 6,051                            |
| 12,497                  | 24,005            | -                                  | -                                    | -                             | -                                |
| <u>\$ 55,270</u>        | <u>\$ 534,104</u> | <u>\$ 57,118</u>                   | <u>\$ 257,902</u>                    | <u>\$ 919,141</u>             | <u>\$ 112,421</u>                |
| \$ -                    | \$ -              | \$ -                               | \$ -                                 | \$ -                          | \$ -                             |
| -                       | -                 | 1,271                              | -                                    | -                             | 2,539                            |
| -                       | -                 | 1,271                              | -                                    | -                             | 2,539                            |
| -                       | -                 | -                                  | -                                    | -                             | -                                |
| -                       | -                 | -                                  | -                                    | -                             | -                                |
| -                       | -                 | -                                  | -                                    | -                             | -                                |
| -                       | -                 | -                                  | 257,902                              | -                             | -                                |
| -                       | -                 | -                                  | -                                    | -                             | -                                |
| -                       | -                 | -                                  | -                                    | 919,141                       | 30,743                           |
| 2,662                   | -                 | -                                  | -                                    | -                             | -                                |
| -                       | 534,104           | -                                  | -                                    | -                             | -                                |
| -                       | -                 | -                                  | -                                    | -                             | -                                |
| -                       | -                 | -                                  | -                                    | -                             | -                                |
| -                       | -                 | 22,031                             | -                                    | -                             | 40,884                           |
| -                       | -                 | -                                  | -                                    | -                             | -                                |
| 52,608                  | -                 | 33,816                             | -                                    | -                             | 38,255                           |
| -                       | -                 | -                                  | -                                    | -                             | -                                |
| <u>55,270</u>           | <u>534,104</u>    | <u>55,847</u>                      | <u>257,902</u>                       | <u>919,141</u>                | <u>109,882</u>                   |
| <u>\$ 55,270</u>        | <u>\$ 534,104</u> | <u>\$ 57,118</u>                   | <u>\$ 257,902</u>                    | <u>\$ 919,141</u>             | <u>\$ 112,421</u>                |

**CITY OF GRAND ISLAND, NEBRASKA**

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

**September 30, 2012**

|                                      | Special Revenue Funds                          |                        |                        |
|--------------------------------------|--|------------------------|------------------------|
|                                      | Police<br>Grants                               | Parking<br>District #1 | Parking<br>District #2 |
| <b>ASSETS</b>                        |  |                        |                        |
| Cash and cash equivalents            | \$ 846   | \$ 14,599              | \$ 28,835              |
| Investments                          | 4,709  | 81,351                 | 109,046                |
| County treasurer cash                | -  | -                      | 1,469                  |
| Receivables:                         |  |                        |                        |
| Special assessments                  | -  | 2,486                  | -                      |
| Notes                                | -  | -                      | -                      |
| Interest                             | -  | -                      | -                      |
| Due from other funds                 | -  | -                      | -                      |
| Due from other governments           | -  | -                      | -                      |
|                                      | <b>Total assets</b>                            | <b>\$ 98,436</b>       | <b>\$ 139,350</b>      |
|                                      | <b>\$ 5,555</b>                                | <b>\$ 98,436</b>       | <b>\$ 139,350</b>      |
| <b>LIABILITIES AND FUND BALANCES</b> |  |                        |                        |
| Liabilities:                         |  |                        |                        |
| Accounts payable                     | \$ 21,842                                      | \$ 6,748               | \$ 421                 |
| Accrued expenses                     | -  | -                      | -                      |
| Total liabilities                    | 21,842   | 6,748                  | 421                    |
| Fund balances (deficit):             |  |                        |                        |
| Nonspendable:                        |  |                        |                        |
| Cemetery perpetual care              | -  | -                      | -                      |
| Library trust                        | -  | -                      | -                      |
| Restricted for:                      |  |                        |                        |
| Street improvements                  | -  | -                      | -                      |
| Economic development                 | -  | -                      | -                      |
| Federal programs                     | -  | -                      | -                      |
| Housing loans                        | -  | -                      | -                      |
| Equipment purchases                  | -  | -                      | -                      |
| Community improvements               | -  | -                      | -                      |
| Library expenses                     | -  | -                      | -                      |
| Other purposes                       | -  | -                      | 9,265                  |
| Assigned for:                        |  |                        |                        |
| Budgetary stabilization              | -  | 54,500                 | 90,800                 |
| Encumbrances                         | -  | 24,910                 | -                      |
| Other purposes                       | -  | 12,278                 | 38,864                 |
| Unassigned                           | (16,287)                                       | -                      | -                      |
| Total fund balances (deficit)        | (16,287)                                       | 91,688                 | 138,929                |
|                                      | <b>Total liabilities and fund<br/>balances</b> | <b>\$ 98,436</b>       | <b>\$ 139,350</b>      |
|                                      | <b>\$ 5,555</b>                                | <b>\$ 98,436</b>       | <b>\$ 139,350</b>      |

| Special Revenue Funds       |                                 |                             | Capital<br>Projects Fund       | Total Nonmajor<br>Governmental<br>Funds |
|-----------------------------|---------------------------------|-----------------------------|--------------------------------|---|
| <u>Local<br/>Assistance</u> | <u>Economic<br/>Development</u> | <u>Community<br/>Grants</u> | <u>Special<br/>Assessments</u> |   |
| \$ 126,935                  | \$ 33,056                       | \$ 28,531                   | \$ 155,331                     | \$ 1,068,838                            |
| 740,052                     | 184,189                         | 158,982                     | 865,524                        | 6,280,293                               |
| -                           | -                               | -                           | -                              | 1,469                                   |
| -                           | -                               | -                           | 516,349                        | 518,835                                 |
| -                           | 399,333                         | 420,256                     | -                              | 1,252,598                               |
| -                           | -                               | -                           | 50,359                         | 50,359                                  |
| -                           | -                               | 2,519                       | -                              | 11,910                                  |
| 10,185                      | -                               | 367,550                     | -                              | 848,877                                 |
| <u>\$ 877,172</u>           | <u>\$ 616,578</u>               | <u>\$ 977,838</u>           | <u>\$ 1,587,563</u>            | <u>\$ 10,033,179</u>                    |
| \$ -                        | \$ -                            | \$ 75,869                   | \$ -                           | \$ 104,880                              |
| -                           | -                               | -                           | -                              | 11,970                                  |
| -                           | -                               | 75,869                      | -                              | 116,850                                 |
| -                           | -                               | -                           | -                              | 586,596                                 |
| -                           | -                               | -                           | -                              | 38,288                                  |
| -                           | -                               | -                           | -                              | 2,562,959                               |
| -                           | 616,578                         | -                           | -                              | 874,480                                 |
| -                           | -                               | 901,969                     | -                              | 901,969                                 |
| -                           | -                               | -                           | -                              | 949,884                                 |
| -                           | -                               | -                           | -                              | 2,662                                   |
| -                           | -                               | -                           | -                              | 534,104                                 |
| 759,473                     | -                               | -                           | -                              | 759,473                                 |
| 32,752                      | -                               | -                           | -                              | 42,017                                  |
| 84,947                      | -                               | -                           | 655,300                        | 967,744                                 |
| -                           | -                               | -                           | -                              | 24,910                                  |
| -                           | -                               | -                           | 932,263                        | 1,687,530                               |
| -                           | -                               | -                           | -                              | (16,287)                                |
| <u>877,172</u>              | <u>616,578</u>                  | <u>901,969</u>              | <u>1,587,563</u>               | <u>9,916,329</u>                        |
| <u>\$ 877,172</u>           | <u>\$ 616,578</u>               | <u>\$ 977,838</u>           | <u>\$ 1,587,563</u>            | <u>\$ 10,033,179</u>                    |

**CITY OF GRAND ISLAND, NEBRASKA**

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

**For the year ended September 30, 2012**

|  | Permanent Funds  |                   | Special Revenue Funds |                 |
|--|------------------|-------------------|-----------------------|-----------------|
|  | Library<br>Trust | Cemetery<br>Trust | Gas Tax               | Enhanced<br>911 |
| <b>REVENUES</b>  |                  |                   |                       |                 |
| Intergovernmental  | \$ -             | \$ -              | \$ 4,287,276          | \$ -            |
| Keno   | -                | -                 | -                     | -               |
| Property tax   | -                | -                 | -                     | -               |
| Motor vehicle tax  | -                | -                 | -                     | -               |
| Special assessments  | -                | -                 | -                     | -               |
| Charges for services   | -                | 25,860            | -                     | 253,127         |
| Interest income  | 5,811            | 2,863             | -                     | -               |
| Contributions  | -                | -                 | -                     | -               |
| Other revenue  | -                | -                 | -                     | -               |
| Total revenues   | 5,811            | 28,723            | 4,287,276             | 253,127         |
| <b>EXPENDITURES</b>  |                  |                   |                       |                 |
| General government   | -                | -                 | -                     | -               |
| Public safety  | -                | -                 | -                     | 335,519         |
| Public works   | -                | -                 | -                     | -               |
| Environment and leisure                                      | -                | -                 | -                     | -               |
| Total expenditures   | -                | -                 | -                     | 335,519         |
| <b>Excess (deficiency) of<br/>revenues over expenditures</b> | 5,811            | 28,723            | 4,287,276             | (82,392)        |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                  |                   |                       |                 |
| Transfers in   | -                | -                 | -                     | -               |
| Transfers out  | -                | -                 | (3,333,812)           | -               |
| Net transfers  | -                | -                 | (3,333,812)           | -               |
| <b>Net change in fund balances</b>                           | 5,811            | 28,723            | 953,464               | (82,392)        |
| Fund balances - September 30, 2011                           | 32,477           | 557,873           | 1,609,495             | 681,120         |
| Fund balances - September 30, 2012                           | \$ 38,288        | \$ 586,596        | \$ 2,562,959          | \$ 598,728      |

Special Revenue Funds

| <u>PSC<br/>Wireless</u> | <u>Keno</u>       | <u>Community<br/>Youth Council</u> | <u>Program Income<br/>Reuse Fund</u> | <u>Housing<br/>Reuse Fund</u> | <u>Community<br/>Development</u> |
|-------------------------|-------------------|------------------------------------|--------------------------------------|-------------------------------|----------------------------------|
| \$ -                    | \$ -              | \$ 1,250                           | \$ -                                 | \$ 359,468                    | \$ -                             |
| -                       | 281,867           | -                                  | -                                    | -                             | -                                |
| -                       | -                 | -                                  | -                                    | -                             | -                                |
| -                       | -                 | -                                  | -                                    | -                             | -                                |
| 102,777                 | -                 | -                                  | -                                    | -                             | 2,365                            |
| -                       | 987               | 350                                | 585                                  | 2,076                         | 440                              |
| -                       | -                 | 5,205                              | -                                    | -                             | -                                |
| 72                      | -                 | -                                  | -                                    | -                             | -                                |
| <u>102,849</u>          | <u>282,854</u>    | <u>6,805</u>                       | <u>585</u>                           | <u>361,544</u>                | <u>2,805</u>                     |
| -                       | -                 | -                                  | 575                                  | -                             | 34,974                           |
| 89,941                  | -                 | -                                  | -                                    | -                             | -                                |
| -                       | -                 | -                                  | -                                    | -                             | -                                |
| -                       | -                 | 15,126                             | -                                    | 32,563                        | -                                |
| <u>89,941</u>           | <u>-</u>          | <u>15,126</u>                      | <u>575</u>                           | <u>32,563</u>                 | <u>34,974</u>                    |
| 12,908                  | 282,854           | (8,321)                            | 10                                   | 328,981                       | (32,169)                         |
| -                       | -                 | -                                  | -                                    | -                             | 266,951                          |
| -                       | -                 | -                                  | (1,882)                              | (5,923)                       | (142,428)                        |
| -                       | -                 | -                                  | (1,882)                              | (5,923)                       | 124,523                          |
| 12,908                  | 282,854           | (8,321)                            | (1,872)                              | 323,058                       | 92,354                           |
| <u>42,362</u>           | <u>251,250</u>    | <u>64,168</u>                      | <u>259,774</u>                       | <u>596,083</u>                | <u>17,528</u>                    |
| <u>\$ 55,270</u>        | <u>\$ 534,104</u> | <u>\$ 55,847</u>                   | <u>\$ 257,902</u>                    | <u>\$ 919,141</u>             | <u>\$ 109,882</u>                |

**CITY OF GRAND ISLAND, NEBRASKA**

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

**For the year ended September 30, 2012**

|  | Special Revenue Funds |                        |                        |
|--|-----------------------|------------------------|------------------------|
|  | Police<br>Grants      | Parking<br>District #1 | Parking<br>District #2 |
| <b>REVENUES</b>  |                       |                        |                        |
| Intergovernmental  | \$ 92,876             | \$ -                   | \$ -                   |
| Keno   | -                     | -                      | -                      |
| Property tax   | -                     | -                      | 8,022                  |
| Motor vehicle tax  | -                     | -                      | 28                     |
| Special assessments  | -                     | 37,995                 | -                      |
| Charges for services   | -                     | 6,510                  | 10,547                 |
| Interest income  | -                     | 596                    | 721                    |
| Contributions  | -                     | -                      | -                      |
| Other revenue  | 4,513                 | -                      | -                      |
| Total revenues   | 97,389                | 45,101                 | 19,318                 |
| <b>EXPENDITURES</b>  |                       |                        |                        |
| General government   | -                     | 49,565                 | 16,725                 |
| Public safety  | 147,204               | -                      | -                      |
| Public works   | -                     | -                      | -                      |
| Environment and leisure                                      | -                     | -                      | -                      |
| Total expenditures   | 147,204               | 49,565                 | 16,725                 |
| <b>Excess (deficiency) of<br/>revenues over expenditures</b> | (49,815)              | (4,464)                | 2,593                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                       |                        |                        |
| Transfers in   | -                     | -                      | -                      |
| Transfers out  | -                     | -                      | -                      |
| Net transfers  | -                     | -                      | -                      |
| <b>Net change in fund balances</b>                           | (49,815)              | (4,464)                | 2,593                  |
| Fund balances - September 30, 2011                           | 33,528                | 96,152                 | 136,336                |
| Fund balances - September 30, 2012                           | \$ (16,287)           | \$ 91,688              | \$ 138,929             |



| <u>Special Revenue Funds</u> |                                 |                             | <u>Capital<br/>Projects Fund</u> | <u>Total Nonmajor<br/>Governmental<br/>Funds</u> |
|------------------------------|---------------------------------|-----------------------------|----------------------------------|--|
| <u>Local<br/>Assistance</u>  | <u>Economic<br/>Development</u> | <u>Community<br/>Grants</u> | <u>Special<br/>Assessments</u>   |  |
| \$ -                         | \$ -                            | \$ 1,432,627                | \$ -                             | \$ 6,173,497                                     |
| -                            | -                               | -                           | -                                | 281,867  |
| -                            | -                               | -                           | -                                | 8,022  |
| -                            | -                               | -                           | -                                | 28   |
| -                            | -                               | -                           | 754,837                          | 792,832  |
| -                            | -                               | -                           | -                                | 401,186  |
| -                            | 3,532                           | -                           | 3,172                            | 21,133   |
| 35,421                       | -                               | 575,000                     | -                                | 615,626  |
| -                            | -                               | 12,384                      | -                                | 16,969   |
| <u>35,421</u>                | <u>3,532</u>                    | <u>2,020,011</u>            | <u>758,009</u>                   | <u>8,311,160</u>                                 |
| -                            | 1,399,334                       | 1,739,647                   | -                                | 3,240,820  |
| 24,306                       | -                               | -                           | -                                | 596,970  |
| -                            | -                               | -                           | -                                | -  |
| 14,399                       | -                               | 56,281                      | -                                | 118,369  |
| <u>38,705</u>                | <u>1,399,334</u>                | <u>1,795,928</u>            | <u>-</u>                         | <u>3,956,159</u>                                 |
| (3,284)                      | (1,395,802)                     | 224,083                     | 758,009                          | 4,355,001  |
| -                            | 750,000                         | 142,428                     | -                                | 1,159,379  |
| -                            | -                               | (174,901)                   | (115,175)                        | (3,774,121)                                      |
| -                            | <u>750,000</u>                  | <u>(32,473)</u>             | <u>(115,175)</u>                 | <u>(2,614,742)</u>                               |
| (3,284)                      | (645,802)                       | 191,610                     | 642,834                          | 1,740,259  |
| <u>880,456</u>               | <u>1,262,380</u>                | <u>710,359</u>              | <u>944,729</u>                   | <u>8,176,070</u>                                 |
| <u>\$ 877,172</u>            | <u>\$ 616,578</u>               | <u>\$ 901,969</u>           | <u>\$ 1,587,563</u>              | <u>\$ 9,916,329</u>                              |

**CITY OF GRAND ISLAND, NEBRASKA**

**COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS**

**September 30, 2012**

|   | Internal Service Funds    |                   |              |                      |              |
|---|---------------------------|-------------------|--------------|----------------------|--------------|
|   | Information<br>Technology | Fleet<br>Services | Insurance    | Equipment<br>Reserve | Total        |
| <b>ASSETS</b>                                       |                           |                   |              |                      |              |
| Current assets:                                     |                           |                   |              |                      |              |
| Cash and cash equivalents                           | \$ 52,365                 | \$ 6,117          | \$ 628,716   | \$ 35,192            | \$ 722,390   |
| Investments   | 291,785                   | 34,087            | 3,503,285    | 196,096              | 4,025,253    |
| Receivables:  |                           |                   |              |                      |              |
| Accounts, net of allowance for<br>doubtful accounts | -                         | 103,048           | -            | -                    | 103,048      |
| Due from other funds                                | 51,162                    | 35,488            | -            | -                    | 86,650       |
| Inventory   | -                         | 159,048           | -            | -                    | 159,048      |
| Total current assets                                | 395,312                   | 337,788           | 4,132,001    | 231,288              | 5,096,389    |
| Noncurrent assets:                                  |                           |                   |              |                      |              |
| Capital assets:                                     |                           |                   |              |                      |              |
| Buildings and equipment                             | 1,235,206                 | 269,036           | -            | -                    | 1,504,242    |
| Less accumulated depreciation                       | (915,793)                 | (204,815)         | -            | -                    | (1,120,608)  |
| Net capital assets                                  | 319,413                   | 64,221            | -            | -                    | 383,634      |
| <b>Total assets</b>                                 | 714,725                   | 402,009           | 4,132,001    | 231,288              | 5,480,023    |
| <b>LIABILITIES</b>                                  |                           |                   |              |                      |              |
| Current liabilities:                                |                           |                   |              |                      |              |
| Accounts payable                                    | -                         | 1,904             | 368,412      | -                    | 370,316      |
| Accrued expenses                                    | 49,708                    | 24,279            | 953,010      | -                    | 1,026,997    |
| Total current liabilities                           | 49,708                    | 26,183            | 1,321,422    | -                    | 1,397,313    |
| Noncurrent liabilities:                             |                           |                   |              |                      |              |
| Compensated absences - noncurrent                   | 17,588                    | 11,393            | -            | -                    | 28,981       |
| <b>Total liabilities</b>                            | 67,296                    | 37,576            | 1,321,422    | -                    | 1,426,294    |
| <b>NET ASSETS</b>                                   |                           |                   |              |                      |              |
| Invested in capital assets,<br>net of related debt  | 319,413                   | 64,221            | -            | -                    | 383,634      |
| Unrestricted  | 328,016                   | 300,212           | 2,810,579    | 231,288              | 3,670,095    |
| <b>Total net assets</b>                             | \$ 647,429                | \$ 364,433        | \$ 2,810,579 | \$ 231,288           | \$ 4,053,729 |

**CITY OF GRAND ISLAND, NEBRASKA**

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

**For the year ended September 30, 2012**

|  | Internal Service Funds    |                   |              |                      |              |
|--|---------------------------|-------------------|--------------|----------------------|--------------|
|  | Information<br>Technology | Fleet<br>Services | Insurance    | Equipment<br>Reserve | Total        |
| <b>Operating revenues:</b>                                   |                           |                   |              |                      |              |
| Charges for services   | \$ 945,567                | \$ 1,335,871      | \$ 6,554,168 | \$ -                 | \$ 8,835,606 |
| Other revenue  | 550                       | 8,745             | 35,902       | -                    | 45,197       |
| Total operating revenues                                     | 946,117                   | 1,344,616         | 6,590,070    | -                    | 8,880,803    |
| <b>Operating expenses:</b>                                   |                           |                   |              |                      |              |
| Information technology                                       | 982,100                   | -                 | -            | -                    | 982,100      |
| Central garage   | -                         | 1,234,790         | -            | -                    | 1,234,790    |
| Insurance and benefits                                       | -                         | -                 | 7,799,875    | -                    | 7,799,875    |
| Building maintenance   | -                         | -                 | -            | 24,791               | 24,791       |
| Depreciation   | 64,677                    | 9,416             | -            | -                    | 74,093       |
| Total operating expenses                                     | 1,046,777                 | 1,244,206         | 7,799,875    | 24,791               | 10,115,649   |
| Operating income (loss)                                      | (100,660)                 | 100,410           | (1,209,805)  | (24,791)             | (1,234,846)  |
| <b>Nonoperating revenues (expenses):</b>                     |                           |                   |              |                      |              |
| Interest income  | 2,439                     | 255               | 26,258       | 1,228                | 30,180       |
| Intergovernmental  | -                         | -                 | -            | 50,000               | 50,000       |
| Total nonoperating revenues<br>(expenses)                    | 2,439                     | 255               | 26,258       | 51,228               | 80,180       |
| <b>Excess (deficiency) of<br/>revenues over expenditures</b> | (98,221)                  | 100,665           | (1,183,547)  | 26,437               | (1,154,666)  |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                           |                   |              |                      |              |
| Transfers in   | 62,904                    | (25,000)          | -            | -                    | 37,904       |
| <b>Change in net assets</b>                                  | (35,317)                  | 75,665            | (1,183,547)  | 26,437               | (1,116,762)  |
| Net assets - September 30, 2011                              | 682,746                   | 288,768           | 3,994,126    | 204,851              | 5,170,491    |
| Net assets - September 30, 2012                              | \$ 647,429                | \$ 364,433        | \$ 2,810,579 | \$ 231,288           | \$ 4,053,729 |

**CITY OF GRAND ISLAND, NEBRASKA**

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

**For the year ended September 30, 2012**

|   | Internal Service Funds    |                   |                |                      | Total          |
|---|---------------------------|-------------------|----------------|----------------------|----------------|
|   | Information<br>Technology | Fleet<br>Services | Insurance      | Equipment<br>Reserve |                |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                           |                   |                |                      |                |
| Receipts from other funds   | \$ 946,117                | \$ 1,321,049      | \$ 6,609,289   | \$ -                 | \$ 8,876,455   |
| Payments to suppliers   | (616,292)                 | (1,044,645)       | (7,609,705)    | (24,791)             | (9,295,433)    |
| Payments to employees   | (362,205)                 | (211,667)         | -              | -                    | (573,872)      |
| Net cash provided (used) by operating activities  | (32,380)                  | 64,737            | (1,000,416)    | (24,791)             | (992,850)      |
| <b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>                                   |                           |                   |                |                      |                |
| Transfers from other funds  | 62,904                    | (25,000)          | -              | -                    | 37,904         |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                                      |                           |                   |                |                      |                |
| Purchase of capital assets  | (62,904)                  | -                 | -              | -                    | (62,904)       |
| Intergovernmental receipts  | -                         | -                 | -              | 50,000               | 50,000         |
| Net cash provided (used) by capital and related financing activities                                  | (62,904)                  | -                 | -              | 50,000               | (12,904)       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                           |                   |                |                      |                |
| Net (purchase) sale of investment securities  | (67,815)                  | (33,960)          | (446,198)      | (73,451)             | (621,424)      |
| Interest received   | 2,439                     | 255               | 26,258         | 1,228                | 30,180         |
| Net cash used by investing activities   | (65,376)                  | (33,705)          | (419,940)      | (72,223)             | (591,244)      |
| Increase (decrease) in cash and cash equivalents  | (97,756)                  | 6,032             | (1,420,356)    | (47,014)             | (1,559,094)    |
| Cash and cash equivalents - beginning of the year   | 150,121                   | 85                | 2,049,072      | 82,206               | 2,281,484      |
| Cash and cash equivalents - end of the year   | \$ 52,365                 | \$ 6,117          | \$ 628,716     | \$ 35,192            | \$ 722,390     |
| <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b> |                           |                   |                |                      |                |
| Operating income (loss)   | \$ (100,660)              | \$ 100,410        | \$ (1,209,805) | \$ (24,791)          | \$ (1,234,846) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                           |                   |                |                      |                |
| Depreciation expense  | 64,677                    | 9,416             | -              | -                    | 74,093         |
| Change in assets and liabilities:   |                           |                   |                |                      |                |
| Accounts receivable   | -                         | (23,567)          | 19,219         | -                    | (4,348)        |
| Inventories   | -                         | (24,921)          | -              | -                    | (24,921)       |
| Accounts payable and accrued expenses   | 3,603                     | 3,399             | 190,170        | -                    | 197,172        |
| Net cash provided (used) by operating activities  | \$ (32,380)               | \$ 64,737         | \$ (1,000,416) | \$ (24,791)          | \$ (992,850)   |

**CITY OF GRAND ISLAND, NEBRASKA**

**COMBINING STATEMENT OF NET ASSETS - FIDUCIARY FUNDS**

**September 30, 2012**

|                                    | Employee Pension Reserve Funds |                   |                 |                                 |
|------------------------------------|--------------------------------|-------------------|-----------------|---------------------------------|
|                                    | Police and<br>Fire Pension     | Police<br>Pension | Fire<br>Pension | Total Employee<br>Pension Funds |
| <b>ASSETS</b>                      |                                |                   |                 |                                 |
| Cash                               | \$ 8,794                       | \$ 40             | \$ 415          | \$ 9,249                        |
| Investments                        | 1,514,997                      | 224               | 3,610,685       | 5,125,906                       |
| Accounts receivable                | -                              | -                 | -               | -                               |
| Special assessments receivable     | -                              | -                 | -               | -                               |
| Total assets                       | 1,523,791                      | 264               | 3,611,100       | 5,135,155                       |
| <b>LIABILITIES</b>                 |                                |                   |                 |                                 |
| Due to other funds                 | -                              | -                 | 512,914         | 512,914                         |
| Agency liabilities                 | -                              | -                 | -               | -                               |
| Pension liability                  | 1,160,256                      | -                 | -               | 1,160,256                       |
| Total liabilities                  | 1,160,256                      | -                 | 512,914         | 1,673,170                       |
| <b>NET ASSETS</b>                  |                                |                   |                 |                                 |
| Held in trust for pension benefits | 363,535                        | 264               | 3,098,186       | \$ 3,461,985                    |

| <u>Cafeteria<br/>Plan</u> | <u>Agency Funds</u>       |                            | <u>Total<br/>Agency<br/>Funds</u> |
|---------------------------|---------------------------|----------------------------|-----------------------------------|
|                           | <u>Other<br/>Agencies</u> | <u>BID<br/>Assessments</u> |                                   |
| \$ 761                    | \$ 22,552                 | \$ 60                      | \$ 23,373                         |
| 4,239                     | 125,663                   | 339                        | 130,241                           |
| -                         | 10,682                    | -                          | 10,682                            |
| -                         | -                         | 16,433                     | 16,433                            |
| <u>5,000</u>              | <u>158,897</u>            | <u>16,832</u>              | <u>180,729</u>                    |
| -                         | -                         | -                          | -                                 |
| 5,000                     | 158,897                   | 16,832                     | 180,729                           |
| -                         | -                         | -                          | -                                 |
| <u>5,000</u>              | <u>158,897</u>            | <u>16,832</u>              | <u>180,729</u>                    |
| <u><u>\$ -</u></u>        | <u><u>\$ -</u></u>        | <u><u>\$ -</u></u>         | <u><u>\$ -</u></u>                |

**CITY OF GRAND ISLAND, NEBRASKA**

**COMBINING STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUNDS**

**For the year ended September 30, 2012**

|                                 | Employee Pension Reserve Funds |                   |                 |                                 |
|---------------------------------|--------------------------------|-------------------|-----------------|---------------------------------|
|                                 | Police and<br>Fire Pension     | Police<br>Pension | Fire<br>Pension | Total Employee<br>Pension Funds |
| <b>ADDITIONS</b>                |                                |                   |                 |                                 |
| Transfers from other funds      | \$ 173,022                     | \$ 350            | \$ -            | \$ 173,372                      |
| Interest and dividends          | -                              | -                 | 1,209,712       | 1,209,712                       |
| Other revenue                   | -                              | 248               | 2,730           | 2,978                           |
| Total additions                 | 173,022                        | 598               | 1,212,442       | 1,386,062                       |
| <b>DEDUCTIONS</b>               |                                |                   |                 |                                 |
| Pension benefits                | 63,489                         | 350               | -               | 63,839                          |
| Transfers to other funds        | -                              | -                 | 163,910         | 163,910                         |
| Loss on investments             | -                              | -                 | 302,367         | 302,367                         |
| Total deductions                | 63,489                         | 350               | 466,277         | 530,116                         |
| <b>Change in net assets</b>     | 109,533                        | 248               | 746,165         | 855,946                         |
| Net assets - September 30, 2011 | 254,002                        | 16                | 2,352,021       | 2,606,039                       |
| Net assets - September 30, 2012 | \$ 363,535                     | \$ 264            | \$ 3,098,186    | \$ 3,461,985                    |

**CITY OF GRAND ISLAND, NEBRASKA**

**COMBINING STATEMENT OF NET ASSETS - COMPONENT UNITS**

**September 30, 2012**

|  | Business<br>Improvement<br><u>Districts</u> | Grand Island<br>Facilities<br><u>Corporation</u> | Community<br>Redevelopment<br><u>Authority</u> | <u>Total</u>      |
|--|---|--|--|-------------------|
| <b>ASSETS</b>                                      |   |  |  |                   |
| Current assets:                                    |   |  |  |                   |
| Cash and cash equivalents                          | \$ 195,905                                  | \$ -   | \$ 125,788                                     | \$ 321,693        |
| County treasurer cash                              | -   | -  | 150,785  | 150,785           |
| Receivables:                                       |   |  |  |                   |
| Special assessments                                | 16,433                                      | -  | -  | 16,433            |
| Current portion of notes from redevelopers         | -   | -  | 115,334  | 115,334           |
| Current portion of capital lease receivable        | -   | 760,000  | -  | 760,000           |
| Property tax                                       | -   | -  | 28,278   | 28,278            |
| Total current assets                               | <u>212,338</u>                              | <u>760,000</u>                                   | <u>420,185</u>                                 | <u>1,392,523</u>  |
| Noncurrent assets:                                 |   |  |  |                   |
| Restricted cash                                    | -   | -  | 60,722   | 60,722            |
| Restricted investments                             | -   | -  | -  | -                 |
| Notes from redevelopers                            | -   | -  | 520,068  | 520,068           |
| Capital lease receivable - City of Grand Island    | -   | 2,325,000  | -  | 2,325,000         |
| Unamortized bond discount                          | -   | 27,337   | -  | 27,337            |
| Capital assets:                                    |   |  |  |                   |
| Land, infrastructure, and construction in progress | -   | -  | 495,354  | 495,354           |
| Construction in progress                           | -   | -  | 180,658  | 180,658           |
| Other capital assets, net of depreciation          | 54,419                                      | -  | -  | 54,419            |
| Net capital assets                                 | <u>54,419</u>                               | <u>-</u>   | <u>676,012</u>                                 | <u>730,431</u>    |
| Total noncurrent assets                            | <u>54,419</u>                               | <u>2,352,337</u>                                 | <u>1,256,802</u>                               | <u>3,663,558</u>  |
| <b>Total assets</b>                                | <u>266,757</u>                              | <u>3,112,337</u>                                 | <u>1,676,987</u>                               | <u>5,056,081</u>  |
| <b>LIABILITIES</b>                                 |   |  |  |                   |
| Current liabilities:                               |   |  |  |                   |
| Accounts payable                                   | -   | -  | 344,312  | 344,312           |
| Deferred revenue - property taxes                  | -   | -  | 21,083   | 21,083            |
| Current portion of long-term obligations           | -   | 760,000  | 115,334  | 875,334           |
| Total current liabilities                          | <u>-</u>                                    | <u>760,000</u>                                   | <u>480,729</u>                                 | <u>1,240,729</u>  |
| Noncurrent liabilities:                            |   |  |  |                   |
| Noncurrent portion of long-term obligations        | -   | 2,325,000  | 520,068  | 2,845,068         |
| <b>Total liabilities</b>                           | <u>-</u>                                    | <u>3,085,000</u>                                 | <u>1,000,797</u>                               | <u>4,085,797</u>  |
| <b>NET ASSETS</b>                                  |   |  |  |                   |
| Invested in capital assets, net of related debt    | 54,419                                      | 27,337   | 676,012  | 757,768           |
| Restricted for:                                    |   |  |  |                   |
| Redevelopers                                       | -   | -  | 60,722   | 60,722            |
| Unrestricted                                       | 212,338                                     | -  | (60,544)                                       | 151,794           |
| <b>Total net assets</b>                            | <u>\$ 266,757</u>                           | <u>\$ 27,337</u>                                 | <u>\$ 676,190</u>                              | <u>\$ 970,284</u> |



**CITY OF GRAND ISLAND, NEBRASKA**  
**COMBINING STATEMENT OF ACTIVITIES - COMPONENT UNITS**  
**For the year ended September 30, 2012**

| <u>Functions/Programs</u>                   | <u>Expenses</u>     | Program Revenues                |   |
|---|---------------------|---------------------------------|---|
|   |                     | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> |
| <b>Landfill:</b>                            |                     |                                 |   |
| Landfill and transfer station               | \$ -                | \$ -                            | \$ -  |
| <b>Business Improvement Districts:</b>      |                     |                                 |   |
| Business Improvement District #4            | 34,239              | -                               | -   |
| Business Improvement District #6            | 14,665              | -                               | -   |
| Business Improvement District #7            | 60,177              | -                               | -   |
| Business Improvement District #8            | 121,542             | 47,597                          | -   |
| Total Business Improvement Districts        | 230,623             | 47,597                          | -   |
| <b>Grand Island Facilities Corporation:</b> |                     |                                 |   |
| Library construction project                | 757,031             | 749,312                         | -   |
| <b>Community Redevelopment Authority:</b>   |                     |                                 |   |
| General government                          | 61,502              | -                               | -   |
| Community development                       | 1,341,427           | -                               | 223,086   |
| Interest on long-term debt                  | 50,965              | -                               | -   |
| Total Community Redevelopment Authority     | 1,453,894           | -                               | 223,086   |
| <b>Total Component Units</b>                | <b>\$ 2,441,548</b> | <b>\$ 796,909</b>               | <b>\$ 223,086</b>                                 |

| Program Revenues<br>Capital<br>Grants and<br>Contributions  | Net (Expenses) Receipts and Changes in Net Assets |                                      |   |   |                    |
|---|---|--------------------------------------|---|---|--------------------|
|   | Component Units                                   |                                      |   |   |                    |
|   | Landfill  | Business<br>Improvement<br>Districts | Grand Island<br>Facilities<br>Corporation | Community<br>Redevelopment<br>Authority | Total              |
| \$ -  | \$ -  |                                      |   |   | \$ -               |
| -   | -   | \$ (34,239)                          |   |   | (34,239)           |
| -   | -   | (14,665)                             |   |   | (14,665)           |
| -   | -   | (60,177)                             |   |   | (60,177)           |
| 19,500  | -   | (54,445)                             |   |   | (54,445)           |
| <u>19,500</u>   | <u>-</u>  | <u>(163,526)</u>                     |   |   | <u>(163,526)</u>   |
| -   | -   | -                                    | \$ (7,719)                                |   | (7,719)            |
| -   | -   | -                                    | -   | \$ (61,502)                             | (61,502)           |
| -   | -   | -                                    | -   | (1,118,341)                             | (1,118,341)        |
| -   | -   | -                                    | -   | (50,965)                                | (50,965)           |
| <u>-</u>  | <u>-</u>  | <u>-</u>                             | <u>-</u>                                  | <u>(1,230,808)</u>                      | <u>(1,230,808)</u> |
| <u>\$ 19,500</u>  | <u>-</u>  | <u>(163,526)</u>                     | <u>(7,719)</u>                            | <u>(1,230,808)</u>                      | <u>(1,402,053)</u> |
| General revenues:   |   |                                      |   |   |                    |
| Taxes:  |   |                                      |   |   |                    |
| Property  | -   | -                                    | -   | 620,417                                 | 620,417            |
| Motor vehicle   | -   | -                                    | -   | 2,517                                   | 2,517              |
| Special assessments   | -   | 195,121                              | -   | -                                       | 195,121            |
| Miscellaneous   | -   | -                                    | -   | 22,616                                  | 22,616             |
| Interest income   | -   | 123                                  | -   | 4,704                                   | 4,827              |
| Total general revenues                                      | <u>-</u>  | <u>195,244</u>                       | <u>-</u>                                  | <u>650,254</u>                          | <u>845,498</u>     |
| Change in net assets  | -   | 31,718                               | (7,719)                                   | (580,554)                               | (556,555)          |
| Net assets - September 30, 2011 -<br>as previously reported | 8,854,061   | 235,039                              | 35,056                                    | 1,256,744                               | 10,380,900         |
| Restatement of net assets                                   | <u>(8,854,061)</u>                                | <u>-</u>                             | <u>-</u>                                  | <u>-</u>                                | <u>(8,854,061)</u> |
| Net assets - September 30, 2011 -<br>as restated            | <u>-</u>  | <u>235,039</u>                       | <u>35,056</u>                             | <u>1,256,744</u>                        | <u>1,526,839</u>   |
| Net assets - September 30, 2012                             | <u>\$ -</u>                                       | <u>\$ 266,757</u>                    | <u>\$ 27,337</u>                          | <u>\$ 676,190</u>                       | <u>\$ 970,284</u>  |

**SINGLE AUDIT REPORTS**

**CITY OF GRAND ISLAND, NEBRASKA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year ended September 30, 2012**

| <u>Federal Grantor<br/>and Program Title</u>           | <u>Federal<br/>CFDA<br/>Number</u> |               | <u>Expenditures</u> |
|--|------------------------------------|---------------|---------------------|
| <b><u>Department of Homeland Security:</u></b>         |                                    |               |                     |
| Passed through the State of Nebraska:                  |                                    |               |                     |
| Homeland Security Cluster:                             |                                    |               |                     |
| Emergency Management Performance Grants                | 97.042                             | \$ 130,904    |                     |
| Homeland Security Grant Program                        | 97.067                             | <u>11,442</u> |                     |
| Total Homeland Security Cluster                        |                                    |               | \$ 142,346          |
| <b><u>Department of Transportation:</u></b>            |                                    |               |                     |
| Passed through Nebraska Office of Highway Safety:      |                                    |               |                     |
| Highway Safety Cluster:                                |                                    |               |                     |
| State and Community Highway Safety                     | 20.600                             | 3,281         |                     |
| Alcohol Impaired Driving                               | 20.601                             | 492           |                     |
| Occupant Protection Incentive Grant                    | 20.602                             | <u>4,000</u>  |                     |
| Total Highway Safety Cluster                           |                                    |               | 7,773               |
| Passed through Nebraska Department of Roads:           |                                    |               |                     |
| Highway Planning and Construction Cluster:             |                                    |               |                     |
| Highway Planning and Construction                      | 20.205                             | 67,602        |                     |
| ARRA - Highway Planning and Construction               | 20.205                             | <u>1,098</u>  |                     |
| Total Highway Planning and Construction Cluster        |                                    |               | <u>68,700</u>       |
| Total Department of Transportation                     |                                    |               | 76,473              |
| <b><u>Department of Justice:</u></b>                   |                                    |               |                     |
| Direct Programs:                                       |                                    |               |                     |
| Public Safety Partnership and Community Policing Grant | 16.710                             |               | 219,491             |
| Bulletproof Vest Partnership Program                   | 16.607                             |               | 6,536               |
| Edward Byrne Memorial Justice Assistance Grant         | 16.738                             |               | 6,159               |
| Equitable Sharing Program                              | 16.922                             |               | 5,488               |
| Passed through Nebraska Crime Commission:              |                                    |               |                     |
| Crime Victim Assistance                                | 16.575                             |               | <u>46,110</u>       |
| Total Department of Justice                            |                                    |               | 283,784             |
| <b><u>Department of Energy</u></b>                     |                                    |               |                     |
| Direct Programs:                                       |                                    |               |                     |
| Energy Efficiency and Conservation Block Grant         | 81.128                             |               | 86,937              |
| <b><u>Executive Office of the President:</u></b>       |                                    |               |                     |
| Passed through Nebraska State Patrol:                  |                                    |               |                     |
| High Intensity Drug Trafficking Area Program           | 95.001                             |               | 72,710              |

**CITY OF GRAND ISLAND, NEBRASKA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued**

**Year ended September 30, 2012**

| <u>Federal Grantor<br/>and Program Title</u>                | <u>Federal<br/>CFDA<br/>Number</u> | <u>Expenditures</u>               |
|---|------------------------------------|-----------------------------------|
| <b><u>Department of Housing and Urban Development:</u></b>  |                                    |                                   |
| Passed through Nebraska Department of Economic Development: |                                    |                                   |
| Community Development Block Grant                           | 14.228                             | <u>1,271,712</u> *                |
| <b>Total Expenditures of Federal Awards</b>                 |                                    | <b><u><u>\$ 1,933,962</u></u></b> |

\*Major Program

**NOTE A - BASIS OF PRESENTATION**

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

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

**NOTE B - FEDERAL LOAN PROGRAMS**

The Revolving Loan Program is a Community Development Block Grant (CDBG) program whereby funds are made available to the City to loan to low- and moderate-income families for a variety of purposes. These funds, once issued, are repaid to the City, who in turn reloans the funds to another low- to moderate-income family. The balance of loans outstanding as of September 30, 2012, is \$131,313.

**NOTE C - PASS-THRU GRANTS TO SUBRECIPIENTS**

The City passed \$600,000 of CDBG grant proceeds through to South Central Economic Development District during the year ended September 30, 2012.



SHAREHOLDERS

Robert D. Almquist  
Phillip D. Maltzahn  
Terry T. Galloway  
Marcy J. Luth  
Heidi A. Ashby  
Christine R. Shenk

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the fiduciary funds of the City of Grand Island, Nebraska, as of and for the year ended September 30, 2012, which collectively comprise the City of Grand Island, Nebraska's basic financial statements and have issued our report thereon dated January 30, 2013. 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.

Internal Control Over Financial Reporting

Management of the City of Grand Island is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Grand Island's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Grand Island, Nebraska, in a separate letter dated January 30, 2013.

This report is intended solely for the information and use of management, the State of Nebraska Auditor of Public Accounts and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Amquist, Malthahn.*  
*Galloway & Luth, PC*

Grand Island, Nebraska  
January 30, 2013



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

SHAREHOLDERS

Robert D. Almquist  
Phillip D. Maltzahn  
Terry T. Galloway  
Marcy J. Luth  
Heidi A. Ashby  
Christine R. Shenk

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

**Compliance**

We have audited the compliance of the City of Grand Island, Nebraska, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2012. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Grand Island, Nebraska'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. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City of Grand Island, Nebraska, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2012.

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## **Internal Control Over Compliance**

The management of the City of Grand Island, Nebraska, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of the City of Grand Island's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the City's compliance but not to provide an opinion on the effectiveness of the City of Grand Island's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.

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

Grand Island, Nebraska  
January 30, 2013

**CITY OF GRAND ISLAND, NEBRASKA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year ended September 30, 2012**

1. A summary of auditors' results:
  - (i) An unqualified opinion was issued on the financial statements of the City of Grand Island, Nebraska, as of September 30, 2012.
  - (ii) The audit did not disclose any significant deficiencies in the internal control of the City of Grand Island, Nebraska.
  - (iii) The audit did not disclose any noncompliance which is material to the financial statements of the City of Grand Island, Nebraska.
  - (iv) The audit did not disclose any significant deficiencies in the internal control over major programs for the City of Grand Island, Nebraska.
  - (v) An unqualified opinion was issued on compliance for major programs.
  - (vi) The audit did not disclose any audit findings which we are required to report under §\_\_\_.510(a).
  - (vii) Major Program: CFDA #14.228 – Community Development Block Grant.
  - (viii) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
  - (ix) The City of Grand Island, Nebraska, qualified as a low-risk auditee under §\_\_\_.530.
  
2. Findings relating to the financial statements which are required to be reported in accordance with GAGAS.

None
  
3. Findings and questioned costs for Federal awards which shall include audit findings as defined in §\_\_\_.510(a).

None

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

**Year ended September 30, 2012**

Program

Findings for the year ended September 30, 2011

None noted.