

CITY OF GRAND ISLAND, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2014

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the fiduciary funds of the City of Grand Island, Nebraska, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the fiduciary funds of the City of Grand Island, Nebraska, as of September 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, disclosures on the condition of the street system, and schedule of funding progress – public safety employees retirement system on pages 6-18 and 100-106 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 28, 2015, 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.

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

Grand Island, Nebraska
January 28, 2015

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2014**

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, 2014. 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 \$642,695,721 (*net position*). Of this amount, \$87,110,315 (*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 \$344,755,384. Approximately 6.0 percent of this total amount, \$20,762,529 is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12,729,404, or 32.2 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, 2014**

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

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

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

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

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

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

The City of Grand Island maintains 21 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 18 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, 2014

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

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

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

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

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

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Grand Island's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-99 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 100-106 of this report.

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014**

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 107-117 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 \$642,695,721 at the close of the most recent fiscal year.

Summary Statements of Net Position

| | September 30, 2014 | | | September 30, 2013 | | |
|--------------------------|----------------------------|-----------------------------|-----------------------|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Current and Other Assets | \$ 34,695,283 | \$ 112,208,491 | \$ 146,903,774 | \$ 30,843,496 | \$ 111,440,260 | \$ 142,283,756 |
| Capital Assets | 330,586,825 | 291,278,369 | 621,865,194 | 326,007,841 | 245,491,759 | 571,499,600 |
| Total Assets | <u>365,282,108</u> | <u>403,486,860</u> | <u>768,768,968</u> | <u>356,851,337</u> | <u>356,932,019</u> | <u>713,783,356</u> |
| Long-term Liabilities | 13,146,139 | 92,917,644 | 106,063,783 | 13,867,632 | 57,859,296 | 71,726,928 |
| Other Liabilities | 7,380,585 | 12,628,879 | 20,009,464 | 6,353,477 | 13,394,665 | 19,748,142 |
| Total Liabilities | <u>20,526,724</u> | <u>105,546,523</u> | <u>126,073,247</u> | <u>20,221,109</u> | <u>71,253,961</u> | <u>91,475,070</u> |
| Net Position: | | | | | | |
| Net Investment in | | | | | | |
| Capital Assets | 315,040,080 | 201,258,740 | 516,298,820 | 309,743,759 | 219,761,269 | 529,505,028 |
| Restricted | 8,952,775 | 30,333,811 | 39,286,586 | 8,292,350 | 8,711,226 | 17,003,576 |
| Unrestricted | 20,762,529 | 66,347,786 | 87,110,315 | 18,594,119 | 57,205,563 | 75,799,682 |
| Total Net Position | <u>\$ 344,755,384</u> | <u>\$ 297,940,337</u> | <u>\$ 642,695,721</u> | <u>\$ 336,630,228</u> | <u>\$ 285,678,058</u> | <u>\$ 622,308,286</u> |

By far, the largest portion of the City of Grand Island's net position (80.3 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 (6.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$87,110,315) 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, 2014**

Expenses and Program Revenues - Governmental Activities

| <u>Function</u> | <u>Year Ended September 30, 2014</u> | | <u>Year Ended September 30, 2013</u> | |
|------------------------|--------------------------------------|-------------------------|--------------------------------------|-------------------------|
| | <u>Program Revenues</u> | <u>Program Expenses</u> | <u>Program Revenues</u> | <u>Program Expenses</u> |
| General Government | \$ 4,147,311 | \$ 5,997,546 | \$ 5,481,901 | \$ 7,757,692 |
| Public Safety | 12,584,851 | 20,235,789 | 5,740,714 | 19,581,027 |
| Public Works | 544,470 | 10,780,415 | 1,093,223 | 4,747,316 |
| Environment & Leisure | 1,460,363 | 7,798,821 | 3,496,624 | 7,087,370 |
| Non-Departmental | - | 289,040 | - | 398,987 |
| Interest and Bond Fees | - | 395,201 | - | 428,063 |
| Total | <u>18,736,995</u> | <u>45,496,812</u> | <u>15,812,462</u> | <u>40,000,455</u> |
| Transfers | - | 547,384 | - | - |
| | <u>\$ 18,736,995</u> | <u>\$ 46,044,196</u> | <u>\$ 15,812,462</u> | <u>\$ 40,000,455</u> |

Revenues by Source - Governmental Activities

SOURCES OF REVENUE

| | <u>Year Ended September 30, 2014</u> | | <u>Year Ended September 30, 2013</u> | |
|----------------------------------|--------------------------------------|-----------------|--------------------------------------|-----------------|
| Charges for Services | \$ 9,493,988 | 17.53 % | \$ 9,245,805 | 18.71 % |
| Operating Grants & Contributions | 1,835,679 | 3.39 | 3,538,437 | 7.16 |
| Capital Grants & Contributions | 7,407,328 | 13.67 | 3,028,220 | 6.13 |
| Property Taxes | 8,341,243 | 15.40 | 8,135,002 | 16.46 |
| Motor Vehicle Taxes | 931,032 | 1.72 | 880,441 | 1.78 |
| Payments in Lieu of Taxes | 898,830 | 1.66 | 894,737 | 1.81 |
| Occupation Taxes | 1,562,791 | 2.88 | 1,522,971 | 3.08 |
| Sales Tax | 15,754,333 | 29.08 | 15,099,474 | 30.55 |
| Franchise Taxes | 1,693,651 | 3.13 | 1,625,193 | 3.29 |
| State Allocation | 5,444,297 | 10.05 | 4,789,775 | 9.69 |
| Keno | 288,130 | 0.53 | 263,140 | 0.53 |
| Special Assessments | 58,119 | 0.11 | 61,376 | 0.13 |
| Miscellaneous | 201,226 | 0.37 | 233,979 | 0.47 |
| Interest | 113,065 | 0.21 | 115,490 | 0.24 |
| Gain (Loss) on Sale of Assets | 145,640 | 0.27 | (13,934) | (0.03) |
| Total | <u>\$ 54,169,352</u> | <u>100.00 %</u> | <u>\$ 49,420,106</u> | <u>100.00 %</u> |

Net position increased \$8,125,156 in the governmental funds during the year ended September 30, 2014.

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014**

Business-type activities. Business-type activities increased the City of Grand Island's net position by \$12,262,279, accounting for 60.1 percent of the total growth in the government's net position for the year ended September 30, 2014. Key elements of this increase are as follows:

Expenses and Program Revenues - Business-type Activities

| <u>Function</u> | <u>Year Ended September 30, 2014</u> | | <u>Year Ended September 30, 2013</u> | |
|-----------------|--------------------------------------|-------------------------|--------------------------------------|-------------------------|
| | <u>Program Revenues</u> | <u>Program Expenses</u> | <u>Program Revenues</u> | <u>Program Expenses</u> |
| Electric | \$ 65,999,663 | \$ 61,097,475 | \$ 66,407,210 | \$ 60,708,073 |
| Water | 6,301,684 | 4,854,969 | 9,815,606 | 4,504,277 |
| Sewer | 13,011,213 | 8,108,767 | 8,948,686 | 8,601,103 |
| Landfill | 2,975,171 | 2,622,881 | 2,470,690 | 2,390,357 |
| Golf | 609,719 | 638,692 | 616,461 | 634,968 |
| Total | <u>\$ 88,897,450</u> | <u>\$ 77,322,784</u> | <u>\$ 88,258,653</u> | <u>\$ 76,838,778</u> |

Revenues by Source - Business-type Activities

SOURCES OF REVENUE

| | <u>Year Ended September 30, 2014</u> | | <u>Year Ended September 30, 2013</u> | |
|--------------------------------|--------------------------------------|-----------------|--------------------------------------|-----------------|
| Charges for Services | \$ 85,136,095 | 95.03 % | \$ 86,501,686 | 97.39 % |
| Capital Grants & Contributions | 3,761,355 | 4.20 | 1,756,967 | 1.98 |
| Special Assessments | 34,238 | 0.04 | 32,412 | 0.04 |
| Interest | 378,925 | 0.42 | 310,015 | 0.35 |
| Interfund Transfers | 497,384 | 0.56 | - | - |
| Gain (Loss) on Sale of Assets | (222,934) | (0.25) | 214,497 | 0.24 |
| Total | <u>\$ 89,585,063</u> | <u>100.00 %</u> | <u>\$ 88,815,577</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, 2014

As of the end of the current fiscal year, the City of Grand Island's governmental funds reported combined ending fund balances of \$26,018,193. Approximately 48.9 percent of this total amount (\$12,717,849) 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 (\$677,485), 2) placed in a nonspendable trust for library expenditures (\$54,458), 3) restricted for street improvements (\$2,866,317), 4) restricted for capital projects (\$1,172,838), 5) restricted for debt service (\$1,242,936), 6) restricted for economic development (\$693,978), 7) restricted for Federal programs (\$344,040), 8) restricted to fund housing loans (\$806,870), 9) restricted for community improvements (\$237,720), 10) restricted for library expenses (\$749,144), 11) restricted for other donor purposes (\$106,989), 12) assigned for budgetary stabilization (\$1,462,967), 13) assigned to liquidate contracts and purchase orders of the prior period (\$757,102), 14) assigned for a variety of other purposes (\$2,127,500).

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 \$12,729,404, while total fund balance reached \$15,401,374. 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 32.2 percent of total General Fund expenditures, while total fund balance represents 39.0 percent of that same amount.

The fund balance of the City of Grand Island's General Fund increased by \$1,811,330 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 - \$56,152,693, Water Fund - \$6,630,910, Sewer Fund - \$1,581,859, Landfill Fund - \$1,861,026, and Golf Fund - \$121,298. The growth in net position for the proprietary funds was as follows: Electric Fund - \$5,186,757, Water Fund - \$1,468,602, Sewer Fund - \$4,990,047, Landfill Fund - \$148,462, and Golf Fund - \$468,411. Other factors concerning the finances of these five funds have already been addressed in the discussion of the City of Grand Island's business-type activities.

Budgetary Highlights

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

Capital Asset and Debt Administration

Capital Assets. The City of Grand Island's investment in capital assets for its governmental and business-type activities as of September 30, 2014, amounts to \$621,865,194 (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, 2014

- The Northwest Flood Control project is approaching the original ten (10) year, total City obligation of \$3,607,500 with an estimated four years remaining for completion and an additional expenditure of approximately \$2,929,800 from the City consisting of \$2,763,800 representing the 21.79 percent of the overall cost and \$166,000 for the Flood Study and Drainage Master Plan within the City of Grand Island. Total City obligation would be \$6,537,300. This project was delayed two (2) years due to the Army Corp of Engineers concerns that some explosive may have been in the area. Over the course of the project costs have increased more than expected primarily because of the increase in cost of earthwork. Such project total is estimated at \$29,000,000 with projected completion in 2019. For 2014, expenditures were \$602,020.
- The Handicap Ramp project consist of the ADA compliant curb ramps in the 2014 project which was for the installation of handicap ramps near elementary schools; Knickrehm, Newell, and Wasmer, as well as the 10th Street area and Louise Street area. 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 22 years from now. The FY 2014 project cost was \$184,585.
- The Various Locations in Grand Island (Resurfacing) project, which was made possible through funds provided by the Nebraska Department of Roads (NDOR) Surface Transportation Program (STP) and the Federal Highway Administration (FHWA), consisted of typical asphalt mill and overlay construction, which was accomplished by removing the top of existing asphalt surfacing by cold milling and placing new Asphaltic Concrete. The project improved approximately 4.6 miles of city streets at a cost of \$3,200,000 and was performed at the following locations:
 - Blaine Street - Garland Street to Beltline Trail
 - First Street - Walnut Street to Sycamore Street
 - North Road - 13th Street to State Street
 - Independence Avenue - Capital Avenue to Nebraska Highway 2
 - Broadwell Avenue - Anna Street to State Street
- The Walk to Walnut project realigned the main driveway to Walnut Middle School with the intersection of 15th Street and Custer Avenue and allowed for installation of traffic signals. This project was funded mostly with Safe Routes to School (SRTS) funds authorized by the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), and administered by the Nebraska Department of Roads (NDOR). Traffic flow is thought to improve, as well as safety for students crossing Custer Avenue, and encourage more students to walk and bike to school.
- Street Improvement District No. 1260; South Webb Road extending north from Stolley Park Road to the Union Pacific Railroad tracks consists of widening the roadway from

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014**

24' to 41' for a 3-lane section with improved drainage and elimination of the ditch section. This project is estimated at \$1.7 million total project costs (including engineering, construction, construction testing and services, etc.) and will be assessed to adjacent property owners. This project is substantially complete, final completion is slated for Spring 2015.

- Street Improvement District No. 1261; Westgate Road Paving- North Road to Copper Road consisted of paving, as well as connecting the initial phase of the Moores Creek Drainway to this area. The total project is estimated at \$580,000 (including construction, engineering, construction testing and services, etc.) and will be assessed to adjacent property owners. All property owners in this proposed district signed the district creation petition form. This project is substantially complete, final completion is slated for Spring 2015.
- The State Street and Capital Avenue Connector Trail Project will construct a 0.5 mile, 10' wide concrete recreational trail for bicycle and pedestrian use in northwest Grand Island. This project began on the State Street Trail 0.25 mile west of US Highway 281 and extends north within City right-of-way along the west of the Moores Creek Drainway, and ends at the west end of the concrete trail that was recently completed along Capital Avenue under project STPAA-5436 for the Eagle Scout Trail. A pedestrian bridge was constructed at the south end of the project over the drainage ditch that parallels State Street. A 20 percent match for the project is provided by the City of Grand Island through the Capital Improvements Fund, which is estimated at \$114,056. This project is currently underway with anticipated final completion being Spring 2015.
- Property was purchased from Bob Stahla to be used as a detention cell for the north end of the Moores Creek Drainway, which will allow the City of Grand Island to better control storm water runoff and drainage affecting Northwest Grand Island. This land purchase was in the amount of \$230,340, with construction of the cell anticipated to begin Spring 2015.
- Asset Management Software was purchased by the Public Works Department to focus on the needs of the department, such as the work order process, customer service requests, asset reports, asset inspections, preventative maintenance, inventory, workflow management, capital improvement tracking, and document support. Full implementation is planned to take about three (3) years and result is a significant improvement in planning, budgeting, and reporting. The initial cost of this software is \$121,840, with Year 1-3 costs being \$76,000 annually.
- Claude Road Drainage Improvement Project No. 2013-D-2 removed and replaced damaged culverts under Claude Road and several driveways as well as ditch grading to improve the drainage along Claude Road. This project is substantially complete, final completion is slated for Spring 2015 with an anticipated cost of \$55,818.

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014

- The US-30 Drainage Improvement project allows construction of storm sewer to the detention cell at the former location of the Wasmer Elementary School from connections on Second Street at Logan Street, Broadwell Avenue, and Madison Street. The improvements will significantly reduce the likelihood of flooding during storm events on Second Street. The project includes constructing drainage inlets on First Street and Division Street between Logan Street and Madison Street, which will provide drainage relief in those areas as well. Additional benefits of the project provide reconstruction of sidewalk ramps to Americans with Disabilities Act standards, construction of new concrete pavement, and relief for storm sewer draining Third Street north of the project area. This project will receive Federal Funding through the Surface Transportation Program (STP). This project is substantially complete, final completion is slated for Spring 2015 with an anticipated City share of \$564,555.

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

| | <u>Year Ended September 30, 2014</u> | | | <u>Year Ended September 30, 2013</u> | | |
|-------------------|--|---|----------------------|--|---|----------------------|
| | <u>Governmental</u> <u>Activities</u> | <u>Business-type</u> <u>Activities</u> | <u>Total</u> | <u>Governmental</u> <u>Activities</u> | <u>Business-type</u> <u>Activities</u> | <u>Total</u> |
| Land | \$ 6,179,579 | \$ 7,454,876 | \$ 13,634,455 | \$ 5,822,921 | \$ 7,244,186 | \$ 13,067,107 |
| Infrastructure | 258,238,741 | - | 258,238,741 | 255,807,690 | - | 255,807,690 |
| Construction | | | | | | |
| in Progress | 12,057,745 | 85,824,952 | 97,882,697 | 8,139,431 | 38,061,351 | 46,200,782 |
| Land Improvements | 10,896,809 | 38,428,727 | 49,325,536 | 11,170,043 | 35,138,588 | 46,308,631 |
| Buildings | 38,565,087 | - | 38,565,087 | 40,761,138 | - | 40,761,138 |
| Machinery | | | | | | |
| and Equipment | 1,583,338 | - | 1,583,338 | 1,475,547 | - | 1,475,547 |
| Buildings, | | | | | | |
| Distribution | | | | | | |
| Systems, and | | | | | | |
| Equipment | - | 150,558,950 | 150,558,950 | - | 156,483,861 | 156,483,861 |
| Office Furniture | | | | | | |
| and Equipment | 553,705 | 3,484,654 | 4,038,359 | 419,316 | 3,484,654 | 3,903,970 |
| Vehicles | 2,511,821 | 5,526,210 | 8,038,031 | 2,411,755 | 5,079,119 | 7,490,874 |
| Total | <u>\$330,586,825</u> | <u>\$291,278,369</u> | <u>\$621,865,194</u> | <u>\$326,007,841</u> | <u>\$245,491,759</u> | <u>\$571,499,600</u> |

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

Long-term debt. At the end of the current fiscal year, the City of Grand Island had total long-term debt outstanding of \$102,421,745. Of this amount, \$6,700,000 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, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014**

City of Grand Island's Outstanding Debt

| | Year Ended September 30, 2014 | | | Year Ended September 30, 2013 | | |
|--------------------|-------------------------------|-----------------------------|-----------------------|-------------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| General Obligation | | | | | | |
| Bonds | \$ 6,700,000 | \$ - | \$ 6,700,000 | \$ 5,535,000 | \$ - | \$ 5,535,000 |
| Revenue Bonds | - | 86,875,000 | 86,875,000 | - | 54,870,000 | 54,870,000 |
| Capital Lease | 8,846,745 | - | 8,846,745 | 10,729,082 | - | 10,729,082 |
| Total | <u>\$ 15,546,745</u> | <u>\$ 86,875,000</u> | <u>\$ 102,421,745</u> | <u>\$ 16,264,082</u> | <u>\$ 54,870,000</u> | <u>\$ 71,134,082</u> |

The City of Grand Island's total debt increased by \$31,287,663 (44.0 percent) during the current fiscal year due primarily to the issuance of \$36,915,000 of Electric Revenue Bonds.

Additional information on the City of Grand Island's long-term debt can be found in Note C6 on pages 60-67 of this report.

Modified Approach for Reporting Infrastructure Assets

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

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

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

Economic Factors and Next Year's Budgets and Rates

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

- Electric: No rate increase was included in the fiscal 2014-2015 budget, changes in fuel and purchased power costs are accounted for through the Power Cost Adjustment. The utility has a major capital improvement project underway to meet expanding regulatory requirements with revenue bonds just under \$37 million were issued in November 2013 for the installation of a dry scrubber and fabric filter being installed at the Platte Generating Station at a cost of approximately \$43 million. Refinancing in 2012 of a 2001 bond issue provided for a combined debt service for the 2012 and 2013 bonds at approximately the same level as the 2001 issue. Included in the fiscal 2014-2015 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

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014**

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 2014-2015 budget. The 2014-2015 budget is focused on meeting City obligations to cooperative projects, repair and upgrade of critical facilities, and system improvements to meet continued growth including continued replacement of the water main crossings under the Union Pacific Railroad main line. The present lines have recently experienced breaks near the railroad right of-way, and 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 provide redundant service to the Regional Airport.
- **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. The Sanitary Sewer Rate Study was updated during 2013; the following rate increases were approved:

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

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

The Headworks Project (\$20,000,000 construction, engineering and contingencies) is on schedule and under budget. Sewage will be flowing through it by the end of the 2014-2015 year. 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. In September of 2013, \$35 million of revenue bonds were issued to start the North Interceptor project as well as the projects covering the Headworks, south and west interceptors and 4th and 5th Street Eddy to Vine rehabilitation (completed). A second

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014**

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 maintained minimal growth for expenditures within the General Fund budget for the 2014-2015 budget year. The revenue for the City has continued to increase over the past few years with sales tax receipts representing over 41 percent of the general fund resources followed by property tax receipt at 20 percent for the 2014-2015 budget year.
- In 2013 the City of Grand Island became a Metropolitan Statistical Area (MSA) resulting in a new array for wage comparability. In 2014 the City negotiated six new union contracts. The new wage rates in these contracts took effect in the 2014-2015 budget year and will continue to impact the budget over the next four years.

All of these factors were considered in preparing the City of Grand Island's budget for the 2015 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, 2014

| | Primary Government | | Total | Component Units |
|--|----------------------------|-----------------------------|-----------------------|--------------------|
| | Governmental Activities | Business-type Activities | | |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 3,274,204 | \$ 4,919,985 | \$ 8,194,189 | \$ 867,109 |
| Investments | 15,917,438 | 51,086,494 | 67,003,932 | - |
| County treasurer cash | 773,266 | - | 773,266 | 102,529 |
| Receivables: | | | | |
| Special assessments | 375,476 | 920,495 | 1,295,971 | 19,499 |
| Accounts, net of allowance for doubtful accounts | 812,317 | 6,272,126 | 7,084,443 | - |
| Unbilled revenue | - | 3,029,775 | 3,029,775 | - |
| Current portion of notes from redevelopers | - | - | - | 33,399 |
| Current portion of capital lease receivable | - | - | - | 775,000 |
| Interest | 103,918 | 193,121 | 297,039 | - |
| Property tax | 266,010 | - | 266,010 | 64,118 |
| Due from Fiduciary Fund | 6,408 | - | 6,408 | - |
| Due from other governments | 4,105,850 | - | 4,105,850 | 49,539 |
| Prepaid expenses | - | 461,424 | 461,424 | - |
| Inventory | 147,483 | 10,499,641 | 10,647,124 | - |
| Total current assets | <u>25,782,370</u> | <u>77,383,061</u> | <u>103,165,431</u> | <u>1,911,193</u> |
| Noncurrent assets: | | | | |
| Restricted cash and cash equivalents | 2,648,383 | 21,230,458 | 23,878,841 | 12,323 |
| Restricted investments | 4,758,438 | 12,659,050 | 17,417,488 | - |
| Permanently restricted investments | 548,085 | - | 548,085 | - |
| Permanently restricted notes receivable | 958,007 | - | 958,007 | - |
| Notes from redevelopers | - | - | - | 422,757 |
| Capital lease receivable - City of Grand Island | - | - | - | 785,000 |
| Deferred charges | - | 935,922 | 935,922 | - |
| Capital assets: | | | | |
| Land, infrastructure, and construction in progress | 276,476,065 | 160,476,782 | 436,952,847 | 495,354 |
| Other capital assets, net of depreciation | 54,110,760 | 130,801,587 | 184,912,347 | 50,033 |
| Net capital assets | <u>330,586,825</u> | <u>291,278,369</u> | <u>621,865,194</u> | <u>545,387</u> |
| Total noncurrent assets | <u>339,499,738</u> | <u>326,103,799</u> | <u>665,603,537</u> | <u>1,765,467</u> |
| Total assets | <u>365,282,108</u> | <u>403,486,860</u> | <u>768,768,968</u> | <u>3,676,660</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 1,498,712 | 5,895,268 | 7,393,980 | 12 |
| Accrued expenses | 2,682,604 | 3,123,611 | 5,806,215 | 12,220 |
| Unavailable property tax | 205,904 | - | 205,904 | 57,679 |
| Current portion of long-term obligations | 2,993,365 | 3,610,000 | 6,603,365 | 1,020,309 |
| Total current liabilities | <u>7,380,585</u> | <u>12,628,879</u> | <u>20,009,464</u> | <u>1,090,220</u> |
| Noncurrent liabilities: | | | | |
| Compensated absences - noncurrent | 592,759 | 556,319 | 1,149,078 | - |
| Closure/post-closure liability | - | 3,555,697 | 3,555,697 | - |
| Noncurrent portion of long-term obligations | 12,553,380 | 83,265,000 | 95,818,380 | 2,596,842 |
| Unamortized bond premiums | - | 5,540,628 | 5,540,628 | - |
| Total noncurrent liabilities | <u>13,146,139</u> | <u>92,917,644</u> | <u>106,063,783</u> | <u>2,596,842</u> |
| Total liabilities | <u>20,526,724</u> | <u>105,546,523</u> | <u>126,073,247</u> | <u>3,687,062</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 315,040,080 | 201,258,740 | 516,298,820 | 545,387 |
| Restricted for: | | | | |
| Debt service | 1,242,936 | 11,622,652 | 12,865,588 | - |
| Landfill closure/post-closure costs | - | 3,951,795 | 3,951,795 | - |
| Perpetual care - permanent | 677,485 | - | 677,485 | - |
| Street improvements | 2,866,317 | - | 2,866,317 | - |
| Capital projects | 1,172,838 | 14,759,364 | 15,932,202 | - |
| Economic development | 693,978 | - | 693,978 | - |
| Other purposes | 2,299,221 | - | 2,299,221 | 12,323 |
| Unrestricted | 20,762,529 | 66,347,786 | 87,110,315 | (568,112) |
| Total net position | <u>\$ 344,755,384</u> | <u>\$ 297,940,337</u> | <u>\$ 642,695,721</u> | <u>\$ (10,402)</u> |

See notes to financial statements.

CITY OF GRAND ISLAND, NEBRASKA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2014

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Charges for Services</u> | <u>Program Revenues Operating Grants and Contributions</u> |
|-------------------------------------|------------------------------|---------------------------------|--|
| Primary government: | | | |
| Governmental activities: | | | |
| General government | \$ 5,997,546 | \$ 3,018,681 | \$ 542,785 |
| Public safety | 20,235,789 | 4,654,280 | 1,141,500 |
| Public works | 10,780,415 | 512,058 | - |
| Environment and leisure | 7,798,821 | 1,308,969 | 151,394 |
| Non-departmental | 289,040 | - | - |
| Interest and fees on long-term debt | 395,201 | - | - |
| Total governmental activities | <u>45,496,812</u> | <u>9,493,988</u> | <u>1,835,679</u> |
| Business-type activities: | | | |
| Electric | 61,097,475 | 65,999,663 | - |
| Water | 4,854,969 | 5,420,408 | - |
| Sewer | 8,108,767 | 10,131,134 | - |
| Landfill | 2,622,881 | 2,975,171 | - |
| Golf | 638,692 | 609,719 | - |
| Total business-type activities | <u>77,322,784</u> | <u>85,136,095</u> | <u>-</u> |
| Total primary government | <u><u>\$ 122,819,596</u></u> | <u><u>\$ 94,630,083</u></u> | <u><u>\$ 1,835,679</u></u> |
| Component units: | | | |
| Business Improvement Districts | 271,518 | 30,000 | - |
| Metropolitan Planning Organization | 50,765 | 257 | 49,539 |
| Grand Island Facilities Corporation | 794,580 | 794,580 | - |
| Community Redevelopment Authority | 510,835 | - | 372,282 |
| Total component units | <u><u>\$ 1,627,698</u></u> | <u><u>\$ 824,837</u></u> | <u><u>\$ 421,821</u></u> |

See notes to financial statements.

| Capital Grants and Contributions | Net (Expenses) Revenues and Changes in Net Position | | | Component Units |
|--|---|-----------------------------|-----------------------|--------------------|
| | Primary Government | | Total | |
| | Governmental Activities | Business-type Activities | | |
| \$ - | \$ (2,436,080) | | \$ (2,436,080) | |
| 585,845 | (13,854,164) | | (13,854,164) | |
| 6,789,071 | (3,479,286) | | (3,479,286) | |
| 32,412 | (6,306,046) | | (6,306,046) | |
| - | (289,040) | | (289,040) | |
| - | (395,201) | | (395,201) | |
| <u>7,407,328</u> | <u>(26,759,817)</u> | <u>\$ -</u> | <u>(26,759,817)</u> | |
| - | - | 4,902,188 | 4,902,188 | |
| 881,276 | - | 1,446,715 | 1,446,715 | |
| 2,880,079 | - | 4,902,446 | 4,902,446 | |
| - | - | 352,290 | 352,290 | |
| - | - | (28,973) | (28,973) | |
| <u>3,761,355</u> | <u>-</u> | <u>11,574,666</u> | <u>11,574,666</u> | |
| <u>\$ 11,168,683</u> | <u>(26,759,817)</u> | <u>11,574,666</u> | <u>(15,185,151)</u> | |
| 3,975 | | | | (237,543) |
| - | | | | (969) |
| - | | | | - |
| - | | | | (138,553) |
| <u>\$ 3,975</u> | | | | <u>(377,065)</u> |
| General revenues: | | | | |
| Taxes: | | | | |
| Property | 8,341,243 | - | 8,341,243 | 667,728 |
| Motor vehicle | 931,032 | - | 931,032 | - |
| Payments in lieu of taxes | 898,830 | - | 898,830 | - |
| Occupation | 1,562,791 | - | 1,562,791 | - |
| Sales tax | 15,754,333 | - | 15,754,333 | - |
| Franchise | 1,693,651 | - | 1,693,651 | - |
| State allocation | 5,444,297 | - | 5,444,297 | - |
| Keno | 288,130 | - | 288,130 | - |
| Special assessments | 58,119 | 34,238 | 92,357 | 216,548 |
| Miscellaneous | 201,226 | - | 201,226 | 22,973 |
| Interest income | 113,065 | 378,925 | 491,990 | 212 |
| Gain (loss) on sale of assets | 145,640 | (222,934) | (77,294) | - |
| Interfund transfers | (497,384) | 497,384 | - | - |
| Transfer from City to MPO | (50,000) | - | (50,000) | 50,000 |
| Total general revenues | <u>34,884,973</u> | <u>687,613</u> | <u>35,572,586</u> | <u>957,461</u> |
| Change in net position | 8,125,156 | 12,262,279 | 20,387,435 | 580,396 |
| Net position - September 30, 2013 | <u>336,630,228</u> | <u>285,678,058</u> | <u>622,308,286</u> | <u>(590,798)</u> |
| Net position - September 30, 2014 | <u>\$ 344,755,384</u> | <u>\$ 297,940,337</u> | <u>\$ 642,695,721</u> | <u>\$ (10,402)</u> |

CITY OF GRAND ISLAND, NEBRASKA

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

September 30, 2014

| | <u>General</u> | <u>Capital Projects</u> | <u>Debt Service</u> | <u>Other Governmental Funds</u> | <u>Eliminations</u> | <u>Total Governmental Funds</u> |
|---|----------------------|-----------------------------|-------------------------|---|---------------------|---|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 3,041,838 | 640,906 | \$ 191,951 | \$ 1,107,162 | \$ - | \$ 4,981,857 |
| Investments | 9,388,097 | 250,449 | 962,814 | 5,903,979 | - | 16,505,339 |
| County treasurer cash | 668,465 | - | 103,470 | 1,331 | - | 773,266 |
| Receivables: | | | | | | |
| Special assessments | - | - | - | 375,476 | - | 375,476 |
| Accounts, net of allowance for doubtful accounts | 700,338 | - | - | 2,200 | - | 702,538 |
| Notes receivable | - | - | - | 958,007 | - | 958,007 |
| Interest | 55,239 | - | - | 48,679 | - | 103,918 |
| Property tax | 206,627 | - | 59,383 | - | - | 266,010 |
| Due from other funds | 14,010 | - | - | - | (7,602) | 6,408 |
| Due from other governments | 3,496,755 | 19,299 | - | 589,796 | - | 4,105,850 |
| | <u>\$ 17,571,369</u> | <u>\$ 910,654</u> | <u>\$ 1,317,618</u> | <u>\$ 8,986,630</u> | <u>\$ (7,602)</u> | <u>\$ 28,778,669</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 377,503 | \$ 440,041 | \$ - | \$ 61,384 | \$ - | \$ 878,928 |
| Accrued expenses | 1,641,100 | - | 20,170 | 14,374 | - | 1,675,644 |
| Due to other funds | - | - | - | 7,602 | (7,602) | - |
| Unavailable property tax | 151,392 | - | 54,512 | - | - | 205,904 |
| Total liabilities | <u>2,169,995</u> | <u>440,041</u> | <u>74,682</u> | <u>83,360</u> | <u>(7,602)</u> | <u>2,760,476</u> |
| Fund balances: | | | | | | |
| Nonspendable: | | | | | | |
| Cemetery perpetual care | - | - | - | 677,485 | - | 677,485 |
| Library trust | - | - | - | 54,458 | - | 54,458 |
| Restricted for: | | | | | | |
| Street improvements | - | - | - | 2,866,317 | - | 2,866,317 |
| Capital projects | 1,170,176 | - | - | 2,662 | - | 1,172,838 |
| Debt service | - | - | 1,242,936 | - | - | 1,242,936 |
| Economic development | - | - | - | 693,978 | - | 693,978 |
| Federal programs | - | - | - | 344,040 | - | 344,040 |
| Housing loans | - | - | - | 806,870 | - | 806,870 |
| Community improvements | - | - | - | 237,720 | - | 237,720 |
| Library expenses | - | - | - | 749,144 | - | 749,144 |
| Other purposes | - | - | - | 106,989 | - | 106,989 |
| Assigned for: | | | | | | |
| Budgetary stabilization | 1,271,141 | - | - | 191,826 | - | 1,462,967 |
| Encumbrances | 230,653 | 470,613 | - | 55,836 | - | 757,102 |
| Other purposes | - | - | - | 2,127,500 | - | 2,127,500 |
| Unassigned | 12,729,404 | - | - | (11,555) | - | 12,717,849 |
| Total fund balances | <u>15,401,374</u> | <u>470,613</u> | <u>1,242,936</u> | <u>8,903,270</u> | <u>-</u> | <u>26,018,193</u> |
| | <u>\$ 17,571,369</u> | <u>\$ 910,654</u> | <u>\$ 1,317,618</u> | <u>\$ 8,986,630</u> | <u>\$ (7,602)</u> | <u>\$ 28,778,669</u> |
| Total liabilities and fund balances | | | | | | |

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, 2014

Total fund balances - governmental funds \$ 26,018,193

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 \$366,886,950, and the accumulated depreciation is \$36,725,312. 330,161,638

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. 4,684,466

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 | \$ (562,168) | |
| Capital lease obligations | (8,846,745) | |
| General obligation bonds payable | <u>(6,700,000)</u> | <u>(16,108,913)</u> |

Total net position - governmental activities \$ 344,755,384

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, 2014

| | <u>General</u> | <u>Capital Projects</u> | <u>Debt Service</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------|-----------------------------|-------------------------|---|---|
| REVENUES | | | | | |
| Taxes: | | | | | |
| Property | \$ 7,133,231 | \$ - | \$ 1,199,826 | \$ 8,186 | \$ 8,341,243 |
| Motor vehicle | 908,461 | - | 22,544 | 27 | 931,032 |
| Occupation | 1,562,791 | - | - | - | 1,562,791 |
| Sales tax | 15,754,333 | - | - | - | 15,754,333 |
| Franchise | 1,693,651 | - | - | - | 1,693,651 |
| Intergovernmental | 2,343,533 | 3,378,778 | - | 5,233,410 | 10,955,721 |
| Keno | - | - | - | 288,130 | 288,130 |
| Special assessments | - | - | - | 58,119 | 58,119 |
| Charges for services | 9,092,327 | - | - | 401,661 | 9,493,988 |
| Interest income | 64,671 | - | 1,574 | 23,716 | 89,961 |
| Contributions | 66,729 | 226,787 | - | 251,359 | 544,875 |
| Bond/loan proceeds | - | - | 2,230,000 | - | 2,230,000 |
| Sale of assets | 736,615 | - | - | - | 736,615 |
| Other revenue | 180,034 | - | - | 21,192 | 201,226 |
| Total revenues | <u>39,536,376</u> | <u>3,605,565</u> | <u>3,453,944</u> | <u>6,285,800</u> | <u>52,881,685</u> |
| EXPENDITURES | | | | | |
| General government | 4,266,073 | - | - | 1,741,395 | 6,007,468 |
| Public safety | 20,769,138 | - | - | 428,127 | 21,197,265 |
| Public works | 6,321,473 | 8,112,812 | - | - | 14,434,285 |
| Environment and leisure | 5,742,060 | 418,622 | - | 360,042 | 6,520,724 |
| Non-departmental | 289,040 | - | - | - | 289,040 |
| Principal payments on debt | 1,882,337 | - | 1,065,000 | - | 2,947,337 |
| Interest on long-term debt | 240,657 | - | 130,916 | - | 371,573 |
| Bond/loan fees | 1,250 | - | 22,378 | - | 23,628 |
| Total expenditures | <u>39,512,028</u> | <u>8,531,434</u> | <u>1,218,294</u> | <u>2,529,564</u> | <u>51,791,320</u> |
| Excess (deficiency) of revenues over expenditures | 24,348 | (4,925,869) | 2,235,650 | 3,756,236 | 1,090,365 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 4,544,203 | 5,271,714 | 77,085 | 860,000 | 10,753,002 |
| Transfers out | <u>(2,757,221)</u> | <u>(28,377)</u> | <u>(1,327,097)</u> | <u>(5,371,866)</u> | <u>(9,484,561)</u> |
| Net transfers | <u>1,786,982</u> | <u>5,243,337</u> | <u>(1,250,012)</u> | <u>(4,511,866)</u> | <u>1,268,441</u> |
| Net change in fund balances | 1,811,330 | 317,468 | 985,638 | (755,630) | 2,358,806 |
| 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> |
| Fund balances - September 30, 2014 | <u>\$ 15,401,374</u> | <u>\$ 470,613</u> | <u>\$ 1,242,936</u> | <u>\$ 8,903,270</u> | <u>\$ 26,018,193</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, 2014

| | |
|--|-----------------------------------|
| Total net change in fund balances - governmental funds | \$ 2,358,806 |
| 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 (\$8,412,025) exceeded depreciation expense (\$3,242,066) during the period. (Capital additions of \$3,186,708 were funded directly by grants.) | 5,169,959 |
| 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. | (590,975) |
| 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. | 30,109 |
| 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. | 480,557 |
| 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. | (40,637) |
| Bond proceeds are reported as revenue in the governmental funds, but the issuance of bonds increases long-term liabilities in the statement of net position. | (2,230,000) |
| 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>2,947,337</u> |
| Change in net position of governmental activities | <u><u>\$ 8,125,156</u></u> |

See notes to financial statements.

CITY OF GRAND ISLAND, NEBRASKA
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
September 30, 2014

| | Enterprise Funds | | |
|---|-----------------------|----------------------|----------------------|
| | Electric Fund | Water Fund | Sewer Fund |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 2,703,684 | \$ 943,262 | \$ 967,976 |
| Investments | 41,725,806 | 4,731,324 | 3,099,194 |
| Receivables: | | | |
| Accounts, net of allowance for doubtful accounts | 4,785,107 | 471,897 | 687,688 |
| Unbilled revenue | 2,398,759 | 243,027 | 387,989 |
| Interest | 22,455 | 23,254 | 147,412 |
| Special assessments | - | 278,681 | 641,814 |
| Inventory | 10,197,042 | 302,599 | - |
| Prepaid expenses | 447,581 | 13,843 | - |
| Total current assets | <u>62,280,434</u> | <u>7,007,887</u> | <u>5,932,073</u> |
| Noncurrent assets: | | | |
| Restricted cash and cash equivalents | 4,407,176 | 297,875 | 13,714,743 |
| Restricted investments | 5,723,500 | 305,327 | 2,506,000 |
| Deferred charges | 935,922 | - | - |
| Capital assets: | | | |
| Land and improvements | 6,278,994 | - | 66,687,547 |
| Construction in progress | 56,120,649 | 665,682 | 29,038,622 |
| Distribution and collection systems | 280,166,401 | 64,518,787 | 5,649,607 |
| Buildings and equipment | 28,801,974 | 3,288,505 | 16,686,776 |
| Less accumulated depreciation | (215,390,780) | (14,474,852) | (42,347,398) |
| Net capital assets | <u>155,977,238</u> | <u>53,998,122</u> | <u>75,715,154</u> |
| Total noncurrent assets | <u>167,043,836</u> | <u>54,601,324</u> | <u>91,935,897</u> |
| Total assets | <u>229,324,270</u> | <u>61,609,211</u> | <u>97,867,970</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 3,086,680 | 64,071 | 2,681,928 |
| Accrued expenses | 2,579,000 | 267,208 | 189,471 |
| Current portion of long-term obligations | 2,870,000 | 225,000 | 515,000 |
| Total current liabilities | <u>8,535,680</u> | <u>556,279</u> | <u>3,386,399</u> |
| Noncurrent liabilities: | | | |
| Compensated absences - noncurrent | 462,061 | 45,698 | 18,738 |
| Closure/post closure liability | 178,217 | - | - |
| Noncurrent portion of long-term obligations | 46,695,000 | 3,055,000 | 33,515,000 |
| Unamortized bond premiums | 4,080,551 | - | 1,460,077 |
| Total noncurrent liabilities | <u>51,415,829</u> | <u>3,100,698</u> | <u>34,993,815</u> |
| Total liabilities | <u>59,951,509</u> | <u>3,656,977</u> | <u>38,380,214</u> |
| NET POSITION | | | |
| Net investment in capital assets | 103,267,609 | 50,718,122 | 41,685,154 |
| Restricted for: | | | |
| Debt service | 5,723,500 | 378,202 | 5,520,950 |
| Construction project | 4,059,571 | - | 10,699,793 |
| Uranium removal | - | 225,000 | - |
| Closure/post-closure costs | 169,388 | - | - |
| Unrestricted | 56,152,693 | 6,630,910 | 1,581,859 |
| Total net position | <u>\$ 169,372,761</u> | <u>\$ 57,952,234</u> | <u>\$ 59,487,756</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> |
|--------------------------------|----------------------------|-----------------------|---|
| \$ 275,928 | \$ 29,135 | \$ 4,919,985 | \$ 940,730 |
| 1,384,035 | 146,135 | 51,086,494 | 4,718,622 |
| 321,183 | 6,251 | 6,272,126 | 109,779 |
| - | - | 3,029,775 | - |
| - | - | 193,121 | - |
| - | - | 920,495 | - |
| - | - | 10,499,641 | 147,483 |
| - | - | 461,424 | - |
| <u>1,981,146</u> | <u>181,521</u> | <u>77,383,061</u> | <u>5,916,614</u> |
| 2,810,664 | - | 21,230,458 | - |
| 4,124,223 | - | 12,659,050 | - |
| - | - | 935,922 | - |
| 253,515 | 1,431,773 | 74,651,829 | - |
| - | - | 85,824,953 | - |
| - | - | 350,334,795 | - |
| 10,346,072 | 751,092 | 59,874,419 | 1,734,701 |
| (5,698,713) | (1,495,884) | (279,407,627) | (1,309,514) |
| <u>4,900,874</u> | <u>686,981</u> | <u>291,278,369</u> | <u>425,187</u> |
| <u>11,835,761</u> | <u>686,981</u> | <u>326,103,799</u> | <u>425,187</u> |
| <u>13,816,907</u> | <u>868,502</u> | <u>403,486,860</u> | <u>6,341,801</u> |
| 45,715 | 16,874 | 5,895,268 | 619,784 |
| 58,370 | 29,562 | 3,123,611 | 1,006,960 |
| - | - | 3,610,000 | - |
| <u>104,085</u> | <u>46,436</u> | <u>12,628,879</u> | <u>1,626,744</u> |
| 16,035 | 13,787 | 556,319 | 30,591 |
| 3,377,480 | - | 3,555,697 | - |
| - | - | 83,265,000 | - |
| - | - | 5,540,628 | - |
| <u>3,393,515</u> | <u>13,787</u> | <u>92,917,644</u> | <u>30,591</u> |
| <u>3,497,600</u> | <u>60,223</u> | <u>105,546,523</u> | <u>1,657,335</u> |
| 4,900,874 | 686,981 | 201,258,740 | 425,187 |
| - | - | 11,622,652 | - |
| - | - | 14,759,364 | - |
| - | - | 225,000 | - |
| 3,557,407 | - | 3,726,795 | - |
| 1,861,026 | 121,298 | 66,347,786 | 4,259,279 |
| <u>\$ 10,319,307</u> | <u>\$ 808,279</u> | <u>\$ 297,940,337</u> | <u>\$ 4,684,466</u> |

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

For the year ended September 30, 2014

| | Enterprise Funds | | |
|--|-----------------------|----------------------|----------------------|
| | Electric Fund | Water Fund | Sewer Fund |
| Operating revenues: | | | |
| Sales: | | | |
| Consumers | \$ 56,735,187 | \$ 4,956,611 | \$ 9,303,247 |
| Municipal and interdepartmental | 1,748,697 | 108,457 | - |
| Wholesale | 6,636,598 | - | - |
| Total sales | <u>65,120,482</u> | <u>5,065,068</u> | <u>9,303,247</u> |
| Tap fees | - | 166,301 | 13,907 |
| Other revenue | 746,678 | 189,039 | 813,980 |
| Total operating revenues | <u>65,867,160</u> | <u>5,420,408</u> | <u>10,131,134</u> |
| Operating expenses: | | | |
| Cost of power | 34,056,696 | - | - |
| Production | - | 1,796,994 | - |
| Operation of system | 1,845,892 | 987,881 | 3,316,806 |
| Maintenance of system | 2,612,444 | - | 445,399 |
| Consumer accounting and collection | 1,358,760 | 486,878 | 669,122 |
| General office expense | 1,545,337 | 203,696 | 671,783 |
| Special services | 1,091,773 | 102,004 | 85,198 |
| Information technology | - | - | - |
| Central garage | - | - | - |
| Insurance | 521,638 | 11,547 | 76,500 |
| Miscellaneous | 102,207 | 235,680 | - |
| Closure costs | - | - | - |
| Depreciation | 10,165,328 | 897,138 | 2,840,209 |
| Total operating expenses | <u>53,300,075</u> | <u>4,721,818</u> | <u>8,105,017</u> |
| Operating income (loss) | 12,567,085 | 698,590 | 2,026,117 |
| Nonoperating revenues (expenses): | | | |
| Interest income | 258,625 | 21,887 | 53,363 |
| Intergovernmental/grants | - | - | - |
| Allocated debt on participation power | (6,053,171) | - | - |
| Interest expense | (410,781) | (67,428) | - |
| Bond fees/issuance cost | (537,565) | - | (3,750) |
| Bond premium accretion | 132,503 | - | - |
| Payments in lieu of taxes | (795,883) | (65,723) | - |
| Gain (loss) on disposal of assets | 25,944 | - | - |
| Special assessments | - | - | 34,238 |
| Contributions in aid of construction | - | 881,276 | 2,880,079 |
| Total nonoperating revenues (expenses) | <u>(7,380,328)</u> | <u>770,012</u> | <u>2,963,930</u> |
| Excess (deficiency) of revenues over expenditures | 5,186,757 | 1,468,602 | 4,990,047 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | - | - |
| Change in net position | 5,186,757 | 1,468,602 | 4,990,047 |
| Net position - September 30, 2013 | <u>164,186,004</u> | <u>56,483,632</u> | <u>54,497,709</u> |
| Net position - September 30, 2014 | <u>\$ 169,372,761</u> | <u>\$ 57,952,234</u> | <u>\$ 59,487,756</u> |

See notes to financial statements.

| <u>Landfill Fund</u> | <u>Golf Fund</u> | <u>Total</u> | <u>Internal Service Funds</u> |
|--------------------------|----------------------|-----------------------|---------------------------------------|
| \$ 2,942,996 | \$ 595,734 | \$ 74,533,775 | \$ - |
| - | - | 1,857,154 | 11,325,441 |
| - | - | 6,636,598 | - |
| <u>2,942,996</u> | <u>595,734</u> | <u>83,027,527</u> | <u>11,325,441</u> |
| - | - | 180,208 | - |
| 32,175 | 13,985 | 1,795,857 | - |
| <u>2,975,171</u> | <u>609,719</u> | <u>85,003,592</u> | <u>11,325,441</u> |
| - | - | 34,056,696 | - |
| - | - | 1,796,994 | - |
| 1,173,148 | 459,806 | 7,783,533 | - |
| 155,434 | 61,650 | 3,274,927 | - |
| 61,378 | - | 2,576,138 | - |
| 298,690 | 88,733 | 2,808,239 | - |
| 141,604 | 553 | 1,421,132 | - |
| - | - | - | 1,050,849 |
| - | - | - | 1,284,563 |
| 35,101 | 3,500 | 648,286 | 8,491,300 |
| - | - | 337,887 | 24,012 |
| 165,103 | - | 165,103 | - |
| 592,423 | 24,450 | 14,519,548 | 95,641 |
| <u>2,622,881</u> | <u>638,692</u> | <u>69,388,483</u> | <u>10,946,365</u> |
| 352,290 | (28,973) | 15,615,109 | 379,076 |
| 45,050 | - | 378,925 | 23,104 |
| - | - | - | 50,000 |
| - | - | (6,053,171) | - |
| - | - | (478,209) | - |
| - | - | (541,315) | - |
| - | - | 132,503 | - |
| - | - | (861,606) | - |
| (248,878) | - | (222,934) | - |
| - | - | 34,238 | - |
| - | - | 3,761,355 | - |
| <u>(203,828)</u> | <u>-</u> | <u>(3,850,214)</u> | <u>73,104</u> |
| 148,462 | (28,973) | 11,764,895 | 452,180 |
| - | 497,384 | 497,384 | 28,377 |
| <u>148,462</u> | <u>468,411</u> | <u>12,262,279</u> | <u>480,557</u> |
| 10,170,845 | 339,868 | 285,678,058 | 4,203,909 |
| <u>\$ 10,319,307</u> | <u>\$ 808,279</u> | <u>\$ 297,940,337</u> | <u>\$ 4,684,466</u> |

CITY OF GRAND ISLAND, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the year ended September 30, 2014

| | Enterprise Funds | |
|--|------------------|---------------|
| | Electric Fund | Water Fund |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Receipts from customers | \$ 67,591,697 | \$ 5,614,521 |
| Receipts from other funds | - | - |
| Payments to suppliers | (32,785,726) | (3,351,921) |
| Payments to employees | (9,864,787) | (606,508) |
| Net cash provided (used) by operating activities | 24,941,184 | 1,656,092 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | |
| Payments in lieu of taxes | (798,670) | (100,161) |
| Transfer from (to) other funds | - | - |
| Net cash provided (used) by noncapital financing activities | (798,670) | (100,161) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Purchase of property and equipment | (37,260,197) | (512,159) |
| Proceeds from sale of property and equipment | 932,489 | 3,692 |
| Decrease in deferred charges | 286,835 | - |
| Intergovernmental receipts | - | - |
| Special assessment collections | - | 77,049 |
| Payment of allocated debt on participation power purchase | (6,053,171) | - |
| Proceeds from issuance of bonds payable | 36,915,000 | - |
| Premium received on the issuance of bonds | 3,631,028 | - |
| Payment of bond fees | (537,565) | - |
| Principal payments on capital debt | (3,285,000) | (225,000) |
| Interest paid on capital debt | (412,912) | (67,737) |
| Increase (decrease) in closure/post-closure liability | 2,616 | - |
| Net cash used by capital and related financing activities | (5,780,877) | (724,155) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from the sale and maturities of investment securities | 16,341,393 | 302,904 |
| Purchase of investment securities | (30,195,826) | (891,719) |
| Interest received | 252,719 | 20,847 |
| Net cash provided (used) by investing activities | (13,601,714) | (567,968) |
| Increase (decrease) in cash and cash equivalents | 4,759,923 | 263,808 |
| Cash and cash equivalents - beginning of the year | 2,350,937 | 977,329 |
| Cash and cash equivalents - end of the year | \$ 7,110,860 | \$ 1,241,137 |
| Composition of cash and cash equivalents: | | |
| Cash and cash equivalents | \$ 2,703,684 | \$ 943,262 |
| Restricted cash and cash equivalents | 4,407,176 | 297,875 |
| Total cash and cash equivalents | \$ 7,110,860 | \$ 1,241,137 |

See notes to financial statements.

| Enterprise Funds | | | | Internal |
|----------------------|---------------------|------------------|----------------------|-------------------|
| Sewer Fund | Landfill Fund | Golf Fund | Total | Service Funds |
| \$ 10,175,844 | \$ 2,838,292 | \$ 611,087 | \$ 86,831,441 | \$ - |
| - | - | - | - | 11,342,084 |
| (3,454,945) | (1,367,463) | (410,770) | (41,370,825) | (9,736,631) |
| (1,648,927) | (633,177) | (212,914) | (12,966,313) | (628,007) |
| <u>5,071,972</u> | <u>837,652</u> | <u>(12,597)</u> | <u>32,494,303</u> | <u>977,446</u> |
| - | - | - | (898,831) | - |
| - | - | 497,384 | 497,384 | 28,377 |
| - | - | <u>497,384</u> | <u>(401,447)</u> | <u>28,377</u> |
| (20,736,755) | (649,172) | (499,885) | (59,658,168) | (65,532) |
| - | 162,478 | - | 1,098,659 | - |
| - | - | - | 286,835 | - |
| - | - | - | - | 50,000 |
| 112,374 | - | - | 189,423 | - |
| - | - | - | (6,053,171) | - |
| - | - | - | 36,915,000 | - |
| - | - | - | 3,631,028 | - |
| (3,750) | - | - | (541,315) | - |
| (1,400,000) | - | - | (4,910,000) | - |
| - | - | - | (480,649) | - |
| - | 165,103 | - | 167,719 | - |
| <u>(22,028,131)</u> | <u>(321,591)</u> | <u>(499,885)</u> | <u>(29,354,639)</u> | <u>(15,532)</u> |
| 2,046,906 | 679,170 | 17,432 | 19,387,805 | - |
| - | - | - | (31,087,545) | (726,734) |
| 47,071 | 45,050 | - | 365,687 | 23,104 |
| <u>2,093,977</u> | <u>724,220</u> | <u>17,432</u> | <u>(11,334,053)</u> | <u>(703,630)</u> |
| (14,862,182) | 1,240,281 | 2,334 | (8,595,836) | 286,661 |
| 29,544,901 | 1,846,311 | 26,801 | 34,746,279 | 654,069 |
| <u>\$ 14,682,719</u> | <u>\$ 3,086,592</u> | <u>\$ 29,135</u> | <u>\$ 26,150,443</u> | <u>\$ 940,730</u> |
| \$ 967,976 | \$ 275,928 | \$ 29,135 | \$ 4,919,985 | \$ 940,730 |
| 13,714,743 | 2,810,664 | - | 21,230,458 | - |
| <u>\$ 14,682,719</u> | <u>\$ 3,086,592</u> | <u>\$ 29,135</u> | <u>\$ 26,150,443</u> | <u>\$ 940,730</u> |

CITY OF GRAND ISLAND, NEBRASKA

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

For the year ended September 30, 2014

| | Enterprise Funds | |
|---|------------------|---------------|
| | Electric Fund | Water Fund |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | |
| Operating income (loss) | \$ 12,567,085 | \$ 698,590 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation expense | 10,165,328 | 897,138 |
| Change in assets and liabilities: | | |
| Accounts receivable | 1,724,537 | 194,113 |
| Inventories | (828,318) | (17,101) |
| Prepaid expenses | (17,584) | (544) |
| Prepaid transmissions | 942,589 | - |
| Accounts payable and accrued expenses | 387,547 | (116,104) |
| Net cash provided (used) by operating activities | \$ 24,941,184 | \$ 1,656,092 |
| Supplemental cash flow information: | | |
| Acquisition of capital assets through developers' aid of construction | \$ - | \$ 881,276 |
| Accounts payable incurred for capital asset purchases | \$ - | \$ - |

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> | | |
| \$ 2,026,117 | \$ 352,290 | \$ (28,973) | \$ 15,615,109 | \$ | 379,076 |
| 2,840,209 | 592,423 | 24,450 | 14,519,548 | | 95,641 |
| 44,710 | (136,879) | 1,368 | 1,827,849 | | 16,643 |
| - | - | - | (845,419) | | (3,823) |
| - | - | - | (18,128) | | - |
| - | - | - | 942,589 | | - |
| 160,936 | 29,818 | (9,442) | 452,755 | | 489,909 |
| <u>\$ 5,071,972</u> | <u>\$ 837,652</u> | <u>\$ (12,597)</u> | <u>\$ 32,494,303</u> | <u>\$</u> | <u>977,446</u> |
| <u>\$ 2,880,079</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,761,355</u> | <u>\$</u> | <u>-</u> |
| <u>\$ 2,241,388</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,241,388</u> | <u>\$</u> | <u>-</u> |

CITY OF GRAND ISLAND, NEBRASKA

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

September 30, 2014

| | <u>Employee Reserve Funds</u> | <u>Agency Funds</u> |
|------------------------------------|-----------------------------------|-------------------------|
| ASSETS | | |
| Cash | \$ - | \$ 35,561 |
| Investments | 4,788,625 | 178,371 |
| Accounts receivable | - | 12,634 |
| Special assessments receivable | - | 19,499 |
| Total assets | <u>4,788,625</u> | <u>246,065</u> |
| LIABILITIES | | |
| Agency liabilities | - | 246,065 |
| Due to other funds | 6,408 | |
| Pension liability | 2,263,607 | - |
| Total liabilities | <u>2,270,015</u> | <u>246,065</u> |
| NET POSITION | | |
| Held in trust for pension benefits | <u>\$ 2,518,610</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, 2014

| | <u>Employee Reserve Funds</u> |
|-----------------------------------|-----------------------------------|
| ADDITIONS | |
| Interest and dividends | \$ 1,242,199 |
| Other revenue | 146 |
| Total additions | <u>1,242,345</u> |
| DEDUCTIONS | |
| Pension benefits | 121,404 |
| Transfer to other funds | 945,372 |
| Loss on investments | 507,110 |
| Total deductions | <u>1,573,886</u> |
| Change in net position | (331,541) |
| Net position - September 30, 2013 | <u>2,850,151</u> |
| Net position - September 30, 2014 | <u><u>\$ 2,518,610</u></u> |

See notes to financial statements.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

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CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Financial Reporting Entity

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

The City’s financial reporting entity comprises the following:

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

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

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

September 30, 2014

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, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Discretely Presented Component Units, continued

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

2. Basis of Presentation

Government-wide Financial Statements

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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, 2014

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, 2014

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 one trust fund:

| | |
|------------------|--|
| Employee Reserve | Accounts for the administration of all police and fire pension reserves after August 15, 2013. |
|------------------|--|

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

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds

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

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

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

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

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

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2014

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, 2014

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, 2014

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, 2014

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, 2014

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 | \$ 2,925,649 | Sales Tax |
| General | 66,835 | Municipal Equalization |
| General | 71,880 | Hall County reimbursements |
| General | 94,888 | Department of Justice grant |
| General | 11,750 | HUD Officer reimbursement |
| General | 217,688 | GI Public Schools officer reimbursement |
| General | 108,065 | Various other |
| Capital Projects | 19,299 | State reimbursements for Highway 30 Project |
| Gas Tax | 496,309 | Motor Vehicle/Gas Tax |
| Police Grant | 22,946 | HIDTA grant reimbursement |
| Community grants | 47,519 | State reimbursements for CDBG grant expenditures |
| Keno | <u>23,022</u> | Keno Proceeds |
| Total governmental funds | <u>\$ 4,105,850</u> | |

Inventory

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

Restricted Assets

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

Deferred Charges

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

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2014

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 | \$ 1,299,993 | \$ - |
| Interest costs charged to expense | <u>410,781</u> | <u>67,428</u> |
| | <u>\$ 1,710,774</u> | <u>\$ 67,428</u> |

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2014

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, 2014

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, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

Fund Financial Statements, continued

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

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

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

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

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

Unassigned—All amounts not included in other spendable classifications.

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

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2014

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 2013-2014 are recorded as revenue when expected to be collected within 60 days after September 30, 2014. 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, 2014

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 \$6,053,171 is shown as a nonoperating expense for the year ended September 30, 2014.

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, 2014

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, 2014

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, 2014

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, 2014. 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 | \$ 33,394,299 | \$ 750,000 | \$ 32,644,299 | \$ - | \$ <u>32,988,023</u> |

Reconciliation to Government-wide Statement of Net Position:

| | |
|---|----------------------|
| Primary Government – | |
| Unrestricted cash and cash equivalents | \$ 8,194,189 |
| Restricted cash and cash equivalents | 23,878,841 |
| Component Units – | |
| Unrestricted cash and cash equivalents | 867,109 |
| Restricted cash and cash equivalents | 12,323 |
| Employee Pension Funds Cash (not included in government-wide statement) | - |
| Agency Fund Cash (not included in government-wide statement) | <u>35,561</u> |
| | \$ <u>32,988,023</u> |

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

September 30, 2014

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, 2014. The categories of credit risk are defined as follows:

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

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

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

| <u>Type of Investment</u> | <u>Category 1</u> | <u>Category 2</u> | <u>Category 3</u> | <u>Carrying Amount</u> | <u>Fair Value</u> |
|---------------------------|-----------------------|-----------------------|-----------------------|----------------------------|-----------------------|
| Time Deposits | \$ 85,061,459 | \$ - | \$ - | \$ 85,061,459 | \$ 85,061,459 |
| Publicly Traded Equities | - | 4,875,042 | - | <u>4,875,042</u> | <u>4,875,042</u> |
| | | | | <u>\$ 89,936,501</u> | <u>\$ 89,936,501</u> |

Reconciliation to Government-wide Statements of Net Position:

Primary Government –

| | |
|---|----------------------|
| Unrestricted investments | \$ 67,003,932 |
| Restricted investments | 17,417,488 |
| Permanently restricted investments | 548,085 |
| Employee Pension Funds (not included in government-wide statements) | 4,788,625 |
| Agency Funds (not included in government-wide statements) | <u>178,371</u> |
| | <u>\$ 89,936,501</u> |

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2014

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

2. Restricted Assets

The restricted assets as of September 30, 2014, are as follows:

| | Governmental <u>Activities</u> | Business- type <u>Activities</u> | Total Primary <u>Government</u> | Component <u>Units</u> |
|--|-----------------------------------|--|---------------------------------------|---------------------------|
| Type of Restricted Assets: | | | | |
| Cash and cash equivalents | \$2,648,383 | \$ 21,230,458 | \$ 23,878,841 | \$ 12,323 |
| Investments | 4,758,438 | 12,659,050 | 17,417,488 | - |
| Permanently restricted investments | 548,085 | - | 548,085 | - |
| Permanently restricted notes receivable | <u>958,007</u> | <u>-</u> | <u>958,007</u> | <u>-</u> |
| | <u><u>\$8,912,913</u></u> | <u><u>\$ 33,889,508</u></u> | <u><u>\$ 42,802,421</u></u> | <u><u>\$ 12,323</u></u> |

The Electric Fund has \$5,723,500 of unspent construction bond proceeds in restricted cash and the Sewer Fund has \$10,699,793 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 (14.7 percent), cable franchise tax (17.6 percent), other franchise/occupation tax (2.3 percent), ambulance (33.1 percent), payroll reimbursement (12.4 percent), administrative fees (16.2 percent), and other (3.7 percent) receivables. Receivables detail at September 30, 2014, is as follows:

| | Governmental <u>Activities</u> | Business- type <u>Activities</u> | Total Primary <u>Government</u> | Component <u>Units</u> |
|------------------------------------|-----------------------------------|--|---------------------------------------|---------------------------|
| Accounts receivable | \$ 973,817 | \$6,651,546 | \$7,625,363 | \$ - |
| Allowance for doubtful accounts | <u>(161,500)</u> | <u>(379,420)</u> | <u>(540,920)</u> | <u>-</u> |
| Net accounts receivable | <u><u>\$ 812,317</u></u> | <u><u>\$6,272,126</u></u> | <u><u>\$7,084,443</u></u> | <u><u>\$ -</u></u> |

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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, 2014:

| <u>Note Held By:</u> | <u>Due From</u> | Note Balance at September 30, <u>2014</u> | <u>Terms</u> |
|---------------------------|--|---|--|
| Program Income Reuse | Standard Iron | \$ 101,190 | \$250,000 is 0% loan due in 168 monthly installments. |
| Community Grants Fund | Rehab Housing - Various Homeowners | 255,284 | Forgivable over 5 or 10 years of continued home ownership. |
| Economic Development Fund | Rogue Manufacturing | 10,000 | Forgivable if employment objectives are met. |
| Economic Development Fund | Bosselman's | 50,000 | Forgivable if employment objectives are met. |
| Economic Development Fund | Chief Industries, Inc. | 66,800 | Forgivable if employment objectives are met. |
| Housing Reuse Loan Fund | Rehab Housing - Various Homeowners | 131,170 | 0%; due upon sale of house. |
| Housing Reuse Loan Fund | Housing Downpayment Loans - Various Homeowners | 343,563 | Forgivable over 5 to 10 years of continued home ownership. |
| | | <u>\$ 958,007</u> | |

The above notes are permanently restricted as revolving loan funds.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

4. Capital Assets

Capital asset activity for the year ended September 30, 2014, was as follows:

| | Balance at October 1, <u>2013</u> | <u>Additions</u> | <u>Disposals</u> | <u>Restatement and Reclass</u> | Balance at September 30, <u>2014</u> |
|--|---|----------------------|---------------------|------------------------------------|--|
| <u>Governmental Activities:</u> | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 5,822,921 | \$ 356,658 | \$ - | \$ - | \$ 6,179,579 |
| Infrastructure | 255,807,690 | - | - | 2,431,051 | 258,238,741 |
| Construction in progress | 8,139,431 | 7,115,931 | - | (3,197,617) | 12,057,745 |
| Total capital assets not being depreciated | <u>269,770,042</u> | <u>7,472,589</u> | <u>-</u> | <u>(766,566)</u> | <u>276,476,065</u> |
| Other capital assets being depreciated: | | | | | |
| Land improvements | 16,735,863 | - | - | 270,938 | 17,006,801 |
| Buildings | 57,886,514 | - | (1,112,841) | 224,035 | 56,997,708 |
| Machinery and equipment | 6,730,124 | 97,504 | (49,589) | 271,593 | 7,049,632 |
| Office furniture and equipment | 2,715,919 | 242,832 | (14,578) | - | 2,944,173 |
| Vehicles | 7,840,742 | 599,100 | (292,570) | - | 8,147,272 |
| Total other capital assets at historical cost | <u>91,909,162</u> | <u>939,436</u> | <u>(1,469,578)</u> | <u>766,566</u> | <u>92,145,586</u> |
| Less accumulated depreciation for: | | | | | |
| Land improvements | (5,565,820) | (544,172) | - | - | (6,109,992) |
| Buildings | (17,125,376) | (1,829,111) | 521,866 | - | (18,432,621) |
| Machinery and equipment | (5,254,577) | (261,306) | 49,589 | - | (5,466,294) |
| Office furniture and equipment | (2,296,603) | (108,443) | 14,578 | - | (2,390,468) |
| Vehicles | (5,428,987) | (499,034) | 292,570 | - | (5,635,451) |
| Total accumulated depreciation | <u>(35,671,363)</u> | <u>(3,242,066) *</u> | <u>878,603</u> | <u>-</u> | <u>(38,034,826)</u> |
| Other capital assets, net | <u>56,237,799</u> | <u>(2,302,630)</u> | <u>(590,975)</u> | <u>766,566</u> | <u>54,110,760</u> |
| Governmental activities capital assets, net | <u>\$ 326,007,841</u> | <u>\$ 5,169,959</u> | <u>\$ (590,975)</u> | <u>\$ -</u> | <u>\$ 330,586,825</u> |

* Depreciation expense was charged to governmental activities as follows:

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2014

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

4. Capital Assets, continued

Governmental Activities, continued:

General Fund:

General government:

| | |
|--------------------------|------------|
| Finance | \$ 11,786 |
| City Hall | 210,508 |
| Human Resources | <u>548</u> |
| Total general government | 222,842 |

Public safety:

| | |
|----------------------|---------------|
| Building inspection | 7,829 |
| Fire | 323,941 |
| Ambulance | 45,848 |
| Police | 439,489 |
| Emergency management | <u>45,425</u> |
| Total public safety | 862,532 |

Public works:

| | |
|--------------------|----------------|
| Engineering | 17,921 |
| Street and alley | <u>225,400</u> |
| Total public works | 243,321 |

Environment and leisure:

| | |
|--------------------------------|----------------|
| Library | 237,267 |
| Parks | 208,141 |
| Cemetery | 23,047 |
| Recreation | 126,160 |
| Water park and pools | 155,383 |
| Community Fieldhouse | 166,109 |
| Public information | 29,063 |
| Heartland Public Shooting Park | 79,208 |
| Heartland Events Center | <u>700,255</u> |
| Total environment and leisure | 1,724,633 |

Total General Fund 3,053,328

Special Revenue Funds:

| | |
|-----------------------------|---------------|
| Enhanced 911 | 20,274 |
| PSC Wireless | 1,166 |
| Community development | 53,339 |
| Downtown development | <u>18,318</u> |
| Total Special Revenue Funds | 93,097 |

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

September 30, 2014

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

4. Capital Assets, continued

Governmental Activities, continued:

Internal Service Funds:

| | |
|------------------------------|---------------|
| Information technology | 90,355 |
| Fleet services | <u>5,286</u> |
| Total Internal Service Funds | <u>95,641</u> |

Total governmental activities depreciation expense \$ 3,242,066

| | October 1, <u>2013</u> | <u>Additions</u> | <u>Disposals</u> | Reclass | September 30, <u>2014</u> |
|--|---------------------------|-----------------------|-----------------------|------------------|------------------------------|
| <u>Business-type Activities:</u> | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 7,244,186 | \$ 210,690 | \$ - | \$ - | \$ 7,454,876 |
| Construction in progress | <u>38,061,351</u> | <u>48,078,811</u> | <u>-</u> | <u>(315,210)</u> | <u>85,824,952</u> |
| Total capital assets not being depreciated | 45,305,537 | 48,289,501 | - | (315,210) | 93,279,828 |
| Other capital assets being depreciated: | | | | | |
| Land improvements | 69,153,247 | 5,072,068 | - | 315,210 | 74,540,525 |
| Buildings, distribution systems, and equipment | 387,018,773 | 7,331,712 | (2,016,634) | - | 392,333,851 |
| Office furniture and equipment | 3,573,585 | - | - | - | 3,573,585 |
| Vehicles | <u>6,527,855</u> | <u>937,476</u> | <u>(507,124)</u> | <u>-</u> | <u>6,958,207</u> |
| Total other capital assets at historical cost | 466,273,460 | 13,341,256 | (2,523,758) | 315,210 | 477,406,168 |
| Less accumulated depreciation for: | | | | | |
| Land improvements | (34,014,659) | (2,097,139) | - | - | (36,111,798) |
| Buildings, distribution systems, and equipment | (230,534,912) | (12,276,045) | 1,036,056 | - | (241,774,901) |
| Office furniture and equipment | (88,931) | - | - | - | (88,931) |
| Vehicles | <u>(1,448,736)</u> | <u>(146,364)</u> | <u>163,103</u> | <u>-</u> | <u>(1,431,997)</u> |
| Total accumulated depreciation | <u>(266,087,238)</u> | <u>(14,519,548) *</u> | <u>1,199,159</u> | <u>-</u> | <u>(279,407,627)</u> |
| Other capital assets, net | <u>200,186,222</u> | <u>(1,178,292)</u> | <u>(1,324,599)</u> | <u>315,210</u> | <u>197,998,541</u> |
| Business-type capital assets, net | <u>\$ 245,491,759</u> | <u>\$ 47,111,209</u> | <u>\$ (1,324,599)</u> | <u>\$ -</u> | <u>\$ 291,278,369</u> |

* Depreciation expense was charged to functions as follows:

| | |
|---|----------------------|
| Electric | \$ 10,165,328 |
| Water | 897,138 |
| Sewer | 2,840,209 |
| Landfill | 592,423 |
| Golf | <u>24,450</u> |
| Total business-type activities depreciation expense | <u>\$ 14,519,548</u> |

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

4. Capital Assets, continued

| | Balance at October 1, <u>2013</u> | <u>Additions</u> | <u>Disposals</u> | Balance at September 30, <u>2014</u> |
|---|---|-------------------|------------------|--|
| <u>Business Improvement Districts:</u> | | | | |
| Capital assets being depreciated: | | | | |
| Land improvements | \$ 65,787 | \$ - | \$ - | \$ 65,787 |
| Less accumulated depreciation: | | | | |
| Land improvements | <u>(13,561)</u> | <u>(2,193)</u> | <u>-</u> | <u>(15,754)</u> |
| Business Improvement Districts, net | <u>\$ 52,226</u> | <u>\$ (2,193)</u> | <u>\$ -</u> | <u>\$ 50,033</u> |
| <u>Community Redevelopment Authority:</u> | | | | |
| Capital assets not being depreciated: | | | | |
| Land held for redevelopment | <u>\$ 495,354</u> | <u>\$ -</u> | <u>\$ -</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, 2014

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, 2014:

| <u>Type of Debt</u> | Balance October 1, 2013 | <u>Additions</u> | <u>Deductions</u> | Balance September 30, 2014 | Amounts Due Within <u>One Year</u> |
|----------------------------------|-------------------------------|----------------------|-----------------------|----------------------------------|--|
| Governmental Activities: | | | | | |
| Bonds payable | \$ 5,535,000 | \$ 2,230,000 | \$ (1,065,000) | \$ 6,700,000 | \$ 1,070,000 |
| Capital Lease | 10,729,082 | - | (1,882,337) | 8,846,745 | 1,923,365 |
| | <u>\$ 16,264,082</u> | <u>\$ 2,230,000</u> | <u>\$ (2,947,337)</u> | <u>\$ 15,546,745</u> | <u>\$ 2,993,365</u> |
| Business-type Activities: | | | | | |
| Bonds payable | <u>\$ 54,870,000</u> | <u>\$ 36,915,000</u> | <u>\$ (4,910,000)</u> | <u>\$ 86,875,000</u> | <u>\$ 3,610,000</u> |
| Component Units: | | | | | |
| GI Facilities Corporation | \$ 2,325,000 | \$ - | \$ (765,000) | \$ 1,560,000 | \$ 775,000 |
| CRA notes payable | 2,368,118 | - | (310,967) | 2,057,151 | 245,309 |
| Total Component Units | <u>\$ 4,693,118</u> | <u>\$ -</u> | <u>\$ (1,075,967)</u> | <u>\$ 3,617,151</u> | <u>\$ 1,020,309</u> |

Governmental Activities

As of September 30, 2014, 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.

\$ 1,390,000

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

September 30, 2014

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

6. Long-term Debt, continued

Governmental Activities, continued

Bonds payable, continued:

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

Law enforcement center refunding bonds dated April 12, 2011, with original issue amount of \$5,535,000. Interest ranges from 0.45 to 2.90 percent with final maturity September 1, 2014. 3,080,000

Total bonds payable 6,700,000

Capital Lease:

Capital lease refunding obligation due to the Heartland Events Center dated September 20, 2011, with original issue amount of \$5,795,000. Interest ranges from 0.3 to 3.35 percent with final maturity December 15, 2024. 4,925,000

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. 1,560,000

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. 2,100,382

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

6. Long-term Debt, continued

Governmental Activities, continued

Capital Lease, continued:

Capital lease obligation due to Kansas State Bank dated August 19, 2013, with original issue amount of \$80,490 to finance an asphalt zipper. The lease bears interest of 3.68 percent and is due in four annual principal and interest payments of \$22,415, commencing April 15, 2014 through April 14, 2017. 61,665

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. 59,657

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. 140,041

Total capital lease obligations 8,846,745

Total governmental activities long-term obligations \$ 15,546,745

Current portion \$ 2,993,365

Noncurrent portion 12,553,380

Total \$ 15,546,745

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, 2014

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

6. Long-term Debt, continued

Business-type Activities

As of September 30, 2014, 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. | \$ 34,030,000 |
|--|---------------|

| | |
|--|------------|
| 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. | 14,230,000 |
|--|------------|

| | |
|---|------------|
| Electric system revenue refunding bonds, Series 2013, due serially to August 15, 2028. Interest ranges from 0.25 to 5.0 percent; secured by electric system revenues. | 35,335,000 |
|---|------------|

| | |
|---|------------------|
| 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>3,280,000</u> |
|---|------------------|

| | |
|--|----------------------|
| Total business-type activity bonds payable | \$ <u>86,875,000</u> |
|--|----------------------|

| | |
|-----------------|--------------|
| Current portion | \$ 3,610,000 |
|-----------------|--------------|

| | |
|--------------------|-------------------|
| Noncurrent portion | <u>83,265,000</u> |
|--------------------|-------------------|

| | |
|-------|----------------------|
| Total | \$ <u>86,875,000</u> |
|-------|----------------------|

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

September 30, 2014

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

6. Long-term Debt, continued

Component Units

Grand Island Facilities Corporation:

Library building bonds, Series 2005, dated November 1, 2005, with original issue amount of \$7,000,000. Interest ranges from 2.85 to 3.80 percent with final maturity on November 1, 2015, callable after November 1, 2010. (The City has a matching capital lease obligation to the Grand Island Facilities Corporation as described on page 62). \$ 1,560,000

CRA bonds and notes payable:

Limited tax obligation bonds, Series 2012, dated October 30, 2012, with original issue amount of \$1,800,000 to finance the Lincoln Pool project. Interest ranges from 0.40 to 2.40 percent with final maturity on December 15, 2022. 1,630,000

The Authority borrowed \$37,000 from Wells Fargo Bank on September 3, 2002, to finance the RSF Limited redevelopment project. The note is collateralized by a promissory note from the redeveloper and a deed of trust on the real estate included in the project, and the incremental tax revenue increase by the redeveloped property will be used for payment of the note. The note bears interest of 6.9 percent and payments are due semi-annually through December 15, 2017. 12,537

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. 70,855

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2014

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>343,759</u> |
| Total CRA bonds and notes payable | <u>2,057,151</u> |
| Total component units bonds and notes payable | \$ <u>3,617,151</u> |
| Current portion | \$ 1,020,309 |
| Noncurrent portion | <u>2,596,842</u> |
| Total | \$ <u>3,617,151</u> |

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2014, 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> |
| 2015 | \$ 2,993,365 | \$ 340,814 | \$ 3,610,000 | \$ 3,608,988 | \$ 1,020,309 | \$ 70,525 |
| 2016 | 5,299,446 | 266,545 | 4,055,000 | 3,557,912 | 1,035,173 | 52,012 |
| 2017 | 2,346,845 | 190,400 | 4,130,000 | 3,483,208 | 255,374 | 38,324 |
| 2018 | 1,647,089 | 126,473 | 4,220,000 | 3,398,167 | 258,283 | 31,175 |
| 2019 | 430,000 | 87,450 | 4,315,000 | 3,303,013 | 255,780 | 23,304 |
| 2020-2024 | 2,325,000 | 261,661 | 24,090,000 | 13,899,802 | 792,232 | 35,406 |
| 2025-2029 | 505,000 | 8,459 | 24,815,000 | 7,888,057 | - | - |
| 2030-2034 | - | - | 8,780,000 | 3,823,350 | - | - |
| 2035-2039 | - | - | 8,860,000 | 1,221,469 | - | - |
| | <u>\$ 15,546,745</u> | <u>\$ 1,281,802</u> | <u>\$ 86,875,000</u> | <u>\$ 44,183,966</u> | <u>\$ 3,617,151</u> | <u>\$ 250,746</u> |

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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 \$178,217 at September 30, 2014. The amount on deposit in the Closure/Post-Closure Care Account was \$347,605 at September 30, 2014.

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 \$3,377,480 as of September 30, 2014, which is based on 34.61 percent usage (filled) of the landfill. It is estimated that an additional \$6,381,200 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, \$9,758,680, 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, 2014. 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, 2014, funds of \$4,124,223 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, 2014

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 | - | 2,095,238 |
| Keno | - | (256,431) |
| Metropolitan Planning | - | 50,000 |
| Transportation | - | 110,000 |
| Debt Service | - | (488,970) |
| Employee Reserve Funds | 945,372 | - |
| Golf | - | 497,384 |
| Electric | 798,670 | - |
| Water | <u>100,161</u> | <u>-</u> |
| Total General Fund | 4,544,203 | 2,757,221 |
| Capital Projects Fund: | | |
| General | 2,095,238 | - |
| Gas Tax | 1,980,767 | - |
| Keno | 338,137 | - |
| Debt Service | 761,042 | - |
| Information Technology | - | 28,377 |
| Special Assessments | <u>96,530</u> | <u>-</u> |
| Total Capital Projects Fund | 5,271,714 | 28,377 |
| Debt Service Fund: | | |
| General | 77,085 | 566,055 |
| Capital Projects | <u>-</u> | <u>761,042</u> |
| Total Debt Service Fund | 77,085 | 1,327,097 |
| Nonmajor Funds | 860,000 | 5,371,865 |

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

7. Interfund Transactions and Balances, continued

Operating transfers, continued:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|--|----------------------|----------------------|
| Enterprise Funds (payments in lieu of taxes) | - | 898,831 |
| Golf Fund | 497,384 | - |
| Internal Service Funds | 28,377 | - |
| Metropolitan Planning - Component Unit: | | |
| General Fund | 50,000 | - |
| Fiduciary Funds: | | |
| Employee Reserve Funds | <u>-</u> | <u>945,372</u> |
| Total Operating Transfers | <u>\$ 11,328,763</u> | <u>\$ 11,328,763</u> |

8. Fund Equity

Restricted net position for other purposes consists of the following:

| | |
|------------------------|---------------------|
| Federal Projects | \$ 344,040 |
| Housing Loans | 806,870 |
| Community Improvements | 237,720 |
| Library Expenses | 749,144 |
| Other Donor Purposes | <u>161,447</u> |
| | <u>\$ 2,299,221</u> |

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

September 30, 2014

NOTE D – OTHER NOTES

1. Employee Pension and Other Benefit Plans

The City participates in six employee pension plans as follows:

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

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

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

September 30, 2014

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

City General Plan

The City of Grand Island has a contributory defined contribution employees' pension plan in which employees of the City participate. Changes in the plan effective January 1, 1991, allow any new employee anticipating working a minimum of 1,000 hours, for one continuous year, to participate in the plan immediately. City payroll totaled \$21,373,659, of which \$22,412,737 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 \$1,450,768 and \$1,300,738, respectively, as required by the plan for the fiscal year ended September 30, 2014.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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, 2014, the City's payroll total and covered under the Plan was \$5,912,252 and \$5,219,649, respectively.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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 6.5 percent of monthly compensation, and vests 40 percent after two years of service, 60 percent after 4 years, 80 percent after 5 years, and is 100 percent vested at 7 years or more in the City's contributions, which is a matching 6.5 percent.

Funding Status of Defined Benefit Plan

The projected retirement benefits at January 1, 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, 2014

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>3,064,199</u> |
| Funded Status | \$ (<u>886,281</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, 2014.

Contributions made under the defined contribution portion of the Police Plan for the year ended September 30, 2014, were as follows:

| | | <u>Amount as a Percentage of Covered Payroll</u> |
|----------|-------------------|--|
| Employer | \$ 339,276 | 6.5% |
| Employee | <u>339,276</u> | 6.5% |
| Total | \$ <u>678,552</u> | |

* In addition, there were \$1,213 of voluntary retirement contributions for the year ended September 30, 2014.

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, 2014, the City's payroll total and covered under the Plan was \$4,234,189 and \$3,748,091, respectively.

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, 2014

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 | <u>1,121,268</u> |
| Funded Status | \$ (<u>536,434</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, 2014

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, 2014.

Contributions made under the defined contribution portion of the Firefighters Plan for the year ended September 30, 2014, were as follows:

| | | <u>Amount as a Percentage of Covered Payroll</u> |
|----------|-------------------|--|
| Employer | \$ 487,252 | 13.0% |
| Employee | <u>243,626</u> | 6.5% |
| | <u>\$ 730,878</u> | |

* In addition, there were \$3,146 of voluntary retirement contributions for the year ended September 30, 2014.

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, 2014, was \$840,892. 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> | |
| 9/30/12 | \$ - | N/A | - |
| 9/30/13 | - | N/A | - |
| 9/30/14 | - | N/A | - |

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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 \$262,355 to the plan and the City contributed \$0. The employees also contributed \$102,484 to a Roth 457 plan.

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

2. Risk Management

Insurance

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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 \$800,000; the amount represents two months of subsequent claims. Also accrued in the Insurance Fund is \$130,000 of estimated unsubmitted workers compensation claims at September 30, 2014. For all of the reserve funds, a reserve of \$3,405,295 is established in an internal service fund at September 30, 2014.

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> |
|-----------|---|--|---|---|
| 2011-2012 | \$ 880,000 | \$ 7,799,875 | \$ (7,828,275) | \$ 851,600 |
| 2012-2013 | 851,600 | 7,449,438 | (7,871,038) | 430,000 |
| 2013-2014 | 430,000 | 8,643,127 | (8,273,127) | 800,000 |

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, 2014, 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, 2014

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 2014 | \$ 3,158,398 |
| November 2014 | 501,497 |
| December 2014 | 2,462,221 |
| January 2015 | 2,005,161 |
| February 2015 | 6,601,905 |
| March 2015 | 3,024,183 |
| April 2015 | 7,551,490 |
| May 2015 | 8,101,347 |
| June 2015 | 4,566,706 |
| August 2015 | 8,430,340 |
| October 2015 | 10,257,238 |
| November 2015 | 3,048,592 |
| February 2016 | 6,072,608 |
| March 2016 | 1,505,298 |
| April 2016 | 2,005,272 |
| June 2016 | 4,669,223 |
| July 2016 | 305,327 |
| August 2016 | 6,000,000 |
| June 2017 | 490,000 |
| July 2017 | 245,000 |
| June 2022 | 490,000 |
| Money market accounts - no maturity dates | <u>3,569,653</u> |
| | \$ <u>85,061,459</u> |

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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, 2014, the City's investments in certificates of deposit consisted of the following:

| <u>Financial Institution</u> | <u>Amount</u> |
|------------------------------|----------------------|
| Five Points Bank | \$ 10,316,071 |
| Wells Fargo Bank | 5,720,653 |
| Home Federal Bank | 7,370,225 |
| Exchange Bank | 9,028,632 |
| First National Bank | 7,035,552 |
| Great Western Bank | 3,158,398 |
| Cornerstone Bank | <u>42,431,928</u> |
| | <u>\$ 85,061,459</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, 2014.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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 9/30/2014</u> | <u>Obligation Pending</u> |
|---|----------------------------|-----------------------------------|-------------------------------|
| Stormwater GPS Data Collection | \$ 50,000 | \$ 49,000 | \$ 1,000 |
| Claude Road Drainage Project No. 2013-D-2 | 55,818 | 38,132 | 17,686 |
| Westgate Drainage District No 2013-D-4 | 176,894 | 20,695 | 156,199 |
| Capital Ave Widening - Webb to Broadwell | 3,638,726 | 93,998 | 3,544,728 |
| Northwest Flood Control Project | 3,442,582 | 276,035 | 3,166,547 |
| 2014-AC-1 Asphalt Maintenance Project | 531,872 | 500,574 | 31,298 |
| Faidley Avenue & Diers Avenue Traffic Signal | 65,691 | 2,151 | 63,540 |
| 4th to 5th St; Eddy to Sycamore St Handicap Ramps | 94,352 | 43,504 | 50,848 |
| Faidley Avenue Paving Project No 2014-P-1 | 1,113,147 | 60,282 | 1,052,865 |
| Webb Road Street Improvement District No. 1260 | 1,502,209 | 676,129 | 826,080 |
| Husker Highway Sanitary Sewer Tap No 531T | 167,566 | 16,820 | 150,746 |
| Westgate Rd Street Improvement District No. 1261 | 698,107 | 580,014 | 118,093 |
| Handicap Ramp Project No. 2014-HC-1 | 191,064 | 131,764 | 59,300 |
| Sanitary Sewer Districts 528, 530T and SID #2 | 502,185 | 224,651 | 277,534 |
| Wastewater Major Rehab | 9,181,115 | 6,218,846 | 2,962,269 |
| Wastewater Treatment Plant Headworks | 15,054,000 | 14,409,450 | 644,550 |
| North Interceptor PH 1 | 10,362,086 | 10,343,699 | 18,387 |
| North Interceptor PH 2 | 1,450,000 | 1,445,494 | 4,506 |
| Replacement of Forced Main - Lift Station #7 | 31,487 | 11,831 | 19,656 |
| Sanitary Sewer District 528 & 530T | 1,400,000 | 890,715 | 509,285 |
| Husker Highway Sanitary Sewer District 531T | 250,000 | 16,820 | 233,180 |
| Air Quality Control Engineering | 1,343,044 | 434,744 | 908,300 |

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Construction, continued

| <u>Project</u> | <u>Contract Amount</u> | <u>Paid Through 9/30/2014</u> | <u>Obligation Pending</u> |
|---|----------------------------|-----------------------------------|-------------------------------|
| Mercury & Air Toxic Standards (MATS) | 41,243,732 | 30,891,998 | 10,351,734 |
| Unit 54 - 2014 Truck with 55' Aerial Device | 204,439 | - | 204,439 |
| Precipitator, Bottom Ash & Boiler Cleaning | 163,969 | 162,879 | 1,090 |
| Utility Management System | 290,485 | 176,849 | 113,636 |
| Uranium Removal Equipment | 9,821,285 | 3,728,468 | 6,092,817 |
| AMI Pilot Project | 108,130 | 98,971 | 9,159 |
| Total City Commitments | <u>\$ 103,133,985</u> | <u>\$ 71,544,513</u> | <u>\$ 31,589,472</u> |

Lease Commitments

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

Lease commitments as of September 30, 2014, are as follows:

| <u>Year ending September 30,</u> | <u>Commitment</u> |
|----------------------------------|-------------------|
| 2015 | \$ 19,891 |
| 2016 | 20,488 |
| 2017 | 21,102 |
| 2018 | 21,735 |
| 2019 | 22,387 |
| Thereafter | <u>165,298</u> |
| | <u>\$ 270,901</u> |

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2014

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Letter of Credit

The City has a \$2,000,000 standby letter of credit available through Wells Fargo Bank with Southern Power Pool, Inc. as the beneficiary. As of September 30, 2014, nothing had been drawn on this letter of credit, which expires August 1, 2015.

CDBG Conditional Grant

Under terms of CDBG grant No. 10-ED-010, the City must meet the condition of creating 37 jobs for 12 months to retain the full \$1,010,000 CDBG grant. If 37 jobs are not created by March 31, 2017, a prorated portion of grant will be due back to Nebraska Department of Economic Development. As of September 30, 2014, the City has not met the job creation condition.

Economic Development Program

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

Electric Department

Purchased Power Agreements:

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

The Department entered into a coal supply agreement with Alpha Coal Sales Company, Inc., on July 2, 2013, to obtain approximately 300,000 tons of coal from January 1, 2014, to December 31, 2014. On March 13, 2014, the Department also entered into an agreement with Cloud Peak Energy Resources, LLC to obtain approximately 87,000 tons of coal from May 1, 2014, to December 31, 2014, and to obtain approximately 335,000 tons of coal from January 1, 2015, to December 31, 2015. The Department received 264,286 tons from January 1, 2014, through September 30, 2014, leaving 122,714 tons under contract for the remainder of calendar year 2014 and 335,000 tons under contract for calendar year 2015.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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, 2014, was approximately 162 MW in July 2014.

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

4. Related-party Transactions

The Electric Fund remits five percent of net operating revenues, excluding depreciation expense, to the General Fund annually as payments in lieu of taxes. The City provides certain administrative services to the Electric Department for which the Department pays fees to the General Fund. The Electric Fund accrued in lieu of tax in the amount of \$795,883 for the year ended September 30, 2014.

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 \$65,723 for the year ended September 30, 2014.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

5. Major Customers

The City has one customer that was billed \$4,805,195 for electricity, \$626,227 for water and \$1,833,671 for sewer for the year ended September 30, 2014. This represents 7.4 percent of total electric billing, 12.4 percent of total water billing, and 19.7 percent of total sewer billing, respectively, for the year ended September 30, 2014. This customer maintains a current status on monthly billings.

The City has three sanitary landfill customers that had a combined total billing of \$1,999,254 for the year ended September 30, 2014. This represents 67.9 percent of total sanitary landfill billings for the year ended September 30, 2014. These customers maintain current status on monthly billings.

6. EPA Emissions Allowances

As of September 30, 2014, 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 \$0.75 (the September 30, 2014, market value), the City would recognize revenue of \$5,798. The City will receive an additional 2,932 credits per year until 2043.

7. Subsequent Events

Management has evaluated subsequent events through January 28, 2015, the date on which the financial statements were available for issue.

The Cross-State Air Pollution Rule was revived in October 2014 when the DC Circuit Court lifted its stay of the rule which the EPA has proposed starting in 2015. This rule created four new emissions trading programs, two annual SO₂, an annual NO_x, and a seasonal NO_x. The annual programs start on January 1, 2015, while the seasonal NO_x program begins on May 1, 2015. The City is subject only to the annual programs for both NO_x and SO₂. The City will receive 744 annual NO_x credits and 2,177 Group 2 SO₂ allowance credits December 16, 2014 for use in the 2015 Cross-State program. There have only been two trades since the EPA announced the program would begin in January 2015. Annual NO_x prices were \$350 per short ton and Group 2 SO₂ allowances were \$650 per short ton.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

8. Union Contracts

The City is subject to the following union contracts:

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements

The City has the following interlocal agreements in effect as of September 30, 2014:

| 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. |
| 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. |

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

| Name of Agreement | Parties to Agreement | Date Effective | Term | Synopsis |
|--|--|-----------------------|--|---|
| 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. |
| 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. |

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

| Name of Agreement | Parties to Agreement | Date Effective | Term | Synopsis |
|--|---|-----------------------|--|---|
| Interlocal Agreement for Riverway Hike/Bike 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. |
| 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. |

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

September 30, 2014

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

| Name of Agreement | Parties to Agreement | Date Effective | Term | Synopsis |
|---|--|-------------------|---|--|
| Whelan Energy Center (WEC2) Public Power Generation Agency Interlocal Agreement | City of Grand Island/Grand Island Utilities; City of Hastings/Hastings Utilities; Municipal Energy Agency of Nebraska; Heartland Consumer Power District | September 1, 2005 | Remains in effect for life of the project until decommissioning of the power generating facility. | Cooperative agreement between public power entities for the construction of a power generation facility. |
| Interlocal Agreement for Ambulance Service | City of Grand Island, Hall County | June 26, 2013 | June 30, 2015 | Contract for City of Grand Island to provide ambulance service for Hall County. |
| Interlocal Agreement for Building Inspection Services | City of Grand Island, Hall County | November 24, 1980 | Perpetual unless terminated by either party with 30 days' notice. | Joint agreement provides building inspection services by Hall County in the extra-territorial jurisdiction exercised by the City and located within Hall County. |
| Interlocal Agreement for Emergency Management/Communications Center | City of Grand Island, Hall County | November 8, 2011 | Perpetual. Can be terminated effective on the 30th day of June in any year, provided written notice of such termination is delivered to the other party prior to the first day of March of that year. | Creates a joint Civil Defense/Communications Center. |
| Interlocal Agreement for City/County Geographic Information System | City of Grand Island, Hall County | December 10, 1996 | Term of 10 years. May be terminated at any time upon written agreement by the City and the County. | For the establishment, sharing, and maintenance of a City/County GIS. |

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

September 30, 2014

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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, 2014

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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, 2014

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, 2014

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, 2014

NOTE D – OTHER NOTES, continued

9. Interlocal Agreements, continued

| Name of Agreement | Parties to Agreement | Date Effective | Term | Synopsis |
|---|---|-----------------------|---|---|
| Interlocal Agreement for Nebraska Wireless Communications Network | City of Grand Island, State of Nebraska | October 8, 2002 | | Agreement for City to utilize Nebraska's wireless communications network. |
| Interlocal Agreement | City of Grand Island, Village of Alda | February 10, 2009 | 25 years from date of initial delivery of water and shall automatically renew for an additional 15 years. | Agreement for City to supply water to Village of Alda. |
| Interlocal Agreement for Federal Highway Transportation Funding | City of Grand Island and various first class cities | October 26, 2010 | Effective until January 31, 2059. | Federal Highway Transportation Funding L200. |
| Interlocal Agreement for Platte River Recovery Implementation Program | Platte River Coalition Various Cities and NRD's | May 20, 2003 | Indefinite term, two-thirds of the Board can terminate when completion of its purposes and objects have been completed. | Nebraska agencies to provide direction and funding for analysis for Platte River Recovery Implementation Program. |
| Walnut Middle School Entry Road Relocation Project Maintenance | Grand Island Public Schools | April 22, 2014 | Ten year term beginning April 1, 2014 with a renewal option for an additional 10 years. | Interlocal Agreement for maintenance of property south of the Walnut entry drive off Custer Avenue. |
| Improvements to Independence Avenue North of Capital Avenue (Resurfacing) | Hall County | April 8, 2014 | To be completed by late fall of 2014. | Agreement establishes a detour on designated County Roads. |

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GRAND ISLAND, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND**

Year ended September 30, 2014

| | Budget (Original and <u>Final</u>) | <u>Actual</u> | Variances - Actual Over (Under) Final <u>Budget</u> |
|---|---|----------------|--|
| RESOURCES (INFLOWS) | | | |
| Taxes: | | | |
| Property | \$ 7,111,767 | \$ 7,027,318 | \$ (84,449) |
| Motor vehicle | 896,350 | 898,891 | 2,541 |
| Occupation | 1,566,625 | 1,562,791 | (3,834) |
| Sales tax | 15,224,971 | 15,413,401 | 188,430 |
| Franchise | 1,669,545 | 1,662,727 | (6,818) |
| Intergovernmental | 1,983,184 | 2,070,380 | 87,196 |
| Charges for services | 7,912,067 | 7,839,749 | (72,318) |
| Interest income | 33,253 | 64,036 | 30,783 |
| Contributions | 20,000 | 29,210 | 9,210 |
| Sale of property | 149,000 | 735,935 | 586,935 |
| Other | <u>111,763</u> | <u>165,471</u> | <u>53,708</u> |
| Total resources | 36,678,525 | 37,469,909 | 791,384 |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | |
| General government: | | | |
| City Administrator's office | 352,920 | 356,121 | 3,201 |
| Economic development | 420,000 | 375,001 | (44,999) |
| Mayor's office | 22,386 | 16,371 | (6,015) |
| Council | 90,189 | 86,182 | (4,007) |
| City clerk | 116,548 | 122,011 | 5,463 |
| Finance | 2,173,607 | 2,106,300 | (67,307) |
| Legal | 323,830 | 317,303 | (6,527) |
| City Hall | 393,653 | 336,834 | (56,819) |
| One stop building | 10,000 | 4,986 | (5,014) |
| Human resources | <u>529,347</u> | <u>501,863</u> | <u>(27,484)</u> |
| Total general government | 4,432,480 | 4,222,972 | (209,508) |
| Public safety: | | | |
| Building inspection | 920,579 | 865,464 | (55,115) |
| Fire services | 4,158,665 | 4,080,223 | (78,442) |
| Ambulance | 3,233,680 | 3,068,772 | (164,908) |
| Police | 10,430,618 | 10,006,291 | (424,327) |
| Law Enforcement Center | 276,185 | 269,280 | (6,905) |
| Emergency management | 355,047 | 342,372 | (12,675) |
| Local emergency planning | 15,560 | 6,034 | (9,526) |
| Communication | <u>845,854</u> | <u>797,979</u> | <u>(47,875)</u> |
| Total public safety | 20,236,188 | 19,436,415 | (799,773) |

CITY OF GRAND ISLAND, NEBRASKA

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

Year ended September 30, 2014

| | Budget (Original and Final) | <u>Actual</u> | Variances - Actual Over (Under) Final <u>Budget</u> |
|--|-----------------------------------|---------------------|--|
| CHARGES TO APPROPRIATIONS (OUTFLOWS), continued | | | |
| Public works: | | | |
| Engineering | 1,086,187 | 1,036,639 | (49,548) |
| Streets and transportation | 5,749,573 | 5,350,415 | (399,158) |
| Total public works | <u>6,835,760</u> | <u>6,387,054</u> | <u>(448,706)</u> |
| Environment and leisure: | | | |
| Planning | 230,988 | 224,951 | (6,037) |
| CRA division | 41,219 | 40,627 | (592) |
| Library | 1,827,355 | 1,777,408 | (49,947) |
| Parks | 1,705,685 | 1,629,560 | (76,125) |
| Cemetery | 488,366 | 472,894 | (15,472) |
| Recreation | 178,302 | 174,798 | (3,504) |
| Fieldhouse | 204,634 | 220,550 | 15,916 |
| Aquatics | 603,948 | 556,694 | (47,254) |
| Public information | 195,535 | 173,475 | (22,060) |
| Heartland Shooting Park | 435,165 | 486,510 | 51,345 |
| Total environment and leisure | <u>5,911,197</u> | <u>5,757,467</u> | <u>(153,730)</u> |
| Non-departmental | <u>2,277,116</u> | <u>2,344,586</u> | <u>67,470</u> |
| Total charges to appropriations | <u>39,692,741</u> | <u>38,148,494</u> | <u>(1,544,247)</u> |
| Resources over (under) charges to appropriations | (3,014,216) | (678,585) | 2,335,631 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 4,523,000 | 4,544,206 | 21,206 |
| Transfers out | (3,157,538) | (2,757,221) | 400,317 |
| Net transfers | <u>1,365,462</u> | <u>1,786,985</u> | <u>421,523</u> |
| RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS | <u>\$ (1,648,754)</u> | <u>\$ 1,108,400</u> | <u>\$ 2,757,154</u> |

CITY OF GRAND ISLAND, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
CAPITAL PROJECTS FUND**

Year ended September 30, 2014

| | Budget (Original and Final) | Actual | Variances - Actual Over (Under) Final Budget |
|--|-----------------------------------|-------------|---|
| RESOURCES (INFLOWS) | | | |
| Intergovernmental | \$ 1,519,600 | \$ 321,469 | \$ (1,198,131) |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | |
| Capital projects | 295,000 | 247,048 | (47,952) |
| Drainage projects | 981,485 | 1,051,210 | 69,725 |
| Street construction | 4,619,600 | 2,787,451 | (1,832,149) |
| Bonded street and sewer projects | 1,838,000 | 186,444 | (1,651,556) |
| Public works projects | 325,000 | 219,328 | (105,672) |
| Parks and recreation | 253,308 | 332,024 | 78,716 |
| | <hr/> | <hr/> | <hr/> |
| Total charges to appropriations | 8,312,393 | 4,823,505 | (3,488,888) |
| | | | |
| Resources over (under) charges to appropriations | (6,792,793) | (4,502,036) | 2,290,757 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 7,429,085 | 5,271,714 | (2,157,371) |
| | <hr/> | <hr/> | <hr/> |
| RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| | \$ 636,292 | \$ 769,678 | \$ 133,386 |

CITY OF GRAND ISLAND, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
DEBT SERVICE FUND**

Year ended September 30, 2014

| | Budget (Original and Final) | Actual | Variances - Actual Over (Under) Final Budget |
|--|-----------------------------------|--------------------|---|
| RESOURCES (INFLOWS) | | | |
| Property tax | \$ 1,232,356 | \$ 1,220,553 | \$ (11,803) |
| Motor vehicle tax | 6,000 | 4,632 | (1,368) |
| Interest income | 900 | 1,574 | 674 |
| Bond proceeds | <u>1,700,000</u> | <u>2,230,000</u> | <u>530,000</u> |
| Total resources | 2,939,256 | 3,456,759 | 517,503 |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | |
| Principal payments | 1,065,000 | 1,065,000 | - |
| Interest expense | 210,550 | 132,058 | (78,492) |
| Fiscal agent fees | <u>67,000</u> | <u>34,567</u> | <u>(32,433)</u> |
| Total charges to appropriations | <u>1,342,550</u> | <u>1,231,625</u> | <u>(110,925)</u> |
| Resources over (under) charges to appropriations | 1,596,706 | 2,225,134 | 628,428 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | 77,085 | 77,085 |
| Transfers out | <u>(1,700,000)</u> | <u>(1,327,097)</u> | <u>372,903</u> |
| Net transfers | <u>(1,700,000)</u> | <u>(1,250,012)</u> | <u>449,988</u> |
| RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS | | | |
| | <u>\$ (103,294)</u> | <u>\$ 975,122</u> | <u>\$ 1,078,416</u> |

CITY OF GRAND ISLAND, NEBRASKA

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

Year ended September 30, 2014

**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 | \$ 37,469,909 | \$ 321,469 | \$ 3,456,759 |
| Differences - budget to GAAP: | | | |
| Cash to accrual adjustments | <u>2,066,467</u> | <u>3,284,096</u> | <u>(2,815)</u> |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | <u><u>\$ 39,536,376</u></u> | <u><u>\$ 3,605,565</u></u> | <u><u>\$ 3,453,944</u></u> |
| Uses/outflows of resources: | | | |
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedules | \$ 38,148,494 | \$ 4,823,505 | \$ 1,231,625 |
| Differences - budget to GAAP: | | | |
| Cash to accrual adjustments | <u>1,363,534</u> | <u>3,707,929</u> | <u>(13,331)</u> |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | <u><u>\$ 39,512,028</u></u> | <u><u>\$ 8,531,434</u></u> | <u><u>\$ 1,218,294</u></u> |
| Net transfers: | | | |
| Actual amounts (budgetary basis) from the budgetary comparison schedules | \$ 1,786,985 | \$ 5,271,714 | \$ (1,250,012) |
| Differences - budget to GAAP: | | | |
| Cash to accrual adjustments | <u>(3)</u> | <u>71,623</u> | <u>-</u> |
| Total net transfers as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | <u><u>\$ 1,786,982</u></u> | <u><u>\$ 5,343,337</u></u> | <u><u>\$ (1,250,012)</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, 2014

Condition Rating of the City's Street System

| | Percentage of Streets in <u>Good or Better Condition</u> <u>2014</u> |
|----------------|--|
| Arterial | 67.30 % |
| Local | 81.00 % |
| Collector | 58.40 % |
| Overall system | 75.94 % |

| | Percentage of Streets in <u>Substandard Condition</u> <u>2014</u> |
|----------------|---|
| Arterial | 0.90 % |
| Local | 1.10 % |
| Collector | 0.04 % |
| Overall system | 1.31 % |

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

| | <u>2014</u> |
|-----------------|-----------------|
| Overall System: | |
| Needed | \$ 9,458 |
| Actual | 5,703 |
| Difference | <u>\$ 3,755</u> |

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

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

CITY OF GRAND ISLAND, NEBRASKA

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

Year ended September 30, 2014

| <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, 2014

| | Permanent Funds | | Special Revenue Funds | |
|--|------------------|-------------------|-----------------------|-------------------|
| | Library Trust | Cemetery Trust | Gas Tax | Enhanced 911 |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,309 | \$ 28,888 | \$ 393,956 | \$ 107,991 |
| Investments | 53,149 | 646,397 | 1,976,052 | 541,678 |
| County treasurer cash | - | - | - | - |
| Receivables: | | | | |
| Accounts receivable | - | 2,200 | - | - |
| Special assessments | - | - | - | - |
| Notes | - | - | - | - |
| Interest | - | - | - | - |
| Due from other governments | - | - | 496,309 | - |
| Total assets | \$ 54,458 | \$ 677,485 | \$ 2,866,317 | \$ 649,669 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 16 |
| Due to other funds | - | - | - | - |
| Accrued expenses | - | - | - | 1,808 |
| Total liabilities | - | - | - | 1,824 |
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Cemetery perpetual care | - | 677,485 | - | - |
| Library trust | 54,458 | - | - | - |
| Restricted for: | | | | |
| Street improvements | - | - | 2,866,317 | - |
| Economic development | - | - | - | - |
| Federal programs | - | - | - | - |
| Housing loans | - | - | - | - |
| Equipment purchases | - | - | - | - |
| Community improvements | - | - | - | - |
| Library expenses | - | - | - | - |
| Other purposes | - | - | - | - |
| Assigned for: | | | | |
| Budgetary stabilization | - | - | - | - |
| Encumbrances | - | - | - | 48 |
| Other purposes | - | - | - | 647,797 |
| Unassigned | - | - | - | - |
| Total fund balances | 54,458 | 677,485 | 2,866,317 | 647,845 |
| Total liabilities and fund balances | \$ 54,458 | \$ 677,485 | \$ 2,866,317 | \$ 649,669 |

Special Revenue Funds

| <u>PSC Wireless</u> | <u>Keno</u> | <u>Transportation</u> | <u>Community Youth Council</u> | <u>Program Income Reuse Fund</u> | <u>Housing Reuse Fund</u> | <u>Community Development</u> |
|-------------------------|-------------------|-----------------------|------------------------------------|--------------------------------------|-------------------------------|----------------------------------|
| \$ 15,194 | \$ 35,688 | \$ 79 | \$ 7,359 | \$ 24,184 | \$ 50,964 | \$ 25,543 |
| 62,862 | 179,010 | 396 | 36,911 | 121,302 | 255,630 | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | 101,190 | 474,733 | - |
| - | - | - | - | - | - | - |
| - | 23,022 | - | - | - | - | - |
| <u>\$ 78,056</u> | <u>\$ 237,720</u> | <u>\$ 475</u> | <u>\$ 44,270</u> | <u>\$ 246,676</u> | <u>\$ 781,327</u> | <u>\$ 25,543</u> |
| \$ 21 | \$ - | \$ - | \$ 3 | \$ - | \$ - | \$ 35 |
| - | - | - | - | - | - | 7,602 |
| 7,085 | - | - | 1,563 | - | - | 3,918 |
| <u>7,106</u> | <u>-</u> | <u>-</u> | <u>1,566</u> | <u>-</u> | <u>-</u> | <u>11,555</u> |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | 246,676 | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | 781,327 | 25,543 |
| 2,662 | - | - | - | - | - | - |
| - | 237,720 | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 3,802 | - | - | 24,505 | - | - | - |
| - | - | - | - | - | - | - |
| 64,486 | - | 475 | 18,199 | - | - | - |
| - | - | - | - | - | - | (11,555) |
| <u>70,950</u> | <u>237,720</u> | <u>475</u> | <u>42,704</u> | <u>246,676</u> | <u>781,327</u> | <u>13,988</u> |
| <u>\$ 78,056</u> | <u>\$ 237,720</u> | <u>\$ 475</u> | <u>\$ 44,270</u> | <u>\$ 246,676</u> | <u>\$ 781,327</u> | <u>\$ 25,543</u> |

CITY OF GRAND ISLAND, NEBRASKA

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

September 30, 2014

| | Special Revenue Funds | | |
|--|-----------------------|------------------------|------------------------|
| | Police Grants | Parking District #1 | Parking District #2 |
| ASSETS | | | |
| Cash and cash equivalents | \$ 2,906 | \$ 11,597 | \$ 39,715 |
| Investments | 14,571 | 58,171 | 103,326 |
| County treasurer cash | - | - | 1,331 |
| Receivables: | | | |
| Accounts receivable | - | - | - |
| Special assessments | - | 5,054 | - |
| Notes | - | - | - |
| Interest | - | - | - |
| Due from other governments | 22,946 | - | - |
| | <u>\$ 40,423</u> | <u>\$ 74,822</u> | <u>\$ 144,372</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ 249 | \$ 82 |
| Due to other funds | - | - | - |
| Accrued expenses | - | - | - |
| Total liabilities | <u>-</u> | <u>249</u> | <u>82</u> |
| Fund balances: | | | |
| Nonspendable: | | | |
| Cemetery perpetual care | - | - | - |
| Library trust | - | - | - |
| Restricted for: | | | |
| Street improvements | - | - | - |
| Economic development | - | - | - |
| Federal programs | 40,423 | - | - |
| Housing loans | - | - | - |
| Equipment purchases | - | - | - |
| Community improvements | - | - | - |
| Library expenses | - | - | - |
| Other purposes | - | - | 19,115 |
| Assigned for: | | | |
| Budgetary stabilization | - | 45,650 | 82,280 |
| Encumbrances | - | 1,885 | 325 |
| Other purposes | - | 27,038 | 42,570 |
| Unassigned | - | - | - |
| Total fund balances | <u>40,423</u> | <u>74,573</u> | <u>144,290</u> |
| Total liabilities and fund balances | <u>\$ 40,423</u> | <u>\$ 74,822</u> | <u>\$ 144,372</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> | |
| \$ 149,272 | \$ 53,276 | \$ 8,335 | \$ 150,906 | \$ 1,107,162 |
| 788,563 | 267,226 | 41,807 | 756,928 | 5,903,979 |
| - | - | - | - | 1,331 |
| - | - | - | - | 2,200 |
| - | - | - | 370,422 | 375,476 |
| - | 126,800 | 255,284 | - | 958,007 |
| - | - | - | 48,679 | 48,679 |
| - | - | 47,519 | - | 589,796 |
| <u>\$ 937,835</u> | <u>\$ 447,302</u> | <u>\$ 352,945</u> | <u>\$ 1,326,935</u> | <u>\$ 8,986,630</u> |
| \$ 11,650 | \$ - | \$ 49,328 | \$ - | \$ 61,384 |
| - | - | - | - | 7,602 |
| - | - | - | - | 14,374 |
| <u>11,650</u> | <u>-</u> | <u>49,328</u> | <u>-</u> | <u>83,360</u> |
| - | - | - | - | 677,485 |
| - | - | - | - | 54,458 |
| - | - | - | - | 2,866,317 |
| - | 447,302 | - | - | 693,978 |
| - | - | 303,617 | - | 344,040 |
| - | - | - | - | 806,870 |
| - | - | - | - | 2,662 |
| - | - | - | - | 237,720 |
| 749,144 | - | - | - | 749,144 |
| 87,874 | - | - | - | 106,989 |
| 35,589 | - | - | - | 191,826 |
| 53,578 | - | - | - | 55,836 |
| - | - | - | 1,326,935 | 2,127,500 |
| - | - | - | - | (11,555) |
| <u>926,185</u> | <u>447,302</u> | <u>303,617</u> | <u>1,326,935</u> | <u>8,903,270</u> |
| <u>\$ 937,835</u> | <u>\$ 447,302</u> | <u>\$ 352,945</u> | <u>\$ 1,326,935</u> | <u>\$ 8,986,630</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, 2014

| | Permanent Funds | | Special Revenue Funds | |
|--|------------------|-------------------|-----------------------|-----------------|
| | Library Trust | Cemetery Trust | Gas Tax | Enhanced 911 |
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ - | \$ 4,866,130 | \$ - |
| Keno | - | - | - | - |
| Property tax | - | - | - | - |
| Motor vehicle tax | - | - | - | - |
| Special assessments | - | - | - | - |
| Charges for services | - | 52,940 | - | 212,255 |
| Interest income | 7,665 | 2,318 | - | - |
| Contributions | - | - | - | - |
| Other revenue | - | - | - | - |
| Total revenues | 7,665 | 55,258 | 4,866,130 | 212,255 |
| EXPENDITURES | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | 182,482 |
| Environment and leisure | - | - | - | - |
| Total expenditures | - | - | - | 182,482 |
| Excess (deficiency) of revenues over expenditures | 7,665 | 55,258 | 4,866,130 | 29,773 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | (4,680,767) | - |
| Net transfers | - | - | (4,680,767) | - |
| Net change in fund balances | 7,665 | 55,258 | 185,363 | 29,773 |
| Fund balances - September 30, 2013 | 46,793 | 622,227 | 2,680,954 | 618,072 |
| Fund balances - September 30, 2014 | \$ 54,458 | \$ 677,485 | \$ 2,866,317 | \$ 647,845 |

Special Revenue Funds

| <u>PSC Wireless</u> | <u>Keno</u> | <u>Transportation</u> | <u>Community Youth Council</u> | <u>Program Income Reuse Fund</u> | <u>Housing Reuse Fund</u> | <u>Community Development</u> |
|-------------------------|-------------------|-----------------------|------------------------------------|--------------------------------------|-------------------------------|----------------------------------|
| \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - |
| - | 288,130 | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 118,420 | - | - | - | - | - | 3,073 |
| - | 2,608 | 1 | 227 | 607 | 2,321 | 264 |
| - | - | - | 1,850 | - | - | - |
| - | - | - | - | - | 14,119 | - |
| <u>118,420</u> | <u>290,738</u> | <u>1</u> | <u>7,077</u> | <u>607</u> | <u>16,440</u> | <u>3,337</u> |
| - | - | - | - | - | - | 29,264 |
| 118,985 | - | - | - | - | - | - |
| - | - | 109,526 | 15,064 | - | 148,876 | - |
| <u>118,985</u> | <u>-</u> | <u>109,526</u> | <u>15,064</u> | <u>-</u> | <u>148,876</u> | <u>29,264</u> |
| (565) | 290,738 | (109,525) | (7,987) | 607 | (132,436) | (25,927) |
| - | - | 110,000 | - | - | - | - |
| - | <u>(594,569)</u> | - | - | - | - | - |
| <u>-</u> | <u>(594,569)</u> | <u>110,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| (565) | (303,831) | 475 | (7,987) | 607 | (132,436) | (25,927) |
| <u>71,515</u> | <u>541,551</u> | <u>-</u> | <u>50,691</u> | <u>246,069</u> | <u>913,763</u> | <u>39,915</u> |
| <u>\$ 70,950</u> | <u>\$ 237,720</u> | <u>\$ 475</u> | <u>\$ 42,704</u> | <u>\$ 246,676</u> | <u>\$ 781,327</u> | <u>\$ 13,988</u> |

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, 2014

| | Special Revenue Funds | | |
|--|-----------------------|------------------------|------------------------|
| | Police Grants | Parking District #1 | Parking District #2 |
| REVENUES | | | |
| Intergovernmental | \$ 119,357 | \$ - | \$ - |
| Keno | - | - | - |
| Property tax | - | - | 8,186 |
| Motor vehicle tax | - | - | 27 |
| Special assessments | - | 39,791 | - |
| Charges for services | - | 6,170 | 8,803 |
| Interest income | - | 379 | 627 |
| Contributions | - | - | - |
| Other revenue | 7,073 | - | - |
| Total revenues | 126,430 | 46,340 | 17,643 |
| EXPENDITURES | | | |
| General government | - | 30,062 | 8,557 |
| Public safety | 115,387 | - | - |
| Environment and leisure | - | - | - |
| Total expenditures | 115,387 | 30,062 | 8,557 |
| Excess (deficiency) of revenues over expenditures | 11,043 | 16,278 | 9,086 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| Net transfers | - | - | - |
| Net change in fund balances | 11,043 | 16,278 | 9,086 |
| Fund balances - September 30, 2013 | 29,380 | 58,295 | 135,204 |
| Fund balances - September 30, 2014 | \$ 40,423 | \$ 74,573 | \$ 144,290 |

| <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> | |
| \$ - | \$ - | \$ 242,923 | \$ - | \$ 5,233,410 |
| - | - | - | - | 288,130 |
| - | - | - | - | 8,186 |
| - | - | - | - | 27 |
| - | - | - | 18,328 | 58,119 |
| - | - | - | - | 401,661 |
| - | 2,372 | - | 4,327 | 23,716 |
| 137,577 | - | 111,932 | - | 251,359 |
| - | - | - | - | 21,192 |
| <u>137,577</u> | <u>2,372</u> | <u>354,855</u> | <u>22,655</u> | <u>6,285,800</u> |
| - | 973,833 | 699,679 | - | 1,741,395 |
| 11,273 | - | - | - | 428,127 |
| 86,576 | - | - | - | 360,042 |
| <u>97,849</u> | <u>973,833</u> | <u>699,679</u> | <u>-</u> | <u>2,529,564</u> |
| 39,728 | (971,461) | (344,824) | 22,655 | 3,756,236 |
| - | 750,000 | - | - | 860,000 |
| - | - | - | (96,530) | (5,371,866) |
| - | <u>750,000</u> | - | <u>(96,530)</u> | <u>(4,511,866)</u> |
| 39,728 | (221,461) | (344,824) | (73,875) | (755,630) |
| 886,457 | 668,763 | 648,441 | 1,400,810 | 9,658,900 |
| <u>\$ 926,185</u> | <u>\$ 447,302</u> | <u>\$ 303,617</u> | <u>\$ 1,326,935</u> | <u>\$ 8,903,270</u> |

CITY OF GRAND ISLAND, NEBRASKA

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS

September 30, 2014

| | Internal Service Funds | | | | |
|---|---------------------------|-------------------|---------------------|----------------------|---------------------|
| | Information Technology | Fleet Services | Insurance | Equipment Reserve | Total |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 42,266 | \$ 27,878 | \$ 823,525 | \$ 47,061 | \$ 940,730 |
| Investments | 211,998 | 139,834 | 4,130,734 | 236,056 | 4,718,622 |
| Receivables: | | | | | |
| Accounts, net of allowance for doubtful accounts | - | 109,779 | - | - | 109,779 |
| Inventory | - | 147,483 | - | - | 147,483 |
| Total current assets | 254,264 | 424,974 | 4,954,259 | 283,117 | 5,916,614 |
| Noncurrent assets: | | | | | |
| Capital assets: | | | | | |
| Buildings and equipment | 1,444,113 | 290,588 | - | - | 1,734,701 |
| Less accumulated depreciation | (1,093,873) | (215,641) | - | - | (1,309,514) |
| Net capital assets | 350,240 | 74,947 | - | - | 425,187 |
| Total assets | 604,504 | 499,921 | 4,954,259 | 283,117 | 6,341,801 |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 110 | 710 | 618,964 | - | 619,784 |
| Accrued expenses | 48,610 | 28,350 | 930,000 | - | 1,006,960 |
| Total current liabilities | 48,720 | 29,060 | 1,548,964 | - | 1,626,744 |
| Noncurrent liabilities: | | | | | |
| Compensated absences - noncurrent | 17,359 | 13,232 | - | - | 30,591 |
| Total liabilities | 66,079 | 42,292 | 1,548,964 | - | 1,657,335 |
| NET POSITION | | | | | |
| Net investment in capital assets | 350,240 | 74,947 | - | - | 425,187 |
| Unrestricted | 188,185 | 382,682 | 3,405,295 | 283,117 | 4,259,279 |
| Total net position | \$ 538,425 | \$ 457,629 | \$ 3,405,295 | \$ 283,117 | \$ 4,684,466 |

CITY OF GRAND ISLAND, NEBRASKA

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

For the year ended September 30, 2014

| | Internal Service Funds | | | | Total |
|--|-----------------------------------|---------------------------|---------------------|------------------------------|---------------------|
| | <u>Information Technology</u> | <u>Fleet Services</u> | <u>Insurance</u> | <u>Equipment Reserve</u> | |
| Operating revenues: | | | | | |
| Charges for services | \$ 944,381 | \$ 1,284,005 | \$ 9,047,114 | \$ - | \$ 11,275,500 |
| Other revenue | - | 10,540 | 39,401 | - | 49,941 |
| Total operating revenues | <u>944,381</u> | <u>1,294,545</u> | <u>9,086,515</u> | - | <u>11,325,441</u> |
| Operating expenses: | | | | | |
| Information technology | 1,050,849 | - | - | - | 1,050,849 |
| Central garage | - | 1,284,563 | - | - | 1,284,563 |
| Insurance and benefits | - | - | 8,491,300 | - | 8,491,300 |
| Building maintenance | - | - | - | 24,012 | 24,012 |
| Depreciation | 90,355 | 5,286 | - | - | 95,641 |
| Total operating expenses | <u>1,141,204</u> | <u>1,289,849</u> | <u>8,491,300</u> | <u>24,012</u> | <u>10,946,365</u> |
| Operating income (loss) | (196,823) | 4,696 | 595,215 | (24,012) | 379,076 |
| Nonoperating revenues (expenses): | | | | | |
| Interest income | 2,036 | 838 | 18,917 | 1,313 | 23,104 |
| Intergovernmental | - | - | - | 50,000 | 50,000 |
| Total nonoperating revenues (expenses) | <u>2,036</u> | <u>838</u> | <u>18,917</u> | <u>51,313</u> | <u>73,104</u> |
| Excess (deficiency) of revenues over expenditures | (194,787) | 5,534 | 614,132 | 27,301 | 452,180 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | <u>28,377</u> | - | - | - | <u>28,377</u> |
| Change in net position | (166,410) | 5,534 | 614,132 | 27,301 | 480,557 |
| Net position - September 30, 2013 | <u>704,835</u> | <u>452,095</u> | <u>2,791,163</u> | <u>255,816</u> | <u>4,203,909</u> |
| Net position - September 30, 2014 | <u>\$ 538,425</u> | <u>\$ 457,629</u> | <u>\$ 3,405,295</u> | <u>\$ 283,117</u> | <u>\$ 4,684,466</u> |

CITY OF GRAND ISLAND, NEBRASKA

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

For the year ended September 30, 2014

| | Internal Service Funds | | | | |
|---|---------------------------|-------------------|--------------|----------------------|---------------|
| | Information Technology | Fleet Services | Insurance | Equipment Reserve | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Receipts from other funds | \$ 944,381 | \$ 1,303,172 | \$ 9,094,531 | \$ - | \$ 11,342,084 |
| Payments to suppliers | (651,601) | (1,052,154) | (8,008,864) | (24,012) | (9,736,631) |
| Payments to employees | (395,975) | (232,032) | - | - | (628,007) |
| Net cash provided (used) by operating activities | (103,195) | 18,986 | 1,085,667 | (24,012) | 977,446 |
| CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Transfers from other funds | 28,377 | - | - | - | 28,377 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Purchase of capital assets | (43,980) | (21,552) | - | - | (65,532) |
| Intergovernmental receipts | - | - | - | 50,000 | 50,000 |
| Net cash provided (used) by capital and related financing activities | (43,980) | (21,552) | - | 50,000 | (15,532) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Net (purchase) sale of investment securities | 106,794 | 5,752 | (823,025) | (16,255) | (726,734) |
| Interest received | 2,036 | 838 | 18,917 | 1,313 | 23,104 |
| Net cash provided (used) by investing activities | 108,830 | 6,590 | (804,108) | (14,942) | (703,630) |
| Increase (decrease) in cash and cash equivalents | (9,968) | 4,024 | 281,559 | 11,046 | 286,661 |
| Cash and cash equivalents - beginning of the year | 52,234 | 23,854 | 541,966 | 36,015 | 654,069 |
| Cash and cash equivalents - end of the year | \$ 42,266 | \$ 27,878 | \$ 823,525 | \$ 47,061 | \$ 940,730 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Operating income (loss) | \$ (196,823) | \$ 4,696 | \$ 595,215 | \$ (24,012) | \$ 379,076 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Depreciation expense | 90,355 | 5,286 | - | - | 95,641 |
| Change in assets and liabilities: | | | | | |
| Accounts receivable | - | 8,627 | 8,016 | - | 16,643 |
| Inventories | - | (3,823) | - | - | (3,823) |
| Accounts payable and accrued expenses | 3,273 | 4,200 | 482,436 | - | 489,909 |
| Net cash provided (used) by operating activities | \$ (103,195) | \$ 18,986 | \$ 1,085,667 | \$ (24,012) | \$ 977,446 |

CITY OF GRAND ISLAND, NEBRASKA

COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS

September 30, 2014

| | Employee Reserve | Agency Funds | | | Total Agency Funds |
|------------------------------------|---------------------|-------------------|-------------------|--------------------|--------------------------|
| | | Cafeteria Plan | Other Agencies | BID Assessments | |
| ASSETS | | | | | |
| Cash | \$ - | \$ 831 | \$ 34,730 | \$ - | \$ 35,561 |
| Investments | 4,788,625 | 4,169 | 174,202 | - | 178,371 |
| Accounts receivable | - | - | 12,634 | - | 12,634 |
| Special assessments receivable | - | - | - | 19,499 | 19,499 |
| Total assets | <u>4,788,625</u> | <u>5,000</u> | <u>221,566</u> | <u>19,499</u> | <u>246,065</u> |
| LIABILITIES | | | | | |
| Agency liabilities | - | 5,000 | 221,566 | 19,499 | 246,065 |
| Due to other funds | 6,408 | - | - | - | - |
| Pension liability | 2,263,607 | - | - | - | - |
| Total liabilities | <u>2,270,015</u> | <u>5,000</u> | <u>221,566</u> | <u>19,499</u> | <u>246,065</u> |
| NET POSITION | | | | | |
| Held in trust for pension benefits | <u>\$ 2,518,610</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, 2014

| | <u>Employee Reserve</u> |
|-----------------------------------|-----------------------------|
| ADDITIONS | |
| Interest and dividends | \$ 1,242,199 |
| Other revenue | 146 |
| Total additions | <u>1,242,345</u> |
| DEDUCTIONS | |
| Pension benefits | 121,404 |
| Transfers to other funds | 945,372 |
| Loss on investments | <u>507,110</u> |
| Total deductions | <u>1,573,886</u> |
| Change in net position | (331,541) |
| Net position - September 30, 2013 | <u>2,850,151</u> |
| Net position - September 30, 2014 | <u><u>\$ 2,518,610</u></u> |

CITY OF GRAND ISLAND, NEBRASKA

COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS

September 30, 2014

| | Business Improvement Districts | Metropolitan Planning Organization | Grand Island Facilities Corporation | Community Redevelopment Authority | Total |
|--|--------------------------------------|--|---|---|--------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 134,252 | \$ 567 | \$ - | \$ 732,290 | \$ 867,109 |
| County treasurer cash | - | 2,845 | - | 99,684 | 102,529 |
| Receivables: | | | | | |
| Special assessments | 19,499 | - | - | - | 19,499 |
| Current portion of notes from redevelopers | - | - | - | 33,399 | 33,399 |
| Current portion of capital lease receivable | - | - | 775,000 | - | 775,000 |
| Property tax | - | - | - | 64,118 | 64,118 |
| Due from other governments | - | 49,539 | - | - | 49,539 |
| Total current assets | <u>153,751</u> | <u>52,951</u> | <u>775,000</u> | <u>929,491</u> | <u>1,911,193</u> |
| Noncurrent assets: | | | | | |
| Restricted cash | - | - | - | 12,323 | 12,323 |
| Notes from redevelopers | - | - | - | 422,757 | 422,757 |
| Capital lease receivable - City of Grand Island | - | - | 785,000 | - | 785,000 |
| Capital assets: | | | | | |
| Land, infrastructure, and construction in progress | - | - | - | 495,354 | 495,354 |
| Other capital assets, net of depreciation | 50,033 | - | - | - | 50,033 |
| Net capital assets | <u>50,033</u> | <u>-</u> | <u>-</u> | <u>495,354</u> | <u>545,387</u> |
| Total noncurrent assets | <u>50,033</u> | <u>-</u> | <u>785,000</u> | <u>930,434</u> | <u>1,765,467</u> |
| Total assets | <u>203,784</u> | <u>52,951</u> | <u>1,560,000</u> | <u>1,859,925</u> | <u>3,676,660</u> |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | - | 12 | - | - | 12 |
| Accrued expenses | 1,461 | 3,908 | - | 6,851 | 12,220 |
| Unavailable property tax | - | - | - | 57,679 | 57,679 |
| Current portion of long-term obligations | - | - | 775,000 | 245,309 | 1,020,309 |
| Total current liabilities | <u>1,461</u> | <u>3,920</u> | <u>775,000</u> | <u>309,839</u> | <u>1,090,220</u> |
| Noncurrent liabilities: | | | | | |
| Noncurrent portion of long-term obligations | - | - | 785,000 | 1,811,842 | 2,596,842 |
| Total liabilities | <u>1,461</u> | <u>3,920</u> | <u>1,560,000</u> | <u>2,121,681</u> | <u>3,687,062</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 50,033 | - | - | 495,354 | 545,387 |
| Restricted for: | | | | | |
| Redevelopers | - | - | - | 12,323 | 12,323 |
| Unrestricted | 152,290 | 49,031 | - | (769,433) | (568,112) |
| Total net position | <u>\$ 202,323</u> | <u>\$ 49,031</u> | <u>\$ -</u> | <u>\$ (261,756)</u> | <u>\$ (10,402)</u> |

CITY OF GRAND ISLAND, NEBRASKA
COMBINING STATEMENT OF ACTIVITIES - COMPONENT UNITS
For the year ended September 30, 2014

| <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 | \$ 32,245 | \$ - | \$ - |
| Second Street Business Improvement District | 92,376 | - | - |
| South Locust Business Improvement District | 49,814 | - | - |
| Downtown Business Improvement District | 97,083 | 30,000 | - |
| Total Business Improvement Districts | <u>271,518</u> | <u>30,000</u> | <u>-</u> |
| Metropolitan Planning Organization: | | | |
| General government | 50,765 | 257 | 49,539 |
| Grand Island Facilities Corporation: | | | |
| Library construction project | 794,580 | 794,580 | - |
| Community Redevelopment Authority: | | | |
| General government | 75,192 | - | - |
| Community development | 379,412 | - | 372,282 |
| Interest on long-term debt | 56,231 | - | - |
| Total Community Redevelopment Authority | <u>510,835</u> | <u>-</u> | <u>372,282</u> |
| Total Component Units | <u><u>\$ 1,627,698</u></u> | <u><u>\$ 824,837</u></u> | <u><u>\$ 421,821</u></u> |

| Program Revenues | Net (Expenses) Receipts and Changes in Net Position | | | | | Total |
|--|---|--|---|---|--|--------------------|
| | Component Units | | | | | |
| Capital Grants and Contributions | Business Improvement Districts | Metropolitan Planning Organization | Grand Island Facilities Corporation | Community Redevelopment Authority | | |
| \$ - | \$ (32,245) | | | | | \$ (32,245) |
| - | (92,376) | | | | | (92,376) |
| - | (49,814) | | | | | (49,814) |
| 3,975 | (63,108) | | | | | (63,108) |
| <u>3,975</u> | <u>(237,543)</u> | | | | | <u>(237,543)</u> |
| - | - | \$ (969) | | | | (969) |
| - | - | - | \$ - | | | - |
| - | - | - | - | \$ (75,192) | | (75,192) |
| - | - | - | - | (7,130) | | (7,130) |
| - | - | - | - | (56,231) | | (56,231) |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(138,553)</u> | | <u>(138,553)</u> |
| <u>\$ 3,975</u> | <u>(237,543)</u> | <u>(969)</u> | <u>-</u> | <u>(138,553)</u> | | <u>(377,065)</u> |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Property | - | - | - | 667,728 | | 667,728 |
| Special assessments | 216,548 | - | - | - | | 216,548 |
| Miscellaneous | - | - | - | 22,973 | | 22,973 |
| Interest income | 70 | - | - | 142 | | 212 |
| Transfer from City | - | 50,000 | - | - | | 50,000 |
| Total general revenues | <u>216,618</u> | <u>50,000</u> | <u>-</u> | <u>690,843</u> | | <u>957,461</u> |
| Change in net position | (20,925) | 49,031 | - | 552,290 | | 580,396 |
| Net position - September 30, 2013 | <u>223,248</u> | <u>-</u> | <u>-</u> | <u>(814,046)</u> | | <u>(590,798)</u> |
| Net position - September 30, 2014 | <u>\$ 202,323</u> | <u>\$ 49,031</u> | <u>\$ -</u> | <u>\$ (261,756)</u> | | <u>\$ (10,402)</u> |

SINGLE AUDIT REPORTS

CITY OF GRAND ISLAND, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended September 30, 2014

| <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 | \$ 120,287 | |
| Homeland Security Grant Program | 97.067 | <u>6,070</u> | |
| Total Homeland Security Cluster | | | \$ 126,357 |
| <u>Department of Transportation:</u> | | | |
| Passed through Nebraska Office of Highway Safety: | | | |
| Highway Safety Cluster: | | | |
| State and Community Highway Safety | 20.600 | 2,864 | |
| Alcohol Impaired Driving | 20.601 | <u>2,543</u> | |
| Total Highway Safety Cluster | | | 5,407 |
| Passed through Nebraska Department of Roads: | | | |
| Highway Planning and Construction Cluster: | | | |
| Highway Planning and Construction | 20.205 | 161,252 | |
| Metropolitan Transportation Planning | 20.505 | 19,498 | |
| State Planning and Research | 20.515 | <u>30,042</u> | |
| Total Passed through Nebraska Department of Roads | | | <u>210,792</u> |
| Total Department of Transportation | | | 216,199 |
| <u>Department of Justice:</u> | | | |
| Direct Programs: | | | |
| Public Safety Partnership and Community Policing Grant | 16.710 | | 318,601 * |
| Bulletproof Vest Partnership Program | 16.607 | | 9,057 |
| Edward Byrne Memorial Justice Assistance Grant | 16.738 | | 4,549 |
| Passed through Nebraska Office of Highway Safety | | | |
| Enforcing Underage Drinking Laws Program | 16.727 | | 1,177 |
| Passed through Nebraska Crime Commission: | | | |
| Crime Victim Assistance | 16.575 | | <u>61,480</u> |
| Total Department of Justice | | | 394,864 |
| <u>Institute of Museum and Library Services:</u> | | | |
| Passed through Nebraska Library Commission | | | |
| Grants to States | 45.310 | | 372 |
| <u>Executive Office of the President:</u> | | | |
| Passed through Nebraska Crime Commission: | | | |
| High Intensity Drug Trafficking Area Program | 95.001 | | 78,043 |
| <u>Department of Housing and Urban Development:</u> | | | |
| Passed through Nebraska Department of Economic Development: | | | |
| Community Development Block Grant | 14.228 | | 151,371 |

CITY OF GRAND ISLAND, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued

Year ended September 30, 2014

Environmental Protection Agency:

Passed through Nebraska Department of Environmental Quality

Clean Water State Revolving Funds

66,458

704,996 *

Total Expenditures of Federal Awards

\$ 1,672,202

*Major Programs

NOTE A - BASIS OF PRESENTATION

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

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

NOTE B - FEDERAL LOAN PROGRAMS

The Revolving Loan Program is a Community Development Block Grant (CDBG) program whereby funds are made available to the City to loan to low- and moderate-income families for a variety of purposes. These funds, once issued, are repaid to the City, who in turn reloans the funds to another low- to moderate-income family. The balance of loans outstanding as of September 30, 2014, is \$131,170.



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

SHAREHOLDERS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the fiduciary funds of the City of Grand Island, Nebraska, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated January 28, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

August Malthalm,
Galloway & Luth, P.C.

Grand Island, Nebraska
January 28, 2015

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Grand Island, Nebraska's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2014. The City of Grand Island, Nebraska's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

SHAREHOLDERS

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

Opinion on Each Major Federal Program

In our opinion, the City of Grand Island, Nebraska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Report on Internal Control over Compliance

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

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

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

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

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

Grand Island, Nebraska
January 28, 2015

CITY OF GRAND ISLAND, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2014

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, 2014.
 - (ii) The audit did not disclose any significant deficiencies in the internal control of the City of Grand Island, Nebraska.
 - (iii) The audit did not disclose any noncompliance which is material to the financial statements of the City of Grand Island, Nebraska.
 - (iv) The audit did not disclose any significant deficiencies in the internal control over major programs for the City of Grand Island, Nebraska.
 - (v) An unmodified opinion was issued on compliance for major programs.
 - (vi) The audit did not disclose any audit findings which we are required to report under §___.510(a).
 - (vii) Major Programs: CFDA #16.710 – Public Safety Partnership and Community Policing Grant and #66.458 – Clean Water State Revolving Funds.
 - (viii) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
 - (ix) The City of Grand Island, Nebraska, qualified as a low-risk auditee under §___.530.

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

None

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

None

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

Year ended September 30, 2014

Program

Findings for the year ended September 30, 2013

None noted.