

City of Grand Island, Nebraska

Independent Auditor's Reports and Financial Statements

September 30, 2018



City of Grand Island, Nebraska
September 30, 2018

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Grand Island, Nebraska (the City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Grand Island, Nebraska, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

The 2017 financial statements, before they were restated for the matters discussed in Note 1, were audited by other auditors and their report thereon, dated March 21, 2018, expressed unmodified opinions. Our opinions are not modified with respect to this matter.

As discussed in Note 1 to the financial statements, in 2018 the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison, condition rating for the streets system, pension and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining fund schedules and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated March 29, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Lincoln, Nebraska
March 29, 2019

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2018**

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, 2018.

Financial Highlights

- The assets of the City of Grand Island exceeded its liabilities at the close of the most recent fiscal year by \$709,162,654 (*net position*). Of this amount, \$128,898,395 (*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 activities reported combined ending net position of \$385,475,276. Approximately 9.3 percent of this total amount, \$35,662,671 is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$21,271,400, or approximately 58.2 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 supplementary information in addition to the basic financial statements themselves.

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

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

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

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2018

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

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

The government-wide financial statements can be found on pages 18 and 19 of this report.

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

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

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

The City of Grand Island maintains 24 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Projects Fund, and the Streets Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2018

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

The basic governmental fund financial statements can be found on pages 20-23 of this report.

Proprietary funds. The City of Grand Island maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Grand Island uses enterprise funds to account for its Electric, Water, Sewer, and Landfill Funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Grand Island's various functions. The City of Grand Island uses internal service funds to account for its fleet of vehicles, its management information systems, its employee health insurance, and 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, and Sewer Funds, all of which are considered to be major funds, and the Landfill Fund, a nonmajor enterprise fund.

The basic proprietary fund financial statements can be found on pages 24-27 of this report.

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

The basic fiduciary fund financial statement can be found on page 28 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 29 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Grand Island's budgetary comparison schedules, disclosures on the modified approach to reporting infrastructure, and pension and other postemployment benefits information. Required supplementary information can be found on pages 63-68 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds, fiduciary funds, and component units are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 69-78 of this report.

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2018

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 \$709,162,654 at the close of the most recent fiscal year.

Summary Statements of Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 49,089,947	\$ 38,221,144	\$115,514,857	\$114,537,840	\$164,604,804	\$152,758,984
Capital assets	360,946,751	351,008,495	331,650,107	333,533,076	692,596,858	684,541,571
Total assets	<u>410,036,698</u>	<u>389,229,639</u>	<u>447,164,964</u>	<u>448,070,916</u>	<u>857,201,662</u>	<u>837,300,555</u>
Long term liabilities	18,470,555	10,370,224	117,835,670	112,904,911	136,306,225	123,275,135
Other liabilities	5,951,738	5,673,748	5,641,916	13,756,498	11,593,654	19,430,246
Total liabilities	<u>24,422,293</u>	<u>16,043,972</u>	<u>123,477,586</u>	<u>126,661,409</u>	<u>147,899,879</u>	<u>142,705,381</u>
Deferred inflows of resources	139,129	-	-	-	139,129	-
Total liabilities and deferred inflows	<u>24,561,422</u>	<u>16,043,972</u>	<u>123,477,586</u>	<u>126,661,409</u>	<u>148,039,008</u>	<u>142,705,381</u>
Net position						
Net investment in capital assets	345,367,659	340,505,840	220,597,854	221,715,087	565,965,513	562,220,927
Restricted	4,444,946	12,629,324	9,853,800	18,074,738	14,298,746	30,704,062
Unrestricted	<u>35,662,671</u>	<u>20,050,503</u>	<u>93,235,724</u>	<u>81,619,682</u>	<u>128,898,395</u>	<u>101,670,185</u>
Total net position*	<u>\$ 385,475,276</u>	<u>\$ 373,185,667</u>	<u>\$ 323,687,378</u>	<u>\$ 321,409,507</u>	<u>\$ 709,162,654</u>	<u>\$ 694,595,174</u>

*Beginning net position for 2018 has been restated (see Note 1 to the financial statements). The 2017 figures in the table above have not been updated to reflect these changes.

By far, the largest portion of the City of Grand Island's net position (79.8 percent) reflects its investment in capital assets (land, infrastructure, buildings, machinery, vehicles, and equipment), net of any related debt used to acquire those assets that is still outstanding. The City of Grand Island uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Grand Island's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Grand Island's net position (2.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* of \$128,898,395 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, 2018

Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues						
Charges for services	\$ 11,829,876	\$ 10,803,057	\$ 110,348,520	\$ 107,437,736	\$ 122,178,396	\$ 118,240,793
Operating grants and contributions	1,955,683	3,138,811	73,241	-	2,028,924	3,138,811
Capital grants and contributions	2,227,157	2,384,855	106,149	2,317,967	2,333,306	4,702,822
General revenues						
Property taxes	11,284,420	9,362,854	-	-	11,284,420	9,362,854
Other taxes	22,584,528	22,207,624	-	-	22,584,528	22,207,624
State allocation	6,071,943	5,769,045	-	-	6,071,943	5,769,045
Special assessments	189,641	299,601	160,320	183,223	349,961	482,824
Other	2,013,059	922,242	901,086	460,751	2,914,145	1,382,993
Total revenues	58,156,307	54,888,089	111,589,316	110,399,677	169,745,623	165,287,766
Expenses:						
General government	7,748,009	6,349,334	-	-	7,748,009	6,349,334
Public safety	23,424,298	22,942,035	-	-	23,424,298	22,942,035
Public works	6,852,275	6,785,483	-	-	6,852,275	6,785,483
Community betterment	462,681	-	-	-	462,681	-
Environment and leisure	9,023,857	10,254,442	-	-	9,023,857	10,254,442
Nondepartmental	1,498,648	1,380,987	-	-	1,498,648	1,380,987
Interest on long-term debt	350,866	362,849	-	-	350,866	362,849
Electric	-	-	85,381,761	85,413,359	85,381,761	85,413,359
Water	-	-	5,329,980	5,728,029	5,329,980	5,728,029
Sewer	-	-	14,455,571	10,751,859	14,455,571	10,751,859
Landfill	-	-	2,646,987	2,895,370	2,646,987	2,895,370
Golf	-	-	-	787,389	-	787,389
Total expenses	49,360,634	48,075,130	107,814,299	105,576,006	157,174,933	153,651,136
Increase (decrease) in net position before transfers	8,795,673	6,812,959	3,775,017	4,823,671	12,570,690	11,636,630
Transfers, net	1,497,146	(200,000)	(1,497,146)	200,000	-	-
Increase (decrease) in net position	10,292,819	6,612,959	2,277,871	5,023,671	12,570,690	11,636,630
Net position, beginning of year*	373,185,667	366,572,708	321,409,507	316,385,836	694,595,174	682,958,544
Prior period adjustments	1,996,790	-	-	-	1,996,790	-
Net position, end of year	\$ 385,475,276	\$ 373,185,667	\$ 323,687,378	\$ 321,409,507	\$ 709,162,654	\$ 694,595,174

*Beginning net position for 2018 has been restated (see Note 1 to the financial statements). The 2017 figures in the table above have not been updated to reflect these changes.

Governmental activities. Revenues exceeded expenses and net transfers out by \$10,292,819. Revenues increased from the previous fiscal year by approximately \$4.1 million. Charges for services increased by approximately \$1 million and property taxes increased by approximately \$1.9 million. Expenses increased approximately \$980,000, driven by increases in general government and public safety expenses and offset by decreases in environment and leisure expenses.

Business-type activities. Business-type activities increased the City of Grand Island's net position by \$2.3 million.

Financial Analysis of the Governmental Funds

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

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2018

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

As of the end of the current fiscal year, the City of Grand Island's governmental funds reported combined ending fund balances of \$38,648,291. Approximately 60.0 percent of this total amount (\$21,208,204) 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 (\$802,881), placed in a nonspendable trust for library expenditures (\$71,622), 3) restricted for street improvements (\$1,137,711), 4) restricted for capital projects (\$577,065), 5) restricted for debt service (\$110,012), 6) restricted for economic development (\$1,745,655), 7) restricted for Federal programs (\$137,085), 8) restricted to fund housing loans (\$372,976), 9) restricted for community improvements (\$4,460,504), 10) restricted for library expenses (\$373,748), 11) restricted for other purposes (\$186,897), 12) assigned for a variety of purposes (\$7,463,931).

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 \$21,271,400, while total fund balance reached \$21,328,755. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 58.2 percent of total General Fund expenditures, while total fund balance represents 58.3 percent of that same amount.

The fund balance of the City of Grand Island's General Fund increased by \$3,615,201 during the current fiscal year.

Budgetary Highlights

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

Capital Assets. The City of Grand Island's investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounts to \$565,965,513 (net of accumulated depreciation). This investment in capital assets includes land, building and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

- The Northwest Flood Control project has an estimated one year remaining for construction with a total City obligation of \$3,607,500 and an additional expenditure of approximately \$2,929,800 from the City, consisting of \$2,763,800 representing the 21.79 percent of the overall cost and \$166,000 for the Flood Study and Drainage Master Plan within the City of Grand Island. Total City obligation would be \$6,537,300. This project was delayed two (2) years due to the Army Corp of Engineers concerns that some explosive may have been in the 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. 2018 expenditures were \$627,129.

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2018**

- Moores Creek Drain Extension: Project No. 2017-D-1 is to plan, design and build the extension of drainage to the southwest and to serve current areas as well as the proposed US Highway 30 realignment project. By coordinating with the State of Nebraska US Highway 30 realignment project, which has been delayed, overall City cost should be reduced and will provide the opportunity for some of this drainage project to be constructed as part of such. The northwest part of the City has a need for this large drainage project, which will handle water in the newly developed subdivision and commercial areas. FY 2018 expenditures were \$76,249. Project construction will begin after completion of US Highway 30 realignment.
- Shady Bend Drainage; Project No. 2017-D-2 was constructed in response to Wetzel Street resident requests. This project improved drainage on Shady Bend Road between Seedling Mile Road and US Highway 30, with a FY 2018 cost of \$828.
- North Broadwell Drainage; Project No. 2017-D-3 improved drainage on North Broadwell Avenue between Burlington Northern Santa Fe Railroad and US Highway 281, with a FY 2018 cost of \$110,563.
- The Handicap Ramp project consists of the ADA compliant curb ramps in the 2018-CR-1 and 2018-CR-2 CDBG projects, which were for the installation of handicap ramps along 4th Street; Broadwell Avenue to Eddy Street, Locust Street and 15th Street at Walnut Street [2018-CR-1], and Beal Street; 4th Street to 14th Street, 8th Street at Lambert Street, 9th Street at St. Paul Street, 9th Street at Poplar Street, 9th/11th Street at Evans Street and State Street at Custer Avenue [2018-CR- 2 CDBG]. The City is required to have a planned schedule for upgrading public sidewalks to conform to ADA requirements. The current schedule and budget will bring the City into compliance in approximately 25 years. Project No. 2018-CR-1 was completed May 18, 2018 for a total cost of \$93,240 and Project No. 2018-CR-2 CDBG was completed August 30, 2017 at a total cost of \$155,429.
- Capital Avenue Widening; Webb Road to Broadwell Avenue consisted of removal of the previous 24' wide asphalt roadway and construction of new concrete pavement on Capital Avenue from Webb Road through Broadwell Avenue. The new roadway consists of five lane curbed concrete pavement. Other improvements included construction of sidewalks and a concrete hike/bike trail, updated street lighting, and construction of new storm sewer. A HAWK pedestrian signal was constructed approximately 1000' east of Webb Road to provide for safe crossing for users of the hike/bike trail. FY 2018 expenses were \$93,682. Project completion was Winter 2016. Final audit by the State is underway.
- Stolley Park Road Restriping/Rehabilitation project is for the improvement of the operation of Stolley Park Road in areas of both lane use and traffic signals at existing and proposed intersections along the corridor. This project qualified for Federal Safety Transportation funding as a road diet project. To meet FHWA and NDOR requirements this project was delayed; it is now estimated to be complete Summer 2019. FY 2018 expenses were \$125,160.

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2018

- Webb Road Paving Assessments are annual payments through 2025 for the City's Park Department share of roadway improvements from Stolley Park Road north to the Union Pacific Railroad tracks. FY 2018 expenses were \$125,531.
- South Front Street over Sycamore Underpass Rehab; Project No. 2017-U-1 provides geotechnical and structural analysis, recommendations, and development of a cost effective design to address issues with the retaining walls and storm sewer pumping system of the underpass, as well as the South Front Street Bridge. FY 2018 expenses were \$193,466.
- Adams Street; Paving Project No. 2016-P-2 consisted of removing approximately 1250' of the existing Adams Street roadway north of Stolley Park Road and replacing with concrete pavement. The roadway was widened from 24' to 37' for a 3-lane section with improved drainage and elimination of the ditch section. A traffic signal was also located at the intersection of Adams Street and Stolley Park Road as part of this project. FY 2018 expenses were \$16,664, with FY 2018 reimbursement from Grand Island Public Schools of \$36,756 per the interlocal agreement for such project.
- Improving US Highway 281 from south of US Highway 30 north to Chapman Road, which is a State project, consists of resurfacing, concrete pavement removal, reconstruction, and repairs, lighting, sidewalk & curb ramps, curb & gutter, storm sewer, adjusting manholes, guardrail, trench widening, crack & joint sealing, fog sealing, granular subdrains, median surfacing, culverts, bridge deck repairs, rail remodeling, joint repairs, deck resurfacing, pier sealing, permanent pavement markings, reconstruction of North Broadwell Avenue, increase left turn lane offsets on NB US Highway 281 with the intersections of Old Potash Highway, Faidley Avenue, 13th Street and State Street, and increase left turn lane offsets on SB US Highway 281 with the intersection of Old Potash Highway. FY 2018 expenses were \$141.
- Five Points traffic signal improvements were to update lane designation and traffic signal operations to comply with current standards at the Five Points intersection. FY 2018 expenses were \$2,767.
- 13th Street at North Road intersection improvements will provide a three lane curb and gutter roadway section with associated sidewalk and other miscellaneous improvements. Much needed drainage improvements at this intersection will also be part of this project. FY 2018 expenses were \$1,206,930.
- Old Potash Highway Corridor Study established a master plan from North Road to Webb Road, including intersections to the north and south of Old Potash Highway. The plan will allow the corridor to safely handle the ever increase traffic in this area. FY 2018 expenses were \$131,990.

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2018

- William Street Paving Improvements; Project No. 2018-P-7 was done as a joint project with the Grand Island Public Schools (GIPS) to realign William Street with Spring Road at the north side of Stolley Park Road. The total cost of such project, \$188,696, was shared equally with GIPS, for a total expense from each entity of \$94,348. FY 2018 expenses were \$1,560. Hwy 30 Realignment will allow for improvements from just west of Monitor Road east to the existing four-lane divided section west of the US-281/N-2/US-30 interchange in Grand Island for a distance of 3.4 miles, with the City cost sharing on the portion within City limits. FY 2018 expenses were \$1,300,000.

City of Grand Island's Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land and land improvements	\$ 29,600,987	\$ 27,882,639	\$ 151,410,896	\$ 153,959,273	\$ 181,011,883	\$ 181,841,912
Infrastructure	274,632,318	271,987,779	-	-	274,632,318	271,987,779
Construction in progress	28,702,934	20,234,961	21,093,954	9,988,599	49,796,888	30,223,560
Buildings and systems	58,334,420	57,206,342	454,931,842	469,893,177	513,266,262	527,099,519
Machinery and equipment	8,955,663	8,287,228	-	-	8,955,663	8,287,228
Office furniture and equipment	3,163,313	3,141,232	4,814,265	4,816,365	7,977,578	7,957,597
Vehicles	9,376,419	8,985,129	8,970,208	8,955,540	18,346,627	17,940,669
Accumulated depreciation	(51,819,303)	(46,716,815)	(309,571,058)	(314,079,878)	(361,390,361)	(360,796,693)
Net totals	<u>\$ 360,946,751</u>	<u>\$ 351,008,495</u>	<u>\$ 331,650,107</u>	<u>\$ 333,533,076</u>	<u>\$ 692,596,858</u>	<u>\$ 684,541,571</u>

Additional information on the City of Grand Island's capital assets can be found in Note 5 on pages 43-44 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 \$120,863,749. Of this amount, \$5,052,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Grand Island's debt represents bonds and notes payable secured solely by specified revenue sources (i.e., revenue bonds) and capital lease obligations.

City of Grand Island's Outstanding Debt

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 5,052,000	\$ 6,343,000	\$ -	\$ -	\$ 5,052,000	\$ 6,343,000
Revenue bonds	-	-	75,640,000	79,920,000	75,640,000	79,920,000
Notes payable	4,780,667	50,001	31,859,767	29,320,055	36,640,434	29,370,056
Capital leases	3,531,315	4,109,654	-	-	3,531,315	4,109,654
Total	<u>\$ 13,363,982</u>	<u>\$ 10,502,655</u>	<u>\$ 107,499,767</u>	<u>\$ 109,240,055</u>	<u>\$ 120,863,749</u>	<u>\$ 119,742,710</u>

City of Grand Island's total debt increased by approximately \$1.1 million during the current fiscal year due primarily to the issuance of \$ Sewer DEQ notes.

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2018

Additional information on the City of Grand Island's long-term debt can be found in Note 6 starting on page 45 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:** An electric rate cost of service study was completed and adjustments were made to the customer monthly charge, several of the rate classes, and the Power Cost Adjustment base rate, however, the adjustments result in a neutral net annual revenue. Changes in fuel and purchased power costs are accounted for through the Power Cost Adjustment. The three gas-fueled steam units at the Burdick Station were taken out of service due to economic evaluation of their cost to maintain and market conditions. An engineering evaluation of the Burdick decommissioning requirements was completed during the 2017-2018 fiscal year. Operation of the Burdick combustion turbines will be transferred with associated staff to the Platte Generating Station. Auxiliary equipment infrastructure to allow remote operation of the Burdick units from Platte, and demolition of the Burdick Station steam units, will be included in budgets for the next two to three years.
- **Water:** The construction of an elevated water storage tank in the western part of the City was completed in October 2018. This project will increase reliability, add additional capacity during peak periods, and provide for additional growth of the system. The 2018-2019 budget is focused on repair and upgrade of critical facilities and system improvements to meet continued growth, and include consolidation of operation of the water system pumping facilities at the Platte Generating Station.
- **Sanitary Sewer:** Most of the 2011 Wastewater Rehabilitation projects have been completed. Half of these projects were financed with Clean Water State Revolving Fund loans authorized by the Nebraska Department of Environmental Quality at 2.25 percent interest for "Green" projects and 2.5 percent interest for others. For fiscal year 2018 expenses were incurred on the following projects:

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2018

- The Wastewater Treatment Plant Laboratory, Operations Control Center, and Administration Building project was to address the outdated HVAC system, lack of fire suppression system, outdated and/or marginally functional equipment, limited physical space that will not be able to accommodate future needs and electrical and mechanical limitations that must be expanded to handle future needs and can be made more efficient. FY 2018 expenses were \$264,342.
- The Biological Nutrient Removal (BNR) Study will give the City sufficient time to make any necessary adjustments to the wastewater treatment process prior to new permit limits being imposed by the Nebraska Department of Environmental Quality (NDEQ). FY 2018 expenses were \$137,472.
- Online Monitoring FY 2018 expense \$4,438.
- The WAS Tank Blower Replacement project allowed for removal and replacement of process aeration blowers, building ventilation, and an electrical and heating system. FY 2018 expenses were \$205,949.
- The Lift Station No. 20 project will aid in accommodating future growth to handle a daily flow rate of over 1 million gallons per day, as well as replacing/repairing the poor pipe currently in place. As part of this project Lift Station No. 14 was also abandoned. FY 2018 expenses were \$1,431,233.
- Sanitary Sewer Rehab Project No. 2017-S-2A addressed the old clay tile pipe and/or damaged/dilapidated manholes. Along with this, Project No. 2017-S-2B is for the rehabilitation work of fixing cracks and leaks in the existing pipe with a cast in place liner that will be run inside the existing pipe. FY 2018 expenses were \$619,430.
- The North Interceptor; Seedling Mile Access Road repair addressed a buckled section of sanitary sewer pipe. FY 2018 expenses were \$1,462,239.
- The Lift Station No. 11 Relocation will alleviate some capacity issues in the South Interceptor by re-routing such lift station force main to the North Interceptor. FY 2018 expenses were \$926,353.
- Sanitary Sewer District No. 539 provided sanitary sewer service to a residential area between Webb Road and Kennedy Drive, as well as Dixie Square and 13th Street. FY 2018 expenses were \$19,765.
- Sanitary Sewer Project No. 2017-S-3 / District No 540T provided sanitary sewer service from the Stolley Park Road and Freedom Drive intersection west to just beyond the planned new US Highway 30 west realignment, and continue west to areas between the existing US Highway 30 alignment and the proposed realignment including the West Park Plaza Mobile Home Park. FY 2018 expenses were \$932,487.

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2018**

- With the ever-increasing personnel costs and growth in operating expenses, the City balanced the General Fund budget for the 2018-2019 budget year. The revenue for the City has continued to increase over the past few years with sales tax receipts representing 37 percent of the general fund resources followed by property tax receipt at 27 percent for the 2018-2019 budget year.
- In 2013 the City of Grand Island became a Metropolitan Statistical Area (MSA) resulting in a new array for wage comparability. In 2018 the City negotiated two new union contracts. The new wage rates continued to impact the 2018-2019 budget year and will continue to influence the budget for years to come.

The Grand Island AREA Metropolitan Planning Organization (GIAMPO) was established in 2013 and is mandated by the United States Department of Transportation (DOT). The Federal Highway Administration (FHWA) is the primary regulator, with sister agencies Federal Railroad Administration (FRA), Federal Transit Administration (FTA), and Federal Aviation Administration (FAA) contributing additional regulations. The MPO is 80 percent federally funded with 20 percent local match; usually the 20 percent is divided among all of the transportation providers in the MPO planning area, but the City of Grand Island provides 100 percent of the match. MPOs are usually a separate agency similar to the EDC; this is likely to happen once the population reaches over 2,100,000 (the division between a small MPO and a large MPO). One FTE is dedicated to this function and other employees provide assistance.

- As a result of the City’s status of metropolitan statistical area, the City became the direct recipient of federal funds for public transit services from the Federal Transit Administration. This requires public transportation trips originating and terminating within the Grand Island urbanized area to be funded utilizing 5307 Formula Urban Transportation funds. In July 2016, the City entered into a contract with Senior Citizens Industries, Inc. to provide transit service in the amount of \$638,430 for a period of 12 months with an option to extend up to 2 additional years. Said contract expires June 30, 2019. A Request for Proposals was published in November 2018 and closed in January 2019. The City of Grand Island plans to award the service contract to a successful proposer in April 2019 with a contract effective date of July 1, 2019.

All of these factors were considered in preparing the City of Grand Island’s budget for the 2019 fiscal year.

Community Redevelopment Authority (CRA) Program Highlights

- The CRA will continue to emphasize the acquisition and demolition of substandard properties. The CRA and City Council will continue to encourage developers to look for areas of “Micro-Blight” that could be significantly improved by the acquisition, demolition and construction of a new residential unit or units.

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2018**

- The CRA will continue to direct attention toward business/industry developments that result in economic development and the creation of new jobs. These efforts may include tax increment financing (TIF), infrastructure development, land acquisition, or other types of allowable assistance. This proposed development is hoped to spur development toward Interstate 80. Several projects were approved for downtown buildings for both commercial and upper story residential development.
- The CRA will continue to look for areas ripe for redevelopment and encourages private individuals and developers to submit blighted and substandard studies to the Grand Island City Council for consideration. During 2014, the CRA contracted to have a blighted and substandard study conducted for the Veteran's Home Property. The study was completed and presented to the CRA in November of 2014. On December 1, 2015, Governor Pete Ricketts announced plans to return the Veteran's Home Property to the City of Grand Island. A portion of that property has been deeded back to the City, with the remainder committed for return after the closure of the Grand Island Veterans Home. The City is moving forward with plans for redevelopment of the entire site. Those plans are likely to include declaration of the area as blighted and substandard with TIF being used to redevelop the property. This year the City Council also approved two Redevelopment Areas a micro blight area encompassing one city block at 7th and Elm and about 30 acres in northeast Grand Island south of Capital Avenue and west of the Central Nebraska Rail road Tracks.
- The CRA has developed strategies to limit the exposure of the CRA and the City when a TIF project is approved. Primarily this is done with the TIF contract. The CRA issues a TIF bond that the developer funds through a private investor or financial institution. The bond is repaid from the TIF revenue generated from the project on its TIF-eligible expenses. The bond is limited to no more than 15 years from the time it is issued or amended. The bond amount is capped at either the TIF-eligible expenses or the amount of TIF generated by the project over its life.
- The CRA will continue to work with housing providers, including Habitat for Humanity and the Housing Development Corporation. The CRA actively seeks out opportunities to partner with these types of organizations to provide quality and affordable housing in Grand Island. The final phase of the first part of the Copper Creek subdivision will be was concluded during the 2018 year, resulting in more than 200 affordable new single family detached housing units. The second part of the Copper Creek development was approved for 80 more single family detached housing units and the first of those were built and sold.
- The CRA continues to work with Downtown, and is supportive of continued efforts to redevelop buildings, especially on the upper floors. During the 2018 year, the CRA approved several grants under the upper-story Life Safety program. Payments were made on completed projects. To date the program has committed to more than 50 additional units in downtown. The CRA also approved TIF for the redevelopment of and expansion of uppers story residential at both Kinkaider 320 N. Pine and Take Flight 209 W. 3rd. The 2019 budget includes \$200,000 (\$100,000 each from the City and the CRA. for life safety infrastructure grants in the downtown area for projects that include upper story residential development this is the final year of this program.

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2018

- The CRA approved tax increment financing for a truck wash project between U.S. Highway 30 and the Union Pacific Rail Road. Also approved was a three unit residential project at 408 E. 2nd Street on property formerly owned by the CRA

- The entirety of the Cornhusker Army Ammunition Plant has been declared blighted and substandard and two projects have been approved at the site. Husker Harvest Days completed their improvements to their show site at the CAAP property and the CRA made the first payment of \$200,000 to Farm Progress. The contract for O'Neill Wood Resources to construct and operate a construction and demolition landfill and recycling center was approved in November of 2017. Other projects at the formerly used military site are also contemplated and under review.

City of Grand Island, Nebraska
Statement of Net Position
September 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets:				
Current assets:				
Cash and cash equivalents	\$ 11,759,413	\$ 40,917,387	\$ 52,676,800	\$ 766,881
Investments	22,133,533	21,904,932	44,038,465	-
County treasurer cash	854,079	-	854,079	140,410
Receivables				
Accounts, net of allowance for doubtful accounts	1,157,991	7,277,160	8,435,151	-
Unbilled revenue	-	4,124,775	4,124,775	-
Property tax	670,488	-	670,488	196,301
Special assessments	1,116,472	520,760	1,637,232	25,991
Interest	505,571	387,201	892,772	809
Current portion of notes receivable	-	120,000	120,000	-
Current portion of notes from redevelopers	-	-	-	80,200
Internal balances	297,555	(297,555)	-	-
Due from other governments	4,210,796	1,776,934	5,987,730	49,234
Prepaid expenses	-	432,674	432,674	-
Inventory	114,423	10,225,885	10,340,308	-
Total current assets	<u>42,820,321</u>	<u>87,390,153</u>	<u>130,210,474</u>	<u>1,259,826</u>
Noncurrent assets:				
Restricted cash and cash equivalents	-	3,885,653	3,885,653	49,462
Restricted investments	5,019,427	19,859,078	24,878,505	-
Permanently restricted investments	579,118	-	579,118	-
Notes receivable	671,081	-	671,081	-
Noncurrent portion of note receivable	-	2,009,723	2,009,723	-
Notes from redevelopers	-	-	-	45,090
Deferred charges	-	2,370,250	2,370,250	-
Capital assets:				
Land, infrastructure, and construction in progress	312,066,991	162,451,727	474,518,718	-
Other capital assets, net of depreciation	48,879,760	169,198,380	218,078,140	531,747
Net capital assets	<u>360,946,751</u>	<u>331,650,107</u>	<u>692,596,858</u>	<u>531,747</u>
Total noncurrent assets	<u>367,216,377</u>	<u>359,774,811</u>	<u>726,991,188</u>	<u>626,299</u>
Total assets	<u>410,036,698</u>	<u>447,164,964</u>	<u>857,201,662</u>	<u>1,886,125</u>
Liabilities:				
Current liabilities:				
Accounts payable	2,605,733	3,353,642	5,959,375	74,019
Accrued expenses	3,346,005	2,288,274	5,634,279	6,349
Compensated absences - current	296,925	505,632	802,557	-
Current portion of total pension liability	415,000	-	415,000	-
Current portion of total OPEB liability	72,000	-	72,000	-
Current portion of long-term obligations	1,467,283	5,899,936	7,367,219	248,557
Total current liabilities	<u>8,202,946</u>	<u>12,047,484</u>	<u>20,250,430</u>	<u>328,925</u>
Noncurrent liabilities:				
Compensated absences - noncurrent	2,153,422	1,472,354	3,625,776	-
Closure/post-closure liability	-	4,945,728	4,945,728	-
Total pension liability	542,418	-	542,418	-
Total other postemployment benefits liability	1,626,808	-	1,626,808	-
Noncurrent portion of long-term obligations	11,896,699	101,599,831	113,496,530	786,693
Unamortized bond premiums	-	3,412,189	3,412,189	-
Total noncurrent liabilities	<u>16,219,347</u>	<u>111,430,102</u>	<u>127,649,449</u>	<u>786,693</u>
Total liabilities	<u>24,422,293</u>	<u>123,477,586</u>	<u>147,899,879</u>	<u>1,115,618</u>
Deferred Inflows for OPEB	139,129	-	139,129	-
Net position:				
Net investment in capital assets	345,367,659	220,597,854	565,965,513	531,747
Restricted for:				
Debt service	110,012	8,704,182	8,814,194	-
Landfill closure/post-closure costs	-	924,618	924,618	-
Perpetual care - permanent	874,503	-	874,503	-
Street improvements	1,137,711	-	1,137,711	-
Capital projects	577,065	-	577,065	-
Economic development	1,745,655	-	1,745,655	-
Other purposes	-	225,000	225,000	49,462
Unrestricted	<u>35,662,671</u>	<u>93,235,724</u>	<u>128,898,395</u>	<u>189,298</u>
Total net position	<u>\$ 385,475,276</u>	<u>\$ 323,687,378</u>	<u>\$ 709,162,654</u>	<u>\$ 770,507</u>

City of Grand Island, Nebraska

Statement of Activities

Year Ended September 30, 2018

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Functions/programs:								
Primary government:								
Governmental activities:								
General government	\$ 7,748,009	\$ 3,519,057	\$ 511,696	\$ 506,302	\$ (3,210,954)	\$ -	\$ (3,210,954)	\$ -
Public safety	23,424,298	5,717,299	897,884	324,227	(16,484,888)	-	(16,484,888)	-
Public works	6,852,275	498,165	8,000	1,396,628	(4,949,482)	-	(4,949,482)	-
Community betterment	462,681	277,116	200,181	-	14,616	-	14,616	-
Environment and leisure	9,023,857	1,818,239	337,922	-	(6,867,696)	-	(6,867,696)	-
Non-departmental	1,498,648	-	-	-	(1,498,648)	-	(1,498,648)	-
Interest and fees on long-term debt	350,866	-	-	-	(350,866)	-	(350,866)	-
Total governmental activities	<u>49,360,634</u>	<u>11,829,876</u>	<u>1,955,683</u>	<u>2,227,157</u>	<u>(33,347,918)</u>	<u>-</u>	<u>(33,347,918)</u>	<u>-</u>
Business-type activities:								
Electric	85,381,761	87,395,949	-	-	-	2,014,188	2,014,188	-
Water	5,329,980	6,345,507	-	-	-	1,015,527	1,015,527	-
Sewer	14,455,571	13,481,080	73,241	106,149	-	(795,101)	(795,101)	-
Landfill	2,646,987	3,125,984	-	-	-	478,997	478,997	-
Total business-type activities	<u>107,814,299</u>	<u>110,348,520</u>	<u>73,241</u>	<u>106,149</u>	<u>-</u>	<u>2,713,611</u>	<u>2,713,611</u>	<u>-</u>
Total primary government	<u>\$ 157,174,933</u>	<u>\$ 122,178,396</u>	<u>\$ 2,028,924</u>	<u>\$ 2,333,306</u>	<u>(33,347,918)</u>	<u>2,713,611</u>	<u>(30,634,307)</u>	<u>-</u>
Component units:								
Business Improvement Districts	\$ 242,768	\$ 3,259	\$ 14,860	\$ 9,670	-	-	-	(214,979)
Community Redevelopment Authority	2,436,518	-	-	-	-	-	-	(2,436,518)
Total component units	<u>\$ 2,679,286</u>	<u>\$ 3,259</u>	<u>\$ 14,860</u>	<u>\$ 9,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,651,497)</u>
General revenues:								
Taxes:								
Property					11,284,420	-	11,284,420	2,325,536
Motor vehicle taxes					2,276,231	-	2,276,231	-
Occupation					2,958,747	-	2,958,747	-
Sales taxes					16,078,662	-	16,078,662	-
Franchise					1,270,888	-	1,270,888	-
State allocation					6,071,943	-	6,071,943	-
Special assessments					189,641	160,320	349,961	222,218
Miscellaneous					639,995	-	639,995	134,381
Interest income					1,373,064	901,086	2,274,150	1,723
Interfund transfers					863,600	(863,600)	-	-
Transfers of capital assets from business-type activities to governmental activities					633,546	(633,546)	-	-
Total general revenues and transfers					<u>43,640,737</u>	<u>(435,740)</u>	<u>43,204,997</u>	<u>2,683,858</u>
Change in net position					<u>10,292,819</u>	<u>2,277,871</u>	<u>12,570,690</u>	<u>32,361</u>
Net position, beginning of year, as previously stated					373,185,667	321,409,507	694,595,174	931,312
Adjustment for prior period restatements (see Note 1)					1,996,790	-	1,996,790	(193,166)
Net position, beginning of year, restated					<u>375,182,457</u>	<u>321,409,507</u>	<u>696,591,964</u>	<u>738,146</u>
Net position, end of year					<u>\$ 385,475,276</u>	<u>\$ 323,687,378</u>	<u>\$ 709,162,654</u>	<u>\$ 770,507</u>

City of Grand Island, Nebraska
Balance Sheet – Governmental Funds
September 30, 2018

Assets	General Fund	Capital Projects Fund	Streets Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 4,108,589	\$ 1,103,979	\$ 1,010,909	\$ 3,899,839	\$ 10,123,316
Investments	13,146,782	2,141,658	1,972,096	7,289,498	24,550,034
County treasurer cash	721,077	-	84,863	48,139	854,079
Receivables:					
Accounts, net of allowance and doubtful accounts	846,572	-	23,563	274,827	1,144,962
Property taxes	614,333	-	-	56,155	670,488
Occupation taxes	-	7,334	-	-	7,334
Special assessments	-	-	750	1,115,722	1,116,472
Interest	440,197	-	90	60,322	500,609
Notes receivable	-	-	-	671,081	671,081
Due from other funds	352,468	-	-	119,687	472,155
Due from other governments	3,003,623	-	833,781	373,392	4,210,796
Total assets	<u>\$ 23,233,641</u>	<u>\$ 3,252,971</u>	<u>\$ 3,926,052</u>	<u>\$ 13,908,662</u>	<u>\$ 44,321,326</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$ 75,957	\$ 457,715	\$ 624,071	\$ 1,236,231	\$ 2,393,974
Accrued expenses	933,342	-	79,213	12,711	1,025,266
Due to other funds	51,549	-	215,190	-	266,739
Total liabilities	<u>1,060,848</u>	<u>457,715</u>	<u>918,474</u>	<u>1,248,942</u>	<u>3,685,979</u>
Deferred inflows of resources					
Unavailable revenues	844,038	-	-	1,143,018	1,987,056
Fund balances (deficits):					
Nonspendable					
Cemetery perpetual care	-	-	-	802,881	802,881
Library trust	-	-	-	71,622	71,622
Restricted					
Street improvements	-	-	1,137,711	-	1,137,711
Capital projects	-	574,403	-	2,662	577,065
Debt service	-	-	-	110,012	110,012
Economic development	-	-	-	1,745,655	1,745,655
Federal programs	-	-	-	137,085	137,085
Housing loans	-	-	-	372,976	372,976
Community improvements	-	-	-	4,460,504	4,460,504
Library expenses	-	-	-	373,748	373,748
Other purposes	-	-	-	186,897	186,897
Assigned	57,355	2,220,853	1,869,867	3,315,856	7,463,931
Unassigned	21,271,400	-	-	(63,196)	21,208,204
Total fund balances	<u>21,328,755</u>	<u>2,795,256</u>	<u>3,007,578</u>	<u>11,516,702</u>	<u>38,648,291</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,233,641</u>	<u>\$ 3,252,971</u>	<u>\$ 3,926,052</u>	<u>\$ 13,908,662</u>	<u>\$ 44,321,326</u>

City of Grand Island, Nebraska
Reconciliation of the Balance Sheet –
Governmental Funds to the Statement of Net Position
September 30, 2018

Total fund balances - governmental funds		\$ 38,648,291
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and; therefore, are not reported as assets in governmental funds.		360,946,751
Deferred inflows of resources for unavailable revenues not available to pay for current-period expenditures and; therefore, not recognized in the funds.		1,987,056
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.		2,700,036
Pension and OPEB liabilities and related deferred items do not represent an obligation of current financial resources, and are therefore not reported in the funds.		(2,795,355)
Other liabilities are not due and payable in the current period and; therefore, are not reported in the funds.		(72,424)
Long-term liabilities, including bonds payable and related interest payable, are not due and payable in the current period and; therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consists of:		
Compensated absences	\$ (2,450,347)	
Accrued interest payable	(124,750)	
Capital lease obligations	(3,531,315)	
Note payable	(4,780,667)	
General obligation bonds payable	(5,052,000)	<u>(15,939,079)</u>
Total net position - governmental activities		<u>\$ 385,475,276</u>

City of Grand Island, Nebraska
Statement of Revenues, Expenditures, and
Changes in Fund Balances – Governmental Funds
Year Ended September 30, 2018

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Streets Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes:					
Property	\$ 10,526,484	\$ -	\$ -	\$ 777,786	\$ 11,304,270
Motor vehicle	1,120,757	-	-	3,038	1,123,795
Occupation	72,360	7,334	126,716	2,752,337	2,958,747
Sales tax	14,545,678	-	1,532,984	-	16,078,662
Franchise	1,270,888	-	-	-	1,270,888
Intergovernmental	1,848,513	-	7,835,778	680,206	10,364,497
Keno	-	-	-	277,116	277,116
Special assessments	-	-	-	365,227	365,227
Charges for services	10,845,365	-	52,856	656,379	11,554,600
Interest income	1,169,290	27,873	-	139,000	1,336,163
Contributions and grants	7,459	-	-	680,498	687,957
Other revenue	214,538	241	60,988	224,860	500,627
Total revenues	<u>41,621,332</u>	<u>35,448</u>	<u>9,609,322</u>	<u>6,556,447</u>	<u>57,822,549</u>
Expenditures:					
General government	3,810,953	1,699,396	-	2,302,536	7,812,885
Public safety	22,095,086	-	-	415,628	22,510,714
Public works	1,062,462	869,756	9,455,888	820	11,388,926
Community betterment	-	-	-	462,681	462,681
Environment and leisure	7,254,713	-	-	5,815,432	13,070,145
Non-departmental	1,628,627	-	-	-	1,628,627
Principal payments on debt	638,093	-	135,434	1,316,338	2,089,865
Interest on long-term debt	89,969	-	11,553	204,849	306,371
Bond/loan fees	-	-	-	500	500
Total expenditures	<u>36,579,903</u>	<u>2,569,152</u>	<u>9,602,875</u>	<u>10,518,784</u>	<u>59,270,714</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,041,429</u>	<u>(2,533,704)</u>	<u>6,447</u>	<u>(3,962,337)</u>	<u>(1,448,165)</u>
Other financing sources (uses):					
Bond proceeds	-	-	-	4,949,999	4,949,999
Proceeds from sales of capital asset	76,172	-	-	-	76,172
Transfers in	863,600	1,000,000	431,000	1,346,243	3,640,843
Transfers out	<u>(2,366,000)</u>	<u>-</u>	<u>-</u>	<u>(411,243)</u>	<u>(2,777,243)</u>
Total other financing sources (uses)	<u>(1,426,228)</u>	<u>1,000,000</u>	<u>431,000</u>	<u>5,884,999</u>	<u>5,889,771</u>
Net change in fund balances	3,615,201	(1,533,704)	437,447	1,922,662	4,441,606
Fund balances, beginning of year, as previously reported	13,489,245	4,328,960	2,548,212	10,426,586	30,793,003
Prior period adjustments	4,224,309	-	21,919	(832,546)	3,413,682
Fund balances, beginning of year, restated	<u>17,713,554</u>	<u>4,328,960</u>	<u>2,570,131</u>	<u>9,594,040</u>	<u>34,206,685</u>
Fund balances, end of year	<u>\$ 21,328,755</u>	<u>\$ 2,795,256</u>	<u>\$ 3,007,578</u>	<u>\$ 11,516,702</u>	<u>\$ 38,648,291</u>

City of Grand Island, Nebraska
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances – Governmental Funds
to the Statement of Activities
Year Ended September 30, 2018

Total net change in fund balances - governmental funds	\$ 4,441,606
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 (\$12,623,849) exceeded depreciation expense (\$3,621,940).	9,001,909
The net effect of various transactions involving capital asset activity to increase net position.	511,624
Transfers of capital assets from business-type activities to governmental activities.	633,546
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds: Change in revenues in fund statements previously recognized in the statement of activities.	(152,058)
Internal service funds are used by management to charge the costs of certain activities, such as information technology and fleet services, to individual funds. The change in net position of the internal service funds is reported within governmental activities.	(1,163,372)
The change in compensated absences is reported as an expense in the statement of activities. Compensated absences are not reported in the governmental funds.	(507,405)
Changes in the total pension liability, total OPEB liability and deferred inflows for OPEB do not represent financial activity in the governmental funds.	342,608
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.	(4,949,999)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position, including the change in accrued interest payable not recognized in the fund financial statements.	<u>2,134,360</u>
Change in net position of governmental activities	<u>\$ 10,292,819</u>

City of Grand Island, Nebraska
Statement of Net Position
Proprietary Funds
Year Ended September 30, 2018

	Enterprise Funds					Total	Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Landfill Fund	Golf Fund		
Assets:							
Current assets:							
Cash and cash equivalents	\$ 29,833,152	\$ 6,894,599	\$ 3,753,110	\$ 436,526	\$ -	\$ 40,917,387	\$ 1,636,097
Investments	13,774,263	-	7,295,997	834,672	-	21,904,932	3,182,044
Receivables							
Accounts, net of allowance for doubtful accounts	5,526,820	566,852	962,383	221,105	-	7,277,160	5,695
Unbilled revenue	3,261,275	384,486	479,014	-	-	4,124,775	-
Interest	231,110	4,389	65,865	85,837	-	387,201	4,962
Special assessments	-	73,810	446,950	-	-	520,760	-
Current portion of note receivable	-	-	120,000	-	-	120,000	-
Due from other funds	151,362	20,233	-	14,686	-	186,281	92,139
Due from other governments	-	-	1,776,934	-	-	1,776,934	-
Inventory	9,962,362	263,523	-	-	-	10,225,885	114,423
Prepaid expenses	419,694	12,980	-	-	-	432,674	-
Total current assets	63,160,038	8,220,872	14,900,253	1,592,826	-	87,873,989	5,035,360
Noncurrent assets:							
Restricted cash and cash equivalents	1,733,598	416,575	1,735,480	-	-	3,885,653	-
Restricted investments	5,991,255	-	6,721,352	7,146,471	-	19,859,078	-
Noncurrent portion of note receivable	-	-	2,009,723	-	-	2,009,723	-
Deferred charges	2,370,250	-	-	-	-	2,370,250	-
Capital assets:							
Land and improvements	6,069,593	-	135,034,665	253,515	-	141,357,773	-
Construction in progress	6,471,756	3,928,234	7,738,763	2,955,201	-	21,093,954	-
Distribution and collection systems	318,902,772	75,313,639	8,284,863	-	-	402,501,274	-
Buildings and equipment	43,447,366	4,122,324	17,682,662	11,015,814	-	76,268,166	1,791,499
Less accumulated depreciation	(227,328,966)	(18,484,841)	(56,650,119)	(7,107,134)	-	(309,571,060)	(1,604,790)
Net capital assets	147,562,521	64,879,356	112,090,834	7,117,396	-	331,650,107	186,709
Net noncurrent assets	157,657,624	65,295,931	122,557,389	14,263,867	-	359,774,811	186,709
Total assets	220,817,662	73,516,803	137,457,642	15,856,693	-	447,648,800	5,222,069
Liabilities:							
Current liabilities:							
Accounts payable	2,588,775	101,446	663,421	-	-	3,353,642	211,759
Due to other funds	226,307	93,758	149,307	14,464	-	483,836	-
Accrued expenses	1,775,225	206,635	269,804	36,610	-	2,288,274	2,195,989
Compensated absences - current	317,030	31,347	98,383	58,872	-	505,632	71,062
Current portion of long-term obligations	3,110,000	300,000	2,489,936	-	-	5,899,936	-
Total current liabilities	8,017,337	733,186	3,670,851	109,946	-	12,531,320	2,478,810
Noncurrent liabilities:							
Compensated absences - noncurrent	1,268,118	125,426	45,181	33,629	-	1,472,354	43,223
Closure/post-closure liability	881,535	-	-	4,064,193	-	4,945,728	-
Noncurrent portion of long-term obligations	34,660,000	6,840,000	60,099,831	-	-	101,599,831	-
Unamortized bond premiums	2,311,346	-	1,100,843	-	-	3,412,189	-
Total noncurrent liabilities	39,120,999	6,965,426	61,245,855	4,097,822	-	111,430,102	43,223
Total liabilities	47,138,336	7,698,612	64,916,706	4,207,768	-	123,961,422	2,522,033
Net position:							
Net investment in capital assets	107,481,175	57,599,059	48,400,224	7,117,396	-	220,597,854	186,709
Restricted for:							
Debt service	5,991,255	191,575	2,521,352	-	-	8,704,182	-
Uranium removal	-	225,000	-	-	-	225,000	-
Closure/post-closure costs	852,063	-	-	72,555	-	924,618	-
Unrestricted	59,354,833	7,802,557	21,619,360	4,458,974	-	93,235,724	2,513,327
Total net position	\$ 173,679,326	\$ 65,818,191	\$ 72,540,936	\$ 11,648,925	\$ -	\$ 323,687,378	\$ 2,700,036

City of Grand Island, Nebraska
Statement of Revenues, Expenditures, and
Changes in Net Position – Proprietary Funds
Year Ended September 30, 2018

	Enterprise Funds					Total	Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Landfill Funds	Golf Funds		
Operating revenues:							
Sales							
Consumers	\$ 63,715,215	\$ 5,926,926	\$ 13,127,801	\$ 3,101,579	\$ -	\$ 85,871,521	\$ -
Municipal and interdepartmental	1,758,538	159,442	-	-	-	1,917,980	10,279,202
Wholesale	21,302,736	-	-	-	-	21,302,736	-
Total sales	86,776,489	6,086,368	13,127,801	3,101,579	-	109,092,237	10,279,202
Tap fees	-	5,581	140,604	-	-	146,185	-
Other revenue	619,460	253,558	212,675	24,405	-	1,110,098	4,175
Total operating revenues	87,395,949	6,345,507	13,481,080	3,125,984	-	110,348,520	10,283,377
Operating expenses:							
Cost of power	60,434,624	-	-	-	-	60,434,624	-
Production	-	1,893,530	-	-	-	1,893,530	-
Operation of system	2,572,939	1,068,318	4,832,817	1,150,279	-	9,624,353	-
Maintenance of system	3,077,576	-	226,307	182,410	-	3,486,293	-
Consumer accounting and collection	1,419,584	441,051	1,026,537	109,617	-	2,996,789	-
General office expense	1,931,738	239,827	590,310	268,332	-	3,030,207	-
Special services	1,195,122	111,192	72,077	101,715	-	1,480,106	-
Information technology	-	-	-	-	-	-	1,133,284
Central garage	-	-	-	-	-	-	1,270,652
Insurance	532,417	10,471	89,513	41,071	-	673,472	9,071,590
Miscellaneous	150,442	260,368	-	-	-	410,810	1,760
Closure costs	-	-	-	199,466	-	199,466	-
Depreciation	12,505,289	1,111,349	5,524,985	586,249	-	19,727,872	56,364
Total operating expenses	83,819,731	5,136,106	12,362,546	2,639,139	-	103,957,522	11,533,650
Operating income (loss)	3,576,218	1,209,401	1,118,534	486,845	-	6,390,998	(1,250,273)
Nonoperating revenues (expenses):							
Interest income	554,590	9,664	137,526	199,306	-	901,086	36,901
Intergovernmental/grants	-	-	73,241	-	-	73,241	50,000
Interest expense	(1,338,486)	(193,874)	(2,121,013)	-	-	(3,653,373)	-
Bond fees/issuance costs	-	-	(750)	-	-	(750)	-
Reassignment of capital assets	-	-	-	-	(633,546)	(633,546)	-
Gain(loss) on disposal of assets	(223,544)	-	28,738	(7,848)	-	(202,654)	-
Special assessments	-	-	160,320	-	-	160,320	-
Contributions in aid of construction	-	-	106,149	-	-	106,149	-
Total nonoperating revenues (expenses)	(1,007,440)	(184,210)	(1,615,789)	191,458	(633,546)	(3,249,527)	86,901
Excess (deficiency) of revenues over expenditures	2,568,778	1,025,191	(497,255)	678,303	(633,546)	3,141,471	(1,163,372)
Other Financing Sources (Uses)							
Transfers in (out)	(771,399)	(66,442)	-	-	(25,759)	(863,600)	-
Change in net position	1,797,379	958,749	(497,255)	678,303	(659,305)	2,277,871	(1,163,372)
Net position, beginning	171,881,947	64,859,442	73,038,191	10,970,622	659,305	321,409,507	3,863,408
Net position, ending	\$ 173,679,326	\$ 65,818,191	\$ 72,540,936	\$ 11,648,925	\$ -	\$ 323,687,378	\$ 2,700,036

City of Grand Island, Nebraska
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2018

	Enterprise Funds					Total	Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Landfill Fund	Golf Fund		
Cash flows from operating activities:							
Receipts from customers	\$ 87,742,537	\$ 6,351,322	\$ 13,405,441	\$ 3,111,421	\$ -	\$ 110,610,721	\$ -
Receipts from other funds	-	-	-	-	-	-	10,281,690
Payments to suppliers	(71,740,920)	(3,848,557)	(4,573,741)	(1,100,120)	-	(81,263,338)	(9,652,414)
Payments to employees	(1,744,724)	(197,484)	(1,894,734)	(780,366)	-	(4,617,308)	(700,615)
Net cash provided by (used in) operating activities	<u>14,256,893</u>	<u>2,305,281</u>	<u>6,936,966</u>	<u>1,230,935</u>	<u>-</u>	<u>24,730,075</u>	<u>(71,339)</u>
Cash flows from noncapital financing activities:							
Payments in lieu of taxes	(1,410,860)	(149,962)	-	-	-	(1,560,822)	-
Transfer from (to) other funds	74,945	27,607	-	-	(25,042)	77,510	-
Change in interfund balances	-	-	154,163	(222)	-	153,941	-
Net cash provided by (used in) noncapital financing activities	<u>(1,335,915)</u>	<u>(122,355)</u>	<u>154,163</u>	<u>(222)</u>	<u>(25,042)</u>	<u>(1,329,371)</u>	<u>-</u>
Cash flows from capital and related financing activities:							
Purchase of property and equipment	(5,655,471)	(4,444,099)	(5,297,693)	(3,376,055)	-	(18,773,318)	(19,981)
Proceeds from sale of property and equipment	(383,074)	-	28,738	-	-	(354,336)	-
Intergovernmental receipts	-	-	(1,703,693)	-	-	(1,703,693)	50,000
Special assessment collections	-	27,281	178,225	-	-	205,506	-
Proceeds from issuance of bonds/notes payable	-	-	3,868,917	-	-	3,868,917	-
Payment of bond fees	-	-	(750)	-	-	(750)	-
Principal payments on capital debt	(3,035,000)	(295,000)	(2,279,205)	-	(295,000)	(5,609,205)	-
Interest paid on capital debt	(1,766,551)	(201,855)	(2,189,847)	-	-	(4,158,253)	-
Net cash provided by (used in) capital and related financing activities	<u>(10,840,096)</u>	<u>(4,913,673)</u>	<u>(7,395,308)</u>	<u>(3,376,055)</u>	<u>-</u>	<u>(26,525,132)</u>	<u>30,019</u>
Cash flows from investing activities:							
Proceeds from the sale of maturities of investment securities	18,042,369	313,112	-	-	-	18,355,481	-
Purchase of investment securities	(12,371,327)	-	-	-	-	(12,371,327)	-
Change in allocation of pooled investments	14,781,308	3,626,294	790,735	(2,520,859)	-	16,677,478	(138,926)
Collections on notes receivable	-	-	120,000	-	-	120,000	-
Interest received	361,101	16,124	157,984	133,992	-	669,201	31,939
Net cash provided by (used in) investing activities	<u>20,813,451</u>	<u>3,955,530</u>	<u>1,068,719</u>	<u>(2,386,867)</u>	<u>-</u>	<u>23,450,833</u>	<u>(106,987)</u>
Net increase (decrease) in cash and cash equivalents	<u>22,894,333</u>	<u>1,224,783</u>	<u>764,540</u>	<u>(4,532,209)</u>	<u>(25,042)</u>	<u>20,326,405</u>	<u>(148,307)</u>
Cash and cash equivalents, beginning	<u>8,672,417</u>	<u>6,086,391</u>	<u>4,724,050</u>	<u>4,968,735</u>	<u>25,042</u>	<u>24,476,635</u>	<u>1,784,404</u>
Cash and cash equivalents, ending	<u>\$ 31,566,750</u>	<u>\$ 7,311,174</u>	<u>\$ 5,488,590</u>	<u>\$ 436,526</u>	<u>\$ -</u>	<u>\$ 44,803,040</u>	<u>\$ 1,636,097</u>

City of Grand Island, Nebraska
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2018

	Enterprise Funds					Total	Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Landfill Fund	Golf Fund		
Composition of cash and cash equivalents							
Cash and cash equivalents	\$ 29,833,152	\$ 6,894,599	\$ 3,753,110	\$ 436,526	\$ -	\$ 40,917,387	\$ 1,636,097
Restricted cash and cash equivalents	1,733,598	416,575	1,735,480	-	-	3,885,653	-
	<u>\$ 31,566,750</u>	<u>\$ 7,311,174</u>	<u>\$ 5,488,590</u>	<u>\$ 436,526</u>	<u>\$ -</u>	<u>\$ 44,803,040</u>	<u>\$ 1,636,097</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 3,576,218	\$ 1,209,401	\$ 1,118,534	\$ 486,845	\$ -	\$ 6,390,998	\$ (1,250,273)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	12,505,289	1,111,349	5,524,985	586,249	-	19,727,872	56,364
Change in assets and liabilities:							
Accounts receivable	346,588	5,815	(75,639)	(14,563)	-	262,201	(1,687)
Inventories	113,783	34,672	-	-	-	148,455	11,920
Prepaid expenses	(23,408)	(724)	-	-	-	(24,132)	-
Deferred charges	(2,217,911)	-	-	-	-	(2,217,911)	-
Accounts payable and accrued expenses	(52,550)	(55,232)	369,086	(27,062)	-	234,242	1,112,337
Other	8,884	-	-	199,466	-	208,350	-
Net cash provided by (used in) operating activities	<u>\$ 14,256,893</u>	<u>\$ 2,305,281</u>	<u>\$ 6,936,966</u>	<u>\$ 1,230,935</u>	<u>\$ -</u>	<u>\$ 24,730,075</u>	<u>\$ (71,339)</u>
Supplemental cash flow information							
Acquisition of capital assets through developers' aid of construction	\$ -	\$ -	\$ 106,149	\$ -	\$ -	\$ 106,149	\$ -
Accounts payable incurred for capital asset purchase	\$ -	\$ 140,297	\$ 385,511	\$ -	\$ -	\$ 525,808	\$ -

City of Grand Island, Nebraska
Statement of Net Position
Fiduciary Funds
Year Ended September 30, 2018

	Agency Funds
Assets	
Cash	\$ 105,465
Investments	205,741
Special assessments receivable	26,474
Total assets	\$ 337,680
Liabilities	
Due to others	\$ 337,680
Total liabilities	\$ 337,680

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 1: Summary of Significant Accounting Policies

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

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

Financial Reporting Entity

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

The City's financial reporting entity comprises the following:

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

In determining the financial reporting entity, the City has considered all potential component units for which the City may be financially accountable, and, as such, should be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusions would cause the reporting entity's financial statements to be misleading.

Blended Component Units - Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council, or the component unit provides services entirely to the City. These component units' funds are blended into those of the City by appropriate activity type to compose the primary government presentation. The City has determined the Grand Island Facilities Corporation (Facilities Corporation) is a blended component unit as the governing body consists of members appointed by City government and the City is the sole corporate member of the Facilities Corporation.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 1: Summary of Significant Accounting Policies - Continued

Financial Reporting Entity - Continued

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

	Brief Description of Activities and Relationship to the City
Community Redevelopment Authority of Grand Island (CRA)	Created in June 1997 to develop, finance, and maintain certain areas of the City in need of improvement and development. The Mayor appoints the five-member board. The CRA can borrow money, issue bonds, and request a levy of taxes under the City's overall levy limits. The CRA's annual budget is subject to the City Council's approval.
Business Improvement Districts (BID)	The BIDs account for funding held for improvement and maintenance of public areas within the boundaries of the District.

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

Basis of Presentation

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

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

- a) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type; and

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 1: Summary of Significant Accounting Policies - Continued

Basis of Presentation - Continued

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

Governmental Funds

The City reports the following major governmental funds:

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

Capital Projects Fund – The Capital Projects Fund is used to account for resources restricted for acquisition or construction of specific capital projects with transfers made governmental funds.

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

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

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes. These nonmajor funds consist of the Enhanced 911, PSC Wireless, Pioneer Consortium, Occupation Tax, Keno, Transportation, Community Youth Council, Program Income Reuse, Economic Development, HUD Entitlement, Housing Reuse, Community Development, Community Grants, Police Grants, Parking District #1, Parking District #2, and Local Assistance funds.

Capital Projects Fund – The nonmajor capital projects fund, the Special Assessments Fund, is used to account for collections of special assessments for the Debt Service or Capital Projects Fund.

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

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

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 1: Summary of Significant Accounting Policies - Continued

Proprietary Funds

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

Internal Service Funds – The Internal Service Funds account for activities that provide goods and services to other funds departments or agencies of the primary government and its component units on a cost-reimbursement basis. The City’s internal service funds consist of the Information Technology, Fleet Services, Insurance, and Equipment Reserve funds.

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following nonmajor enterprise fund:

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

Fiduciary Funds

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

Fund	Brief Description
Cafeteria Plan	Accounts for voluntary employee contributions as a tax-free reimbursement for medical and child care expenses.
Other Agencies	Accounts for 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.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 1: Summary of Significant Accounting Policies - Continued

Measurement Focus and Basis of Accounting

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

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

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

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

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets 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.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 1: Summary of Significant Accounting Policies - Continued

Cash and Investments

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

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

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

Receivables

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

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

Inventory

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

Restricted Assets

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

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 1: Summary of Significant Accounting Policies - Continued

Deferred Charges

Deferred charges incurred consists of various plant maintenance costs that are being amortized over the life of the scheduled maintenance repair life. In accordance with GASB Codification Section Re10, *Regulated Operations*, the maintenance costs which would be recognized during the current period are deferred and not included in the determination of net income until such costs are recoverable.

Capital Assets

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

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

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

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

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

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

Unamortized Bond Premiums

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

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 1: Summary of Significant Accounting Policies - Continued

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

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

Net Position

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

Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvements of those assets are also included in this component of net position. If there are significant unspent related debt proceeds at year-end, the portion of debt attributable to unspent proceeds is not included in the calculation of net investment in capital assets.

Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.

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

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 1: Summary of Significant Accounting Policies - Continued

Fund Balance Classification

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

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

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

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

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

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

Sales and Use Tax

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

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

Property Taxes

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

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

Property taxes levied for 2016-17 are recorded as revenue when expected to be collected within 60 days after September 30, 2017. Prior-year levies were recorded using these same principles, and remaining receivables are re-evacuated annually. Property taxes expected to be collected after 60 days are recorded as deferred revenue on the fund balance sheets.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 1: Summary of Significant Accounting Policies - Continued

Property Taxes - Continued

The City-owned electric and water utilities may make payments in lieu of taxes. The electric department pays 5% of its net operating revenues, excluding depreciation, and the water department pays 1% of its gross revenues derived from within the City limits.

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.

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.

Prior Period Adjustments

During 2018, the City restated beginning net position and fund balances to correct transactions recorded incorrectly in the prior year. The City also restated beginning net position to implement GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The following table summarizes these adjustments:

	Government-Wide Governmental Activities		Component Units	Governmental Funds			Fiduciary Funds
				General	Streets	Nonmajor	Employee Reserve
Net Position/Fund Balance at September 30, 2017 as previously reported	\$	373,185,667	\$ 931,312	\$13,489,245	\$2,548,212	\$ 10,426,586	\$ 2,512,815
Adjustment to report previous employee reserve fund in the general fund		4,454,924	-	4,454,924	-	-	(2,512,815)
Adjustment to previously reported pension liability		(1,362,761)	-	-	-	-	-
Adjustment to beginning OPEB liability for implementation of GASB 75		(1,775,202)	-	-	-	-	-
Adjustment to record compensated absences using the full absorption method		(177,398)	-	-	-	-	-
Adjustment to correct deferral for unavailable revenues improperly reported		523,600	140,461	-	-	-	-
Adjustment for change in reporting entity Metropolitan Planning Organization		333,627	(333,627)	-	-	333,627	-
Adjustment to remove compensated absences recorded in the governmental funds		-	-	145,121	14,686	582	-
Adjustment to record deferred inflows of resources for unavailable revenues		-	-	(403,281)	-	(1,212,233)	-
Adjustment to remove interest on long-term debt accrued in the governmental funds		-	-	27,545	7,233	45,478	-
Net Position/Fund Balance at September 30, 2017, as restated	\$	<u>375,182,457</u>	\$ <u>738,146</u>	<u>\$17,713,554</u>	<u>\$2,570,131</u>	<u>\$ 9,594,040</u>	<u>\$ -</u>

It was not practical for management to determine the impact on the 2017 change in net position.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 2: Stewardship, Compliance and Accountability

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

Fund Accounting Requirements

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

Deposit Laws and Regulations

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

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

Revenue Restrictions

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

Debt Restrictions and Covenants

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

Budgetary Data

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

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

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 2: Stewardship, Compliance and Accountability - Continued

Budgetary Data - Continued

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

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

Note 3: Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law. As of September 30, 2018, all of the City's deposits with financial institutions were fully insured or collateralized by securities held in the City's name in the form of pledged securities.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 3: Deposits and Investments - Continued

Investments

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

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates (market rates) will affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from risking interest rates, the City’s investment policy requires that market conditions and investment securities be analyzed to determine the maximum yield to be obtained and to minimize the impact of rising interest rates. The investment maturities are as follows:

Investment Type	Investment Term	
	Less Than 1	1 - 5 Years
Certificates of deposit	\$ 25,913,629	\$ 28,056,429
Money markets	6,389,213	-
	\$ 32,302,842	\$ 28,056,429

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. All of the underlying securities for the City’s investments at September 30, 2018, are held by the counterparties not in the name of the City. The underlying securities consist of cash, direct obligations of or guaranteed by the full faith and credit of the U.S. Government and other similar obligations of the U.S. Government or its agencies.

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

Concentration of Credit Risk – The City places no limit on the amount that may be invested in any one issuer.

Fair Value of Investments

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

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 3: Deposits and Investments - Continued

Fair Value of Investments - Continued

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of investments recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2018:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
U.S. Treasury & Agency	\$ 94,337	\$ -	\$ 94,337	\$ -
Corporate bonds	746,691	-	746,691	-
Mutual funds	182,673	182,673	-	-
Domestic common stock	4,075,816	4,075,816	-	-
	<u>\$ 5,099,517</u>	<u>\$ 4,258,489</u>	<u>\$ 841,028</u>	<u>\$ -</u>

Summary of Carrying Values

The carrying values of deposits and investments are as follows:

Deposits	\$ 55,813,839
Cash at County Treasurer	854,079
Investments	<u>69,701,829</u>
	<u>\$ 126,369,747</u>

Included in the following statement of net position captions:

	Statement of Net Position		
	Government-Wide	Fiduciary Funds	Total
Cash and cash equivalents	\$ 52,676,800	\$ 105,465	\$ 52,782,265
Restricted cash and cash equivalents	3,885,653	-	3,885,653
Investments	44,038,465	205,741	44,244,206
Restricted investments	24,878,505	-	24,878,505
Permanently restricted investments	579,118	-	579,118
	<u>\$ 126,058,541</u>	<u>\$ 311,206</u>	<u>\$ 126,369,747</u>

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 4: Accounts and Notes Receivable

Accounts and notes receivable at September 30, 2018 consist of the following:

Fund						Gross		Net
	Taxes	Accounts	Special Assessments	Interest	Notes	Receivables	Allowance	
General	\$ 614,333	\$ 846,572	\$ -	\$ 440,197	\$ -	\$ 1,901,102	\$ -	\$ 1,901,102
Capital Projects	7,334	-	-	-	-	7,334	-	7,334
Streets	-	23,563	750	90	-	24,403	-	24,403
Nonmajor	56,155	274,827	1,115,722	60,322	671,081	2,178,107	-	2,178,107
Electric	-	9,358,247	-	231,110	-	9,589,357	(570,152)	9,019,205
Water	-	996,605	73,810	4,389	-	1,074,804	(45,267)	1,029,537
Sewer	-	1,508,261	446,950	65,865	2,129,723	4,150,799	(66,864)	4,083,935
Landfill	-	221,105	-	85,837	-	306,942	-	306,942
Internal Service	-	5,695	-	4,962	-	10,657	-	10,657
	<u>\$ 677,822</u>	<u>\$ 13,234,875</u>	<u>\$ 1,637,232</u>	<u>\$ 892,772</u>	<u>\$ 2,800,804</u>	<u>\$ 19,243,505</u>	<u>\$ (682,283)</u>	<u>\$ 18,561,222</u>

Note 5: Capital Assets

Capital asset activity for the year ended September 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Reclass	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 8,708,789	\$ 22,950	\$ -	\$ -	\$ 8,731,739
Infrastructure	271,987,779	127,240	-	2,517,299	274,632,318
Construction in progress	20,234,961	11,519,344	-	(3,051,371)	28,702,934
Total capital assets, not being depreciated	<u>300,931,529</u>	<u>11,669,534</u>	<u>-</u>	<u>(534,072)</u>	<u>312,066,991</u>
Capital assets, being depreciated:					
Land improvements	19,173,850	298,033	34,408	1,431,773	20,869,248
Buildings	57,206,342	767,069	-	361,009	58,334,420
Machinery and equipment	8,287,228	356,330	94,517	406,622	8,955,663
Office furniture and equipment	3,141,232	19,981	-	2,100	3,163,313
Vehicles	8,985,129	497,640	127,585	21,235	9,376,419
Total capital assets, being depreciated	<u>96,793,781</u>	<u>1,939,053</u>	<u>256,510</u>	<u>2,222,739</u>	<u>100,699,063</u>
Less accumulated depreciation for:					
Land improvements	7,785,228	626,812	16,057	900,793	9,296,776
Buildings	23,853,590	1,810,226	9,042	347,136	26,001,910
Machinery and equipment	6,069,821	382,916	-	317,929	6,770,666
Office furniture and equipment	2,758,983	113,522	-	2,100	2,874,605
Vehicles	6,249,193	688,464	83,546	21,235	6,875,346
Total accumulated depreciation	<u>46,716,815</u>	<u>3,621,940</u>	<u>108,645</u>	<u>1,589,193</u>	<u>51,819,303</u>
Total capital assets, being depreciated, net	<u>50,076,966</u>	<u>(1,682,887)</u>	<u>147,865</u>	<u>633,546</u>	<u>48,879,760</u>
Governmental activities capital assets, net	<u>\$ 351,008,495</u>	<u>\$ 9,986,647</u>	<u>\$ 147,865</u>	<u>\$ 99,474</u>	<u>\$ 360,946,751</u>

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 5: Capital Assets - Continued

	Beginning Balance	Increases	Decreases	Reclass	Ending Balance
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 7,610,480	\$ -	\$ 254,222	\$ -	\$ 7,356,258
Construction in progress	9,988,599	17,631,329	6,525,974	-	21,093,954
Total capital assets, not being depreciated	<u>17,599,079</u>	<u>17,631,329</u>	<u>6,780,196</u>	<u>-</u>	<u>28,450,212</u>
Capital assets, being depreciated:					
Land improvements	146,348,793	106,149	968,531	(1,431,773)	144,054,638
Buildings, distribution systems, equipment	469,893,177	7,494,463	21,688,167	(767,631)	454,931,842
Office furniture and equipment	4,816,365	-	-	(2,100)	4,814,265
Vehicles	8,955,540	180,558	144,655	(21,235)	8,970,208
Total capital assets, being depreciated	<u>630,013,875</u>	<u>7,781,170</u>	<u>22,801,353</u>	<u>(2,222,739)</u>	<u>612,770,953</u>
Less accumulated depreciation for:					
Land improvements	42,942,157	14,725,720	-	(900,793)	56,767,084
Buildings, distribution systems, equipment	269,231,959	4,719,122	22,502,844	(665,065)	250,783,172
Office furniture and equipment	169,255	38,556	-	(2,100)	205,711
Vehicles	1,736,507	244,474	144,655	(21,235)	1,815,091
Total accumulated depreciation	<u>314,079,878</u>	<u>19,727,872</u>	<u>22,647,499</u>	<u>(1,589,193)</u>	<u>309,571,058</u>
Total capital assets, being depreciated, net	<u>315,933,997</u>	<u>(11,946,702)</u>	<u>153,854</u>	<u>(633,546)</u>	<u>303,199,895</u>
Business-type activities capital assets, net	<u>\$ 333,533,076</u>	<u>\$ 5,684,627</u>	<u>\$ 6,934,050</u>	<u>\$ (633,546)</u>	<u>\$ 331,650,107</u>

Depreciation expense was charged to governmental activities as follows:

Governmental activities:	
General government	\$ 401,662
Public safety	2,108,126
Public works	176,923
Environment and leisure	725,292
Nondepartmental	209,937
Total depreciation expense - governmental	<u>\$ 3,621,940</u>
Business-type activities:	
Electric	\$ 12,505,289
Water	1,111,349
Sewer	5,524,985
Landfill	586,249
Total depreciation expense - business-type activities	<u>\$ 19,727,872</u>

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 6: Long-term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2018:

	Balances at October 1, 2017 as Restated	Additions	Retirements or Other Reductions	Balances at September 30, 2018	Amount Due Within One Year
Governmental activities:					
Bonds payable	\$ 6,343,000	\$ -	\$ (1,291,000)	\$ 5,052,000	\$ 492,000
Notes payable	50,001	4,949,999	(219,333)	4,780,667	447,622
Capital lease	4,109,654	-	(578,339)	3,531,315	527,661
Compensated absences*	1,942,942	2,612,733	(2,105,328)	2,450,347	296,925
Total governmental activities	<u>12,445,597</u>	<u>7,562,732</u>	<u>(4,194,000)</u>	<u>15,814,329</u>	<u>1,764,208</u>
Business-type activities					
Bonds payable	79,920,000	-	(4,280,000)	75,640,000	4,375,000
Bond premium	3,919,622	-	(507,433)	3,412,189	-
Notes payable	29,320,055	3,868,917	(1,329,205)	31,859,767	1,524,936
Compensated absences	1,765,488	825,897	(613,399)	1,977,986	505,632
Closure/post-closure liability	4,737,378	208,350	-	4,945,728	-
Total business-type activities	<u>119,662,543</u>	<u>4,903,164</u>	<u>(6,730,037)</u>	<u>117,835,670</u>	<u>6,405,568</u>
Total primary government	<u>\$ 132,108,140</u>	<u>\$ 12,465,896</u>	<u>\$ (10,924,037)</u>	<u>\$ 133,649,999</u>	<u>\$ 8,169,776</u>
Component units					
Bonds payable	<u>\$ 1,303,779</u>	<u>\$ -</u>	<u>\$ (268,529)</u>	<u>\$ 1,035,250</u>	<u>\$ 248,557</u>

*See Note 1 for additional information related to prior year period restatement.

Governmental Activities

As of September 30, 2018, the governmental activities long-term liabilities consisted of the following:

Bonds Payable:

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

\$ 972,000

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

4,080,000

Total bonds payable

5,052,000

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 6: Long-term Debt - Continued

Governmental Activities - Continued

Notes Payable:

Series 2016 promissory note at Security First Bank dated December 8, 2016, for \$5,000,000. Interest on the note shall be payable semi-annually on December 8 and June 8 of each year during the draw-down period. Principal and Interest shall be payable semi-annually during the amortization period, on dates determined at the commencement of the amortization period. The draw-down period shall commence on December 8, 2016 and extend to the earlier of (a) the two-year anniversary of the date of issuance of the note, (b) the date on which the City makes a principal payment on the note, or (c) the date on which the City certifies in writing to the Security First Bank that all required funds have been advanced, even if less than \$5,000,000. The amortization period shall commence on the day following the last day of the draw-down period and shall extend for 10 years, ending on the 10th anniversary of the commencement of the amortization period. The interest rate during the draw-down period shall be fixed at 1.10%. The interest during the amortization period shall be the 10 year treasury rate in effect on the first day of the amortization period, plus 0.25%. The note shall be subject to optional redemption, in whole or in part, prior to maturity at any time, at the principal amount thereof plus accrued interest to the date fixed for redemption at the sole discretion of the City.

\$ 4,780,667

Capital Leases:

Capital lease refunding obligation, due to the Heartland Events Center dated April 7, 2017, with original issue amount of \$3,728,681. Interest of 14.80% with final maturity December 15, 2024.

3,285,681

Capital lease obligation due to Merchants Bank Equipment Finance dated June 9, 2017, with original issue amount of \$158,052 to finance the three tractors. These lease bears interest of 2.70% and is due in four annual principal and interest payments of \$42,250, commencing June 9, 2018 through June 9, 2021.

120,123

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 6: Long-term Debt - Continued

Governmental Activities - Continued

Capital Leases:

Capital lease obligation due to John Deere Financial date May 26, 2016, with original issue amount of \$213,600 to finance a 2016 John Deere 672G motor grader. The lease bears interest of 2.785% and is due in five annual principal and interest payments of \$45,722, commencing November 25, 2016 through November 25, 2020	\$ <u>125,511</u>
Total capital lease obligations	<u>3,531,315</u>
Total governmental activities long-term obligations	\$ <u>13,363,982</u>
Current portion	\$ 1,467,283
Noncurrent portion	<u>11,896,699</u>
Total	\$ <u>13,363,982</u>

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

Business-type Activities

As of September 30, 2018, the long-term debt payable from proprietary fund resources consisted of the following:

Bonds and Notes Payable:

Sewer system revenues 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.	\$ 30,730,000
DEQ Sewer note – project C317867 with total loan principal of \$6,200,000. Interest of 1.5% and administrative fees of 1% are due semi-annually with semi-annual principal payments commencing December 15, 2016, through December 15, 2025.	5,641,818

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 6: Long-term Debt - Continued

Business-type Activities - Continued

Bonds and Notes Payable:

<p>DEQ Sewer note – project C317981, with total loan principal of \$29 million. As of September 30, 2018, the City had drawn \$22,526,457 on this note. Interest of 1.25% and administration fees of 1% are due semi-annually with semi-annual principal payments commencing June 15, 2018, through December 15, 2037.</p>	<p>\$ 21,527,381</p>
<p>DEQ Sewer note – project C317984, with total loan principal of \$4,800,000. As of September 30, 2018, the City had drawn \$2,302,901 on this note. Interest of 1.5% and administration fees of 1% are due semi-annually with semi-annual principal payments commencing June 15, 2018, through December 15, 2037.</p>	<p>2,252,884</p>
<p>DEQ Sewer note – project C317990, with total loan principal of \$6,473,500. As of September 30, 2018, the City had drawn \$2,437,684 on this note. Interest during construction is 0.5% and due semi-annually with principal payments commencing in 2020.</p>	<p>2,437,684</p>
<p>Electric system revenue refunding bonds, Series 2012, due serially to August 15, 2022. Interest ranges from 0.2% to 4.0%; secured by electric system revenues</p>	<p>7,285,000</p>
<p>Electric system revenue refunding bonds, Series 2013, due serially to August 15, 2028. Interest ranges from 0.25% to 5.0%; secured by electric system revenues.</p>	<p>30,485,000</p>
<p>Water revenue refunding bonds, Series 2017, due serially to March 15, 2037. Interest ranges from 2.0% to 3.375%; secured by water system revenue and a deposit in the debt service reserve account.</p>	<p><u>7,140,000</u></p>
<p>Total business-type activities long-term obligations</p>	<p><u>\$ 107,499,767</u></p>
<p>Current portion</p>	<p>\$ 5,899,936</p>
<p>Noncurrent portion</p>	<p><u>101,599,831</u></p>
<p>Total</p>	<p><u>\$ 107,499,767</u></p>

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 6: Long-term Debt - Continued

Component Units

CRA Bonds and Notes Payable:

Limited tax obligation bonds, Series 2012, dated October 30, 2012, with original issue amount of \$1,800,000 to finance the Lincoln Pool project. Interest ranges from 0.40% to 2.40% with final maturity on December 15, 2022.	\$ 930,000
The Authority borrowed \$668,000 from Lincoln Federal Savings Bank on December 15, 2004, 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 increased by the redeveloped property will be used for payment of the note. The note bears interest of 6.743% and payments are due semi-annually through December 15, 2019.	<u>105,250</u>
Total CRA bonds and notes payable	\$ <u>1,035,250</u>
Current portion	\$ 248,557
Noncurrent portion	<u>786,693</u>
Total	\$ <u>1,035,250</u>

Debt Service Requirements

Annual debt service requirement to maturity, including principal and interest, for long-term debt as of September 30, 2018, are as follows:

Bonds Payable

	Governmental Activities		Business- type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 492,000	\$ 131,424	\$ 4,375,000	\$ 3,441,305
2020	494,000	119,532	4,520,000	3,296,405
2021	496,000	106,814	4,690,000	3,116,705
2022	498,000	94,062	4,780,000	2,935,205
2023	296,000	84,249	5,090,000	2,726,355
2024-2028	1,096,000	312,762	29,200,000	9,889,146
2029-2033	890,000	180,090	10,335,000	4,746,250
2034-2038	790,000	46,545	12,650,000	1,929,650
Total	<u>\$ 5,052,000</u>	<u>\$ 1,075,478</u>	<u>\$ 75,640,000</u>	<u>\$ 32,081,021</u>

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 6: Long-term Debt - Continued

Debt Service Requirements - Continued

Notes Payable

	Governmental Activities		Business- type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 447,622	\$ 126,544	\$ 1,524,936	\$ 374,254
2020	459,835	114,331	1,536,159	354,603
2021	472,381	101,785	1,554,459	336,303
2022	485,269	88,897	1,572,991	317,771
2023	498,509	75,657	1,591,757	299,005
2024-2028	2,417,051	166,693	8,248,725	1,205,084
2029-2033	-	-	8,754,949	698,870
2034-2038	-	-	7,075,791	177,618
Total	<u>\$ 4,780,667</u>	<u>\$ 673,907</u>	<u>\$ 31,859,767</u>	<u>\$ 3,763,508</u>

Capital Lease Obligations

	Governmental Activities
Year Ending September 30,	
2019	\$ 586,403
2020	592,025
2021	575,282
2022	496,439
2023	502,935
2024-2028	<u>996,592</u>
Total minimum lease payments	3,749,676
Less amount representing interest	<u>(218,361)</u>
	<u>\$ 3,531,315</u>

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 6: Long-term Debt - Continued

Closure and Post-closure Care Costs

The City of Grand Island has chosen to demonstrate financial assurance for the Grand Island Regional Solid Waste Landfill and the Platte Generating Station Fossil Fuel Combustion Ash Landfill by using a financial test mechanism. As required by Nebraska Administrative Code – Title 132 – *Integrated Solid Waste Management* Regulations, the following information is provided.

The City entered into an agreement with the Nebraska Department of 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 \$881,535 at September 30, 2018, which is based on 50.85% usage (filled) of the ash disposal area. It is estimated that an additional \$852,063 will be recognized as closure and post-closure expenses between the date of the balance sheet and the date the ash disposal closure and post-closure care, \$1,733,598, is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the ash disposal area were acquired as of September 30, 2018. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

At September 30, 2018, the City incurred a liability of \$4,064,193 for the municipal solid waste landfill, which represents the costs reported to date based on the approximately 39.4% of the landfill capacity used to date. The remaining estimated liability for these costs is approximately \$6,200,000, which will be recognized as the remaining capacity is used (estimated to be over approximately 12 years).

The City meets the requirements of the *Local Government Financial Test*, so they are not subject to annual funding requirements. At September 30, 2018, funds of \$924,618 are restricted to finance closure and post-closure of the City's landfill. These funds are presented on the City's statement of net position as "restricted for landfill closure costs." It is anticipated that future inflation costs will be financed in part of earnings on funds reserved by the City. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in post-closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

Letter of Credit

The City has a \$2,000,000 standby letter of credit available through Wells Fargo Bank, with Southwest Power Pool, Inc. as the beneficiary. As of September 30, 2018, nothing had been drawn on this letter of credit, which expires August 1, 2019.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 7: Interfund Transactions and Balances

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

	Receivable Fund						Total
	General Fund	Nonmajor Governmental	Electric	Water	Landfill	Internal Service	
Payable Fund:							
General	\$ -	\$ -	\$ 14,444	\$ -	\$ 27	\$ 37,078	\$ 51,549
Streets	42,737	119,687	26,465	2,885	415	23,001	215,190
Electric	210,761	-	-	-	-	15,546	226,307
Water	45,964	-	45,457	-	-	2,337	93,758
Sewer	41,117	-	64,996	17,348	14,244	11,602	149,307
Landfill	11,889	-	-	-	-	2,575	14,464
	<u>\$ 352,468</u>	<u>\$ 119,687</u>	<u>\$ 151,362</u>	<u>\$ 20,233</u>	<u>\$ 14,686</u>	<u>\$ 92,139</u>	<u>\$ 750,575</u>

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

The Electric Fund remits five percent of net operating revenues, excluding depreciation expense, to the General Fund annually as payments in lieu of taxes. The City provides certain administrative services to the Electric Department for which the Department pays fees to the General Fund.

The Water Fund remits one percent of net operating revenues, excluding depreciation, to the General Fund annually as payments in lieu of taxes. The City provides certain administrative services to the Water Department for which the Water Department pays administrative fees to the General Fund.

Note 8: Defined Contribution Retirement Plans

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

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

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 8: Defined Contribution Retirement Plans - Continued

City General Plan

The City of Grand Island has a contributory defined contribution employees' pension plan in which employees of the City participate. Changes in the plan effective January 1, 1991, allow any new employee anticipating working a minimum of 1,000 hours, for on continuous year, to participant in the plan immediately. Participants are required to contribute 6.0-7.5% of their earnings, depending on union agreements, and the City is required to match those participant contributions. The participant can contribute an additional 10% with no City match.

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

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

The employees and the City contributed \$1,688,042 and \$1,688,042, respectively, as required by the plan for the fiscal year ended September 30, 2018.

Police Plan

All regular full-time sworn officers of the City are covered by a defined contribution plan. Certain sworn officers are also covered by a single-employer defined benefit pension plan (see Note 9). Participants are required to contribute 7.0% of their earnings, but may contribute up to the maximum amount allowed under the Internal Revenue Code. Contributions made by the City equal 7.0% of the participants' compensation. Vesting of employer contributions occurs between four and ten years of service. Forfeitures shall first be applied to administrative expense of the Plan and then may be used by the City to reduce City contributions. The plan members and the City contributed \$440,849 and \$450,432, respectively, to the plan in fiscal 2018. There were no forfeitures used to reduce the amount of funding required by the City for the year ended September 30, 2018. The Plan is administered by a trustee independent of the City and is, therefore, not included in these financial statements.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 8: Defined Contribution Retirement Plans - Continued

Fire Plan

All regular full-time fire fighters of the City are covered by a defined contribution plan. Certain fire fighters are also covered by a single-employer defined benefit pension plan (see Note 9). Participants are required to contribute 6.50% of their earnings, but may contribute up to the maximum amount allowed under the Internal Revenue Code. Contributions made by the City equal 13.0% of the participants' compensation. Vesting of employer contributions occurs between four and ten years of service. Forfeitures shall first be applied to administrative expense of the Plan and then may be used by the City to reduce City contributions. The plan members and the City contributed \$289,394 and \$578,791, respectively, to the plan in fiscal 2018. There were no forfeitures used to reduce the amount of funding required by the City for the year ended September 30, 2018. The Plan is administered by a trustee independent of the City and is, therefore, not included in these financial statements.

Deferred Compensation Plan

The City has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all City employees and elected officials. The plan permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, unforeseeable emergency, or permanent disability.

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

Note 9: Police and Fire Defined Benefit Retirement Plan

Plan Description

The City has a single-employer defined benefit pension plan with certain members of the Grand Island Police and Fire Departments. The Plan is covers employees who were hired prior to January 1, 1984, the date at which the Police and Firefighters Plans were amended from defined benefit plans to their current status as defined contribution plans, were assured of receiving benefits under the new plan at least as great as those under the old defined benefit plan. The employees hired prior to January 1, 1984, participate in both plans and will receive either their benefit from the defined contribution plan or defined benefit plan, whichever is greater.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

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

Summary of Benefit Provisions

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

Under the Police Plan, normal retirees employed on or before January 1, 1984, would not receive an annuity benefit of less than 50% of regular pay. All current employees will receive a benefit based on their defined contribution account. An employee is 100% vested in his or her contributions of 7.0% of monthly compensation, and vests 40% after two years of service, 60% after four years, 80% after five years, and is 100% vested at seven years or more in the City’s contributions, which is a matching 7%.

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

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

Plan Membership

As of September 30, 2018, plan membership consisted of the following:

Inactive members and beneficiaries receiving benefits	18
Active plan members - Police	5
Active plan members - Fire	1
Total participants	24

Contributions and Funding Policy

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

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

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

Actuarial Methods and Assumptions

The pension liability was determined using the following actuarial assumptions:

Valuation Date	September 30, 2017 rolled forward to September 30, 2018
Measurement Date	September 30, 2018
Actuarial Cost Method	Entry Age Normal
Salary Increases	2.0%
Investment Rate of Return	6.0% per year for defined contribution accounts
Mortality Rates	RP-2014 Mortality Table for males and females with projected mortality improvements using Scale MP-2017

Total Pension Liability

The total pension liability of the City at September 30, 2018 was \$957,418.

Discount Rate

The discount rate used to measure the total pension liability as of September 30, 2018 was 4.09%. As an unfunded plan, the discount rate reflects the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

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

The following presents the City's total pension liability, calculated using the current discount rate of 4.09%, as well as the total pension liability calculated using a discount rate that is 1% lower (3.09%) or 1% higher (5.09%) than the current rate:

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
Total pension liability	\$ 1,016,659	\$ 957,418	\$ 904,759

Changes in the Total Pension Liability

	<u>Total Pension Liability</u>
Balance, Beginning of Year	\$ 1,362,761
Changes for the year	
Interest on total pension liability	41,278
Changes in assumptions	(29,917)
Benefit payments	(416,704)
Net changes	<u>(405,343)</u>
Balance, End of Year	<u><u>\$ 957,418</u></u>

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

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

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

Pension expense for the year ended September 30, 2018 was \$11,361.

Gains and losses which are amortized over future years are referred to as deferred inflows or gains, and deferred outflows or losses. As of September 30, 2018, there were no deferred items related to the Plan.

Note 10: Other Postemployment Benefits

Plan Description

The City administers a single-employer other postemployment benefits (OPEB) plan providing disability benefits to eligible members who become disabled due to a work-related accident. The plan is not funded by a trust or equivalent arrangement.

Summary of Benefit Provisions

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

Plan Membership

As of September 30, 2018, plan membership consisted of the following:

Disabled members currently receiving benefits	3
Active members – Police	78
Active members – Fire	<u>63</u>
Total	<u>144</u>

Contributions and Funding Policy

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

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 10: Other Postemployment Benefits - Continued

Actuarial Methods and Assumptions

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

Valuation Date	September 30, 2017 rolled forward to September 30, 2018
Measurement Date	September 30, 2018
Actuarial Cost Method	Entry Age Normal
Salary Increases	4.0%, including inflation
Investment Rate of Return	6.0% per year for defined contribution accounts
Mortality Rates	RP-2014 Combined Generational Mortality Tables for males and females, adjusted for mortality improvement using Projection Scale MP-2017

Total OPEB Liability

The total OPEB liability of the City at September 30, 2018 was \$1,698,808.

Discount Rate

The discount rate used to measure the total OPEB liability as of September 30, 2018 was 4.09%, obtained from The Bond Buyer General Obligation 20-year Municipal Bond Index published weekly. The discount rate at October 1, 2017 was 3.57%. As an unfunded plan, the discount rate reflects the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

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

The following presents the City's total OPEB liability, calculated using the current discount rate of 4.09%, as well as the total pension liability calculated using a discount rate that is 1% lower (3.09%) or 1% higher (5.09%) than the current rate:

	1% Decrease	Current	1% Increase
	3.09%	Discount Rate	5.09%
	3.09%	4.09%	5.09%
Total OPEB Liability	\$ 2,004,965	\$ 1,698,808	\$ 1,457,970

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 10: Other Postemployment Benefits - Continued

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, beginning of year	\$ 1,775,202
Changes for the year:	
Service cost	83,394
Interest	62,099
Changes of assumptions	(149,831)
Benefit payments	(72,056)
Net changes	(76,394)
Balance, end of year	\$ 1,698,808

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

Total OPEB expense for the year ended September 30, 2018 was \$134,791.

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

	Deferred Inflows of Resources
Changes of assumptions	\$ (139,129)

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

Fiscal Year	Amount
2019	\$ (10,702)
2020	(10,702)
2021	(10,702)
2022	(10,702)
2023	(10,702)
Thereafter	(85,619)
	\$ (139,129)

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 11: Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The City purchases insurance and administers funds for its self-insured programs. The City maintains a workers' compensation fund and a self-insured loss fund. The City provides first dollar coverage for all workers' compensation exposure, with insurance acting as an umbrella or excess coverage. The City is self-insured for workers' compensation claims up to \$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.

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

Note 12: Commitments and Contingencies

Construction

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

Claims and Litigation

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

CDBG Conditional Grant

Under the terms of CDBG grant No. 10-ED-010, the City must meet the condition of creating 37 jobs for 12 months to retain the full \$1,010,000 CDBG grant. If 37 jobs are not created by March 25, 2019, a prorated portion of grant will be due back to Nebraska Department of Economic Development. As of September 30, 2018, 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.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 12: Commitments and Contingencies - Continued

Purchased Power Agreements

The Electric Department entered into a participation power agreement with Omaha Public Power District (OPPD) on January 15, 2004, to obtain up to approximately 33 MW of energy after the new OPPD Nebraska City Unit #2 is constructed and operational. The project was completed in May 2009 and was financed through a bond issuance by OPPD. The Department has also entered into an agreement with the Public Power Generating Agency to obtain approximately 15 MW of energy. The project was completed in May 2011. During the year ended September 30, 2016, the Department entered into a 25-year agreement with Invenergy for the entire 35.8 MW output of the Prairie Breeze III windfarm near Elgin, Nebraska. This facility came online in March 2016. Subsequent agreements with the City of Nebraska City and City of Neligh for 7 MW and 2 MW, respectively, have since been signed. During the year ended September 30, 2017, the Department entered into a 25 year agreement with Sempra for the entire 50 MW output of Prairie Hills windfarm to be located in Custer County, Nebraska. This facility is due to be online by the end of 2019. During the year ended September 30, 2017, the Department also entered into a 25 year agreement with Sol Systems for the entire 1 MW output of a new solar installation to be located near a Department substation. This facility came online in October 2018.

The Department entered into a coal supply agreement with Arch Coal Sales Company, Inc., on April 21, 2016, to obtain at least 150,000 tons of coal from January 1, 2017 to December 31, 2017. On August 4, 2017, the Department also entered into an agreement with Cloud Peak Energy Resources, LLC to obtain 300,000 tons of coal from January 1, 2018 to December 31, 2019. As of September 30, 2018, the Department had remaining contractual obligations for approximately 49,000 tons under contract for calendar years 2018 through 2019.

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

The Department currently has generation capacity of approximately 181 MW from coal-fired and gas/oil-fired electric generating stations. One older gas-fired steam unit has been removed from the market lowering the generation capacity by 54 MW. The peak load of the Department during the fiscal year ended September 30, 2018 was approximately 165 MW in July 2018.

The Department is party to an agreement with the Department of Energy (DOE) pursuant to which the Department may purchase up to 9,168 KW of power to be transmitted through DOE and Nebraska Public Power District (NPPD) facilities. Such power is sold to the Department at standard DOE wholesale firm power service rates. The agreement expires on December 31, 2050.

City of Grand Island, Nebraska
Notes to the Financial Statements
September 30, 2018

Note 13: Tax Abatements

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

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

Total property taxes abated through TIF for the year ended September 30, 2018 were approximately \$1,637,000.

Required Supplementary Information

City of Grand Island, Nebraska
Budgetary Comparison Schedule
General Fund
Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 26,258,580	\$ 26,258,580	\$ 25,894,636	\$ (363,944)
Licenses and permits	801,300	801,300	873,286	71,986
Intergovernmental revenues	1,352,067	1,352,067	1,244,328	(107,739)
Charges for services	3,995,154	3,995,154	6,593,885	2,598,731
Grant income	253,482	253,482	347,122	93,640
Interest income	60,000	60,000	509,818	449,818
Miscellaneous	6,246,393	6,246,393	6,036,478	(209,915)
Total revenues	<u>38,966,976</u>	<u>38,966,976</u>	<u>41,499,553</u>	<u>2,532,577</u>
Expenditures				
General government	4,266,175	4,266,175	3,817,097	449,078
Public works	1,225,291	1,225,291	1,062,460	162,831
Public safety	21,178,903	21,178,903	22,312,179	(1,133,276)
Environment and leisure	7,364,068	7,364,068	7,296,791	67,277
Nondepartmental	4,279,716	4,279,716	3,918,189	361,527
Total expenditures	<u>38,314,153</u>	<u>38,314,153</u>	<u>38,406,716</u>	<u>(92,563)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	652,823	652,823	3,092,837	2,440,014
Other Financing Sources (Uses)				
Operating transfers	<u>(2,366,000)</u>	<u>(2,366,000)</u>	<u>(2,340,241)</u>	<u>25,759</u>
Total other financing sources	<u>(2,366,000)</u>	<u>(2,366,000)</u>	<u>(2,340,241)</u>	<u>25,759</u>
Net Change in Fund Balances	<u>\$ (1,713,177)</u>	<u>\$ (1,713,177)</u>	<u>\$ 752,596</u>	<u>\$ 2,465,773</u>

City of Grand Island, Nebraska
Budgetary Comparison Schedule
Streets Fund
Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 3,385,775	\$ 3,385,775	\$ 3,219,621	\$ (166,154)
Licenses and permits	26,000	26,000	17,644	(8,356)
Intergovernmental revenues	6,051,498	6,051,498	6,159,124	107,626
Charges for services	300,000	300,000	151,944	(148,056)
Miscellaneous	13,200	13,200	37,244	24,044
Total revenues	<u>9,776,473</u>	<u>9,776,473</u>	<u>9,585,577</u>	<u>(190,896)</u>
Expenditures				
Public works	<u>10,077,991</u>	<u>10,077,991</u>	<u>9,601,541</u>	<u>476,450</u>
Total expenditures	<u>10,077,991</u>	<u>10,077,991</u>	<u>9,601,541</u>	<u>476,450</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(301,518)	(301,518)	(15,964)	285,554
Other Financing Sources (Uses)				
Operating transfers	<u>431,000</u>	<u>431,000</u>	<u>431,000</u>	<u>-</u>
Total other financing sources	<u>431,000</u>	<u>431,000</u>	<u>431,000</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 129,482</u>	<u>\$ 129,482</u>	<u>\$ 415,036</u>	<u>\$ 285,554</u>

City of Grand Island, Nebraska
Budgetary Comparison Schedules
Note to Required Supplementary Information
Year Ended September 30, 2018

	General Fund	Streets Fund
Net change in fund balances:		
Balance on a GAAP basis	\$ 3,615,201	\$ 437,447
Basis differences (accruals) occur because the cash basis of accounting used for budgeting differs from the modified accrual basis of accounting prescribed for government funds	(2,862,605)	(22,411)
	\$ 752,596	\$ 415,036

City of Grand Island, Nebraska
Condition Rating of the Street System
Year Ended September 30, 2018

Condition Rating of the City's Street System

	Percentage of Streets in Good or Better Condition
Arterial	85.75%
Local	80.20%
Collector	58.00%
Overall system	75.94%

	Percentage of Streets in Substandard Condition
Arterial	5.60%
Local	6.40%
Collector	2.50%
Overall system	3.18%

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

Overall System	
Needed	\$ 2,800
Actual	1,506
Difference	\$ 1,294

Note: The condition of road payment is measured using the CartéGraph pavement management system, which is based on a weighted average of six distress factors found in pavement surfaces. The CartéGraph pavement management system uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify roads in excellent condition (85-100), very good condition (75-85), good condition (65-75), fair condition (55-65), marginal condition (45-55), poor condition (30-45), and very poor condition (0-30). It is the City's policy to maintain and preserve the infrastructure assets at a 75 percent condition level. (The condition level was 74.0 percent at September 30, 2017). No more than 10 percent should be in a substandard condition. The City completed an overall condition assessment of the entire City's roads during the Fall of 2016, in accordance with the three year requirement. The City will perform the same assessment during the Fall of 2019.

Note: City-Owned Bridges on the Nebraska Department of Roads Bridge Inventory are to be inspected at intervals not exceeding 24 months and the City is in compliance with that requirement. The City of Grand Island currently has 24 bridges on the bridge inventory. All of the bridges are in service and classified as functional.

City of Grand Island, Nebraska
Schedule of Changes in the Total Pension Liability and Related Ratios
Year Ended September 30, 2018

Total Pension Liability	
Interest	\$ 41,278
Changes of assumptions	(29,917)
Benefit payments	<u>(416,704)</u>
Net Change in Total Pension Liability	(405,343)
Total Pension Liability - Beginning	<u>1,362,761</u>
Total Pension Liability - Ending	<u><u>\$ 957,418</u></u>
Covered-Employee Payroll	516,607
Total Pension Liability as a Percentage of Covered-Employee Payroll	185.33%

Notes to schedule:

Benefit changes - None

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

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

City of Grand Island, Nebraska
Schedule of Changes in the Total Other Postemployment
Liability and Related Ratios
Year Ended September 30, 2018

Total OPEB Liability	
Service Cost	\$ 83,394
Interest	62,099
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	(149,831)
Benefit payments	<u>(72,056)</u>
Net Change in Total OPEB Liability	(76,394)
Total OPEB Liability - Beginning	<u>1,775,202</u>
Total OPEB Liability - Ending	<u><u>\$ 1,698,808</u></u>
Covered-Employee Payroll	10,629,848
Total OPEB Liability as a Percentage of Covered-Employee Payroll	15.98%

Notes to schedule:

Benefit changes - None

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

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

Supplementary Information

City of Grand Island, Nebraska

Combining Balance Sheet

Nonmajor Governmental Funds

September 30, 2018

	Special Revenue Funds										
	Permanent Funds		Enhanced 911	PSC Wireless	Keno	Transportation	Community Youth Council	Program Income Reuse Fund	Housing Reuse Fund	Community Development	Metropolitan Planning Organization
	Library Trust	Cemetery Trust									
Assets											
Cash and cash equivalents	\$ (1,390)	\$ 288,037	\$ 234,230	\$ 185,831	\$ 89,020	\$ 7,062	\$ 13,451	\$ 83,698	\$ 85,395	\$ 44,544	\$ 103,059
Investments	73,012	506,106	456,939	29,413	173,133	13,734	26,161	163,279	-	37,006	200,441
County treasurer cash	-	-	-	-	-	-	-	-	-	-	-
Receivables											
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-
Property tax	-	-	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-
Interest	-	8,738	-	-	270	21	40	-	-	31	313
Notes	-	-	-	-	-	-	-	262,038	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	21,000	-	27,728	92,554	-	-	-	-	22,616
Total assets	<u>\$ 71,622</u>	<u>\$ 802,881</u>	<u>\$ 712,169</u>	<u>\$ 215,244</u>	<u>\$ 290,151</u>	<u>\$ 113,371</u>	<u>\$ 39,652</u>	<u>\$ 246,977</u>	<u>\$ 347,433</u>	<u>\$ 81,581</u>	<u>\$ 326,429</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ 8	\$ -	\$ -	\$ 50,578	\$ -	\$ -	\$ -	\$ 6	\$ 117
Accrued expenses	-	-	4,056	-	-	3,042	-	-	-	2,202	3,411
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>4,064</u>	<u>-</u>	<u>-</u>	<u>53,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,208</u>	<u>3,528</u>
Deferred inflows of resources											
Unavailable revenue	-	-	-	-	-	-	-	-	-	-	-
Fund balances:											
Nonspendable											
Cemetery perpetual care	-	802,881	-	-	-	-	-	-	-	-	-
Library trust	71,622	-	-	-	-	-	-	-	-	-	-
Restricted for											
Economic development	-	-	-	-	-	-	-	246,977	-	-	-
Federal programs	-	-	-	-	-	-	-	-	-	-	-
Housing loans	-	-	-	-	-	-	-	-	347,433	25,543	-
Equipment purchases	-	-	-	2,662	-	-	-	-	-	-	-
Community improvements	-	-	-	-	290,151	-	-	-	-	-	-
Library expense	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	708,105	212,582	-	59,751	39,652	-	-	53,830	322,901
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>71,622</u>	<u>802,881</u>	<u>708,105</u>	<u>215,244</u>	<u>290,151</u>	<u>59,751</u>	<u>39,652</u>	<u>246,977</u>	<u>347,433</u>	<u>79,373</u>	<u>322,901</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 71,622</u>	<u>\$ 802,881</u>	<u>\$ 712,169</u>	<u>\$ 215,244</u>	<u>\$ 290,151</u>	<u>\$ 113,371</u>	<u>\$ 39,652</u>	<u>\$ 246,977</u>	<u>\$ 347,433</u>	<u>\$ 81,581</u>	<u>\$ 326,429</u>

City of Grand Island, Nebraska
Combining Balance Sheet - Continued
Nonmajor Governmental Funds
September 30, 2018

Assets	Special Revenue Funds								Capital	Debt	Total	
	Police Grants	Occupation Tax	Parking District #1	Parking District #2	Local Assistance	Pioneer Consortium	HUD Entitlements	Economic Development	Community Grants	Projects Fund Special Assessments	Service Fund	Nonmajor Governmental Funds
Cash and cash equivalents	\$ 10,409	\$ 1,734,677	\$ 30,964	\$ 58,444	\$ 453,545	\$ 28,995	\$ (186,002)	\$ 391,309	\$ 21,234	\$ 206,534	\$ 16,793	\$ 3,899,839
Investments	20,304	3,246,443	54,390	61,217	934,903	56,393	-	761,056	41,422	401,386	32,760	7,289,498
County treasurer cash	-	-	-	560	-	-	-	-	-	-	47,579	48,139
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	274,827	-	-	-	-	-	-	-	-	-	274,827
Property tax	-	-	-	540	-	-	-	-	-	-	55,615	56,155
Special assessments	-	-	1,954	-	-	-	-	-	-	1,113,768	-	1,115,722
Interest	-	-	85	123	-	88	-	1,187	-	49,426	-	60,322
Notes	-	-	-	-	-	-	-	375,876	33,167	-	-	671,081
Due from other funds	-	-	-	-	-	-	-	-	-	119,687	-	119,687
Due from other governments	10,549	-	-	-	-	-	198,945	-	-	-	-	373,392
Total assets	\$ 41,262	\$ 5,255,947	\$ 87,393	\$ 120,884	\$ 1,388,448	\$ 85,476	\$ 12,943	\$ 1,529,428	\$ 95,823	\$ 1,890,801	\$ 152,747	\$ 13,908,662
Liabilities, Deferred Inflows of Resources, and Fund Balances												
Liabilities:												
Accounts payable	\$ -	\$ 968,423	\$ 853	\$ 419	\$ 172,134	\$ -	\$ 12,943	\$ 30,750	\$ -	\$ -	\$ -	\$ 1,236,231
Accrued expenses	-	-	-	-	-	-	-	-	-	-	-	12,711
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	968,423	853	419	172,134	-	12,943	30,750	-	-	-	1,248,942
Deferred inflows of resources:												
Unavailable revenue	-	-	-	440	-	-	63,196	-	-	1,036,647	42,735	1,143,018
Fund balances:												
Nonspendable												
Cemetery perpetual care	-	-	-	-	-	-	-	-	-	-	-	802,881
Library trust	-	-	-	-	-	-	-	-	-	-	-	71,622
Restricted for												
Economic development	-	-	-	-	-	-	-	1,498,678	-	-	-	1,745,655
Federal programs	41,262	-	-	-	-	-	-	-	95,823	-	-	137,085
Housing loans	-	-	-	-	-	-	-	-	-	-	-	372,976
Equipment purchases	-	-	-	-	-	-	-	-	-	-	-	2,662
Community improvements	-	4,170,353	-	-	-	-	-	-	-	-	-	4,460,504
Library expense	-	-	-	-	373,748	-	-	-	-	-	-	373,748
Debt service	-	-	-	-	-	-	-	-	-	-	110,012	110,012
Other purposes	-	-	-	26,939	74,482	85,476	-	-	-	-	-	186,897
Assigned	-	117,171	86,540	93,086	768,084	-	-	-	-	854,154	-	3,315,856
Unassigned	-	-	-	-	-	-	(63,196)	-	-	-	-	(63,196)
Total fund balances	41,262	4,287,524	86,540	120,025	1,216,314	85,476	(63,196)	1,498,678	95,823	854,154	110,012	11,516,702
Total liabilities, deferred inflows of resources and fund balances	\$ 41,262	\$ 5,255,947	\$ 87,393	\$ 120,884	\$ 1,388,448	\$ 85,476	\$ 12,943	\$ 1,529,428	\$ 95,823	\$ 1,890,801	\$ 152,747	\$ 13,908,662

City of Grand Island, Nebraska

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended September 30, 2018

	Permanent Funds		Special Revenue Funds								
	Library Trust	Cemetery Trust	Enhanced 911	PSC Wireless	Keno	Transportation	Community Youth Council	Program Income Reuse Fund	Housing Reuse Fund	Community Development	Metropolitan Planning Organization
Revenues:											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Motor vehicle	-	-	-	-	-	-	-	-	-	-	-
Occupation	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	420,646	-	-	-	-	-
Keno	-	-	-	-	277,116	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	28,838	174,000	118,727	-	-	-	-	-	-	-
Interest income	10,507	10,980	-	-	3,214	180	308	130	193	-	2,296
Contributions and grants	-	-	-	-	-	-	4,205	-	-	-	86,753
Other revenue	35	-	1,423	32	35,725	-	50	-	9,000	51,292	9
Total revenues	10,542	39,818	175,423	118,759	316,055	420,826	4,563	130	9,193	51,292	89,058
Expenditures:											
General government	-	-	-	-	-	-	-	-	-	69,659	99,784
Public safety	-	-	148,537	111,780	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-	-	-
Community betterment	-	-	-	-	462,681	-	-	-	-	-	-
Environment and leisure	4,415	-	-	-	-	555,189	5,244	-	36,569	-	-
Principal payments on long-term debt	-	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-	-
Bond and loan fees	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	4,415	-	148,537	111,780	462,681	555,189	5,244	-	36,569	69,659	99,784
Excess (deficiency) of revenues over (under) expenditures	6,127	39,818	26,886	6,979	(146,626)	(134,363)	(681)	130	(27,376)	(18,367)	(10,726)
Other financing sources (uses):											
Bond/loan proceeds	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	1,834	-	-	160,000	-	-	-	26,000	-
Transfers out	-	-	-	(1,834)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	1,834	(1,834)	-	160,000	-	-	-	26,000	-
Net change in fund balances	6,127	39,818	28,720	5,145	(146,626)	25,637	(681)	130	(27,376)	7,633	(10,726)
Fund balances, beginning of year	65,495	763,063	679,265	209,740	436,777	34,011	40,333	246,847	374,809	71,740	-
Adjustment for prior period restatement	-	-	120	359	-	103	-	-	-	-	333,627
Fund balances, beginning of year, restated	65,495	763,063	679,385	210,099	436,777	34,114	40,333	246,847	374,809	71,740	333,627
Fund balances, ending	\$ 71,622	\$ 802,881	\$ 708,105	\$ 215,244	\$ 290,151	\$ 59,751	\$ 39,652	\$ 246,977	\$ 347,433	\$ 79,373	\$ 322,901

City of Grand Island, Nebraska

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Continued

Nonmajor Governmental Funds

Year Ended September 30, 2018

	Special Revenue Funds								Capital Projects Funds	Debt Service Fund	Total Nonmajor Governmental Funds	
	Police Grants	Occupation Tax	Parking District #1	Parking District #2	Local Assistance	Pioneer Consortium	HUD Entitlement	Economic Development	Community Grants			Special Assessments
Revenues:												
Taxes:												
Property	\$ -	\$ -	\$ -	\$ 8,330	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 769,456	\$ 777,786
Motor vehicle	-	-	-	23	-	-	-	-	-	-	3,015	3,038
Occupation	-	2,752,337	-	-	-	-	-	-	-	-	-	2,752,337
Intergovernmental	58,379	-	-	-	-	-	200,181	-	1,000	-	-	680,206
Keno	-	-	-	-	-	-	-	-	-	-	-	277,116
Special assessments	-	-	40,602	-	-	-	-	-	-	324,625	-	365,227
Charges for services	-	185,234	4,370	5,305	139,905	-	-	-	-	-	-	656,379
Interest income	-	65,837	646	872	-	690	-	8,974	-	30,534	3,639	139,000
Contributions and grants	-	-	-	-	589,540	-	-	-	-	-	-	680,498
Other revenue	18,753	64,911	434	101	6,286	36,207	-	-	113	489	-	224,860
Total revenues	77,132	3,068,319	46,052	14,631	735,731	36,897	200,181	8,974	1,113	355,648	776,110	6,556,447
Expenditures:												
General government	-	1,018,066	42,249	12,488	-	-	263,377	706,900	90,013	-	-	2,302,536
Public safety	79,548	-	-	-	75,763	-	-	-	-	-	-	415,628
Public works	-	-	-	-	-	-	-	-	-	820	-	820
Community betterment	-	-	-	-	-	-	-	-	-	-	-	462,681
Environment and leisure	-	4,755,584	-	-	423,303	35,128	-	-	-	-	-	5,815,432
Principal payments on long-term debt	-	219,180	-	-	-	-	-	-	-	-	1,097,158	1,316,338
Interest on long-term debt	-	68,112	-	-	-	-	-	-	-	-	136,737	204,849
Bond and loan fees	-	-	-	-	-	-	-	-	-	-	500	500
Total expenditures	79,548	6,060,942	42,249	12,488	499,066	35,128	263,377	706,900	90,013	820	1,234,395	10,518,784
Excess (deficiency) of revenues over expenditures	(2,416)	(2,992,623)	3,803	2,143	236,665	1,769	(63,196)	(697,926)	(88,900)	354,828	(458,285)	(3,962,337)
Other financing sources (uses):												
Bond/loan proceeds	-	4,949,999	-	-	-	-	-	-	-	-	-	4,949,999
Transfers in	-	-	-	-	-	-	-	750,000	-	-	408,409	1,346,243
Transfers out	-	(257,644)	-	-	-	-	-	-	(1,000)	(150,765)	-	(411,243)
Total other financing sources (uses)	-	4,692,355	-	-	-	-	-	750,000	(1,000)	(150,765)	408,409	5,884,999
Net change in fund balances	(2,416)	1,699,732	3,803	2,143	236,665	1,769	(63,196)	52,074	(89,900)	204,063	(49,876)	1,922,662
Fund balances, beginning of year	43,678	2,587,792	82,737	117,882	979,649	83,707	-	1,446,604	185,723	1,862,324	114,410	10,426,586
Adjustment for prior period restatement	-	-	-	-	-	-	-	-	-	(1,212,233)	45,478	(832,546)
Fund balances, beginning of year, restated	43,678	2,587,792	82,737	117,882	979,649	83,707	-	1,446,604	185,723	650,091	159,888	9,594,040
Fund balances, end of year	\$ 41,262	\$ 4,287,524	\$ 86,540	\$ 120,025	\$ 1,216,314	\$ 85,476	\$ (63,196)	\$ 1,498,678	\$ 95,823	\$ 854,154	\$ 110,012	\$ 11,516,702

City of Grand Island, Nebraska
Combining Statement of Net Position
Internal Service Funds
September 30, 2018

Assets	Internal Service Funds				Total
	Information Technology	Fleet Services	Insurance	Equipment Reserve	
Current assets					
Cash and cash equivalents	\$ 88,758	\$ 5,014	\$ 1,414,545	\$ 127,780	\$ 1,636,097
Investments	172,625	9,750	2,751,149	248,520	3,182,044
Receivables					
Accounts, net of allowance for doubtful accounts	-	5,695	-	-	5,695
Interest	269	15	4,290	388	4,962
Due from other funds	-	92,139	-	-	92,139
Inventory	-	114,423	-	-	114,423
Total current assets	<u>261,652</u>	<u>227,036</u>	<u>4,169,984</u>	<u>376,688</u>	<u>5,035,360</u>
Noncurrent assets					
Capital assets					
Buildings and equipment	1,500,911	290,588	-	-	1,791,499
Less accumulated depreciation	<u>(1,365,132)</u>	<u>(239,658)</u>	<u>-</u>	<u>-</u>	<u>(1,604,790)</u>
Net capital assets	<u>135,779</u>	<u>50,930</u>	<u>-</u>	<u>-</u>	<u>186,709</u>
Total assets	<u>397,431</u>	<u>277,966</u>	<u>4,169,984</u>	<u>376,688</u>	<u>5,222,069</u>
Liabilities					
Current liabilities					
Accounts payable	18	1,149	210,592	-	211,759
Accrued expenses	21,694	14,295	2,160,000	-	2,195,989
Compensated absences - current	<u>39,004</u>	<u>32,058</u>	<u>-</u>	<u>-</u>	<u>71,062</u>
Total current liabilities	<u>60,716</u>	<u>47,502</u>	<u>2,370,592</u>	<u>-</u>	<u>2,478,810</u>
Noncurrent liabilities					
Compensated absences - noncurrent	<u>21,243</u>	<u>21,980</u>	<u>-</u>	<u>-</u>	<u>43,223</u>
Total liabilities	<u>81,959</u>	<u>69,482</u>	<u>2,370,592</u>	<u>-</u>	<u>2,522,033</u>
Net Position					
Net investment in capital assets	135,779	50,930	-	-	186,709
Unrestricted	<u>179,693</u>	<u>157,554</u>	<u>1,799,392</u>	<u>376,688</u>	<u>2,513,327</u>
Total net position	<u>\$ 315,472</u>	<u>\$ 208,484</u>	<u>\$ 1,799,392</u>	<u>\$ 376,688</u>	<u>\$ 2,700,036</u>

City of Grand Island, Nebraska
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended September 30, 2018

	Internal Service Funds				Total
	Information Technology	Fleet Services	Insurance	Equipment Reserve	
Operating Revenues:					
Charges for services	\$ 1,106,767	\$ 1,214,690	\$ 7,957,709	\$ 36	\$ 10,279,202
Other revenue	4,175	-	-	-	4,175
Total operating revenues	<u>1,110,942</u>	<u>1,214,690</u>	<u>7,957,709</u>	<u>36</u>	<u>10,283,377</u>
Operating Expenses					
Information technology	1,133,284	-	-	-	1,133,284
Central garage	-	1,270,652	-	-	1,270,652
Insurance and benefits	-	-	9,071,590	-	9,071,590
Building maintenance	-	-	-	1,760	1,760
Depreciation	50,360	6,004	-	-	56,364
Total operating expenditures	<u>1,183,644</u>	<u>1,276,656</u>	<u>9,071,590</u>	<u>1,760</u>	<u>11,533,650</u>
Operating income (loss)	<u>(72,702)</u>	<u>(61,966)</u>	<u>(1,113,881)</u>	<u>(1,724)</u>	<u>(1,250,273)</u>
Nonoperating Revenues (Expenses):					
Interest income	4,412	216	29,525	2,748	36,901
Intergovernmental	-	-	-	50,000	50,000
Total nonoperating revenues (expenses)	<u>4,412</u>	<u>216</u>	<u>29,525</u>	<u>52,748</u>	<u>86,901</u>
Change in net position	(68,290)	(61,750)	(1,084,356)	51,024	(1,163,372)
Net Position - September 30, 2017	<u>383,762</u>	<u>270,234</u>	<u>2,883,748</u>	<u>325,664</u>	<u>3,863,408</u>
Net Position - September 30, 2018	<u>\$ 315,472</u>	<u>\$ 208,484</u>	<u>\$ 1,799,392</u>	<u>\$ 376,688</u>	<u>\$ 2,700,036</u>

City of Grand Island, Nebraska
Combining Statement of Cash Flows
Internal Service Funds
Year Ended September 30, 2018

	Internal Service Funds				Total
	Information Technology	Fleet Services	Insurance	Equipment Reserve	
Cash Flows from Operating Activities					
Receipts from other funds	\$ 1,110,942	\$ 1,213,003	\$ 7,957,709	\$ 36	\$ 10,281,690
Payments to suppliers	(690,716)	(975,055)	(7,984,883)	(1,760)	(9,652,414)
Payments to employees	(428,418)	(272,197)	-	-	(700,615)
Net cash provided by (used in) operating activities	<u>(8,192)</u>	<u>(34,249)</u>	<u>(27,174)</u>	<u>(1,724)</u>	<u>(71,339)</u>
Cash Flows From Capital and Related Financing Activities:					
Purchases of capital assets	(19,981)	-	-	-	(19,981)
Intergovernmental receipts	-	-	-	50,000	50,000
Net cash provided by (used in) capital and related financing activities	<u>(19,981)</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>30,019</u>
Cash Flows From Investing Activities					
Change in allocation of pooled investments	7,291	21,019	(124,004)	(43,232)	(138,926)
Interest received	4,143	201	25,235	2,360	31,939
Net cash provided by (used in) investing activities	<u>11,434</u>	<u>21,220</u>	<u>(98,769)</u>	<u>(40,872)</u>	<u>(106,987)</u>
Increase (decrease) in cash and cash equivalents	(16,739)	(13,029)	(125,943)	7,404	(148,307)
Cash and Cash Equivalents - Beginning of the Year	<u>105,497</u>	<u>18,043</u>	<u>1,540,488</u>	<u>120,376</u>	<u>1,784,404</u>
Cash and Cash Equivalents - End of the Year	<u>\$ 88,758</u>	<u>\$ 5,014</u>	<u>\$ 1,414,545</u>	<u>\$ 127,780</u>	<u>\$ 1,636,097</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating loss	\$ (72,702)	\$ (61,966)	\$ (1,113,881)	\$ (1,724)	\$ (1,250,273)
Adjustments to reconciled operating loss to net cash provided by (used in) operating activities					
Depreciation expense	50,360	6,004	-	-	56,364
Change in assets and liabilities					
Accounts receivable	-	(1,687)	-	-	(1,687)
Inventories	-	11,920	-	-	11,920
Accounts payable and accrued expenses	14,150	11,480	1,086,707	-	1,112,337
Net cash provided by (used in) operating activities	<u>\$ (8,192)</u>	<u>\$ (34,249)</u>	<u>\$ (27,174)</u>	<u>\$ (1,724)</u>	<u>\$ (71,339)</u>

City of Grand Island, Nebraska
Combining Statement of Net Position
Fiduciary Funds
September 30, 2018

	<u>Agency Funds</u>			Total Agency Funds
	Cafeteria Plan	Other Agencies	BID Assessment	
Assets				
Cash	\$ 1,694	\$ 86,898	\$ 16,873	\$ 105,465
Investments	3,306	169,520	32,915	205,741
Special assessments receivable	-	483	25,991	26,474
	<u>5,000</u>	<u>256,901</u>	<u>75,779</u>	<u>337,680</u>
Total assets	<u>\$ 5,000</u>	<u>\$ 256,901</u>	<u>\$ 75,779</u>	<u>\$ 337,680</u>
Liabilities				
Due to others	\$ 5,000	\$ 256,901	\$ 75,779	\$ 337,680
	<u>5,000</u>	<u>256,901</u>	<u>75,779</u>	<u>337,680</u>
Total liabilities	<u>\$ 5,000</u>	<u>\$ 256,901</u>	<u>\$ 75,779</u>	<u>\$ 337,680</u>

City of Grand Island, Nebraska
Combining Statement of Net Position
Component Units
September 30, 2018

Assets	Business Improvement Districts	Community Redevelopment Authority	Total
Current assets			
Cash and cash equivalents	\$ 82,077	\$ 684,804	\$ 766,881
County treasurer cash	-	140,410	140,410
Receivables			
Special assessments	25,991	-	25,991
Interest	-	809	809
Current portion of notes from redevelopers	-	80,200	80,200
Property tax	-	196,301	196,301
Due from other funds	-	-	-
Due from other governments	49,234	-	49,234
Total current assets	<u>157,302</u>	<u>1,102,524</u>	<u>1,259,826</u>
Noncurrent assets			
Restricted cash	-	49,462	49,462
Notes from redevelopers	-	45,090	45,090
Capital assets			
Other capital assets, net of depreciation	41,261	490,486	531,747
Net capital assets	<u>41,261</u>	<u>490,486</u>	<u>531,747</u>
Total noncurrent assets	<u>41,261</u>	<u>585,038</u>	<u>626,299</u>
Total assets	<u>198,563</u>	<u>1,687,562</u>	<u>1,886,125</u>
Liabilities			
Current liabilities:			
Accounts payable	8,447	30,000	38,447
Accrued expenses	1,004	5,345	6,349
Due to other governments	-	35,572	35,572
Current portion of long-term obligations	-	248,557	248,557
Total current liabilities	<u>9,451</u>	<u>319,474</u>	<u>328,925</u>
Noncurrent liabilities			
Noncurrent portion of long-term obligations	-	786,693	786,693
Total noncurrent liabilities	<u>-</u>	<u>786,693</u>	<u>786,693</u>
Total liabilities	<u>9,451</u>	<u>1,106,167</u>	<u>1,115,618</u>
Net Position			
Net investment in capital assets	41,261	490,486	531,747
Restricted for			
Redevelopers	-	49,462	49,462
Unrestricted	147,851	41,447	189,298
Total net position	<u>\$ 189,112</u>	<u>\$ 581,395</u>	<u>\$ 770,507</u>

City of Grand Island, Nebraska
Combining Statement of Activities
Component Units
Year Ended September 30, 2018

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Business Improvement Districts	Metropolitan Planning Organization	Community Redevelopment Authority	Total
Business Improvement Districts								
Fonner Park Business Improvement District	\$36,343	\$ -	\$ -	\$ -	\$ (36,343)	\$ -	\$ -	\$ (36,343)
South Locust Business Improvement District	85,969	-	7,300	-	(78,669)	-	-	(78,669)
Downtown Business Improvement District	120,456	3,259	7,560	9,670	(99,967)	-	-	(99,967)
Total Business Improvement District	<u>242,768</u>	<u>3,259</u>	<u>14,860</u>	<u>9,670</u>	<u>(214,979)</u>	<u>-</u>	<u>-</u>	<u>(214,979)</u>
Community Redevelopment Authority								
General Government	280,186	-	-	-	-	-	(280,186)	(280,186)
Community Development	2,125,656	-	-	-	-	-	(2,125,656)	(2,125,656)
Interest on Long-term Debt	30,676	-	-	-	-	-	(30,676)	(30,676)
Total Community Redevelopment Authority	<u>2,436,518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,436,518)</u>	<u>(2,436,518)</u>
Total Component Units	<u>\$ 2,679,286</u>	<u>\$ 3,259</u>	<u>\$ 14,860</u>	<u>\$ 9,670</u>	<u>(214,979)</u>	<u>-</u>	<u>(2,436,518)</u>	<u>(2,651,497)</u>
General revenues								
Taxes								
Property					-	-	2,325,536	2,325,536
Special assessments					222,218	-	-	222,218
Miscellaneous					10,700	-	123,681	134,381
Interest income					104	-	1,619	1,723
Total general revenues					<u>233,022</u>	<u>-</u>	<u>2,450,836</u>	<u>2,683,858</u>
Change in net position					18,043	-	14,318	32,361
Net position - September 30, 2017, as previously stated					171,069	333,627	426,616	931,312
Prior period adjustment					-	(333,627)	140,461	(193,166)
Net position - September 30, 2017, restated					<u>171,069</u>	<u>-</u>	<u>567,077</u>	<u>738,146</u>
Net position - September 30, 2018					<u>\$ 189,112</u>	<u>\$ -</u>	<u>\$ 581,395</u>	<u>\$ 770,507</u>

Single Audit Reports

City of Grand Island, Nebraska
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2018

Federal Grantor/ Program Title	Pass-Through Grantor	Federal CFDA Number	Grant Number / Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
Department of Housing and Urban Development:					
CDBG Entitlement Grants Cluster:					
CDBG Entitlement Grant		14.218		\$ -	\$ 250,434
CDBG Entitlement Grant		14.218		-	91,163
Total CDBG Entitlement Grant Cluster				-	341,597
Community Development Block Grant	Nebraska Department of Economic Development	14.228	13-CR-102	-	500
Community Development Block Grant	Nebraska Department of Economic Development	14.228	14-CR-102	-	500
				-	1,000
Total Department of Housing and Urban Development				-	342,597
Department of Justice:					
Crime Victim Assistance	Nebraska Crime Commission	16.575	17-VA-0206	-	103,567
Total Department of Justice				-	103,567
Department of Transportation:					
Highway Planning and Construction Cluster:					
Highway Planning and Construction	Nebraska Department of Transportation	20.205	FHWA PL Funding	-	70,764
Highway Planning and Construction	Nebraska Department of Transportation	20.205	Rail and Transit	-	15,990
Total Highway Planning and Construction Cluster				-	86,754
Federal Transit Cluster:					
Federal Transit - Formula Grant		20.507		-	342,377
Total Department of Transportation				-	429,131
Environmental Protection Agency:					
Clean Water State Revolving Fund Cluster:					
Clean Water State Revolving Funds	Nebraska Department of Environmental Quality	66.458	C317984	-	1,431,234
Clean Water State Revolving Funds	Nebraska Department of Environmental Quality	66.458	C317990	-	1,859,198
Total Clean Water State Revolving Fund Cluster				-	3,290,432
Total Environmental Protection Agency				-	3,290,432
Executive Office of the President:					
High Intensity Drug Trafficking Area Program	Nebraska State Patrol	95.001	17HD06	-	42,065
Total Executive Office of the President				-	42,065
Total Federal Expenditures				\$ -	\$ 4,207,792

City of Grand Island, Nebraska
Schedule of Expenditures of Federal Awards - Continued
Year Ended September 30, 2018

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Grand Island, Nebraska (the "City") under programs of the federal government for the year ended September 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.
2. Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City of Grand Island has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. The federal loan programs listed subsequently are administered directly by the City of Grand Island, Nebraska, and balances and transactions relating to these programs are included in the City of Grand Island, Nebraska's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at September 30, 2018, consists of:

CFDA Number	Program Name	Outstanding Balance at September 30, 2018
14.218	CDBG Entitlement Grant	\$91,163

**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Grand Island, Nebraska (the City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 29, 2019, which contained an "Emphasis of Matter" paragraph regarding restatements of previously issued financial statements and a change in accounting principles.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2018-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-002, 2018-003 and 2018-004 to be significant deficiencies.

Compliance and Other Matters

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

The City's Response to Findings

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

Purpose of this Report

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

BKD, LLP

Lincoln, Nebraska
March 29, 2019

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

Independent Auditor's Report

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

Report on Compliance for the Major Federal Program

We have audited the City of Grand Island, Nebraska's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2018. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the City of Grand Island, Nebraska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2018.

Report on Internal Control over Compliance

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

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

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

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

BKD, LLP

Lincoln, Nebraska
March 29, 2019

City of Grand Island, Nebraska
Schedule of Findings and Questioned Costs
Year Ended September 30, 2018

Summary of Auditor's Results

Financial Statements

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

Unmodified Qualified Adverse Disclaimer

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

Significant deficiency(ies)? Yes None reported

Material weakness(es)? Yes No

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

Yes No

Federal Awards

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

Significant deficiency(ies)? Yes None reported

Material weakness(es)? Yes No

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

Unmodified Qualified Adverse Disclaimer

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

Yes No

7. The City's major program was:

Cluster/Program	CFDA Number
Clean Water State Revolving Funds Cluster/Capitalization Grants for Clean Water State Revolving Funds	66.458

City of Grand Island, Nebraska
Schedule of Findings and Questioned Costs
Year Ended September 30, 2018

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

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

City of Grand Island, Nebraska
Schedule of Findings and Questioned Costs
Year Ended September 30, 2018

Findings Required to be Reported by Government Auditing Standards

Reference Number	Finding
2018-001	<p>Material Weakness - Proposed Audit Adjustments</p> <p><i>Criteria or Specific Requirement</i> – Management is responsible for the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).</p> <p><i>Condition</i> – The preparation of the City’s financial statements required prior period adjustments and proposed adjusting journal entries for proper financial statement presentation.</p> <p>Procedures were not maintained throughout the year that allowed for the proper evaluation of potential adjustments that, individually or in the aggregate, had a significant effect on the financial statements.</p> <p><i>Effect</i> – Auditor proposed significant prior period and current year adjustments were identified and proposed for proper financial statement presentation.</p> <p><i>Cause</i> –The City received accounting advice over the course of several years from various third parties, however this guidance was not consistent with GAAP and therefore, corrections were made to beginning net position and fund balances and current year financial statements.</p> <p><i>Recommendation</i> – Management should consider modification to procedures to ensure that controls and resources are in place that will allow for preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions (Management’s Response)</i> – The Finance Department will build and maintain a comprehensive list of Department procedures. In addition, the Finance Department will recommend further training that pertains to Generally Accepted Accounting Principles (GAAP) and Government Accounting Standards Board (GASB) guidance so as to stay current in those governmental accounting practices.</p>

City of Grand Island, Nebraska
Schedule of Findings and Questioned Costs
Year Ended September 30, 2018

Reference Number	Finding
2018-002	<p>Significant Deficiency - Information Technology System Access and Review of Journal Entries</p> <p><i>Criteria or Specific Requirement</i> – Management is responsible for establishing and maintaining effective internal controls over financial reporting and the safekeeping of assets.</p> <p><i>Condition</i> – System access rights allows Information Technology Managers and the Director of Finance to have access to modify employee master files and general ledger information. In addition, the general ledger system allows the same individual to prepare, review and post general journal entries without formal review or approval.</p> <p>Effective accounting control practices require access, monitoring and recording responsibilities be assigned to different individuals. Where these duties are not segregated, potential internal control deficiencies exist.</p> <p><i>Effect</i> – Potentially material misstatements in the financial statements or material misappropriations of assets due to error or fraud could occur and not be prevented or detected and corrected in a timely manner.</p> <p><i>Cause</i> – Access within the general ledger system and duties over financial reporting are not adequately segregated and monitoring and other compensating controls are insufficient.</p> <p><i>Recommendation</i> – Management should review information technology access rights to determine if recording or read-only access is necessary for various City personnel. In addition, a log of all employee master files and journal entries posted by IT personnel should be reviewed on a routine basis.</p> <p>In addition, system controls should be put in place which would require the personnel preparing general journal entries to be a separate individual from the personnel reviewing, approving and posting the entry.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions (Management’s Response)</i> – Review access of all users. Implement regular review process of access changes enacted by IT staff. Implement workflow approval for journal entry process to prevent the preparer from also posting the entry.</p>

City of Grand Island, Nebraska
Schedule of Findings and Questioned Costs
Year Ended September 30, 2018

Reference Number	Finding
2018-003	<p>Significant Deficiency – Preparation and Timeliness of Bank Reconciliations</p> <p><i>Criteria or Specific Requirement</i> – Management is responsible for establishing and maintaining effective internal controls over financial reporting and the safekeeping of assets.</p> <p><i>Condition</i> – City bank reconciliations were not completed on a routine basis with multiple months of activity not reconciled as of year-end. In addition, there is no formal review of completed reconciliations.</p> <p style="padding-left: 40px;">Effective accounting control practices require access, monitoring and recording responsibilities be assigned to different individuals. Where these duties are not segregated, potential internal control deficiencies exist.</p> <p><i>Effect</i> – Potentially material misstatements in the financial statements or material misappropriations of assets due to error or fraud could occur and not be prevented or detected and corrected in a timely manner.</p> <p><i>Cause</i> – Duties over financial reporting are not adequately monitoring and other compensation controls related to the cash reconciliation process are insufficient.</p> <p><i>Recommendation</i> – Management should consider modification to procedures to ensure that controls are in place that will allow for timely preparation and review of cash reconciliations on a routine (i.e. monthly) basis.</p> <p style="padding-left: 40px;">In addition, a formal review process should be put in place which would require the personnel reconciling the cash accounts to be a separate individual from the personnel reviewing and approving the reconciliations.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions (Management’s Response)</i> – During the audit year, the City issued a request for proposals for banking services and awarded its banking needs to another bank. The transition from the old bank to the new bank took place in the latter half of the audit year. The transition to the new bank caused considerable work and complexities. The City completed the transition in 2019. Along with completing the transition to the new bank, the City has purchased a Munis Cash Management Module (Tyler product) for its current Enterprise Resource Planning (ERP) system, Munis (Tyler product). The Munis Cash Management Module will be implemented in 2019 and will streamline the reconciliation process while adding cash and investment analysis. The Munis Cash Management module will improve the reconciliation process by;</p>

City of Grand Island, Nebraska
Schedule of Findings and Questioned Costs
Year Ended September 30, 2018

Reference Number	Finding
	<ul style="list-style-type: none">• Automatically provide bank items reconciliation file of adjustments, deposits, accounts payable and payroll• Bank reconciliation adjusts Munis cash accounts (book balance) with their corresponding bank accounts (bank balance)• All outstanding journal entries for both open and closed months are imported into the reconciliation module without duplication or omission of entries• Support automated BAI file imports from banks• Transactions are cleared either manually or automatically via BAI import• Reconciliations can be completed and double checked by multiple staff members

City of Grand Island, Nebraska
Schedule of Findings and Questioned Costs
Year Ended September 30, 2018

Reference Number	Finding
2018-004	<p>Significant Deficiency - Segregation of Payroll Duties</p> <p><i>Criteria or Specific Requirement</i> – Management is responsible for establishing and maintaining effective internal controls over financial reporting and the safekeeping of assets.</p> <p><i>Condition</i> – Concentrations of duties exist within the payroll cycle. Various individuals from the payroll, human resources and finance department have the ability to add employees and modify payroll data and related journal entries.</p> <p>Employee earning reports are reviewed and approved by department heads, however effective accounting control practices require access, monitoring and recording responsibilities be assigned to different individuals. Where these duties are not segregated, potential internal control deficiencies exist.</p> <p><i>Effect</i> – Potentially material misstatements in the financial statements or material misappropriations of time or assets due to error or fraud could occur and not be prevented or detected and corrected in a timely manner.</p> <p><i>Cause</i> – Duties in the payroll cycle are not adequately segregated and monitoring and other compensating controls are insufficient.</p> <p><i>Recommendation</i> – Management should periodically evaluate the costs versus the benefits of further segregation of duties or the addition of monitoring or other compensating controls and implement those changes it deems appropriate.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions (Management’s Response)</i> – Implement workflow for adding new employees and updating existing employees to our payroll system. Additionally, we are moving to electronic timesheets and workflow for approving time each week.</p>

City of Grand Island, Nebraska
Schedule of Findings and Questioned Costs
Year Ended September 30, 2018

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
	No matters are reportable.

City of Grand Island, Nebraska
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2018

Reference Number	Summary of Finding	Status
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No matters are reportable.