

CITY OF GRAND ISLAND, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2013

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements	
Balance Sheet - Governmental Funds	19
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	22
Statement of Net Position - Proprietary Funds	23
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	25
Statement of Net Position - Fiduciary Funds	27
Statement of Changes in Net Position - Fiduciary Funds	28
Notes to Financial Statements	29
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules	
General Fund	97
Capital Projects Fund	99
Debt Service Fund	100
Note to Required Supplementary Information	101
RSI Disclosures for a Street System Based on a Percentage of Roads in Good or Substandard Condition	102
Schedule of Funding Progress - Public Safety Employees Retirement System	103
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	104
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	106
Combining Statement of Net Position - Internal Service Funds	108

TABLE OF CONTENTS, Continued

	Page
SUPPLEMENTARY INFORMATION, continued	
Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds	109
Combining Statement of Cash Flows - Internal Service Funds	110
Combining Statement of Net Position - Fiduciary Funds	111
Combining Statement of Changes in Net Position - Fiduciary Funds	112
Combining Statement of Net Position - Component Units	113
Combining Statement of Activities - Component Units	114
SINGLE AUDIT REPORTS	
Schedule of Expenditures of Federal Awards	115
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	117
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	119
Schedule of Findings and Questioned Costs	121
Summary Schedule of Prior Audit Findings	122



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the fiduciary funds of the City of Grand Island, Nebraska, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

SHAREHOLDERS

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

1203 W 2nd Street
PO Box 1407
Grand Island, NE 68802
Ph. 308-381-1810
Fax 308-381-4824
Email: cpa@gicpas.com

and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the fiduciary funds of the City of Grand Island, Nebraska, as of September 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, disclosures on the condition of the street system, and schedule of funding progress – public safety employees retirement system on pages 6-16 and 97-103 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grand Island, Nebraska's financial statements. The nonmajor governmental funds combining statements, the internal service funds combining statements, the fiduciary funds combining statements, and the component units combining statements are presented for purposes of additional analysis and are not a required part of the basic financial

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

The nonmajor governmental funds combining statements, the internal service funds combining statements, the fiduciary funds combining statements, the component units combining statements, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information described in the first sentence of this paragraph and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2014, on our consideration of the City of Grand Island, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Grand Island, Nebraska's internal control over financial reporting and compliance.

*August M. Malthorn,
Calloway & Luth, P.C.*

Grand Island, Nebraska
January 29, 2014

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2013**

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, 2013. 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 \$622,308,286 (*net position*). Of this amount, \$75,799,682 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Grand Island governmental funds reported combined ending net position of \$336,630,228. Approximately 5.5 percent of this total amount, \$18,594,119 is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10,830,933, or 28.0 percent of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2013

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 17 and 18 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, Continued
For The Year Ended September 30, 2013

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 19-22 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 23-26 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 27 and 28 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 29-96 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Grand Island's budgetary comparison schedules, disclosures on the modified approach to reporting infrastructure, and schedule of funding progress for the public safety retirement system. Required supplementary information can be found on pages 97-103 of this report.

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2013**

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds, fiduciary funds, and component units are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 104-114 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Grand Island, assets exceeded liabilities by \$622,308,286 at the close of the most recent fiscal year.

Net Position

	September 30, 2013			September 30, 2012		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 30,843,496	\$ 111,440,260	\$ 142,283,756	\$ 29,046,892	\$ 81,279,244	\$ 110,326,136
Capital Assets	326,007,841	245,491,759	571,499,600	321,234,446	229,008,147	550,242,593
Total Assets	<u>356,851,337</u>	<u>356,932,019</u>	<u>713,783,356</u>	<u>350,281,338</u>	<u>310,287,391</u>	<u>660,568,729</u>
Long-term Liabilities	13,867,632	57,859,296	71,726,928	16,480,780	25,597,309	42,078,089
Other Liabilities	6,353,477	13,394,665	19,748,142	6,589,981	10,564,973	17,154,954
Total Liabilities	<u>20,221,109</u>	<u>71,253,961</u>	<u>91,475,070</u>	<u>23,070,761</u>	<u>36,162,282</u>	<u>59,233,043</u>
Net Position:						
Net Investment in						
Capital Assets	309,743,759	219,761,269	529,505,028	302,474,017	206,902,208	509,376,225
Restricted	8,292,350	8,711,226	17,003,576	7,980,677	8,048,624	16,029,301
Unrestricted	18,594,119	57,205,563	75,799,682	16,755,883	59,174,277	75,930,160
Total Net Position	<u>\$ 336,630,228</u>	<u>\$ 285,678,058</u>	<u>\$ 622,308,286</u>	<u>\$ 327,210,577</u>	<u>\$ 274,125,109</u>	<u>\$ 601,335,686</u>

By far, the largest portion of the City of Grand Island's net position (85.1 percent) reflects its investment in capital assets (land, infrastructure, buildings, machinery, vehicles, and equipment), net of any related debt used to acquire those assets that is still outstanding. The City of Grand Island uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Grand Island's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Grand Island's net position (2.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$75,799,682) may be used to meet the government's ongoing obligations to citizens and creditors.

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

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2013**

Expenses and Program Revenues - Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2013</u>		<u>Year Ended September 30, 2012</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 5,481,901	\$ 7,757,692	\$ 5,274,824	\$ 7,455,579
Public Safety	5,740,714	19,581,027	5,801,199	18,964,196
Public Works	1,093,223	4,747,316	2,467,177	7,596,259
Environment & Leisure	3,496,624	7,087,370	1,601,513	5,474,234
Non-Departmental	-	398,987	-	457,028
Interest and Bond Fees	-	428,063	-	507,849
Total	15,812,462	40,000,455	15,144,713	40,455,145
Interfund Transfers	-	-	-	25,000
	<u>\$ 15,812,462</u>	<u>\$ 40,000,455</u>	<u>\$ 15,144,713</u>	<u>\$ 40,480,145</u>

Revenues by Source - Governmental Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2013</u>		<u>Year Ended September 30, 2012</u>	
Charges for Services	\$ 9,245,805	18.71 %	\$ 8,766,081	18.28 %
Operating Grants & Contributions	3,538,437	7.16	3,361,814	7.01
Capital Grants & Contributions	3,028,220	6.13	3,016,818	6.29
Property Taxes	8,135,002	16.46	7,796,069	16.25
Motor Vehicle Taxes	880,441	1.78	911,607	1.90
Payments in Lieu of Taxes	894,737	1.81	744,142	1.55
Occupation Taxes	1,522,971	3.08	1,472,789	3.07
Sales Tax	15,099,474	30.55	14,573,734	30.38
Franchise Taxes	1,625,193	3.29	1,595,471	3.33
State Allocation	4,789,775	9.69	4,327,699	9.02
Keno	263,140	0.53	281,867	0.59
Special Assessments	61,376	0.13	792,832	1.65
Miscellaneous	233,979	0.47	200,803	0.42
Interest	115,490	0.24	94,172	0.20
Gain (Loss) on Sale of Assets	(13,934)	(0.03)	28,294	0.06
Total	<u>\$ 49,420,106</u>	<u>100.00 %</u>	<u>\$ 47,964,192</u>	<u>100.00 %</u>

Net position increased \$9,419,651 in the governmental funds during the year ended September 30, 2013.

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2013**

Business-type activities. Business-type activities increased the City of Grand Island's net position by \$11,976,799, accounting for 56.0 percent of the total growth in the government's net position for the year ended September 30, 2013. Key elements of this increase are as follows:

Expenses and Program Revenues - Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2013</u>		<u>Year Ended September 30, 2012</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 66,407,210	\$ 60,708,073	\$ 61,755,537	\$ 56,468,284
Water	9,815,606	4,504,277	8,219,569	3,900,297
Sewer	8,948,686	8,601,103	9,129,113	7,602,580
Landfill	2,470,690	2,390,357	2,409,746	1,421,775
Golf	616,461	634,968	678,156	611,681
Total	<u>\$ 88,258,653</u>	<u>\$ 76,838,778</u>	<u>\$ 82,192,121</u>	<u>\$ 70,004,617</u>

Revenues by Source - Business-type Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2013</u>		<u>Year Ended September 30, 2012</u>	
Charges for Services	\$ 86,501,686	97.39 %	\$ 80,379,025	96.95 %
Capital Grants & Contributions	1,756,967	1.98	1,813,096	2.18
Special Assessments	32,412	0.04	65,440	0.08
Interest	310,015	0.35	503,348	0.61
Interfund Transfers	-	-	25,000	0.03
Gain (Loss) on Sale of Assets	214,497	0.24	124,060	0.15
Total	<u>\$ 88,815,577</u>	<u>100.00 %</u>	<u>\$ 82,909,969</u>	<u>100.00 %</u>

Financial Analysis of the Government's Funds

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

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

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2013

As of the end of the current fiscal year, the City of Grand Island's governmental funds reported combined ending fund balances of \$23,659,387. Approximately 45.8 percent of this total amount (\$10,830,933) 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 (\$622,227), 2) placed in a nonspendable trust for library expenditures (\$46,793), 3) restricted for street improvements (\$2,680,954), 4) restricted for capital projects (\$805,559), 5) restricted for debt service (\$257,298), 6) restricted for economic development (\$914,832), 7) restricted for Federal programs (\$677,821), 8) restricted to fund housing loans (\$939,306), 9) restricted for community improvements (\$541,551), 10) restricted for library expenses (\$757,227), 11) restricted for other donor purposes (\$48,782), 12) assigned for budgetary stabilization (\$2,366,511), 13) assigned to liquidate contracts and purchase orders of the prior period (\$462,330), 14) assigned for a variety of other purposes (\$1,707,263).

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 \$10,830,933, while total fund balance reached \$13,590,044. 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 28.0 percent of total General Fund expenditures, while total fund balance represents 35.1 percent of that same amount.

The fund balance of the City of Grand Island's General Fund increased by \$2,258,869 during the current fiscal year.

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

Unrestricted net position of the proprietary funds at the end of the year were as follows: Electric Fund - \$44,991,822, Water Fund - \$5,882,027, Sewer Fund - \$3,902,477, Landfill Fund - \$2,616,125, and Golf Fund – deficit of \$(186,888). The growth in net position for the proprietary funds was as follows: Electric Fund - \$5,947,024, Water Fund - \$5,339,594, Sewer Fund - \$478,289, Landfill Fund - \$230,399, and Golf Fund – decrease of \$(18,507). 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.

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, 2013, amounts to \$571,499,600 (net of accumulated depreciation). This investment in capital assets includes land, building and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2013**

- 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 2013, expenditures were \$234,167.
- The Stagecoach Detention Cell Improvement project allowed for the installation of a concrete ditch liner through the bottom of the cell and graded the cell to drain to the liner. This liner will make for easier maintenance & improve water flow through the cell. Total project cost as of 9/30/213 is \$127,482. Seeding and sprinkler repairs, for an estimated cost of \$2,300, will be completed in the spring of 2014 to finish out this project.
- Stuhr Road Concrete Overlay project widened the roadway to 28' with 5' wide turf shoulders and flatter side slopes in order to meet current minimum design standards as specified by the Board of Public Roads Classification and Standards. The project began immediately north of the Bismark Road intersection, and ended approximately 80' north of the Burlington Northern Santa Fe Railroad crossing. Project costs for FY 2013 were near \$372,000. Payment of railroad flagging is still pending, waiting for BNSFRR to submit final charges, anticipated cost is \$5,000.
- Grand Generation Center paving project made necessary repairs to the parking lot and entrance way leading to the Center, which provided a safer area for citizens. This project was done in-house by our street department crew for a total cost of \$36,168.
- The Central Community College to Wood River (southwest drainage project) is in the final construction stages, with 2012 totaling \$452,000.
- The Handicap Ramp project consists of the ADA compliant curb ramps in the 2013 project which was for the installation of handicap ramps near elementary schools; Jefferson, Lincoln, Dodge, Wasmer and Gates. 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 23 years from now. The FY 2013 project cost was \$91,877.
- Pavement Management Services is a set of tools and methods that assists decisions makers in finding optimum strategies for providing and maintaining pavements in an acceptable, serviceable condition over a given period of time. Cost of such services was \$6,831 in FY 2013, with further work to be done in FY 2014.
- Underpass Bridges and Retaining Walls engineering services provided assessment of the severity and extent of damages due to exposure and structural stresses, and for determining appropriate actions for extending the useful life of each bridge. FY 2013 expenses were \$41,642, with further assessment to be done in FY 2014.

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2013**

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

	<u>Year Ended September 30, 2013</u>			<u>Year Ended September 30, 2012</u>		
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>		<u>Activities</u>	<u>Activities</u>	
Land	\$ 5,822,921	\$ 7,244,186	\$ 13,067,107	\$ 5,822,921	\$ 7,237,086	\$ 13,060,007
Infrastructure	255,807,690	-	255,807,690	255,408,309	-	255,408,309
Construction						
in Progress	8,139,431	38,061,351	46,200,782	4,786,434	27,536,428	32,322,862
Land Improvements	11,170,043	35,138,588	46,308,631	9,737,923	30,772,992	40,510,915
Buildings	40,761,138	-	40,761,138	42,288,256	-	42,288,256
Machinery						
and Equipment	1,475,547	-	1,475,547	1,252,116	-	1,252,116
Buildings,						
Distribution						
Systems, and						
Equipment	-	156,483,861	156,483,861	-	155,205,373	155,205,373
Office Furniture						
and Equipment	419,316	3,484,654	3,903,970	256,404	3,484,681	3,741,085
Vehicles	2,411,755	5,079,119	7,490,874	1,682,083	4,771,587	6,453,670
Total	<u>\$326,007,841</u>	<u>\$245,491,759</u>	<u>\$571,499,600</u>	<u>\$321,234,446</u>	<u>\$229,008,147</u>	<u>\$550,242,593</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 \$71,134,082. Of this amount, \$5,535,000 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, 2013</u>			<u>Year Ended September 30, 2012</u>		
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>		<u>Activities</u>	<u>Activities</u>	
General Obligation						
Bonds	\$ 5,535,000	\$ -	\$ 5,535,000	\$ 6,585,000	\$ -	\$ 6,585,000
Revenue Bonds	-	54,870,000	54,870,000	-	24,585,000	24,585,000
Capital Lease	10,729,082	-	10,729,082	12,175,429	-	12,175,429
Total	<u>\$ 16,264,082</u>	<u>\$ 54,870,000</u>	<u>\$ 71,134,082</u>	<u>\$ 18,760,429</u>	<u>\$ 24,585,000</u>	<u>\$ 43,345,429</u>

The City of Grand Island's total debt increased by \$27,788,653 (64.1 percent) during the current fiscal year due primarily to the issuance of \$35,430,000 of Wastewater Revenue Bonds.

Additional information on the City of Grand Island's long-term debt can be found in Note C6 on pages 58-65 of this report.

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2013**

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 2013-2014 budget. The utility has a major capital improvement project underway to meet expanding regulatory requirements. Revenue bonds just under \$37 million were issued in November 2013 for the purchase of a dry scrubber and fabric filter being installed at the Platte Generating Station at a cost of approximately \$42 million. Included in the fiscal 2013-2014 budget is funding for maintenance and replacement of aging, critical equipment at the power plants and in the electrical transmission and distribution systems as well as the addition of a new distribution Substation "J". Funds are also included to continue to meet projected growth of the community, and for the replacement of a 33 year old utility customer information system and management work order inventory system.
- **Water.** No rate increase was included in the fiscal 2013-2014 budget. The 2013-2014 budget is focused on meeting City obligations to cooperative projects, repair and upgrade of critical facilities, and system improvements to meet continued growth including replacement of the water main crossing under the Union Pacific Railroad main line at Carey Street. The present lines have recently experienced breaks near the railroad right-of-way. After many years of service under the railroad main line, there is concern that additional breaks may occur. Funds are also included for the installation of a new water main to serve the Regional Airport as well as the relocation of water mains for future modifications to the Wasmer detention cell.
- **Sanitary Sewer.** In September of 2013 the City updated its previous sanitary sewer rate study presented to Council in April 2011. The rate study indicated the need to increase the yearly rate increases previously determined from the April 2011 rate study. The 2011 study indicated an initial nine percent increase in 2012 followed by nine percent increases

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2013

in 2013 and 2014 and a five percent increase in 2015. The 2013 rate study added several additional miscellaneous laboratory fees, sump pump waste disposal fees and a bulk industrial waste discharge. The rate increases will fund the \$74 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 is estimated to take three years to complete and cost close to \$32 million. In September 2013, \$35 million of revenue bonds were issued to start the North interceptor project as well as the projects covering the Head works, south and west interceptors and 4th and 5th street Eddy to Vine rehabilitation. A second revenue bond issue is anticipated at the end of calendar year 2014 dependent on construction progress of each rehabilitation project.

- With the ever-increasing personnel costs and growth in operating expenses, the City completed its fifth year of budgeting by programs within the general fund to match available revenues to programs and prioritize program expenditures for the fiscal 2014 budget process. Since the recession revenues have continued to increase with sales tax receipts representing over 41% of the general fund resources followed by property tax receipt at 19%.
- In 2013 the City Of Grand Island became a Metropolitan Statistical Area (MSA) resulting in a new array for wage comparability. Additional employees will be added to perform duties related to the city becoming a Metropolitan Planning Organization (MPO) as well as the continued increase of personnel in law enforcement to make Grand Island a safer community.

All of these factors were considered in preparing the City of Grand Island's budget for the 2014 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 POSITION
September 30, 2013

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,537,594	\$ 3,912,637	\$ 6,450,231	\$ 558,706
Investments	14,730,099	42,981,477	57,711,576	-
County treasurer cash	633,348	-	633,348	131,794
Receivables:				
Special assessments	418,741	1,075,680	1,494,421	22,364
Accounts, net of allowance for doubtful accounts	830,215	7,700,787	8,531,002	-
Unbilled revenue	-	3,428,963	3,428,963	-
Current portion of notes from redevelopers	-	-	-	87,706
Current portion of capital lease receivable	-	-	-	765,000
Interest	106,103	179,883	285,986	-
Property tax	275,233	-	275,233	27,860
Due from other governments	3,542,345	-	3,542,345	-
Prepaid expenses	-	443,296	443,296	-
Inventory	143,660	9,654,222	9,797,882	-
Total current assets	<u>23,217,338</u>	<u>69,376,945</u>	<u>92,594,283</u>	<u>1,593,430</u>
Noncurrent assets:				
Restricted cash and cash equivalents	1,437,044	30,833,642	32,270,686	55,858
Restricted investments	4,405,438	9,064,327	13,469,765	-
Permanently restricted investments	539,999	-	539,999	-
Permanently restricted notes receivable	1,243,677	-	1,243,677	-
Notes from redevelopers	-	-	-	424,973
Capital lease receivable - City of Grand Island	-	-	-	1,560,000
Deferred charges	-	1,222,757	1,222,757	-
Prepaid transmission	-	942,589	942,589	-
Capital assets:				
Land, infrastructure, and construction in progress	269,770,042	107,132,486	376,902,528	495,354
Other capital assets, net of depreciation	56,237,799	138,359,273	194,597,072	52,226
Net capital assets	<u>326,007,841</u>	<u>245,491,759</u>	<u>571,499,600</u>	<u>547,580</u>
Total noncurrent assets	<u>333,633,999</u>	<u>287,555,074</u>	<u>621,189,073</u>	<u>2,588,411</u>
Total assets	<u>356,851,337</u>	<u>356,932,019</u>	<u>713,783,356</u>	<u>4,181,841</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,015,595	7,129,871	8,145,466	49,975
Accrued expenses	2,196,135	2,934,794	5,130,929	8,495
Unavailable property tax	194,410	-	194,410	21,051
Current portion of long-term obligations	2,947,337	3,330,000	6,277,337	1,078,743
Total current liabilities	<u>6,353,477</u>	<u>13,394,665</u>	<u>19,748,142</u>	<u>1,158,264</u>
Noncurrent liabilities:				
Compensated absences - noncurrent	550,887	556,016	1,106,903	-
Closure/post-closure liability	-	3,387,978	3,387,978	-
Noncurrent portion of long-term obligations	13,316,745	51,540,000	64,856,745	3,614,375
Unamortized bond premiums	-	2,375,302	2,375,302	-
Total noncurrent liabilities	<u>13,867,632</u>	<u>57,859,296</u>	<u>71,726,928</u>	<u>3,614,375</u>
Total liabilities	<u>20,221,109</u>	<u>71,253,961</u>	<u>91,475,070</u>	<u>4,772,639</u>
NET POSITION				
Net investment in capital assets	309,743,759	219,761,269	529,505,028	547,580
Restricted for:				
Debt service	257,298	6,245,086	6,502,384	-
Landfill closure/post-closure costs	-	2,466,140	2,466,140	-
Perpetual care - permanent	622,227	-	622,227	-
Street improvements	2,680,954	-	2,680,954	-
Capital projects	805,559	-	805,559	-
Economic development	914,832	-	914,832	-
Other purposes	3,011,480	-	3,011,480	55,858
Unrestricted	18,594,119	57,205,563	75,799,682	(1,194,236)
Total net position	<u>\$ 336,630,228</u>	<u>\$ 285,678,058</u>	<u>\$ 622,308,286</u>	<u>\$ (590,798)</u>

See notes to financial statements.

CITY OF GRAND ISLAND, NEBRASKA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
General government	\$ 7,757,692	\$ 2,923,973	\$ 2,557,928
Public safety	19,581,027	4,493,926	855,377
Public works	4,747,316	597,947	-
Environment and leisure	7,087,370	1,229,959	125,132
Non-departmental	398,987	-	-
Interest and fees on long-term debt	428,063	-	-
Total governmental activities	<u>40,000,455</u>	<u>9,245,805</u>	<u>3,538,437</u>
Business-type activities:			
Electric	60,708,073	66,407,210	-
Water	4,504,277	8,293,578	-
Sewer	8,601,103	8,713,747	-
Landfill	2,390,357	2,470,690	-
Golf	634,968	616,461	-
Total business-type activities	<u>76,838,778</u>	<u>86,501,686</u>	<u>-</u>
Total primary government	<u><u>\$ 116,839,233</u></u>	<u><u>\$ 95,747,491</u></u>	<u><u>\$ 3,538,437</u></u>
Component units:			
Business Improvement Districts	256,181	8,750	-
Grand Island Facilities Corporation	796,828	796,828	-
Community Redevelopment Authority	2,420,153	-	232,626
Total component units	<u><u>\$ 3,473,162</u></u>	<u><u>\$ 805,578</u></u>	<u><u>\$ 232,626</u></u>

See notes to financial statements.

Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position			Component Units
	Primary Government			
	Governmental Activities	Business-type Activities	Total	
\$ -	\$ (2,275,791)		\$ (2,275,791)	
391,411	(13,840,313)		(13,840,313)	
495,276	(3,654,093)		(3,654,093)	
2,141,533	(3,590,746)		(3,590,746)	
-	(398,987)		(398,987)	
-	(428,063)		(428,063)	
<u>3,028,220</u>	<u>(24,187,993)</u>	<u>\$ -</u>	<u>(24,187,993)</u>	
-	-	5,699,137	5,699,137	
1,522,028	-	5,311,329	5,311,329	
234,939	-	347,583	347,583	
-	-	80,333	80,333	
-	-	(18,507)	(18,507)	
<u>1,756,967</u>	<u>-</u>	<u>11,419,875</u>	<u>11,419,875</u>	
<u>\$ 4,785,187</u>	<u>(24,187,993)</u>	<u>11,419,875</u>	<u>(12,768,118)</u>	
-				(247,431)
-				-
-				<u>(2,187,527)</u>
<u>\$ -</u>				<u>(2,434,958)</u>
General revenues:				
Taxes:				
Property	8,135,002	-	8,135,002	651,415
Motor vehicle	880,441	-	880,441	-
Payments in lieu of taxes	894,737	-	894,737	-
Occupation	1,522,971	-	1,522,971	-
Sales tax	15,099,474	-	15,099,474	-
Franchise	1,625,193	-	1,625,193	-
State allocation	4,789,775	-	4,789,775	-
Keno	263,140	-	263,140	-
Special assessments	61,376	32,412	93,788	203,799
Miscellaneous	233,979	-	233,979	45,400
Interest income	115,490	310,015	425,505	599
Gain (loss) on sale of assets	(13,934)	214,497	200,563	-
Total general revenues	<u>33,607,644</u>	<u>556,924</u>	<u>34,164,568</u>	<u>901,213</u>
Change in net position	9,419,651	11,976,799	21,396,450	(1,533,745)
Net position - September 30, 2012:				
As previously reported	327,210,577	274,125,109	601,335,686	970,284
Restatement of net position	-	(423,850)	(423,850)	(27,337)
As restated	<u>327,210,577</u>	<u>273,701,259</u>	<u>600,911,836</u>	<u>942,947</u>
Net position - September 30, 2013	<u>\$ 336,630,228</u>	<u>\$ 285,678,058</u>	<u>\$ 622,308,286</u>	<u>\$ (590,798)</u>

CITY OF GRAND ISLAND, NEBRASKA

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

September 30, 2013

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 2,285,137	\$ 17,130	\$ 25,291	\$ 993,011	\$ 3,320,569
Investments	9,046,353	104,548	154,353	6,378,394	15,683,648
County treasurer cash	547,137	-	85,254	957	633,348
Receivables:					
Special assessments	-	-	-	418,741	418,741
Accounts, net of allowance for doubtful accounts	702,093	-	-	1,700	703,793
Notes receivable	-	-	-	1,243,677	1,243,677
Interest	54,604	-	-	51,499	106,103
Property tax	233,800	-	41,433	-	275,233
Due from other governments	2,763,370	148,698	-	630,277	3,542,345
	<u>\$ 15,632,494</u>	<u>\$ 270,376</u>	<u>\$ 306,331</u>	<u>\$ 9,718,256</u>	<u>\$ 25,927,457</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 407,300	\$ 117,231	\$ -	\$ 44,086	\$ 568,617
Accrued expenses	1,468,461	-	21,312	15,270	1,505,043
Unavailable property tax	166,689	-	27,721	-	194,410
Total liabilities	<u>2,042,450</u>	<u>117,231</u>	<u>49,033</u>	<u>59,356</u>	<u>2,268,070</u>
Fund balances:					
Nonspendable:					
Cemetery perpetual care	-	-	-	622,227	622,227
Library trust	-	-	-	46,793	46,793
Restricted for:					
Street improvements	-	-	-	2,680,954	2,680,954
Capital projects	802,897	-	-	2,662	805,559
Debt service	-	-	257,298	-	257,298
Economic development	-	-	-	914,832	914,832
Federal programs	-	-	-	677,821	677,821
Housing loans	-	-	-	939,306	939,306
Community improvements	-	-	-	541,551	541,551
Library expenses	-	-	-	757,227	757,227
Other purposes	-	-	-	48,782	48,782
Assigned for:					
Budgetary stabilization	1,648,754	-	-	717,757	2,366,511
Encumbrances	307,460	153,145	-	1,725	462,330
Other purposes	-	-	-	1,707,263	1,707,263
Unassigned	10,830,933	-	-	-	10,830,933
Total fund balances	<u>13,590,044</u>	<u>153,145</u>	<u>257,298</u>	<u>9,658,900</u>	<u>23,659,387</u>
	<u>\$ 15,632,494</u>	<u>\$ 270,376</u>	<u>\$ 306,331</u>	<u>\$ 9,718,256</u>	<u>\$ 25,927,457</u>
Total liabilities and fund balances	<u>\$ 15,632,494</u>	<u>\$ 270,376</u>	<u>\$ 306,331</u>	<u>\$ 9,718,256</u>	<u>\$ 25,927,457</u>

See notes to financial statements.

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

September 30, 2013

Total fund balances - governmental funds \$ 23,659,387

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$360,010,036, and the accumulated depreciation is \$34,457,491. 325,552,545

Internal service funds are used by management to charge the costs of certain activities, such as information technology, fleet services, and insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 4,203,909

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	\$ (521,531)	
Capital lease obligations	(10,729,082)	
General obligation bonds payable	<u>(5,535,000)</u>	<u>(16,785,613)</u>

Total net position - governmental activities **\$ 336,630,228**

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, 2013

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes:					
Property	\$ 6,916,772	\$ -	\$ 1,210,529	\$ 7,701	\$ 8,135,002
Motor vehicle	874,958	-	5,206	277	880,441
Occupation	1,522,971	-	-	-	1,522,971
Sales tax	15,099,474	-	-	-	15,099,474
Franchise	1,625,193	-	-	-	1,625,193
Intergovernmental	1,624,785	511,462	-	6,698,589	8,834,836
Keno	-	-	-	263,140	263,140
Special assessments	-	-	-	61,376	61,376
Charges for services	8,852,081	-	-	393,724	9,245,805
Interest income	60,776	-	1,628	27,659	90,063
Contributions	2,085,239	-	-	436,357	2,521,596
Sale of assets	178,908	-	-	-	178,908
Other revenue	181,595	-	-	52,384	233,979
Total revenues	<u>39,022,752</u>	<u>511,462</u>	<u>1,217,363</u>	<u>7,941,207</u>	<u>48,692,784</u>
EXPENDITURES					
General government	3,851,949	141,371	-	3,578,056	7,571,376
Public safety	19,118,240	-	-	442,472	19,560,712
Public works	5,903,177	2,742,613	-	-	8,645,790
Environment and leisure	7,241,758	244,460	-	108,848	7,595,066
Non-departmental	398,987	-	-	-	398,987
Principal payments on debt	1,927,750	-	1,050,000	-	2,977,750
Interest on long-term debt	279,264	-	144,799	-	424,063
Bond/loan fees	2,750	-	1,250	-	4,000
Total expenditures	<u>38,723,875</u>	<u>3,128,444</u>	<u>1,196,049</u>	<u>4,129,376</u>	<u>47,177,744</u>
Excess (deficiency) of revenues over expenditures	298,877	(2,616,982)	21,314	3,811,831	1,515,040
OTHER FINANCING SOURCES (USES)					
Transfers in	3,573,019	2,862,336	-	751,630	7,186,985
Transfers out	<u>(1,613,027)</u>	<u>(188,334)</u>	<u>-</u>	<u>(4,820,890)</u>	<u>(6,622,251)</u>
Net transfers	<u>1,959,992</u>	<u>2,674,002</u>	<u>-</u>	<u>(4,069,260)</u>	<u>564,734</u>
Net change in fund balances	2,258,869	57,020	21,314	(257,429)	2,079,774
Fund balances - September 30, 2012	<u>11,331,175</u>	<u>96,125</u>	<u>235,984</u>	<u>9,916,329</u>	<u>21,579,613</u>
Fund balances - September 30, 2013	<u>\$ 13,590,044</u>	<u>\$ 153,145</u>	<u>\$ 257,298</u>	<u>\$ 9,658,900</u>	<u>\$ 23,659,387</u>

See notes to financial statements.

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

For the year ended September 30, 2013

Total net change in fund balances - governmental funds	\$ 2,079,774
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay (\$8,072,087) exceeded depreciation expense (\$3,105,850) and capital lease proceeds (\$481,403) during the period.	4,484,834
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.	(192,842)
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.	(71,662)
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.	150,180
The change in noncurrent compensated absences is reported as an expense in the statement of net position. Noncurrent compensated absences are not reported in the governmental funds.	(8,383)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	<u>2,977,750</u>
Change in net position of governmental activities	<u><u>\$ 9,419,651</u></u>

See notes to financial statements.

CITY OF GRAND ISLAND, NEBRASKA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2013

	Enterprise Funds		
	Electric Fund	Water Fund	Sewer Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,008,435	\$ 679,145	\$ 843,186
Investments	31,359,825	4,144,932	5,146,100
Receivables:			
Accounts, net of allowance for doubtful accounts	6,141,917	620,814	746,133
Unbilled revenue	2,766,486	288,223	374,254
Interest	16,549	22,214	141,120
Special assessments	-	355,730	719,950
Inventory	9,368,724	285,498	-
Prepaid expenses	429,997	13,299	-
Total current assets	<u>52,091,933</u>	<u>6,409,855</u>	<u>7,970,743</u>
Noncurrent assets:			
Restricted cash and cash equivalents	342,502	298,184	28,701,715
Restricted investments	2,235,048	302,904	2,506,000
Deferred charges	1,222,757	-	-
Prepaid transmission	942,589	-	-
Capital assets:			
Land and improvements	6,068,304	-	61,817,427
Construction in progress	26,980,562	518,559	10,247,020
Distribution and collection systems	276,061,388	63,282,919	5,605,361
Buildings and equipment	28,168,302	3,278,061	16,656,392
Less accumulated depreciation	(205,892,068)	(13,574,022)	(39,508,683)
Net capital assets	<u>131,386,488</u>	<u>53,505,517</u>	<u>54,817,517</u>
Total noncurrent assets	<u>136,129,384</u>	<u>54,106,605</u>	<u>86,025,232</u>
Total assets	<u>188,221,317</u>	<u>60,516,460</u>	<u>93,995,975</u>
LIABILITIES			
Current liabilities:			
Accounts payable	4,281,711	189,394	2,286,495
Accrued expenses	2,373,231	294,406	190,297
Current portion of long-term obligations	1,705,000	225,000	1,400,000
Total current liabilities	<u>8,359,942</u>	<u>708,800</u>	<u>3,876,792</u>
Noncurrent liabilities:			
Compensated absences - noncurrent	445,169	44,028	40,773
Closure/post closure liability	175,601	-	-
Noncurrent portion of long-term obligations	14,230,000	3,280,000	34,030,000
Unamortized bond premiums	824,601	-	1,550,701
Total noncurrent liabilities	<u>15,675,371</u>	<u>3,324,028</u>	<u>35,621,474</u>
Total liabilities	<u>24,035,313</u>	<u>4,032,828</u>	<u>39,498,266</u>
NET POSITION			
Net investment in capital assets	116,792,233	50,000,517	47,186,282
Restricted for:			
Debt service	2,235,048	601,088	3,408,950
Closure/post-closure costs	166,901	-	-
Unrestricted	44,991,822	5,882,027	3,902,477
Total net position	<u>\$ 164,186,004</u>	<u>\$ 56,483,632</u>	<u>\$ 54,497,709</u>

See notes to financial statements.

<u>Landfill</u> <u>Fund</u>	<u>Golf</u> <u>Fund</u>	<u>Total</u>	<u>Internal</u> <u>Service</u> <u>Funds</u>
\$ 355,070	\$ 26,801	\$ 3,912,637	\$ 654,069
2,167,053	163,567	42,981,477	3,991,888
184,304	7,619	7,700,787	126,422
-	-	3,428,963	-
-	-	179,883	-
-	-	1,075,680	-
-	-	9,654,222	143,660
-	-	443,296	-
<u>2,706,427</u>	<u>197,987</u>	<u>69,376,945</u>	<u>4,916,039</u>
1,491,241	-	30,833,642	-
4,020,375	-	9,064,327	-
-	-	1,222,757	-
-	-	942,589	-
253,515	931,889	69,071,135	-
-	315,210	38,061,351	-
-	-	344,949,668	-
10,627,796	766,292	59,496,843	1,669,168
(5,625,830)	(1,486,635)	(266,087,238)	(1,213,872)
<u>5,255,481</u>	<u>526,756</u>	<u>245,491,759</u>	<u>455,296</u>
<u>10,767,097</u>	<u>526,756</u>	<u>287,555,074</u>	<u>455,296</u>
<u>13,473,524</u>	<u>724,743</u>	<u>356,932,019</u>	<u>5,371,335</u>
26,259	346,012	7,129,871	446,978
50,725	26,135	2,934,794	691,092
-	-	3,330,000	-
<u>76,984</u>	<u>372,147</u>	<u>13,394,665</u>	<u>1,138,070</u>
13,318	12,728	556,016	29,356
3,212,377	-	3,387,978	-
-	-	51,540,000	-
-	-	2,375,302	-
<u>3,225,695</u>	<u>12,728</u>	<u>57,859,296</u>	<u>29,356</u>
<u>3,302,679</u>	<u>384,875</u>	<u>71,253,961</u>	<u>1,167,426</u>
5,255,481	526,756	219,761,269	455,296
-	-	6,245,086	-
2,299,239	-	2,466,140	-
2,616,125	(186,888)	57,205,563	3,748,613
<u>\$ 10,170,845</u>	<u>\$ 339,868</u>	<u>\$ 285,678,058</u>	<u>\$ 4,203,909</u>

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

For the year ended September 30, 2013

	Enterprise Funds		
	Electric Fund	Water Fund	Sewer Fund
Operating revenues:			
Sales:			
Consumers	\$ 59,411,439	\$ 5,090,134	\$ 8,598,699
Municipal and interdepartmental	1,741,281	105,819	-
Wholesale	4,345,827	-	-
Total sales	<u>65,498,547</u>	<u>5,195,953</u>	<u>8,598,699</u>
Tap fees	-	2,848,043	13,754
Other revenue	773,222	249,582	101,294
Total operating revenues	<u>66,271,769</u>	<u>8,293,578</u>	<u>8,713,747</u>
Operating expenses:			
Cost of power	34,639,189	-	-
Production	-	1,627,519	-
Operation of system	1,722,429	916,759	3,188,590
Maintenance of system	2,470,049	-	401,704
Consumer accounting and collection	1,214,247	449,423	594,323
General office expense	1,391,771	184,703	590,437
Special services	1,109,617	102,964	495,189
Information technology	-	-	-
Central garage	-	-	-
Insurance	513,017	12,895	69,500
Miscellaneous	96,148	231,030	-
Closure costs	-	-	-
Depreciation	10,012,351	810,426	2,640,121
Total operating expenses	<u>53,168,818</u>	<u>4,335,719</u>	<u>7,979,864</u>
Operating income (loss)	13,102,951	3,957,859	733,883
Nonoperating revenues (expenses):			
Interest income	218,948	23,300	37,361
Intergovernmental/grants	-	-	-
Allocated debt on participation power	(6,321,110)	-	-
Interest expense	(419,475)	(68,397)	(75,069)
Bond fees	-	-	(546,170)
Bond premium accretion	135,441	-	-
Payments in lieu of taxes	(798,670)	(100,161)	-
Gain on sale of assets	28,939	4,965	60,933
Special assessments	-	-	32,412
Contributions in aid of construction	-	1,522,028	234,939
Total nonoperating revenues (expenses)	<u>(7,155,927)</u>	<u>1,381,735</u>	<u>(255,594)</u>
Excess (deficiency) of revenues over expenditures	5,947,024	5,339,594	478,289
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Change in net position	5,947,024	5,339,594	478,289
Net position - September 30, 2012 - as previously reported	158,491,205	51,194,877	54,140,206
Restatement of net assets	(252,225)	(50,839)	(120,786)
Net position - September 30, 2012 - as restated	<u>158,238,980</u>	<u>51,144,038</u>	<u>54,019,420</u>
Net position - September 30, 2013	<u>\$ 164,186,004</u>	<u>\$ 56,483,632</u>	<u>\$ 54,497,709</u>

See notes to financial statements.

<u>Landfill Fund</u>	<u>Golf Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 2,445,437	\$ 607,977	\$ 76,153,686	\$ -
-	-	1,847,100	9,761,398
-	-	4,345,827	-
<u>2,445,437</u>	<u>607,977</u>	<u>82,346,613</u>	<u>9,761,398</u>
-	-	2,861,797	-
25,253	8,484	1,157,835	-
<u>2,470,690</u>	<u>616,461</u>	<u>86,366,245</u>	<u>9,761,398</u>
-	-	34,639,189	-
-	-	1,627,519	-
1,047,010	473,922	7,348,710	-
143,511	58,729	3,073,993	-
53,635	-	2,311,628	-
253,078	77,589	2,497,578	-
89,148	506	1,797,424	-
-	-	-	948,838
-	-	-	1,299,552
31,800	3,000	630,212	7,449,438
-	-	327,178	26,798
157,810	-	157,810	-
614,365	21,222	14,098,485	93,265
<u>2,390,357</u>	<u>634,968</u>	<u>68,509,726</u>	<u>9,817,891</u>
80,333	(18,507)	17,856,519	(56,493)
30,406	-	310,015	25,427
-	-	-	50,000
-	-	(6,321,110)	-
-	-	(562,941)	-
-	-	(546,170)	-
-	-	135,441	-
-	-	(898,831)	-
119,660	-	214,497	-
-	-	32,412	-
-	-	1,756,967	-
<u>150,066</u>	<u>-</u>	<u>(5,879,720)</u>	<u>75,427</u>
230,399	(18,507)	11,976,799	18,934
-	-	-	131,246
<u>230,399</u>	<u>(18,507)</u>	<u>11,976,799</u>	<u>150,180</u>
9,940,446	358,375	274,125,109	4,053,729
-	-	(423,850)	-
<u>9,940,446</u>	<u>358,375</u>	<u>273,701,259</u>	<u>4,053,729</u>
<u>\$ 10,170,845</u>	<u>\$ 339,868</u>	<u>\$ 285,678,058</u>	<u>\$ 4,203,909</u>

CITY OF GRAND ISLAND, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the year ended September 30, 2013

	Enterprise Funds	
	Electric Fund	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 65,205,643	\$ 8,548,447
Receipts from other funds	-	-
Payments to suppliers	(31,877,340)	(2,815,055)
Payments to employees	(9,337,307)	(619,861)
Net cash provided (used) by operating activities	23,990,996	5,113,531
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Payments in lieu of taxes	(811,019)	(83,359)
Transfer from (to) other funds	-	-
Decrease in due from other funds	-	-
Net cash provided (used) by noncapital financing activities	(811,019)	(83,359)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(15,181,720)	(3,200,109)
Proceeds from sale of property and equipment	498,601	7,912
Increase in deferred charges	(383,102)	-
Intergovernmental receipts	-	-
Special assessment collections	-	-
Payment of allocated debt on participation power purchase	(6,321,110)	-
Proceeds from issuance of bonds payable	-	-
Premium received on the issuance of bonds	-	-
Payment of bond fees	-	-
Principal payments on capital debt	(1,875,000)	(220,000)
Interest paid on capital debt	(420,413)	(69,570)
Increase (decrease) in closure/post-closure liability	3,054	-
Net cash provided (used) by capital and related financing activities	(23,679,690)	(3,481,767)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale and maturities of investment securities	12,820,124	-
Purchase of investment securities	(12,948,724)	(1,409,535)
Interest received	230,527	10,168
Net cash provided (used) by investing activities	101,927	(1,399,367)
Increase (decrease) in cash and cash equivalents	(397,786)	149,038
Cash and cash equivalents - beginning of the year	2,748,723	828,291
Cash and cash equivalents - end of the year	\$ 2,350,937	\$ 977,329
Composition of cash and cash equivalents:		
Cash and cash equivalents	\$ 2,008,435	\$ 679,145
Restricted cash and cash equivalents	342,502	298,184
Total cash and cash equivalents	\$ 2,350,937	\$ 977,329

See notes to financial statements.

Enterprise Funds				Internal
Sewer	Landfill	Golf	Total	Service
Fund	Fund	Fund		Funds
\$ 8,622,426	\$ 2,470,756	\$ 620,427	\$ 85,467,699	\$ -
-	-	-	-	9,738,024
(3,961,169)	(1,197,581)	(397,384)	(40,248,529)	(9,413,395)
(1,580,073)	(582,928)	(203,599)	(12,323,768)	(554,712)
<u>3,081,184</u>	<u>690,247</u>	<u>19,444</u>	<u>32,895,402</u>	<u>(230,083)</u>
-	-	-	(894,378)	-
-	-	-	-	131,246
-	-	-	-	86,650
<u>-</u>	<u>-</u>	<u>-</u>	<u>(894,378)</u>	<u>217,896</u>
(7,151,699)	(919,000)	(107,015)	(26,559,543)	(164,926)
61,933	119,660	-	688,106	-
-	-	-	(383,102)	-
-	-	-	-	50,000
115,643	-	-	115,643	-
-	-	-	(6,321,110)	-
35,430,000	-	-	35,430,000	-
1,550,701	-	-	1,550,701	-
(546,170)	-	-	(546,170)	-
(3,050,000)	-	-	(5,145,000)	-
(75,069)	-	-	(565,052)	-
<u>-</u>	<u>157,810</u>	<u>-</u>	<u>160,864</u>	<u>-</u>
26,335,339	(641,530)	(107,015)	(1,574,663)	(114,926)
-	-	72,082	12,892,206	33,365
(1,269,584)	(97,220)	-	(15,725,063)	-
21,552	30,406	-	292,653	25,427
<u>(1,248,032)</u>	<u>(66,814)</u>	<u>72,082</u>	<u>(2,540,204)</u>	<u>58,792</u>
28,168,491	(18,097)	(15,489)	27,886,157	(68,321)
1,376,410	1,864,408	42,290	6,860,122	722,390
<u>\$ 29,544,901</u>	<u>\$ 1,846,311</u>	<u>\$ 26,801</u>	<u>\$ 34,746,279</u>	<u>\$ 654,069</u>
\$ 843,186	\$ 355,070	\$ 26,801	\$ 3,912,637	\$ 654,069
28,701,715	1,491,241	-	30,833,642	-
<u>\$ 29,544,901</u>	<u>\$ 1,846,311</u>	<u>\$ 26,801</u>	<u>\$ 34,746,279</u>	<u>\$ 654,069</u>

CITY OF GRAND ISLAND, NEBRASKA

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

For the year ended September 30, 2013

	Enterprise Funds	
	Electric Fund	Water Fund
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 13,102,951	\$ 3,957,859
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	10,012,351	810,426
Change in assets and liabilities:		
Accounts receivable	(1,066,126)	254,869
Inventories	385,923	47,163
Prepaid expenses	(13,052)	(404)
Prepaid transmissions	1,233,010	-
Accounts payable and accrued expenses	335,939	43,618
Net cash provided (used) by operating activities	\$ 23,990,996	\$ 5,113,531
Supplemental cash flow information:		
Acquisition of capital assets through developers' aid of construction	\$ -	\$ 1,522,028
Accounts payable incurred for capital asset purchases	\$ 1,547,011	\$ -

See notes to financial statements.

<u>Enterprise Funds</u>					<u>Internal Service Funds</u>
<u>Sewer Fund</u>	<u>Landfill Fund</u>	<u>Golf Fund</u>	<u>Total</u>		
\$ 733,883	\$ 80,333	\$ (18,507)	\$ 17,856,519	\$	(56,493)
2,640,121	614,365	21,222	14,098,485		93,265
(91,321)	66	3,966	(898,546)		(23,374)
-	-	-	433,086		15,388
-	-	-	(13,456)		-
-	-	-	1,233,010		-
(201,499)	(4,517)	12,763	186,304		(258,869)
<u>\$ 3,081,184</u>	<u>\$ 690,247</u>	<u>\$ 19,444</u>	<u>\$ 32,895,402</u>	<u>\$</u>	<u>(230,083)</u>
<u>\$ 234,939</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,756,967</u>	<u>\$</u>	<u>-</u>
<u>\$ 2,030,209</u>	<u>\$ -</u>	<u>\$ 315,210</u>	<u>\$ 3,892,430</u>	<u>\$</u>	<u>-</u>

CITY OF GRAND ISLAND, NEBRASKA

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

September 30, 2013

	<u>Employee Reserve Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ 8,765	\$ 21,613
Investments	5,309,028	131,907
Accounts receivable	-	17,314
Special assessments receivable	-	22,364
Total assets	<u>5,317,793</u>	<u>193,198</u>
LIABILITIES		
Agency liabilities	-	193,198
Pension liability	<u>2,467,642</u>	<u>-</u>
Total liabilities	<u>2,467,642</u>	<u>193,198</u>
NET POSITION		
Held in trust for pension benefits	<u>\$ 2,850,151</u>	<u>\$ -</u>

See notes to financial statements.

CITY OF GRAND ISLAND, NEBRASKA

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

For the year ended September 30, 2013

	<u>Employee Reserve Funds</u>
ADDITIONS	
Transfers from other funds	\$ 6,698,874
Interest and dividends	990,332
Other revenue	479,072
Total additions	<u>8,168,278</u>
DEDUCTIONS	
Pension benefits	2,107,934
Transfer to other funds	6,500,117
Loss on investments	172,061
Total deductions	<u>8,780,112</u>
Change in net position	(611,834)
Net position - September 30, 2012	<u>3,461,985</u>
Net position - September 30, 2013	<u><u>\$ 2,850,151</u></u>

See notes to financial statements.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

INDEX

	Page
NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	
1. Financial Reporting Entity	30
2. Basis of Presentation	32
3. Measurement Focus and Basis of Accounting	39
4. Assets, Liabilities, and Equity	41
5. Revenues, Expenditures, and Expenses	47
NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	
1. Fund Accounting Requirements	49
2. Deposit Laws and Regulations	49
3. Revenue Restrictions	49
4. Debt Restrictions and Covenants	49
5. Budgetary Data	50
NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS	
1. Cash and Investments	51
2. Restricted Assets	53
3. Accounts and Notes Receivable	53
4. Capital Assets	55
5. Accounts Payable	58
6. Long-term Debt	58
7. Interfund Transactions and Balances	66
8. Fund Equity	67
NOTE D – OTHER NOTES	
1. Employee Pension and Other Benefit Plans	67
2. Risk Management	74
3. Commitments and Contingencies	78
4. Related-party Transactions	82
5. Major Customers	83
6. EPA Emissions Allowances	83
7. Subsequent Events	83
8. Union Contracts	83
9. Interlocal Agreements	84

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Financial Reporting Entity

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

The City’s financial reporting entity comprises the following:

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

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

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

September 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Blended Component Units

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

Discretely Presented Component Units

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

Brief Description of Activities and Relationship
To The City:

Community Redevelopment
Authority of Grand Island

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

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

Fonner Park BID (formerly BID #4) was renewed in 2013 for three years; Second Street BID (formerly BID #6) was renewed in 2013 for one year; South Locust BID (formerly BID #7) was renewed in 2013 for three years; and Downtown BID (formerly BID #8) was renewed in 2013 for five years. The BIDs account for funding held for improvement and maintenance of public areas within the boundaries of the Districts.

Grand Island Facilities Corporation

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

2. Basis of Presentation

Government-wide Financial Statements

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

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, 2013

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, 2013

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 four trust funds:

Police and Fire Reserve	Prior to August 15, 2013, this fund accounted 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, 2013

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 Reserve	Accounts for the administration of reserves for police prior to August 15, 2013.
Fire Reserve	Accounts for the administration of reserves for firefighters prior to August 15, 2013.
Employee Reserve	Accounts for the administration of all police and fire pension reserves after August 15, 2013.

Major and Nonmajor Funds

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

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

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2013

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, 2013

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, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

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

3. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Measurement Focus, continued

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

Basis of Accounting

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

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

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity

Estimates

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

Cash and Investments

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

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

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

Receivables

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

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

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2013

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	\$ 2,584,717	Sales Tax
General	119,811	Hall County reimbursements
General	47,092	Department of Justice grant
General	11,750	HUD Officer reimbursement
Capital Projects	148,698	State reimbursements for Capital Avenue Project
Gas Tax	476,384	Motor Vehicle/Gas Tax
Police Grant	5,652	HIDTA grant reimbursement
Community grants	132,565	State reimbursements for CDBG grant expenditures
Keno	<u>15,676</u>	Keno Proceeds
Total governmental funds	<u>\$ 3,542,345</u>	

Inventory

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

Restricted Assets

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

Deferred Charges

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

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, 2013, is \$942,589.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets

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

Government-wide Statements

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

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

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

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

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

	<u>Electric</u>	<u>Water</u>
Interest costs capitalized	\$ -	\$ -
Interest costs charged to expense	<u>419,475</u>	<u>68,397</u>
	\$ <u>419,475</u>	\$ <u>68,397</u>

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets, continued

Fund Financial Statements

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

Unamortized Bond Premiums/Deferred Charges

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

Unavailable Property Tax

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

Compensated Absences

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

Long-term Debt

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

Government-wide Statements

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

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

September 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Long-term Debt, continued

Fund Financial Statements

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

Equity Classifications

Government-wide Statements

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

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

See Note C8 for additional disclosures.

Fund Financial Statements

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

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2013

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 19). 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.

Equity Restatement

GASB 65 was adopted effective October 1, 2012, at which time unamortized bond discounts/issuance costs were written off, as bond discounts/issuance costs are considered period costs rather than assets under GASB 65. As a result, the business-type activities net position was reduced \$423,850 (Electric Fund-\$252,225, Water Fund-\$50,839, and Sewer Fund-\$120,786) and the component units net position was decreased \$27,337 (all in the Grand Island Facilities Corporation).

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2013

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 2012-2013 are recorded as revenue when expected to be collected within 60 days after September 30, 2013. Prior-year levies were recorded using these same principles, and remaining receivables are re-evaluated annually. Property taxes expected to be collected after 60 days are recorded as deferred revenue on the fund balance sheets.

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

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

Governmental Funds – by Character and Function

Proprietary Fund – by Operating and Nonoperating

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

Contributions in Aid of Construction

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

Allocated Debt on Participation Power Purchases

A portion of the monthly bill the Department pays for participation power from OPPD is the Department's allocated debt on the NC2 Project. Allocated debt of \$6,321,110 is shown as a nonoperating expense for the year ended September 30, 2013.

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, 2013

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Fund Accounting Requirements

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

2. Deposit Laws and Regulations

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

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

3. Revenue Restrictions

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

4. Debt Restrictions and Covenants

Bonds Payable

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

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, 2013

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, 2013. The categories of collateral are defined as follows:

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

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

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

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits	\$ 41,896,742	\$ 511,202	\$ 41,385,540	\$ -	\$ <u>39,365,859</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –	
Unrestricted cash and cash equivalents	\$ 6,450,231
Restricted cash and cash equivalents	32,270,686
Component Units –	
Unrestricted cash and cash equivalents	558,706
Restricted cash and cash equivalents	55,858
Employee Pension Funds Cash (not included in government-wide statement)	8,765
Agency Fund Cash (not included in government-wide statement)	<u>21,613</u>
	\$ <u>39,365,859</u>

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

September 30, 2013

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, 2013. The categories of credit risk are defined as follows:

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

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

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

<u>Type of Investment</u>	Category <u>1</u>	Category <u>2</u>	Category <u>3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Time Deposits	\$ 71,832,897	\$ -	\$ -	\$ 71,832,897	\$ 71,832,897
Publicly Traded Equities	-	5,329,378	-	<u>5,329,378</u>	<u>5,329,378</u>
				<u>\$ 77,162,275</u>	<u>\$ 77,162,275</u>

Reconciliation to Government-wide Statements of Net Position:

Primary Government –

Unrestricted investments	\$ 57,711,576
Restricted investments	13,469,765
Permanently restricted investments	539,999
Employee Pension Funds (not included in government-wide statements)	5,309,028
Agency Funds (not included in government-wide statements)	<u>131,907</u>
	<u>\$ 77,162,275</u>

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2013

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

2. Restricted Assets

The restricted assets as of September 30, 2013, are as follows:

	Governmental <u>Activities</u>	Business- type <u>Activities</u>	Total Primary <u>Government</u>	Component <u>Units</u>
Type of Restricted Assets:				
Cash and cash equivalents	\$ 1,437,044	\$ 30,833,642	\$ 32,270,686	\$ 55,858
Investments	4,405,438	9,064,327	13,469,765	-
Permanently restricted investments	539,999	-	539,999	-
Permanently restricted notes receivable	<u>1,243,677</u>	<u>-</u>	<u>1,243,677</u>	<u>-</u>
	<u><u>\$ 7,626,158</u></u>	<u><u>\$ 39,897,969</u></u>	<u><u>\$ 47,524,127</u></u>	<u><u>\$ 55,858</u></u>

The Sewer Fund has \$27,798,765 of unspent construction bond proceeds in restricted cash.

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 (12.5 percent), cable franchise tax (15.5 percent), other franchise/occupation tax (2.1 percent), ambulance (21.0 percent), payroll reimbursement (12.4 percent), administrative fees (17.4 percent), and other (19.1 percent) receivables. Accounts receivable for the component units consists entirely of landfill receivables. Receivables detail at September 30, 2013, is as follows:

	Governmental <u>Activities</u>	Business- type <u>Activities</u>	Total Primary <u>Government</u>	Component <u>Units</u>
Accounts receivable	\$ 991,715	\$ 8,072,317	\$ 9,064,032	\$ -
Allowance for doubtful accounts	<u>(161,500)</u>	<u>(371,530)</u>	<u>(533,030)</u>	<u>-</u>
Net accounts receivable	<u><u>\$ 830,215</u></u>	<u><u>\$ 7,700,787</u></u>	<u><u>\$ 8,531,002</u></u>	<u><u>\$ -</u></u>

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

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, 2013:

<u>Note Held By:</u>	<u>Due From</u>	Note Balance at September 30, <u>2013</u>	<u>Terms</u>
Program Income Reuse	Standard Iron	\$ 119,047	\$250,000 is 0% loan due in 168 monthly installments.
Community Grants Fund	Rehab Housing - Various Homeowners	330,858	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	CNH America, LLC	275,000	Forgivable if employment objectives are met.
Economic Development Fund	CNH America, LLC	73,000	Forgivable if employment objectives are met.
Economic Development Fund	Hastings Foods	23,333	Forgivable if employment objectives are met
Economic Development Fund	Chief Industries, Inc.	66,800	Forgivable if employment objectives are met.
Housing Reuse Loan Fund	Rehab Housing - Various Homeowners	131,313	0%; due upon sale of house.
Housing Reuse Loan Fund	Housing Downpayment Loans - Various Homeowners	209,326	Forgivable over 5 to 10 years of continued home ownership.
		<u>\$ 1,243,677</u>	

The above notes are permanently restricted as revolving loan funds.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

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

4. Capital Assets

Capital asset activity for the year ended September 30, 2013, was as follows:

	Balance at October 1, <u>2012</u>	<u>Additions</u>	<u>Disposals</u>	Balance at September 30, <u>2013</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 5,822,921	\$ -	\$ -	\$ 5,822,921
Infrastructure	255,408,309	-	-	255,807,690
Construction in progress	4,786,434	3,844,851	-	8,139,431
Total capital assets not being depreciated	266,017,664	3,844,851	-	269,770,042
Other capital assets being depreciated:				
Land improvements	14,954,467	1,952,780	(171,384)	16,735,863
Buildings	57,663,446	251,755	(121,160)	57,886,514
Machinery and equipment	6,353,796	509,193	(132,865)	6,730,124
Office furniture and equipment	2,519,416	287,473	(90,970)	2,715,919
Vehicles	7,097,387	1,226,035	(482,680)	7,840,742
Total other capital assets at historical cost	88,588,512	4,227,236	(999,059)	91,909,162
Less accumulated depreciation for:				
Land improvements	(5,216,544)	(499,727)	150,451	(5,565,820)
Buildings	(15,375,190)	(1,836,499)	86,313	(17,125,376)
Machinery and equipment	(5,101,680)	(251,170)	98,273	(5,254,577)
Office furniture and equipment	(2,263,012)	(118,247)	84,656	(2,296,603)
Vehicles	(5,415,304)	(400,207)	386,524	(5,428,987)
Total accumulated depreciation	(33,371,730)	(3,105,850) *	806,217	(35,671,363)
Other capital assets, net	55,216,782	1,121,386	(192,842)	56,237,799
Governmental activities capital assets, net	\$ 321,234,446	\$ 4,966,237	\$ (192,842)	\$ 326,007,841

* Depreciation expense was charged to governmental activities as follows:

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2013

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

4. Capital Assets, continued

Governmental Activities, continued:

General Fund:

General government:

Finance	\$ 7,857
City Hall	<u>227,529</u>
Total general government	235,386

Public safety:

Building inspection	7,184
Fire	256,953
Ambulance	42,320
Police	457,053
Emergency management	<u>36,828</u>
Total public safety	800,338

Public works:

Engineering	19,096
Street and alley	<u>181,539</u>
Total public works	200,635

Environment and leisure:

Library	247,935
Parks	207,492
Cemetery	22,043
Recreation	126,208
Water park and pools	115,138
Community Fieldhouse	165,752
Public information	26,950
Heartland Public Shooting Park	71,078
Heartland Events Center	<u>700,255</u>
Total environment and leisure	<u>1,682,851</u>

Total General Fund 2,919,210

Special Revenue Funds:

Enhanced 911	22,793
PSC Wireless	1,166
Community development	51,098
Downtown development	<u>18,318</u>
Total Special Revenue Funds	93,375

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2013

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

4. Capital Assets, continued

Governmental Activities, continued:

Internal Service Funds:

Information technology	87,724
Fleet services	<u>5,541</u>
Total Internal Service Funds	<u>93,265</u>
Total governmental activities depreciation expense	<u>\$ 3,105,850</u>

	<u>October 1,</u> <u>2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>September 30,</u> <u>2013</u>
<u>Business-type Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 7,237,086	\$ 7,100	\$ -	\$ 7,244,186
Construction in progress	<u>27,536,428</u>	<u>10,524,923</u>	<u>-</u>	<u>38,061,351</u>
Total capital assets not being depreciated	34,773,514	10,532,023	-	45,305,537
Other capital assets being depreciated:				
Land improvements	62,898,026	6,255,221	-	69,153,247
Buildings, distribution systems, and equipment	374,068,141	13,513,169	(562,537)	387,018,773
Office furniture and equipment	3,587,601	-	(14,016)	3,573,585
Vehicles	<u>6,241,385</u>	<u>739,225</u>	<u>(452,755)</u>	<u>6,527,855</u>
Total other capital assets at historical cost	446,795,153	20,507,615	(1,029,308)	466,273,460
Less accumulated depreciation for:				
Land improvements	(32,125,034)	(1,889,625)	-	(34,014,659)
Buildings, distribution systems, and equipment	(218,862,768)	(12,059,578)	387,434	(230,534,912)
Office furniture and equipment	(102,920)	(25)	14,014	(88,931)
Vehicles	<u>(1,469,798)</u>	<u>(149,257)</u>	<u>170,319</u>	<u>(1,448,736)</u>
Total accumulated depreciation	<u>(252,560,520)</u>	<u>(14,098,485) *</u>	<u>571,767</u>	<u>(266,087,238)</u>
Other capital assets, net	<u>194,234,633</u>	<u>6,409,130</u>	<u>(457,541)</u>	<u>200,186,222</u>
Business-type capital assets, net	<u>\$ 229,008,147</u>	<u>\$ 16,941,153</u>	<u>\$ (457,541)</u>	<u>\$ 245,491,759</u>

* Depreciation expense was charged to functions as follows:

Electric	\$ 10,012,351
Water	810,426
Sewer	2,640,121
Landfill	614,365
Golf	<u>21,222</u>
Total business-type activities depreciation expense	<u>\$ 14,098,485</u>

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

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

4. Capital Assets, continued

	Balance at October 1, <u>2011</u>	<u>Additions</u>	<u>Disposals</u>	Balance at September 30, <u>2012</u>
<u>Business Improvement Districts:</u>				
Capital assets being depreciated:				
Land improvements	\$ 65,787	\$ -	\$ -	\$ 65,787
Less accumulated depreciation:				
Land improvements	<u>(11,368)</u>	<u>(2,193)</u>	<u>-</u>	<u>(13,561)</u>
Business Improvement Districts, net	<u>\$ 54,419</u>	<u>\$ (2,193)</u>	<u>\$ -</u>	<u>\$ 52,226</u>
<u>Community Redevelopment Authority:</u>				
Capital assets not being depreciated:				
Land held for redevelopment	\$ 495,354	\$ -	\$ -	\$ 495,354
Construction in progress	<u>180,658</u>	<u>-</u>	<u>(180,658)</u>	<u>-</u>
Total capital assets	<u>\$ 676,012</u>	<u>\$ -</u>	<u>\$ (180,658)</u>	<u>\$ 495,354</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, 2013

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, 2013:

<u>Type of Debt</u>	Balance October 1, 2012	<u>Additions</u>	<u>Deductions</u>	Balance September 30, 2013	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds payable	\$ 6,585,000	\$ -	\$ (1,050,000)	\$ 5,535,000	\$ 1,065,000
Capital Lease	12,175,429	481,403	(1,927,750)	10,729,082	1,882,337
	<u>\$ 18,760,429</u>	<u>\$ 481,403</u>	<u>\$ (2,977,750)</u>	<u>\$ 16,264,082</u>	<u>\$ 2,947,337</u>
Business-type Activities:					
Bonds payable	<u>\$ 24,585,000</u>	<u>\$ 35,430,000</u>	<u>\$ (5,145,000)</u>	<u>\$ 54,870,000</u>	<u>\$ 3,330,000</u>
Component Units:					
GI Facilities Corporation	\$ 3,085,000	\$ -	\$ (760,000)	\$ 2,325,000	\$ 765,000
CRA notes payable	635,402	1,800,000	(67,284)	2,368,118	313,743
Total Component Units	<u>\$ 3,720,402</u>	<u>\$ 1,800,000</u>	<u>\$ (827,284)</u>	<u>\$ 4,693,118</u>	<u>\$ 1,078,743</u>

Governmental Activities

As of September 30, 2013, 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.

\$ 1,720,000

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

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. 3,815,000
Total bonds payable 5,535,000

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. 5,330,000

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. 2,325,000

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. 2,743,651

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

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

September 30, 2013

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

6. Long-term Debt, continued

Governmental Activities, continued

Capital Lease, continued:

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

73,571

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

176,370
10,729,082

Total capital lease obligations

Total governmental activities long-term obligations \$ 16,264,082

Current portion \$ 2,947,337

Noncurrent portion 13,316,745

Total \$ 16,264,082

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

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

September 30, 2013

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

6. Long-term Debt, continued

Business-type Activities

As of September 30, 2013, the long-term debt payable from proprietary fund resources consisted of the following:

Bonds payable:

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

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.	15,935,000
--	------------

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.	<u>3,505,000</u>
---	------------------

Total business-type activity bonds payable	\$ <u>54,870,000</u>
--	----------------------

Current portion	\$ 3,330,000
-----------------	--------------

Noncurrent portion	<u>51,540,000</u>
--------------------	-------------------

Total	\$ <u>54,870,000</u>
-------	----------------------

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).	\$ 2,325,000
--	--------------

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

September 30, 2013

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

6. Long-term Debt, continued

Component Units, continued

CRA bonds and notes payable:

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

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. 77,985

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. 15,763

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. 86,818

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2013

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

6. Long-term Debt, continued

Component Units, continued

CRA bonds and notes payable, continued:

The Authority borrowed \$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>387,552</u>
Total CRA bonds and notes payable	<u>2,368,118</u>
Total component units bonds and notes payable	<u>\$ 4,693,118</u>
Current portion	\$ 1,078,743
Noncurrent portion	<u>3,614,375</u>
Total	<u>\$ 4,693,118</u>

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2013, are as follows:

<u>Year Ending</u> <u>September 30,</u>	<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>
2014	\$ 2,947,337	\$ 392,181	\$ 3,330,000	\$ 2,089,189	\$ 1,078,743	\$ 86,586
2015	2,993,365	334,049	2,465,000	2,072,888	1,020,309	70,525
2016	3,069,446	262,643	2,890,000	2,044,712	1,035,173	52,012
2017	2,346,845	190,400	2,830,000	2,004,958	255,374	38,324
2018	1,647,089	126,473	2,980,000	1,958,917	258,313	31,175
2019-2023	2,265,000	324,354	13,630,000	8,380,715	1,045,206	58,710
2024-2028	995,000	33,216	7,605,000	6,181,608	-	-
2029-2033	-	-	8,340,000	4,261,200	-	-
2034-2038	-	-	10,800,000	1,801,969	-	-
	<u>\$ 16,264,082</u>	<u>\$ 1,663,316</u>	<u>\$ 54,870,000</u>	<u>\$ 30,796,156</u>	<u>\$ 4,693,118</u>	<u>\$ 337,332</u>

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

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

6. Long-term Debt, continued

Closure and Post-closure 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 \$172,601 at September 30, 2013. The amount on deposit in the Closure/Post-Closure Care Account was \$342,502 at September 30, 2013.

State and federal laws and regulations require that the City of Grand Island place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and post-closure care costs has a balance of \$3,212,377 as of September 30, 2013, which is based on 33.58 percent usage (filled) of the landfill. It is estimated that an additional \$6,353,962 will be recognized as closure and post-closure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and post-closure care, \$9,566,339, 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, 2013. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The City meets the requirements of the *Local Government Financial Test*, so they are not subject to annual funding requirements. At September 30, 2013, funds of \$4,020,375 are restricted to finance closure and post-closure of the City's landfill. These funds are presented on the City's statement of net position as "restricted for landfill closure costs." It is anticipated that future inflation costs will be financed in part from earnings on funds reserved by the City. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in post-closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

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

September 30, 2013

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	\$ 2,700,000	\$ -
Economic Development	-	750,000
Capital Projects	-	703,989
Fleet Services	18,000	-
Employee Reserve Funds	(39,719)	159,038
Electric	811,019	-
Water	<u>83,718</u>	<u>-</u>
Total General Fund	3,573,019	1,613,027
Capital Projects Fund:		
General	907,962	-
Gas Tax	1,484,656	-
Keno	217,014	-
Intrafund	39,088	39,088
Information Technology	-	149,246
Special Assessments	<u>213,616</u>	<u>-</u>
Total Capital Projects Fund	2,862,336	188,334
Nonmajor Funds	751,630	4,820,890
Enterprise Funds (payments in lieu of taxes)	-	894,737
Internal Service Funds	131,246	-
Fiduciary Funds:		
Employee Reserve Funds	<u>6,698,874</u>	<u>6,500,117</u>
Total Operating Transfers	\$ <u>14,017,105</u>	\$ <u>14,017,105</u>

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

September 30, 2013

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

8. Fund Equity

Restricted net position for other purposes consists of the following:

Federal Projects	\$ 677,821
Housing Loans	939,306
Community Improvements	541,551
Library Expenses	757,227
Other Donor Purposes	<u>95,575</u>
	<u>\$ 3,011,480</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 (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, 2013

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 \$21,373,659, of which \$20,193,396 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 Year</u>	<u>Percentage</u>
1	60%
2	70%
3	80%
4	90%
5	100%

The employees and the City contributed \$1,375,469 and \$1,218,939, respectively, as required by the plan for the fiscal year ended September 30, 2013.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

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, 2013, the City's payroll total and covered under the Plan was \$4,603,575.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

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 seven active employees in the Police Plan.

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

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

Funding Status of Defined Benefit Plan

The projected retirement benefits at January 1, 2011, 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, 2013

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 November 20, 2012	\$ 2,177,918
Benefit obligation estimated at November 20, 2012	<u>2,767,512</u>
Funded Status	\$ (<u>589,594</u>)*
Prepaid (accrued) benefit cost recognized in the balance sheet	 \$ <u> -</u>

* Recorded as a liability in Employee Reserve Fund.

Contribution Required and Made

The actuarially determined recommended contribution under the defined benefit plan was \$0, and no contributions were made for the year ended September 30, 2013.

Contributions made under the defined contribution portion of the Police Plan for the year ended September 30, 2013, were as follows:

		<u>Amount as a Percentage of Covered Payroll</u>
Employer	\$ 276,213	6%
Employee	<u>276,213</u>	6%
Total	\$ <u>552,426</u>	

* In addition, there were \$1,312 of voluntary retirement contributions for the year ended September 30, 2013.

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, 2013, the City's payroll total and covered under the Plan was \$3,634,143.

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, 2013

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, 2011, 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 November 20, 2012	\$ 584,834
Benefit obligation estimated at November 20, 2012	620,156
Funded Status	\$ (<u>35,322</u>)*
Prepaid (accrued) benefit cost recognized in the balance sheet	\$ <u> -</u>

* Recorded as a liability in Employee Reserve Fund.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

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, 2013.

Contributions made under the defined contribution portion of the Firefighters Plan for the year ended September 30, 2013, were as follows:

		<u>Amount as a Percentage of Covered Payroll</u>
Employer	\$ 472,441	13.0%
Employee	<u>236,219</u>	6.5%
	<u>\$ 708,660</u>	

* In addition, there were \$3,589 of voluntary retirement contributions for the year ended September 30, 2013.

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, 2013, was \$1,058,132. It is recorded as a liability in the employee pension reserve fund.

Three-year Trend Information for Public Safety Employees Retirement System

<u>Fiscal Year Ending</u>	<u>Annual Pension Percentage of APC</u>		<u>Net Pension Obligation</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	
9/30/11	\$ -	N/A	-
9/30/12	-	N/A	-
9/30/13	-	N/A	-

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

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 \$311,658 to the plan and the City contributed \$0. The employees also contributed \$73,069 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 (\$150,000 per occurrence effective October 1, 2013) 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, 2013

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 \$430,000; the amount represents two months of subsequent claims. Also accrued in the Insurance Fund is \$190,000 of estimated unsubmitted workers compensation claims at September 30, 2013. For all of the reserve funds, a reserve of \$2,791,163 is established in an internal service fund at September 30, 2013.

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

	Beginning of Fiscal <u>Period Liability</u>	Current Period Claims and Changes in <u>Estimates</u>	Charges and <u>Reimbursements</u>	Balance at Fiscal <u>Period-End</u>
2010-2011	\$ 688,600	\$ 6,572,631	\$ (6,381,231)	\$ 880,000
2011-2012	880,000	7,799,875	(7,828,275)	851,600
2012-2013	851,600	7,449,438	(7,871,038)	430,000

Deposits and Investments

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City’s investments at September 30, 2013, 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, 2013

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 2013	\$ 10,239,084
November 2013	9,057,261
December 2013	3,307,796
February 2014	2,779,069
March 2014	1,277,576
April 2014	3,221,351
May 2014	3,032,633
June 2014	3,226,554
August 2014	3,493,165
October 2014	2,031,581
December 2014	1,284,285
February 2014	2,060,530
March 2014	2,642,936
April 2014	1,008,274
May 2014	4,028,111
July 2014	302,904
August 2014	9,008,859
October 2014	1,117,370
December 2014	1,162,690
June 2015	245,000
August 2015	136,000
October 2015	2,506,000
June 2016	245,000
June 2017	490,000
July 2017	245,000
June 2022	490,000
Money market accounts - no maturity dates	<u>3,193,868</u>
	<u>\$ 71,832,897</u>

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

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

Concentration of Credit Risk. The City's investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2013, the City's investments in certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Five Points Bank	\$ 9,773,360
Wells Fargo Bank	5,044,868
Home Federal Bank	11,738,931
NE Public Agency Investment Trust	5,994,835
Exchange Bank	6,471,754
Great Western Bank	3,148,950
Cornerstone Bank	<u>29,660,199</u>
	\$ <u>71,832,897</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, 2013.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies

Construction

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

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/2013</u>	<u>Obligation Pending</u>
Walk to Walnut Construction Engineering	\$ 4,921	\$ 4,765	\$ 156
Southwest Outafall Drainage Project No. 2011-D-1	442,496	387,979	54,517
Asphalt Resurfacing - Various Locations	549,453	9,583	539,870
Capital Ave Widening - Webb to Broadwell	650,129	14,190	635,939
State and Capital Connector Trail	76,894	2,642	74,252
2013-AC-1 Asphalt Maintenance Project	439,184	417,453	21,731
2013-AC-2 Asphalt Maintenance Project	162,198	150,556	11,642
Stagecoach Detention Cell Improvements	112,545	106,917	5,628
Eddy & Sycamore Street UPRR Underpass Bridges	116,960	44,038	72,922
Webb Road Street Improvement District No. 1260	3,000	-	3,000
Pavement Management Services	137,150	6,750	130,400
Stuhr Road Paving Project No. 2013-P-4	362,959	334,042	28,917
Fire Station No. 3 & No. 4	99,804	-	99,804
Westgate Rd Street Improvement District No. 1261	71,870	12,368	59,502
Chip Seal Project No. 2013-CS-1	104,020	83,237	20,783
Handicap Ramp Project No. 2013-1	99,481	91,877	7,604
Sanitary Sewer District 528 and 530T	241,150	85,178	155,972
Wastewater Major Rehab	6,429,952	3,917,875	2,512,077
Jackrabbit Run Golf Course Irrigation System	492,538	315,210	177,328
Wastewater Treatment Plant Headworks	16,918,000	1,362,944	15,555,056
North Interceptor PH 1	8,444,635	1,243,478	7,201,157
Automation	50,000	-	50,000

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Construction, continued

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/2013</u>	<u>Obligation Pending</u>
5th Street Improvements	1,234,467	1,167,681	66,786
Sanitary Sewer District 530T	172,550	42,505	130,045
Sanitary Sewer District 528	62,600	35,430	27,170
Air Quality Control Engineering	446,534	434,744	11,790
PGS Feedwater Heater #5 Replacement	401,750	368,262	33,488
Feedwater #5 Heater Installation	84,150	-	84,150
Mercury & Air Toxic Standards (MATS)	41,189,331	7,414,080	33,775,251
Unit 54 - 2014 Truck with 55' Aerial Device	204,439	-	204,439
PGS Vibration Monitoring Upgrades	157,295	15,188	142,107
Fire Enclosure & Control Room Roof Replacements	237,094	114,774	122,320
Insertable Dust Collectors - Conveyor #2 & #4	65,588	-	65,588
Precipitator, Bottom Ash & Boiler Cleaning	155,460	-	155,460
Fiber from Electric Yard to Library to Substation B	307,117	-	307,117
Substation J on Wildwood & Blaine	2,472,834	-	2,472,834
AMI Pilot Project	108,130	97,431	10,699
Utility Management System	209,320	-	209,320
Uranium Removal Equipment	9,821,284	2,917,685	6,903,599
Water Main Project 2013-W-2	313,253	197,391	115,862
Liquid Ortho-Polyphosphate	86,184	-	86,184
Total City Commitments	\$ 93,738,719	\$ 21,396,253	\$ 72,342,466

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

September 30, 2013

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

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 Airport Authority	Land for Jack Rabbit Run golf course	May 2006-April 2026	\$18,748/year plus 3% annual increase
State of Nebraska	Veteran's Home Land	May 1, 2009-April 30, 2108	\$1/year

Lease commitments as of September 30, 2013, are as follows:

<u>Year ending September 30,</u>	<u>Commitment</u>
2014	\$ 19,312
2015	19,891
2016	20,488
2017	21,102
2018	21,735
Thereafter	<u>187,686</u>
	<u>\$ 290,214</u>

Letter of Credit

The City has a \$2,000,000 standby letter of credit available through Wells Fargo Bank with Southern Power Pool, Inc. as the beneficiary. As of September 30, 2013, nothing had been drawn on this letter of credit, which expires July 23, 2014.

CDBG Conditional Grant

Under terms of CDBG grant No. 10-ED-010, the City must meet the condition of creating 37 jobs for 12 months to retain the full \$925,000 CDBG grant. If 37 jobs are not created, a prorated portion of grant will be due back to Nebraska Department of Economic Development.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Economic Development Program

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

Electric Department

Purchased Power Agreements:

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

The Department entered into a coal supply agreement with Arch Coal Sales Company, Inc., on September 11, 2012, to obtain approximately 325,000 tons of coal from January 1, 2013, to December 31, 2013. On July 2, 2013, the Department also entered into an agreement with Alpha Coal Sales Company, LLC to obtain approximately 300,000 tons of coal from January 1, 2014, to December 31, 2014. The Department received 276,580 tons from January 1, 2013, through September 30, 2013, leaving 48,420 tons under contract for the remainder of calendar year 2013 and 300,000 tons under contract for calendar year 2014.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

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, 2013, was approximately 161.1 MW in August 2013.

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 \$798,670 for the year ended September 30, 2013.

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 \$100,161 for the year ended September 30, 2013.

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

September 30, 2013

NOTE D – OTHER NOTES, continued

5. Major Customers

The City has one customer that was billed \$4,614,879 for electricity, \$642,435 for water and \$1,878,326 for sewer for the year ended September 30, 2013. This represents 7.0 percent of total electric billing, 12.4 percent of total water billing, and 21.8 percent of total sewer billing, respectively, for the year ended September 30, 2013. This customer maintains a current status on monthly billings.

The City has three sanitary landfill customers that had a combined total billing of \$1,650,809 for the year ended September 30, 2013. This represents 67.5 percent of total sanitary landfill billings for the year ended September 30, 2013. These customers maintain current status on monthly billings.

6. EPA Emissions Allowances

As of September 30, 2013, the City had 8,209 SO₂ Emissions Allowances. The EPA has granted these allowances, which can be used to offset plant emissions. The allowances can be bought and sold. If each allowance was sold for \$0.65 (the September 30, 2013, market value), the City would recognize revenue of \$5,336.

The City will receive an additional 2,932 credits per year until 2043.

7. Subsequent Events

Management has evaluated subsequent events through January 29, 2014, the date on which the financial statements were available for issue.

8. Union Contracts

The City is subject to the following union contracts:

- Grand Island Fraternal Order of Police #24. This agreement commenced on October 1, 2013, and terminates on September 30, 2016.
- Grand Island International Association of Firefighters Local #647. This agreement commenced on October 1, 2012, and terminates on September 30, 2014.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2013

NOTE D – OTHER NOTES, continued

8. Union Contracts, continued

- Grand Island International Brotherhood of Electrical Workers (IBEW) (Wastewater Treatment Plant) Local #1597. This agreement commenced on October 1, 2012, and terminates September 30, 2014.
- 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, 2012, and terminates September 30, 2014.
- Grand Island IBEW (AFL - CIO) Local #1597. This agreement commenced October 1, 2012, and terminates September 30, 2014.
- Grand Island IBEW (Finance Department and Information Technology Department) Local #1597. This agreement commenced October 1, 2012, and terminates September 30, 2014.

9. Interlocal Agreements

The City has the following interlocal agreements in effect as of September 30, 2013:

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	January 13, 2009	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, 2013

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Interlocal Agreement for Pioneer Consortium for Library Services	Cities of Holdrege, Lincoln, St. Paul, and Grand Island	May 13, 2009	Continue through January 1, 2016, with renewal every year as long as at least two parties desire to renew the Agreement.	To support an open source unified catalog of library resources, materials requests, and activities.
C.A.N.D.O. Project (Grant from the Commission on Law Enforcement and Criminal Justice)	Adams County Sheriff, Buffalo County Sheriff, Hall County Sheriff, Phelps County Sheriff, Kearney County Sheriff, Hastings P.D., Kearney P.D., Grand Island P.D., Holdrege P.D., Minden P.D.	January 1, 2010	Remains in effect until the C.A.N.D.O. project is terminated by mutual consent of the majority of participating members.	The Interlocal Agreement is for the administration of the C.A.N.D.O. funds allocated by the Nebraska Crime Commission.
Central District Health Department	City of Grand Island, Hall County, Hamilton County, and Merrick County	October 1, 2002	Automatically renews for successive terms of three years until terminated by giving the other parties notice 90 days prior of intended termination.	Joint effort to provide cooperative health department services.
Cooperative Agreement Flood Control Plan for Prairie/Silver/Moores Creek	Central Platte Natural Resources District, City of Grand Island, Hall County	December 13, 2005	Remains in effect forever unless amended or cancelled upon written consent of all parties.	Agreement outlines areas of responsibility and cooperation in developing and carrying out a flood control plan for the Prairie/Silver/Moores drainage areas.
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, 2013

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Joint City/NRD Ground Water Dewatering Plan	City of Grand Island and Central Platte Natural Resources District	July 28, 2011	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, 2013

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Interlocal Agreement to provide Administration Services for the CRA	City of Grand Island, Community Redevelopment Authority	June 22, 2010	For the period beginning July 1, 2005, and ending September 30, 2006; thereafter, the Agreement shall automatically renew for successive one-year terms beginning each October 1 until terminated by either party upon 30 days' written notice to the other party.	City agrees to provide administrative services to the CRA. The CRA will reimburse the City for 10% of the Director's annual salary in return.
Interlocal Agreement - Community Redevelopment Authority	City of Grand Island, Community Redevelopment Authority	October 10, 1995	May be automatically renewed for successive one-year terms beginning each October 1. May be terminated by either party upon 30 days' prior written notice to the other party.	Agreement provides for reimbursement by the Authority to the City for certain services provided by the Downtown Development Director, as Director of the Authority.
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.
Interlocal Agreement for Ambulance Service	City of Grand Island, Hall County	June 26, 2013	June 30, 2015	Contract for City of Grand Island to provide ambulance service for Hall County.
Interlocal Agreement for Building Inspection Services	City of Grand Island, Hall County	November 24, 1980	Perpetual unless terminated by either party with 30 days' notice.	Joint agreement provides building inspection services by Hall County in the extra-territorial jurisdiction exercised by the City and located within Hall County.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Interlocal Agreement for Emergency Management/Communications Center	City of Grand Island, Hall County	November 8, 2011	Perpetual. Can be terminated effective on the 30 th day of June in any year, provided written notice of such termination is delivered to the other party prior to the first day of March of that year.	Creates a joint Civil Defense/Communications Center.
Interlocal Agreement for City/County Geographic Information System	City of Grand Island, Hall County	December 10, 1996	Term of 10 years. May be terminated at any time upon written agreement by the City and the County.	For the establishment, sharing, and maintenance of a City/County GIS.
Interlocal Agreement for Lottery (Keno)	City of Grand Island, Hall County	March 23, 1993	Agreement will expire December 31, 2003, shall automatically renew for an additional five years. Agreement extended to December 31, 2008, with an additional five years. Agreement extended to December 31, 2013, with an additional five years.	For the implementation and conduct of lottery games.
Interlocal Agreement for Juvenile Attention Services	City of Grand Island, Hall County	April 26, 2011	May be terminated by 30 days written notice.	For temporary safekeeping of juvenile offenders taken into custody by the City.
Interlocal Agreement for Juvenile Accountability Intake Probation Officer	City of Grand Island, State of Nebraska Department of Probation Administration, Hall County	September 1, 2004	The County or City may terminate the agreement or reduce the consideration upon 30 days' written notice.	Provides for a juvenile intake probation officer and Assistant to Hall County Juvenile Services for pre- and post-adjudicated juveniles.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Interlocal Agreement for Cooperative Public Safety Service	Counties of Adams, Buffalo, Chase, Clay, Dawson, Dundy, Frontier, Furnas, Gosper, Hall, Hamilton, Harlan, Hayes, Hitchcock, Kearney, Nuckolls, Phelps, Red Willow, and Webster and the cities and villages within said counties	July 27, 2010	The agreement has a term of five years commencing on July 1, 2004. May be terminated at any time, with or without cause, upon the mutual consent of a majority of the member parties.	Agreement establishes the CNRI-Central Nebraska Radio Interoperability Group and sets parameters for the maintenance and operation of such.
Interlocal Agreement for the Co-Located City/County Public Safety Center	City of Grand Island, Hall County, Nebraska	March 28, 2006	Either party may terminate agreement effective on the first day of October in any year after 2011, provided written notice of such termination is delivered to the other party not less than 360 days before said termination is to become effective.	Agreement provides the terms for the shared use of the public safety center building.
Interlocal Cooperation Agreement	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 School System	July 14, 2003	Five-year term. Extends automatically for successive consecutive terms of one year. Either party may terminate by providing written notice.	Joint agreement for the purchasing of utilities from GI Utilities.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Transit Services	Hall County	August 27, 2013	Agreement will end September 30, 2014.	County will provide transit service for residents of the County and the City will provide the necessary matching funds to the County to provide that service.
Use of Roads for Detour - Improvements to Stuhr Road North of Bismark Road	Hall County	June 25, 2013	Work will be completed by October 31, 2013.	City is reconstructing Stuhr Road north of Bismark Road and will establish a detour on County roads.
Golf Course Lease Agreement with Hall County Airport	Hall County Airport Authority	May 1, 2006	Terminates on April 30, 2026.	Leases 174.46 acres of land for use by the Airport.
Heartland Events Center Grant Agreement	Hall County, Fonner Park Exposition and Events Center, Inc.	May 25, 2004	In event City or Heartland does not enter in contract to construct and commence within 7 years, or termination and reversion of grant funds.	County will provide funds to City for construction of civic center.
Police Services at Hall County Housing Authority	Hall County Housing Authority	October 1, 2011	Two year contract and can be cancelled in 30 days upon receipt of written notice by either party.	Police Service at the Hall County Housing Authority.
Interlocal Agreement for Whelan Energy Center (WEC2) - Public Power Generation Agency	Municipal Energy of Nebraska, Heartland Consumers Power District, Hastings Utilities, and Nebraska City Utilities	September 1, 2005	Life of the project through decommissioning.	Coordinate the planning, development, siting, construction, finance, operation and maintenance of energy generation.
Interlocal Agreement for Sanitary and Improvement District (SID) No.2	Sanitary and Improvement District (SID) No.2 of Hall County	September 10, 2013	SID will end when all properties have been annexed into the City.	Design and construct a sanitary sewer line extending from the sanitary sewer system of the City generally parallel to Highway 281 south.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Interlocal Agreement for Nebraska Wireless Communications Network	City of Grand Island, State of Nebraska	October 8, 2002		Agreement for City to utilize Nebraska's wireless communications network.
Interlocal Agreement	City of Grand Island, Village of Alda	February 10, 2009	25 years from date of initial delivery of water and shall automatically renew for an additional 15 years.	Agreement for City to supply water to Village of Alda.
Interlocal Agreement for Federal Highway Transportation Funding	City of Grand Island and various first class cities	October 26, 2010	Effective until January 31, 2059.	Federal Highway Transportation Funding L200.
Interlocal Agreement for Platte River Recovery Implementation Program	Platte River Coalition Various Cities and NRD's	May 20, 2003	Indefinite term, two-thirds of the Board can terminate when completion of its purposes and objects have been completed.	Nebraska agencies to provide direction and funding for analysis for Platte River Recovery Implementation Program.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GRAND ISLAND, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND**

Year ended September 30, 2013

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 6,932,835	\$ 7,129,166	\$ 196,331
Motor vehicle	872,786	875,088	2,302
Occupation	1,420,105	1,528,100	107,995
Sales tax	15,041,777	14,989,584	(52,193)
Franchise	1,657,809	1,627,142	(30,667)
Intergovernmental	1,642,441	1,547,460	(94,981)
Charges for services	7,642,392	7,629,243	(13,149)
Interest income	42,461	69,562	27,101
Contributions	40,000	20,045	(19,955)
Sale of property	46,000	178,242	132,242
Other	80,730	189,407	108,677
	<hr/>	<hr/>	<hr/>
Total resources	35,419,336	35,783,039	363,703
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government:			
City Administrator's office	337,826	304,313	(33,513)
Economic development	375,000	395,147	20,147
Mayor's office	21,979	18,676	(3,303)
Council	76,629	81,999	5,370
City clerk	109,788	115,557	5,769
Finance	2,031,379	1,991,769	(39,610)
Legal	320,173	270,566	(49,607)
City Hall	303,519	259,292	(44,227)
One stop building	10,000	12,767	2,767
Human resources	437,916	417,865	(20,051)
Total general government	<hr/> 4,024,209	<hr/> 3,867,951	<hr/> (156,258)
Public safety:			
Building inspection	840,290	803,861	(36,429)
Fire services	7,415,128	6,933,352	(481,776)
Police	9,268,938	8,802,304	(466,634)
Law Enforcement Center	249,185	244,569	(4,616)
Emergency management	340,907	321,409	(19,498)
Local emergency planning	10,560	2,098	(8,462)
Communication	755,922	723,582	(32,340)
Total public safety	<hr/> 18,880,930	<hr/> 17,831,175	<hr/> (1,049,755)

CITY OF GRAND ISLAND, NEBRASKA

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

Year ended September 30, 2013

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
CHARGES TO APPROPRIATIONS (OUTFLOWS), continued			
Public works:			
Engineering	935,021	894,453	(40,568)
Streets and transportation	5,422,821	5,155,973	(266,848)
Total public works	<u>6,357,842</u>	<u>6,050,426</u>	<u>(307,416)</u>
Environment and leisure:			
Planning	211,429	213,858	2,429
CRA division	36,842	37,719	877
Library	1,674,162	1,646,324	(27,838)
Parks	1,442,358	1,394,208	(48,150)
Cemetery	475,047	443,466	(31,581)
Recreation	395,594	347,403	(48,191)
Aquatics	589,975	503,821	(86,154)
Public information	182,910	175,020	(7,890)
Heartland Shooting Park	395,918	407,699	11,781
Total environment and leisure	<u>5,404,235</u>	<u>5,169,518</u>	<u>(234,717)</u>
Non-departmental	<u>2,433,403</u>	<u>2,468,567</u>	<u>35,164</u>
Total charges to appropriations	<u>37,100,619</u>	<u>35,387,637</u>	<u>(1,712,982)</u>
Resources over (under) charges to appropriations	(1,681,283)	395,402	2,076,685
OTHER FINANCING SOURCES (USES)			
Transfers in	3,836,286	4,085,933	249,647
Transfers out	(2,112,112)	(1,613,027)	499,085
Net transfers	<u>1,724,174</u>	<u>2,472,906</u>	<u>748,732</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ 42,891</u>	<u>\$ 2,868,308</u>	<u>\$ 2,825,417</u>

CITY OF GRAND ISLAND, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
CAPITAL PROJECTS FUND**

Year ended September 30, 2013

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Intergovernmental Contributions	\$ 591,860	\$ 146,091	\$ (445,769)
	<u>-</u>	<u>28,504</u>	<u>28,504</u>
Total resources	591,860	174,595	(417,265)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Capital projects	635,000	409,713	(225,287)
Drainage projects	1,379,457	1,516,599	137,142
Street construction	1,275,300	496,092	(779,208)
Bonded street and sewer projects	1,026,000	292,957	(733,043)
Public works projects	25,000	74,397	49,397
Parks and recreation	253,310	221,194	(32,116)
	<u>4,594,067</u>	<u>3,010,952</u>	<u>(1,583,115)</u>
Total charges to appropriations	4,594,067	3,010,952	(1,583,115)
Resources over (under) charges to appropriations	(4,002,207)	(2,836,357)	1,165,850
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>4,002,500</u>	<u>2,862,337</u>	<u>(1,140,163)</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ 293</u>	<u>\$ 25,980</u>	<u>\$ 25,687</u>

CITY OF GRAND ISLAND, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
DEBT SERVICE FUND**

Year ended September 30, 2013

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Property tax	\$ 1,224,981	\$ 1,274,413	\$ 49,432
Motor vehicle tax	7,500	5,206	(2,294)
Interest income	1,000	1,628	628
	<hr/>	<hr/>	<hr/>
Total resources	1,233,481	1,281,247	47,766
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Principal payments	1,045,000	1,050,000	5,000
Interest expense	150,155	147,230	(2,925)
Fiscal agent fees	17,000	13,994	(3,006)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	1,212,155	1,211,224	(931)
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS			
	<u>\$ 21,326</u>	<u>\$ 70,023</u>	<u>\$ 48,697</u>

CITY OF GRAND ISLAND, NEBRASKA

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

Year ended September 30, 2013

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>
Sources/inflows of resources:			
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 35,783,039	\$ 174,595	\$ 1,281,247
Differences - budget to GAAP:			
Cash to accrual adjustments	<u>3,239,713</u>	<u>336,867</u>	<u>(63,884)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 39,022,752</u></u>	<u><u>\$ 511,462</u></u>	<u><u>\$ 1,217,363</u></u>
Uses/outflows of resources:			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedules	\$ 35,387,637	\$ 3,010,952	\$ 1,211,224
Differences - budget to GAAP:			
Cash to accrual adjustments	<u>3,336,238</u>	<u>117,492</u>	<u>(15,175)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 38,723,875</u></u>	<u><u>\$ 3,128,444</u></u>	<u><u>\$ 1,196,049</u></u>
Net transfers:			
Actual amounts (budgetary basis) from the budgetary comparison schedules	\$ 2,472,906	\$ 2,862,337	\$ -
Differences - budget to GAAP:			
Cash to accrual adjustments	<u>(512,914)</u>	<u>(188,335)</u>	<u>-</u>
Total net transfers as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 1,959,992</u></u>	<u><u>\$ 2,674,002</u></u>	<u><u>\$ -</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, 2013

Condition Rating of the City's Street System

	Percentage of Lane-Miles in <u>Good or Better Condition</u> <u>2013</u>
Arterial	44.89 %
Local	51.91 %
Overall system	50.24 %
	Percentage of Lane-Miles in <u>Substandard Condition</u> <u>2013</u>
Arterial	1.97 %
Local	1.68 %
Overall system	1.75 %

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

	<u>2013</u>
Overall System:	
Needed	\$ 4,108 based on estimated 50-year life cycle cost
Actual	<u>3,603</u>
Difference	<u><u>\$ 505</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 79.0 percent at September 30, 2013). 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, 2013

<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

SUPPLEMENTARY INFORMATION

CITY OF GRAND ISLAND, NEBRASKA

**COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS**

September 30, 2013

	Permanent Funds		Special Revenue Funds	
	Library Trust	Cemetery Trust	Gas Tax	Enhanced 911
ASSETS				
Cash and cash equivalents	\$ 1,103	\$ 16,822	\$ 310,365	\$ 88,299
Investments	45,690	603,705	1,894,205	538,905
County treasurer cash	-	-	-	-
Receivables:				
Accounts receivable	-	1,700	-	-
Special assessments	-	-	-	-
Notes	-	-	-	-
Interest	-	-	-	-
Due from other governments	-	-	476,384	-
Total assets	\$ 46,793	\$ 622,227	\$ 2,680,954	\$ 627,204
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	9,132
Total liabilities	-	-	-	9,132
Fund balances:				
Nonspendable:				
Cemetery perpetual care	-	622,227	-	-
Library trust	46,793	-	-	-
Restricted for:				
Street improvements	-	-	2,680,954	-
Economic development	-	-	-	-
Federal programs	-	-	-	-
Housing loans	-	-	-	-
Equipment purchases	-	-	-	-
Community improvements	-	-	-	-
Library expenses	-	-	-	-
Other purposes	-	-	-	-
Assigned for:				
Budgetary stabilization	-	-	-	120,587
Encumbrances	-	-	-	225
Other purposes	-	-	-	497,260
Total fund balances	46,793	622,227	2,680,954	618,072
Total liabilities and fund balances	\$ 46,793	\$ 622,227	\$ 2,680,954	\$ 627,204

Special Revenue Funds

<u>PSC Wireless</u>	<u>Keno</u>	<u>Community Youth Council</u>	<u>Program Income Reuse Fund</u>	<u>Housing Reuse Fund</u>	<u>Community Development</u>
\$ 12,704	\$ 74,034	\$ 7,311	\$ 17,883	\$ 80,686	\$ 27,908
61,285	451,841	44,615	109,139	492,438	14,436
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	119,047	340,639	-
-	-	-	-	-	-
-	15,676	-	-	-	-
<u>\$ 73,989</u>	<u>\$ 541,551</u>	<u>\$ 51,926</u>	<u>\$ 246,069</u>	<u>\$ 913,763</u>	<u>\$ 42,344</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,474	-	1,235	-	-	2,429
<u>2,474</u>	<u>-</u>	<u>1,235</u>	<u>-</u>	<u>-</u>	<u>2,429</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	246,069	-	-
-	-	-	-	-	-
-	-	-	-	913,763	25,543
2,662	-	-	-	-	-
-	541,551	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
39,949	-	23,742	-	-	14,372
-	-	-	-	-	-
28,904	-	26,949	-	-	-
<u>71,515</u>	<u>541,551</u>	<u>50,691</u>	<u>246,069</u>	<u>913,763</u>	<u>39,915</u>
<u>\$ 73,989</u>	<u>\$ 541,551</u>	<u>\$ 51,926</u>	<u>\$ 246,069</u>	<u>\$ 913,763</u>	<u>\$ 42,344</u>

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

September 30, 2013

	Special Revenue Funds		
	Police Grants	Parking District #1	Parking District #2
ASSETS			
Cash and cash equivalents	\$ 3,340	\$ 7,780	\$ 30,899
Investments	20,388	47,477	103,747
County treasurer cash	-	-	957
Receivables:			
Accounts receivable	-	-	-
Special assessments	-	3,287	-
Notes	-	-	-
Interest	-	-	-
Due from other governments	5,652	-	-
	<u>\$ 29,380</u>	<u>\$ 58,544</u>	<u>\$ 135,603</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 249	\$ 399
Accrued expenses	-	-	-
Total liabilities	<u>-</u>	<u>249</u>	<u>399</u>
Fund balances:			
Nonspendable:			
Cemetery perpetual care	-	-	-
Library trust	-	-	-
Restricted for:			
Street improvements	-	-	-
Economic development	-	-	-
Federal programs	29,380	-	-
Housing loans	-	-	-
Equipment purchases	-	-	-
Community improvements	-	-	-
Library expenses	-	-	-
Other purposes	-	-	13,899
Assigned for:			
Budgetary stabilization	-	45,650	31,310
Encumbrances	-	1,500	-
Other purposes	-	11,145	89,995
Total fund balances	<u>29,380</u>	<u>58,295</u>	<u>135,204</u>
Total liabilities and fund balances	<u>\$ 29,380</u>	<u>\$ 58,544</u>	<u>\$ 135,603</u>

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
<u>Local Assistance</u>	<u>Economic Development</u>	<u>Community Grants</u>	<u>Special Assessments</u>		
\$ 119,887	\$ 30,357	\$ 32,162	\$ 131,471	\$ 993,011	
766,570	185,273	196,294	802,386	6,378,394	
-	-	-	-	957	
-	-	-	-	1,700	
-	-	-	415,454	418,741	
-	453,133	330,858	-	1,243,677	
-	-	-	51,499	51,499	
-	-	132,565	-	630,277	
<u>\$ 886,457</u>	<u>\$ 668,763</u>	<u>\$ 691,879</u>	<u>\$ 1,400,810</u>	<u>\$ 9,718,256</u>	
\$ -	\$ -	\$ 43,438	\$ -	\$ 44,086	
-	-	-	-	15,270	
-	-	43,438	-	59,356	
-	-	-	-	622,227	
-	-	-	-	46,793	
-	-	-	-	2,680,954	
-	668,763	-	-	914,832	
-	-	648,441	-	677,821	
-	-	-	-	939,306	
-	-	-	-	2,662	
-	-	-	-	541,551	
757,227	-	-	-	757,227	
34,883	-	-	-	48,782	
94,347	-	-	347,800	717,757	
-	-	-	-	1,725	
-	-	-	1,053,010	1,707,263	
<u>886,457</u>	<u>668,763</u>	<u>648,441</u>	<u>1,400,810</u>	<u>9,658,900</u>	
<u>\$ 886,457</u>	<u>\$ 668,763</u>	<u>\$ 691,879</u>	<u>\$ 1,400,810</u>	<u>\$ 9,718,256</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, 2013

	Permanent Funds		Special Revenue Funds	
	Library Trust	Cemetery Trust	Gas Tax	Enhanced 911
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 4,465,041	\$ -
Keno	-	-	-	-
Property tax	-	-	-	-
Motor vehicle tax	-	-	-	-
Special assessments	-	-	-	-
Charges for services	-	33,170	-	207,162
Interest income	8,505	2,461	-	-
Contributions	-	-	-	-
Other revenue	-	-	-	-
Total revenues	8,505	35,631	4,465,041	207,162
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	187,818
Environment and leisure	-	-	-	-
Total expenditures	-	-	-	187,818
Excess (deficiency) of revenues over expenditures	8,505	35,631	4,465,041	19,344
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(4,347,046)	-
Net transfers	-	-	(4,347,046)	-
Net change in fund balances	8,505	35,631	117,995	19,344
Fund balances - September 30, 2012	38,288	586,596	2,562,959	598,728
Fund balances - September 30, 2013	\$ 46,793	\$ 622,227	\$ 2,680,954	\$ 618,072

Special Revenue Funds

<u>PSC Wireless</u>	<u>Keno</u>	<u>Community Youth Council</u>	<u>Program Income Reuse Fund</u>	<u>Housing Reuse Fund</u>	<u>Community Development</u>
\$ -	\$ -	\$ 5,100	\$ -	\$ -	\$ -
-	263,140	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
133,683	-	-	-	-	2,939
-	2,905	299	667	3,292	467
-	-	4,875	-	-	-
-	-	-	-	15,122	-
<u>133,683</u>	<u>266,045</u>	<u>10,274</u>	<u>667</u>	<u>18,414</u>	<u>3,406</u>
-	-	-	12,500	-	71,745
117,438	-	-	-	-	-
-	-	15,430	-	23,792	-
<u>117,438</u>	<u>-</u>	<u>15,430</u>	<u>12,500</u>	<u>23,792</u>	<u>71,745</u>
16,245	266,045	(5,156)	(11,833)	(5,378)	(68,339)
-	-	-	-	-	1
-	(258,598)	-	-	-	(1,629)
<u>-</u>	<u>(258,598)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,628)</u>
16,245	7,447	(5,156)	(11,833)	(5,378)	(69,967)
<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>\$ 71,515</u>	<u>\$ 541,551</u>	<u>\$ 50,691</u>	<u>\$ 246,069</u>	<u>\$ 913,763</u>	<u>\$ 39,915</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, 2013

	Special Revenue Funds		
	Police Grants	Parking District #1	Parking District #2
REVENUES			
Intergovernmental	\$ 134,835	\$ -	\$ -
Keno	-	-	-
Property tax	-	-	7,701
Motor vehicle tax	-	-	277
Special assessments	-	39,637	-
Charges for services	-	6,712	10,058
Interest income	-	527	727
Contributions	-	-	-
Other revenue	37,262	-	-
Total revenues	172,097	46,876	18,763
EXPENDITURES			
General government	-	80,269	22,488
Public safety	126,430	-	-
Environment and leisure	-	-	-
Total expenditures	126,430	80,269	22,488
Excess (deficiency) of revenues over expenditures	45,667	(33,393)	(3,725)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Net transfers	-	-	-
Net change in fund balances	45,667	(33,393)	(3,725)
Fund balances - September 30, 2012	(16,287)	91,688	138,929
Fund balances - September 30, 2013	\$ 29,380	\$ 58,295	\$ 135,204

<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Local Assistance</u>	<u>Economic Development</u>	<u>Community Grants</u>	<u>Special Assessments</u>	
\$ -	\$ -	\$ 2,093,613	\$ -	\$ 6,698,589
-	-	-	-	263,140
-	-	-	-	7,701
-	-	-	-	277
-	-	-	21,739	61,376
-	-	-	-	393,724
-	2,685	-	5,124	27,659
53,167	-	378,315	-	436,357
-	-	-	-	52,384
<u>53,167</u>	<u>2,685</u>	<u>2,471,928</u>	<u>26,863</u>	<u>7,941,207</u>
-	700,500	2,690,554	-	3,578,056
10,786	-	-	-	442,472
33,096	-	36,530	-	108,848
<u>43,882</u>	<u>700,500</u>	<u>2,727,084</u>	<u>-</u>	<u>4,129,376</u>
9,285	(697,815)	(255,156)	26,863	3,811,831
-	750,000	1,629	-	751,630
-	-	(1)	(213,616)	(4,820,890)
-	<u>750,000</u>	<u>1,628</u>	<u>(213,616)</u>	<u>(4,069,260)</u>
9,285	52,185	(253,528)	(186,753)	(257,429)
<u>877,172</u>	<u>616,578</u>	<u>901,969</u>	<u>1,587,563</u>	<u>9,916,329</u>
<u>\$ 886,457</u>	<u>\$ 668,763</u>	<u>\$ 648,441</u>	<u>\$ 1,400,810</u>	<u>\$ 9,658,900</u>

CITY OF GRAND ISLAND, NEBRASKA

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS

September 30, 2013

	Internal Service Funds				
	Information Technology	Fleet Services	Insurance	Equipment Reserve	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 52,234	\$ 23,854	\$ 541,966	\$ 36,015	\$ 654,069
Investments	318,792	145,586	3,307,709	219,801	3,991,888
Receivables:					
Accounts, net of allowance for doubtful accounts	-	118,406	8,016	-	126,422
Inventory	-	143,660	-	-	143,660
Total current assets	371,026	431,506	3,857,691	255,816	4,916,039
Noncurrent assets:					
Capital assets:					
Buildings and equipment	1,400,132	269,036	-	-	1,669,168
Less accumulated depreciation	(1,003,517)	(210,355)	-	-	(1,213,872)
Net capital assets	396,615	58,681	-	-	455,296
Total assets	767,641	490,187	3,857,691	255,816	5,371,335
LIABILITIES					
Current liabilities:					
Accounts payable	-	450	446,528	-	446,978
Accrued expenses	45,878	25,214	620,000	-	691,092
Total current liabilities	45,878	25,664	1,066,528	-	1,138,070
Noncurrent liabilities:					
Compensated absences - noncurrent	16,928	12,428	-	-	29,356
Total liabilities	62,806	38,092	1,066,528	-	1,167,426
NET POSITION					
Net investment in capital assets	396,615	58,681	-	-	455,296
Unrestricted	308,220	393,414	2,791,163	255,816	3,748,613
Total net position	\$ 704,835	\$ 452,095	\$ 2,791,163	\$ 255,816	\$ 4,203,909

CITY OF GRAND ISLAND, NEBRASKA

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

For the year ended September 30, 2013

	Internal Service Funds				
	Information Technology	Fleet Services	Insurance	Equipment Reserve	Total
Operating revenues:					
Charges for services	\$ 942,130	\$ 1,398,483	\$ 7,327,744	\$ -	\$ 9,668,357
Other revenue	-	11,443	81,598	-	93,041
Total operating revenues	942,130	1,409,926	7,409,342	-	9,761,398
Operating expenses:					
Information technology	948,838	-	-	-	948,838
Central garage	-	1,299,552	-	-	1,299,552
Insurance and benefits	-	-	7,449,438	-	7,449,438
Building maintenance	-	-	-	26,798	26,798
Depreciation	87,724	5,541	-	-	93,265
Total operating expenses	1,036,562	1,305,093	7,449,438	26,798	9,817,891
Operating income (loss)	(94,432)	104,833	(40,096)	(26,798)	(56,493)
Nonoperating revenues (expenses):					
Interest income	2,592	829	20,680	1,326	25,427
Intergovernmental	-	-	-	50,000	50,000
Total nonoperating revenues (expenses)	2,592	829	20,680	51,326	75,427
Excess (deficiency) of revenues over expenditures	(91,840)	105,662	(19,416)	24,528	18,934
OTHER FINANCING SOURCES (USES)					
Transfers in	149,246	(18,000)	-	-	131,246
Change in net position	57,406	87,662	(19,416)	24,528	150,180
Net position - September 30, 2012	647,429	364,433	2,810,579	231,288	4,053,729
Net position - September 30, 2013	\$ 704,835	\$ 452,095	\$ 2,791,163	\$ 255,816	\$ 4,203,909

CITY OF GRAND ISLAND, NEBRASKA

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

For the year ended September 30, 2013

	Internal Service Funds				
	Information Technology	Fleet Services	Insurance	Equipment Reserve	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from other funds	\$ 942,130	\$ 1,394,568	\$ 7,401,326	\$ -	\$ 9,738,024
Payments to suppliers	(612,196)	(1,070,069)	(7,704,332)	(26,798)	(9,413,395)
Payments to employees	(341,132)	(213,580)	-	-	(554,712)
Net cash provided (used) by operating activities	(11,198)	110,919	(303,006)	(26,798)	(230,083)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:					
Transfers from other funds	149,246	(18,000)	-	-	131,246
Decrease in due from other funds	51,162	35,488	-	-	86,650
Net cash provided by noncapital and related financing activities	200,408	17,488	-	-	217,896
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchase of capital assets	(164,926)	-	-	-	(164,926)
Intergovernmental receipts	-	-	-	50,000	50,000
Net cash provided (used) by capital and related financing activities	(164,926)	-	-	50,000	(114,926)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Net (purchase) sale of investment securities	(27,007)	(111,499)	195,576	(23,705)	33,365
Interest received	2,592	829	20,680	1,326	25,427
Net cash provided (used) by investing activities	(24,415)	(110,670)	216,256	(22,379)	58,792
Increase (decrease) in cash and cash equivalents	(131)	17,737	(86,750)	823	(68,321)
Cash and cash equivalents - beginning of the year	52,365	6,117	628,716	35,192	722,390
Cash and cash equivalents - end of the year	\$ 52,234	\$ 23,854	\$ 541,966	\$ 36,015	\$ 654,069
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (94,432)	\$ 104,833	\$ (40,096)	\$ (26,798)	\$ (56,493)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	87,724	5,541	-	-	93,265
Change in assets and liabilities:					
Accounts receivable	-	(15,358)	(8,016)	-	(23,374)
Inventories	-	15,388	-	-	15,388
Accounts payable and accrued expenses	(4,490)	515	(254,894)	-	(258,869)
Net cash provided (used) by operating activities	\$ (11,198)	\$ 110,919	\$ (303,006)	\$ (26,798)	\$ (230,083)

CITY OF GRAND ISLAND, NEBRASKA

COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS

September 30, 2013

	Employee Reserve	Agency Funds			Total Agency Funds
		Cafeteria Plan	Other Agencies	BID Assessments	
ASSETS					
Cash	\$ 8,765	\$ 704	\$ 20,806	\$ 103	\$ 21,613
Investments	5,309,028	4,296	126,987	624	131,907
Accounts receivable	-	-	17,314	-	17,314
Special assessments receivable	-	-	-	22,364	22,364
Total assets	<u>5,317,793</u>	<u>5,000</u>	<u>165,107</u>	<u>23,091</u>	<u>193,198</u>
LIABILITIES					
Agency liabilities	-	5,000	165,107	23,091	193,198
Pension liability	<u>2,467,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,467,642</u>	<u>5,000</u>	<u>165,107</u>	<u>23,091</u>	<u>193,198</u>
NET POSITION					
Held in trust for pension benefits	<u>\$ 2,850,151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF GRAND ISLAND, NEBRASKA

COMBINING STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

For the year ended September 30, 2013

	Employee Reserve Funds				Total Employee Reserve Funds
	Police and Fire Reserve	Police Reserve	Fire Reserve	Employee Reserve	
ADDITIONS					
Transfers from other funds	\$ 1,228,081	\$ 153,000	\$ -	\$ 5,317,793	\$ 6,698,874
Interest and dividends	-	-	990,332	-	990,332
Other revenue	-	479,000	72	-	479,072
Total additions	<u>1,228,081</u>	<u>632,000</u>	<u>990,404</u>	<u>5,317,793</u>	<u>8,168,278</u>
DEDUCTIONS					
Pension benefits	67,242	631,182	-	1,409,510	2,107,934
Transfers to other funds	1,524,374	1,082	3,916,529	1,058,132	6,500,117
Loss on investments	-	-	172,061	-	172,061
Total deductions	<u>1,591,616</u>	<u>632,264</u>	<u>4,088,590</u>	<u>2,467,642</u>	<u>8,780,112</u>
Change in net position	(363,535)	(264)	(3,098,186)	2,850,151	(611,834)
Net position - September 30, 2012	<u>363,535</u>	<u>264</u>	<u>3,098,186</u>	<u>-</u>	<u>3,461,985</u>
Net position - September 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,850,151</u>	<u>\$ 2,850,151</u>

CITY OF GRAND ISLAND, NEBRASKA

COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS

September 30, 2013

	Business Improvement <u>Districts</u>	Grand Island Facilities <u>Corporation</u>	Community Redevelopment <u>Authority</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 200,079	\$ -	\$ 358,627	\$ 558,706
County treasurer cash	-	-	131,794	131,794
Receivables:				
Special assessments	22,364	-	-	22,364
Current portion of notes from redevelopers	-	-	87,706	87,706
Current portion of capital lease receivable	-	765,000	-	765,000
Property tax	-	-	27,860	27,860
Total current assets	<u>222,443</u>	<u>765,000</u>	<u>605,987</u>	<u>1,593,430</u>
Noncurrent assets:				
Restricted cash	-	-	55,858	55,858
Notes from redevelopers	-	-	424,973	424,973
Capital lease receivable - City of Grand Island	-	1,560,000	-	1,560,000
Unamortized bond discount	-	-	-	-
Capital assets:				
Land, infrastructure, and construction in progress	-	-	495,354	495,354
Other capital assets, net of depreciation	52,226	-	-	52,226
Net capital assets	<u>52,226</u>	<u>-</u>	<u>495,354</u>	<u>547,580</u>
Total noncurrent assets	<u>52,226</u>	<u>1,560,000</u>	<u>976,185</u>	<u>2,588,411</u>
Total assets	<u>274,669</u>	<u>2,325,000</u>	<u>1,582,172</u>	<u>4,181,841</u>
LIABILITIES				
Current liabilities:				
Accounts payable	49,975	-	-	49,975
Accrued expenses	1,446	-	7,049	8,495
Unavailable property tax	-	-	21,051	21,051
Current portion of long-term obligations	-	765,000	313,743	1,078,743
Total current liabilities	<u>51,421</u>	<u>765,000</u>	<u>341,843</u>	<u>1,158,264</u>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	-	1,560,000	2,054,375	3,614,375
Total liabilities	<u>51,421</u>	<u>2,325,000</u>	<u>2,396,218</u>	<u>4,772,639</u>
NET POSITION				
Net investment in capital assets	52,226	-	495,354	547,580
Restricted for:				
Redevelopers	-	-	55,858	55,858
Unrestricted	171,022	-	(1,365,258)	(1,194,236)
Total net position	<u>\$ 223,248</u>	<u>\$ -</u>	<u>\$ (814,046)</u>	<u>\$ (590,798)</u>

CITY OF GRAND ISLAND, NEBRASKA
COMBINING STATEMENT OF ACTIVITIES - COMPONENT UNITS
For the year ended September 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Business Improvement Districts:			
Fonner Park Business Improvement District	\$ 27,253	\$ -	\$ -
Second Street Business Improvement District	16,798	-	-
South Locust Business Improvement District	50,811	-	-
Downtown Business Improvement District	161,319	8,750	-
Total Business Improvement Districts	<u>256,181</u>	<u>8,750</u>	<u>-</u>
Grand Island Facilities Corporation:			
Library construction project	796,828	796,828	-
Community Redevelopment Authority:			
General government	77,808	-	-
Community development	2,258,136	-	232,626
Interest on long-term debt	84,209	-	-
Total Community Redevelopment Authority	<u>2,420,153</u>	<u>-</u>	<u>232,626</u>
Total Component Units	<u>\$ 3,473,162</u>	<u>\$ 805,578</u>	<u>\$ 232,626</u>

Program Revenues Capital Grants and Contributions	Net (Expenses) Receipts and Changes in Net Position			
	Component Units			
	Business Improvement Districts	Grand Island Facilities Corporation	Community Redevelopment Authority	Total
\$ -	\$ (27,253)			\$ (27,253)
-	(16,798)			(16,798)
-	(50,811)			(50,811)
-	(152,569)			(152,569)
-	(247,431)			(247,431)
-	-	\$ -		-
-	-	-	\$ (77,808)	(77,808)
-	-	-	(2,025,510)	(2,025,510)
-	-	-	(84,209)	(84,209)
-	-	-	(2,187,527)	(2,187,527)
\$ -	(247,431)	-	(2,187,527)	(2,434,958)
General revenues:				
Taxes:				
Property	-	-	651,415	651,415
Special assessments	203,799	-	-	203,799
Miscellaneous	-	-	45,400	45,400
Interest income	123	-	476	599
Total general revenues	203,922	-	697,291	901,213
Change in net position	(43,509)	-	(1,490,236)	(1,533,745)
Net position - September 30, 2012 -				
as previously reported	266,757	27,337	676,190	970,284
Restatement of net position	-	(27,337)	-	(27,337)
Net position - September 30, 2012 -	266,757	-	676,190	942,947
as restated	266,757	-	676,190	942,947
Net position - September 30, 2013	\$ 223,248	\$ -	\$ (814,046)	\$ (590,798)

SINGLE AUDIT REPORTS

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

Year ended September 30, 2013

<u>Federal Grantor and Program Title</u>	<u>Federal CFDA Number</u>		<u>Expenditures</u>
<u>Department of Homeland Security:</u>			
Passed through the State of Nebraska:			
Homeland Security Cluster:			
Emergency Management Performance Grants	97.042	\$ 148,154	
Disaster Grants - Public Assistance	97.036	37,238	
Homeland Security Grant Program	97.067	<u>2,329</u>	
Total Homeland Security Cluster			\$ 187,721
<u>Department of Transportation:</u>			
Passed through Nebraska Office of Highway Safety:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	2,260	
Alcohol Impaired Driving	20.601	6,118	
Occupant Protection Incentive Grant	20.602	<u>27,943</u>	
Total Highway Safety Cluster			36,321
Passed through Nebraska Department of Roads:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205		<u>127,117</u>
Total Department of Transportation			163,438
<u>Department of Justice:</u>			
Direct Programs:			
Public Safety Partnership and Community Policing Grant	16.710		166,390
Bulletproof Vest Partnership Program	16.607		7,976
Edward Byrne Memorial Justice Assistance Grant	16.738		42,543
Passed through Nebraska Crime Commission:			
Crime Victim Assistance	16.575		<u>30,740</u>
Total Department of Justice			247,649
<u>Institute of Museum and Library Services:</u>			
Passed through Nebraska Library Commission			
Grants to States	45.310		1,395
<u>Executive Office of the President:</u>			
Passed through Nebraska State Patrol:			
High Intensity Drug Trafficking Area Program	95.001		65,783
<u>Department of Housing and Urban Development:</u>			
Passed through Nebraska Department of Economic Development:			
Community Development Block Grant	14.228		<u>1,959,621</u> *
Total Expenditures of Federal Awards			<u><u>\$ 2,625,607</u></u>

*Major Program

CITY OF GRAND ISLAND, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued

Year ended September 30, 2013

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, 2013, is \$131,313.

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

SHAREHOLDERS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the fiduciary funds of the City of Grand Island, Nebraska, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated January 29, 2014.

Internal Control Over Financial Reporting

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

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

1203 W 2nd Street
PO Box 1407
Grand Island, NE 68802
Ph. 308-381-1810
Fax 308-381-4824
Email: cpa@gicpas.com

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Grand Island, Nebraska
January 29, 2014



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY 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

Report on Compliance for Each Major Federal Program

We have audited the City of Grand Island, Nebraska's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2013. The City of Grand Island, Nebraska's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

1203 W 2nd Street
PO Box 1407
Grand Island, NE 68802
Ph. 308-381-1810
Fax 308-381-4824
Email: cpa@gicpas.com

Opinion on Each Major Federal Program

In our opinion, the City of Grand Island, Nebraska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Report on Internal Control over Compliance

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

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

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

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

Amquist, Matthew
Galloway & Luth

Grand Island, Nebraska
January 29, 2014

CITY OF GRAND ISLAND, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2013

1. A summary of auditors' results:
 - (i) An unmodified opinion was issued on the financial statements of the City of Grand Island, Nebraska, as of September 30, 2013.
 - (ii) The audit did not disclose any significant deficiencies in the internal control of the City of Grand Island, Nebraska.
 - (iii) The audit did not disclose any noncompliance which is material to the financial statements of the City of Grand Island, Nebraska.
 - (iv) The audit did not disclose any significant deficiencies in the internal control over major programs for the City of Grand Island, Nebraska.
 - (v) An unmodified opinion was issued on compliance for major programs.
 - (vi) The audit did not disclose any audit findings which we are required to report under §___.510(a).
 - (vii) Major 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, 2013

Program

Findings for the year ended September 30, 2012

None noted.