

CITY OF GRAND ISLAND, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2009

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Island, Nebraska, as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Island, Nebraska, as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2010, on our consideration of the City of Grand Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis and required supplementary information on pages 5 through 14 and 98 through 104 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying other supplementary information and the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Grand Island, Nebraska
January 8, 2010

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For The Year Ended September 30, 2009

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, 2009. For information on the Community Redevelopment Authority component unit included in these financial statements, please see the separate audit report for the Authority.

Financial Highlights

- The assets of the City of Grand Island exceeded its liabilities at the close of the most recent fiscal year by \$552,165,332 (*net assets*). Of this amount, \$65,860,792 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Grand Island governmental funds reported combined ending net assets of \$311,003,125. Approximately 6.0 percent of this total amount, \$18,692,610 is *unrestricted net assets*.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$5,011,315, or 14.5 percent of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
For The Year Ended September 30, 2009

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 Water, Sewer, Electric, and Golf Enterprise Funds.

The government-wide financial statements include not only the City of Grand Island itself (known as the *primary government*), but also the legally separate Landfill, 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 15 and 16 of this report.

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

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

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

The City of Grand Island maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Projects Fund, and the Debt Service Fund, all of which are considered to be major funds. Data from the other 17 governmental funds are combined into a single, aggregated presentation. Individual

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
For The Year Ended September 30, 2009

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

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

The basic governmental fund financial statements can be found on pages 17-20 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 Water, Sewer, Electric, and Golf Funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Grand Island's various functions. The City of Grand Island uses internal service funds to account for its fleet of vehicles, its management information systems, its employee health insurance, and its equipment reserve. Because all four of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

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

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

The basic fiduciary fund financial statements can be found on pages 25 and 26 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-97 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Grand Island's budgetary comparison schedules and disclosures on the modified approach to reporting infrastructure. Required supplementary information can be found on pages 98-104 of this report.

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
For The Year Ended September 30, 2009**

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 105-115 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Grand Island, assets exceeded liabilities by \$552,165,332 at the close of the most recent fiscal year.

Net Assets

	September 30, 2009			September 30, 2008		
	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Current and Other Assets	\$ 33,724,835	\$ 73,398,458	\$ 107,123,293	\$ 28,113,631	\$ 69,397,339	\$ 97,510,970
Capital Assets	310,256,300	218,032,593	528,288,893	308,131,443	217,773,424	525,904,867
Total Assets	343,981,135	291,431,051	635,412,186	336,245,074	287,170,763	623,415,837
Long-term Liabilities	25,497,677	38,248,977	63,746,654	23,020,550	44,328,109	67,348,659
Other Liabilities	7,480,333	12,019,867	19,500,200	7,329,235	11,091,417	18,420,652
Total Liabilities	32,978,010	50,268,844	83,246,854	30,349,785	55,419,526	85,769,311
Net Assets:						
Invested in Capital Assets, Net of Related Debt	282,623,800	183,944,383	466,568,183	283,571,443	179,352,169	462,923,612
Restricted	9,686,715	10,049,642	19,736,357	2,788,954	9,937,593	12,726,547
Unrestricted	18,692,610	47,168,182	65,860,792	19,534,892	42,461,475	61,996,367
Total Net Assets	\$ 311,003,125	\$ 241,162,207	\$ 552,165,332	\$ 305,895,289	\$ 231,751,237	\$ 537,646,526

By far the largest portion of the City of Grand Island's net assets (84.5 percent) reflects its investment in capital assets (land, infrastructure, buildings, machinery, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Grand Island uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Grand Island's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Grand Island's net assets (3.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$65,860,792) may be used to meet the government's ongoing obligations to citizens and creditors.

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

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
For The Year Ended September 30, 2009**

Expenses and Program Revenues – Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2009</u>		<u>Year Ended September 30, 2008</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 3,469,702	\$ 4,909,368	\$ 3,263,468	\$ 4,803,227
Public Safety	5,213,365	17,214,251	5,140,860	15,449,342
Public Works	2,914,923	7,276,044	3,365,907	6,816,324
Environment & Leisure	1,878,743	5,785,896	1,699,052	5,283,702
Non-Departmental	-	635,489	-	1,310,512
Interest	-	961,813	-	995,941
Total	<u>\$ 13,476,733</u>	<u>\$ 36,782,861</u>	<u>\$ 13,469,287</u>	<u>\$ 34,659,048</u>

Revenues by Source – Governmental Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2009</u>		<u>Year Ended September 30, 2008</u>	
Charges for Services	\$ 8,172,998	19.51 %	\$ 7,722,188	18.73 %
Operating Grants & Contributions	1,830,582	4.37	1,942,102	4.71
Capital Grants & Contributions	3,473,153	8.29	3,804,997	9.23
Property Taxes	5,742,004	13.71	5,379,472	13.05
Motor Vehicle Taxes	829,537	1.98	836,327	2.03
Payments in Lieu of Taxes	814,649	1.94	887,479	2.15
Occupation Taxes	882,780	2.11	57,630	0.14
Sales Tax	13,443,216	32.09	13,368,300	32.42
Franchise Taxes	1,934,282	4.62	2,018,481	4.89
State Allocation	3,940,117	9.41	4,095,428	9.93
Keno	270,683	0.65	285,982	0.69
Special Assessments	106,068	0.25	136,888	0.33
Miscellaneous	31,467	0.07	50,008	0.12
Interest	357,325	0.85	608,010	1.47
Gain on Sale of Assets	61,836	0.15	44,243	0.11
Total	<u>\$ 41,890,697</u>	<u>100.00 %</u>	<u>\$ 41,237,535</u>	<u>100.00 %</u>

Net assets increased \$5,107,836 in the governmental funds during the year ended September 30, 2009.

Business-type activities. Business-type activities increased the City of Grand Island's net assets by \$9,410,970, accounting for 64.8 percent of the total growth in the government's net assets for the year ended September 30, 2009. Key elements of this increase are as follows:

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
For The Year Ended September 30, 2009

Expenses and Program Revenues – Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2009</u>		<u>Year Ended September 30, 2008</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 50,308,249	\$ 46,522,549	\$ 50,254,868	\$ 46,439,267
Water	5,767,594	3,177,988	6,342,420	3,166,725
Sewer	9,942,727	8,487,644	12,512,854	9,258,963
Golf	619,962	576,262	557,295	526,343
Total	<u>\$ 66,638,532</u>	<u>\$ 58,764,443</u>	<u>\$ 69,667,437</u>	<u>\$ 59,391,298</u>

Revenues by Source – Business-type Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2009</u>		<u>Year Ended September 30, 2008</u>	
Charges for Services	\$ 64,734,636	94.95 %	\$ 65,716,434	91.89 %
Operating Grants & Contributions	26,720	0.04	33,888	0.05
Capital Grants & Contributions	1,877,176	2.75	3,917,115	5.48
Special Assessments	387,636	0.57	96,633	0.13
Interest	1,147,845	1.69	1,744,350	2.44
Gain on Sale of Assets	1,400	0.00	9,142	0.01
Total	<u>\$ 68,175,413</u>	<u>100.00 %</u>	<u>\$ 71,517,562</u>	<u>100.00 %</u>

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the City of Grand Island's *governmental* funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Grand Island's financing requirements. In particular, *unreserved 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 \$23,563,840. Approximately 45.0 percent of this total amount (\$10,612,805) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balances is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$1,759,135), 2) to pay debt service (\$282,737), 3) to generate income to pay for the perpetual care of the municipal cemetery (\$374,491), 4) to fund housing loans (\$33,743), 5) for economic development (\$1,433,614), 6) for Federal programs (\$522,194), 7) for street improvement projects (\$1,194,209), 8) for capital projects (\$7,279,341) or 9) for a variety of other restricted purposes (\$71,571).

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
For The Year Ended September 30, 2009

The General Fund is the chief operating fund of the City of Grand Island. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$5,011,315, while total fund balance reached \$14,182,910. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 14.5 percent of total General Fund expenditures, while total fund balance represents 41.2 percent of that same amount.

The fund balance of the City of Grand Island's General Fund increased by \$4,297,509 during the current fiscal year.

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

Unrestricted net assets of the proprietary funds at the end of the year were as follows: Electric Fund - \$33,200,936, Water Fund - \$3,120,392, Sewer Fund - \$11,113,508, and Golf Fund - deficit of \$(266,654). The growth in net assets for the proprietary funds was as follows: Electric Fund - \$4,569,578, Water Fund - \$2,691,497, Sewer Fund - \$2,106,195, and Golf Fund - \$43,700. Other factors concerning the finances of these four funds have already been addressed in the discussion of the City of Grand Island's business-type activities.

Budgetary Highlights

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

Capital Asset and Debt Administration

Capital Assets. The City of Grand Island's investment in capital assets for its governmental and business-type activities as of September 30, 2009, amounts to \$528,288,893 (net of accumulated depreciation). This investment in capital assets includes land, building and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Capital spending for fiscal 2009 was taken up largely by the on-going Northwest Flood Control project and the widening of Capital Avenue at Highway 281. As monies after operating expenses are becoming tighter and tighter, justifications and prioritization of the use of funds for capital works will become even more critical.

- The Northwest Flood Control project is scheduled to take several years. It was originally anticipated that the annual commitment would be fairly flat year over year, typically in the \$375,000-\$400,000 range. Instead, expenditures for the project started out slower than anticipated, and now the billings by the Central Platte Natural Resources District are running higher than the \$375,000-\$400,000 range. The City has budgeted \$725,000 for fiscal 2010.

CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
For The Year Ended September 30, 2009

- The widening of Capital Avenue at Highway 281 ran into extensive delays. Major construction work was completed in 2009, with just over \$2.7 million spent. Funds for work remaining will come largely from state monies, with a 20-30% local match.

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

	<u>Year Ended September 30, 2009</u>			<u>Year Ended September 30, 2008</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Land	\$ 4,804,100	\$ 6,983,571	\$ 11,787,671	\$ 4,404,745	\$ 7,116,532	\$ 11,521,277
Infrastructure	244,766,454	-	244,766,454	244,624,199	-	244,624,199
Construction in Progress	7,332,013	9,621,596	16,953,609	3,838,144	5,879,939	9,718,083
Land Improvement	8,025,740	28,579,394	36,605,134	7,977,649	28,611,789	36,589,438
Buildings	42,337,482	-	42,337,482	44,020,180	-	44,020,180
Machinery and Equipment	1,438,420	-	1,438,420	1,332,812	-	1,332,812
Buildings, Distribution Systems, and Equipment	-	165,312,493	165,312,493	-	170,045,217	170,045,217
Office Furniture and Equipment	363,134	3,237,171	3,600,305	549,669	1,909,505	2,459,174
Vehicles	1,188,957	4,298,368	5,487,325	1,384,045	4,210,442	5,594,487
Total	<u>\$ 310,256,300</u>	<u>\$ 218,032,593</u>	<u>\$ 528,288,893</u>	<u>\$ 308,131,443</u>	<u>\$ 217,773,424</u>	<u>\$ 525,904,867</u>

Additional information on the City of Grand Island's capital assets can be found in Note C4 on pages 53-57 of this report.

Long-term debt. At the end of the current fiscal year, the City of Grand Island had total long-term debt outstanding of \$71,272,500. Of this amount, \$10,860,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Grand Island's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) and capital lease obligations.

City of Grand Island's Outstanding Debt

	<u>Year Ended September 30, 2009</u>			<u>Year Ended September 30, 2008</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
General Obligation Bonds	\$ 10,755,000	\$ -	\$ 10,755,000	\$ 11,755,000	\$ -	\$ 11,755,000
Special Assessment Debt	105,000	-	105,000	155,000	-	155,000
Revenue Bonds	-	43,640,000	43,640,000	-	49,475,000	49,475,000
Capital Lease	16,772,500	-	16,772,500	12,650,000	-	12,650,000
Total	<u>\$ 27,632,500</u>	<u>\$ 43,640,000</u>	<u>\$ 71,272,500</u>	<u>\$ 24,560,000</u>	<u>\$ 49,475,000</u>	<u>\$ 74,035,000</u>

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
For The Year Ended September 30, 2009**

The City of Grand Island's total debt decreased by \$2,762,500 (3.7 percent) during the current fiscal year due to scheduled principal payments.

The City of Grand Island maintains an "Aaa" rating from Moody's for general obligation debt. The revenue bonds have been rated "AAA" by Standard & Poor's and Fitch and "Aaa" by Moody's.

Additional information on the City of Grand Island's long-term debt can be found in Note C6 on pages 57-63 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 one-third of the eligible infrastructure assets every year. There were no significant changes in the assessed condition of infrastructure from the prior assessment.

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

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

Economic Factors and Next Year's Budgets and Rates

The City's cash position improved in all of the Enterprise Funds and the City has been able to keep up with the increasing costs of operations. A rebalancing of electric rates is anticipated in fiscal 2010 when the City will have more insight from the rate study currently in progress.

- **Electric Utility.** An electric cost-of-service study is currently being done; thus, no changes are projected until later in 2010. This analysis will help shape the future rate structure. Included in the fiscal 2009-2010 budget is funding for maintenance and replacement of aging, critical equipment at the power plants and in the electrical transmission and distribution systems. The utility also has capital improvement projects underway to continue to meet projected growth of the community, including the addition of an incremental 115kv transmission tie to the region electric grid and the construction of an additional 115kv/13.8kv distribution substation.
- **Water.** The 2009-2010 budget is focused on meeting City obligations to cooperative projects, repair and upgrade of critical facilities, and system improvements to meet continued growth.
- **Sanitary Sewer.** The City is in the process of having a sanitary sewer rate study done and is also negotiating with JBS regarding their future loading levels. Preliminary work has

**CITY OF GRAND ISLAND, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
For The Year Ended September 30, 2009**

started on the specifications for anaerobic digesters to be incorporated into the plant processes. This project will likely take three years to complete and cost between \$13 million and \$20 million, depending on the final capacity needed. There is sufficient cash to start this project, but the larger portion will probably require a bond issuance.

- No rate increase has been instituted at the Solid Waste facility for several years, nor is one anticipated, as cash remains adequate to maintain capital replacement schedules and meet closure requirements.
- The recession has had an impact on the City's sales tax receipts, which provide nearly 33% of the revenue in Governmental Activities. With the ever-increasing personnel costs and growth in operating expenses, a complete review of City programs will be undertaken as part of the fiscal 2011 budget process.

All of these factors were considered in preparing the City of Grand Island's budget for the 2010 fiscal year.

Request for Information

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

CITY OF GRAND ISLAND, NEBRASKA

STATEMENT OF NET ASSETS

September 30, 2009

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,234,276	\$ 5,354,405	\$ 9,588,681	\$ 1,947,570
Investments	10,741,812	27,001,115	37,742,927	4,027,862
County treasurer cash	970,933	-	970,933	119,499
Receivables:				
Special assessments	945,190	1,595,032	2,540,222	8,430
Accounts, net of allowance for doubtful accounts	690,266	5,062,257	5,752,523	242,111
Unbilled revenue	-	2,754,470	2,754,470	-
Current portion of notes from redevelopers	-	-	-	148,343
Current portion of capital lease receivable	-	-	-	660,000
Interest	409,939	326,081	736,020	38,454
Property tax	469,111	-	469,111	51,483
Due from other governments	3,174,623	-	3,174,623	-
Due from other funds	2,430,399	-	2,430,399	-
Prepaid expenses	-	397,272	397,272	-
Inventory	132,908	11,099,748	11,232,656	-
Total current assets	24,199,457	53,590,380	77,789,837	7,243,752
Noncurrent assets:				
Restricted cash and cash equivalents	7,354,440	851,872	8,206,312	-
Restricted investments	122,218	9,404,416	9,526,634	3,287,530
Permanently restricted investments	374,491	-	374,491	-
Permanently restricted notes receivable	1,674,229	-	1,674,229	-
Notes from redevelopers	-	-	-	934,072
Capital lease receivable - City of Grand Island	-	-	-	4,470,000
Deferred charges	-	3,429,223	3,429,223	-
Prepaid transmission	-	5,563,138	5,563,138	-
Unamortized bond costs	-	559,429	559,429	103,773
Capital assets:				
Land, infrastructure, and construction in progress	256,902,567	16,605,167	273,507,734	378,712
Other capital assets, net of depreciation	53,353,733	201,427,426	254,781,159	5,089,484
Net capital assets	310,256,300	218,032,593	528,288,893	5,468,196
Total noncurrent assets	319,781,678	237,840,671	557,622,349	14,263,571
Total assets	343,981,135	291,431,051	635,412,186	21,507,323
LIABILITIES				
Current liabilities:				
Accounts payable	848,735	2,559,836	3,408,571	38,214
Due to other funds	-	213,302	213,302	-
Accrued expenses	3,549,841	3,166,729	6,716,570	57,957
Deferred revenue	408,086	-	408,086	45,118
Current portion of long-term obligations	2,673,671	6,080,000	8,753,671	808,343
Total current liabilities	7,480,333	12,019,867	19,500,200	949,632
Noncurrent liabilities:				
Compensated absences - noncurrent	538,848	482,331	1,021,179	11,743
Fly ash liability/closure costs payable	-	206,646	206,646	3,306,888
Noncurrent portion of long-term obligations	24,958,829	37,560,000	62,518,829	6,414,072
Total noncurrent liabilities	25,497,677	38,248,977	63,746,654	9,732,703
Total liabilities	32,978,010	50,268,844	83,246,854	10,682,335
NET ASSETS				
Invested in capital assets, net of related debt	282,623,800	183,944,383	466,568,183	4,561,969
Restricted for:				
Debt service	282,737	10,049,642	10,332,379	-
Perpetual care - permanent	374,491	-	374,491	-
Street improvements	1,194,209	-	1,194,209	-
Capital projects	7,279,341	-	7,279,341	-
Other purposes	555,937	-	555,937	98,087
Unrestricted	18,692,610	47,168,182	65,860,792	6,164,932
Total net assets	\$ 311,003,125	\$ 241,162,207	\$ 552,165,332	\$ 10,824,988

See notes to financial statements.

CITY OF GRAND ISLAND, NEBRASKA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
General government	\$ 4,909,368	\$ 2,763,102	\$ 706,600
Public safety	17,214,251	4,152,885	879,770
Public works	7,276,044	296,719	19,794
Environment and leisure	5,785,896	960,292	224,418
Non-departmental	635,489	-	-
Interest on long-term debt	961,813	-	-
Total governmental activities	36,782,861	8,172,998	1,830,582
Business-type activities:			
Electric	46,522,549	50,308,249	-
Water	3,177,988	4,330,037	-
Sewer	8,487,644	9,476,388	26,720
Golf	576,262	619,962	-
Total business-type activities	58,764,443	64,734,636	26,720
Total primary government	\$ 95,547,304	\$ 72,907,634	\$ 1,857,302
Component units:			
Landfill	\$ 2,421,143	\$ 2,675,082	\$ -
Business Improvement Districts	175,420	-	-
Grand Island Facilities Corporation	322,950	190,170	-
Community Redevelopment Authority	394,299	-	73,660
Total component units	\$ 3,313,812	\$ 2,865,252	\$ 73,660

See notes to financial statements.

Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets			Component Units
	Primary Government			
	Governmental Activities	Business-type Activities	Total	
\$ -	\$ (1,439,666)		\$ (1,439,666)	
180,710	(12,000,886)		(12,000,886)	
2,598,410	(4,361,121)		(4,361,121)	
694,033	(3,907,153)		(3,907,153)	
-	(635,489)		(635,489)	
-	(961,813)		(961,813)	
<u>3,473,153</u>	<u>(23,306,128)</u>	\$ -	<u>(23,306,128)</u>	
-	-	3,785,700	3,785,700	
1,437,557	-	2,589,606	2,589,606	
439,619	-	1,455,083	1,455,083	
-	-	43,700	43,700	
<u>1,877,176</u>	<u>-</u>	<u>7,874,089</u>	<u>7,874,089</u>	
<u>\$ 5,350,329</u>	<u>(23,306,128)</u>	<u>7,874,089</u>	<u>(15,432,039)</u>	
\$ -				\$ 253,939
1,050				(174,370)
-				(132,780)
-				<u>(320,639)</u>
<u>\$ 1,050</u>				<u>(373,850)</u>
General revenues:				
Taxes:				
Property	5,742,004	-	5,742,004	475,915
Motor vehicle	829,537	-	829,537	2,433
Payments in lieu of taxes	814,649	-	814,649	-
Occupation	882,780	-	882,780	-
Sales tax	13,443,216	-	13,443,216	-
Franchise	1,934,282	-	1,934,282	-
State allocation	3,940,117	-	3,940,117	-
Keno	270,683	-	270,683	-
Special assessments	106,068	387,636	493,704	199,263
Miscellaneous	31,467	-	31,467	20,432
Interest income	357,325	1,147,845	1,505,170	204,450
Gain (loss) on sale of assets	61,836	1,400	63,236	(263,526)
Total general revenues	<u>28,413,964</u>	<u>1,536,881</u>	<u>29,950,845</u>	<u>638,967</u>
Change in net assets	5,107,836	9,410,970	14,518,806	265,117
Net assets - September 30, 2008	<u>305,895,289</u>	<u>231,751,237</u>	<u>537,646,526</u>	<u>10,559,871</u>
Net assets - September 30, 2009	<u>\$ 311,003,125</u>	<u>\$ 241,162,207</u>	<u>\$ 552,165,332</u>	<u>\$ 10,824,988</u>

CITY OF GRAND ISLAND, NEBRASKA

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

September 30, 2009

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Eliminations</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 8,159,627	\$ 83,252	\$ 26,012	\$ 1,431,264	\$ -	\$ 9,700,155
Investments	2,233,172	211,198	65,990	3,937,128	-	6,447,488
County treasurer cash	740,429	-	228,933	1,571	-	970,933
Receivables:						
Special assessments	-	-	-	945,190	-	945,190
Accounts, net of allowance for doubtful accounts	602,608	-	-	5,450	-	608,058
Notes receivable	-	48,704	-	1,625,525	-	1,674,229
Interest	315,581	-	-	94,358	-	409,939
Property tax	294,282	-	174,829	-	-	469,111
Due from other governments	2,215,947	582,786	-	375,890	-	3,174,623
Due from other funds	2,383,923	-	-	17,191	(57,364)	2,343,750
Total assets	\$ 16,945,569	\$ 925,940	\$ 495,764	\$ 8,433,567	\$ (57,364)	\$ 26,743,476
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 360,024	\$ 189,447	\$ -	\$ 649	\$ -	\$ 550,120
Accrued expenses	2,149,405	-	58,171	13,854	-	2,221,430
Due to other funds	-	-	-	57,364	(57,364)	-
Deferred revenue	253,230	-	154,856	-	-	408,086
Total liabilities	2,762,659	189,447	213,027	71,867	(57,364)	3,179,636
Fund balances (deficit):						
Reserved for:						
Encumbrances	698,045	1,031,681	-	29,409	-	1,759,135
Capital projects	7,279,341	-	-	-	-	7,279,341
Street improvements	1,194,209	-	-	-	-	1,194,209
Debt service	-	-	282,737	-	-	282,737
Cemetery perpetual care	-	-	-	374,491	-	374,491
Economic development	-	-	-	1,433,614	-	1,433,614
Federal programs	-	-	-	522,194	-	522,194
Housing loans	-	-	-	33,743	-	33,743
Other purposes	-	-	-	71,571	-	71,571
Unreserved	5,011,315	(295,188)	-	5,896,678	-	10,612,805
Total fund balances	14,182,910	736,493	282,737	8,361,700	-	23,563,840
Total liabilities and fund balances	\$ 16,945,569	\$ 925,940	\$ 495,764	\$ 8,433,567	\$ (57,364)	\$ 26,743,476

See notes to financial statements.

CITY OF GRAND ISLAND, NEBRASKA

RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

September 30, 2009

Total fund balances - governmental funds		\$	23,563,840
Amounts reported for governmental <i>activities</i> in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$334,587,053, and the accumulated depreciation is \$24,745,221.			309,841,832
Internal service funds are used by management to charge the costs of certain activities, such as information technology, fleet services, and insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.			5,736,743
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:			
Noncurrent compensated absences	\$	(506,790)	
Capital lease obligations		(16,772,500)	
General obligation bonds payable		(10,860,000)	(28,139,290)
Total net assets - governmental activities		\$	<u><u>311,003,125</u></u>

See notes to financial statements.

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

For the year ended September 30, 2009

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes:					
Property	\$ 4,286,905	\$ -	\$ 1,455,099	\$ -	\$ 5,742,004
Motor vehicle	822,024	-	7,513	-	829,537
Occupation	882,780	-	-	-	882,780
Sales tax	13,443,216	-	-	-	13,443,216
Franchise	1,934,282	-	-	-	1,934,282
Intergovernmental	1,719,608	2,348,441	-	4,287,958	8,356,007
Keno	-	-	-	270,683	270,683
Special assessments	-	-	-	106,068	106,068
Charges for services	7,756,480	-	-	416,518	8,172,998
Interest income	138,327	-	4,731	54,619	197,677
Contributions	343,827	473,047	-	20,971	837,845
Bond/loan proceeds	5,062,500	-	2,970,000	-	8,032,500
Sale of assets	165,169	-	-	-	165,169
Other revenue	31,207	-	-	260	31,467
Total revenues	<u>36,586,325</u>	<u>2,821,488</u>	<u>4,437,343</u>	<u>5,157,077</u>	<u>49,002,233</u>
EXPENDITURES					
General government	3,453,111	-	-	1,276,343	4,729,454
Public safety	16,947,106	-	-	346,678	17,293,784
Public works	6,235,929	4,044,960	-	70,473	10,351,362
Environment and leisure	5,788,349	215,467	-	125,590	6,129,406
Non-departmental	590,166	-	45,323	-	635,489
Principal payments on debt	940,000	-	4,020,000	-	4,960,000
Interest on long-term debt	501,305	-	460,508	-	961,813
Total expenditures	<u>34,455,966</u>	<u>4,260,427</u>	<u>4,525,831</u>	<u>1,819,084</u>	<u>45,061,308</u>
Excess (deficiency) of revenues over expenditures	2,130,359	(1,438,939)	(88,488)	3,337,993	3,940,925
OTHER FINANCING SOURCES (USES)					
Transfers in	3,014,650	2,452,538	-	1,097,500	6,564,688
Transfers out	(847,500)	-	-	(4,902,539)	(5,750,039)
Net transfers	<u>2,167,150</u>	<u>2,452,538</u>	<u>-</u>	<u>(3,805,039)</u>	<u>814,649</u>
Net change in fund balances	4,297,509	1,013,599	(88,488)	(467,046)	4,755,574
Fund balances - September 30, 2008	<u>9,885,401</u>	<u>(277,106)</u>	<u>371,225</u>	<u>8,828,746</u>	<u>18,808,266</u>
Fund balances - September 30, 2009	<u>\$ 14,182,910</u>	<u>\$ 736,493</u>	<u>\$ 282,737</u>	<u>\$ 8,361,700</u>	<u>\$ 23,563,840</u>

See notes to financial statements.

CITY OF GRAND ISLAND, NEBRASKA

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

For the year ended September 30, 2009

Total net change in fund balances - governmental funds	\$ 4,755,574
Amounts reported for governmental <i>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 (\$5,151,247) exceeds depreciation expense (\$2,923,057) and assets financed by capital lease obligations (\$70,523) during the period.	2,157,667
Losses on disposal of capital assets are not shown in the governmental fund financial statements. However, in the statement of activities, the loss is reported as a reduction to asset sales proceeds.	(103,333)
Internal service fund capital activity is removed from the reconciliation, since it is accounted for on the economic resource basis in the fund financial statements.	89,263
Internal service funds are used by management to charge the costs of certain activities, such as insurance, information technology, and fleet services, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities in the statement of activities.	1,329,232
The change in noncurrent compensated absences is reported as an expense in the statement of net assets. Noncurrent compensated absences are not reported in the governmental funds.	(48,067)
The issuance of long-term debt is reported as revenue in the governmental funds, but the issuance increases long-term liabilities in the statement of net assets.	(8,032,500)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	<u>4,960,000</u>
Change in net assets of governmental activities	<u><u>\$ 5,107,836</u></u>

See notes to financial statements.

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

September 30, 2009

	Enterprise Funds				Total	Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Golf Fund		
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 2,271,970	\$ 568,798	\$ 2,513,637	\$ -	\$ 5,354,405	\$ 1,888,561
Investments	18,926,725	1,697,619	6,376,771	-	27,001,115	4,791,033
Receivables:						
Accounts, net of allowance for doubtful accounts	3,563,113	737,662	761,482	-	5,062,257	82,208
Unbilled revenue	2,169,158	221,714	363,598	-	2,754,470	-
Interest	195,169	17,366	113,546	-	326,081	-
Special assessments	-	224,409	1,370,623	-	1,595,032	-
Due from other funds	-	-	-	-	-	86,649
Inventory	10,834,410	265,338	-	-	11,099,748	132,908
Prepaid expenses	385,354	11,918	-	-	397,272	-
Total current assets	<u>38,345,899</u>	<u>3,744,824</u>	<u>11,499,657</u>	<u>-</u>	<u>53,590,380</u>	<u>6,981,359</u>
Noncurrent assets:						
Restricted cash and cash equivalents	209,256	100,381	542,235	-	851,872	-
Restricted investments	6,998,496	405,920	2,000,000	-	9,404,416	-
Deferred charges	3,429,223	-	-	-	3,429,223	-
Prepaid transmission	5,563,138	-	-	-	5,563,138	-
Unamortized bond costs	129,606	8,957	420,866	-	559,429	-
Capital assets:						
Land and improvements	6,068,304	-	50,708,873	867,573	57,644,750	-
Construction in progress	5,263,518	2,707,987	1,650,090	-	9,621,595	27,500
Distribution and collection systems	264,259,587	45,746,374	5,319,562	-	315,325,523	-
Buildings and equipment	26,776,560	3,203,304	16,114,114	718,008	46,811,986	1,316,769
Less accumulated depreciation	<u>(169,389,020)</u>	<u>(10,923,596)</u>	<u>(29,669,010)</u>	<u>(1,389,635)</u>	<u>(211,371,261)</u>	<u>(929,801)</u>
Net capital assets	<u>132,978,949</u>	<u>40,734,069</u>	<u>44,123,629</u>	<u>195,946</u>	<u>218,032,593</u>	<u>414,468</u>
Total noncurrent assets	<u>149,308,668</u>	<u>41,249,327</u>	<u>47,086,730</u>	<u>195,946</u>	<u>237,840,671</u>	<u>414,468</u>
Total assets	<u>187,654,567</u>	<u>44,994,151</u>	<u>58,586,387</u>	<u>195,946</u>	<u>291,431,051</u>	<u>7,395,827</u>
LIABILITIES						
Current liabilities:						
Accounts payable	2,066,789	317,153	160,856	15,038	2,559,836	298,615
Due to other funds	-	-	-	213,302	213,302	-
Accrued expenses	2,686,344	268,527	182,862	28,996	3,166,729	1,328,411
Current portion of long-term obligations	4,240,000	320,000	1,520,000	-	6,080,000	-
Total current liabilities	<u>8,993,133</u>	<u>905,680</u>	<u>1,863,718</u>	<u>257,336</u>	<u>12,019,867</u>	<u>1,627,026</u>
Noncurrent liabilities:						
Compensated absences - noncurrent	391,830	38,752	42,431	9,318	482,331	32,058
Fly ash liability	206,646	-	-	-	206,646	-
Noncurrent portion of long-term obligations	29,915,000	1,430,000	6,215,000	-	37,560,000	-
Total noncurrent liabilities	<u>30,513,476</u>	<u>1,468,752</u>	<u>6,257,431</u>	<u>9,318</u>	<u>38,248,977</u>	<u>32,058</u>
Total liabilities	<u>39,506,609</u>	<u>2,374,432</u>	<u>8,121,149</u>	<u>266,654</u>	<u>50,268,844</u>	<u>1,659,084</u>
NET ASSETS						
Invested in capital assets, net of related debt	107,945,916	38,993,026	36,809,495	195,946	183,944,383	414,468
Restricted for:						
Debt service	7,001,106	506,301	2,542,235	-	10,049,642	-
Unrestricted	33,200,936	3,120,392	11,113,508	(266,654)	47,168,182	5,322,275
Total net assets	<u>\$ 148,147,958</u>	<u>\$ 42,619,719</u>	<u>\$ 50,465,238</u>	<u>\$ (70,708)</u>	<u>\$ 241,162,207</u>	<u>\$ 5,736,743</u>

See notes to financial statements.

CITY OF GRAND ISLAND, NEBRASKA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS**

For the year ended September 30, 2009

	Enterprise Funds				Total	Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Golf Fund		
Operating revenues:						
Sales						
Consumers	\$ 46,836,440	\$ 4,027,326	\$ 9,257,236	\$ 611,700	\$ 60,732,702	\$ -
Municipal and interdepartmental	1,765,730	116,836	-	-	1,882,566	9,226,731
Wholesale	1,232,015	-	-	-	1,232,015	-
Total sales	49,834,185	4,144,162	9,257,236	611,700	63,847,283	9,226,731
Tap fees	-	12,143	28,990	-	41,133	-
Other revenue	474,064	173,732	190,162	8,262	846,220	59,709
Total operating revenues	50,308,249	4,330,037	9,476,388	619,962	64,734,636	9,286,440
Operating expenses:						
Cost of power	26,602,736	-	-	-	26,602,736	-
Production	-	794,378	-	-	794,378	-
Operation of system	1,683,104	830,546	3,822,909	428,041	6,764,600	-
Maintenance of system	1,385,104	-	528,484	38,103	1,951,691	-
Consumer accounting and collection	1,176,898	451,141	634,978	-	2,263,017	-
General office expense	1,617,987	186,148	547,406	73,221	2,424,762	-
Special services	984,675	86,598	26,904	471	1,098,648	-
Information technology	-	-	-	-	-	864,118
Central garage	-	-	-	-	-	1,153,237
Insurance	539,621	10,276	45,000	3,400	598,297	6,040,546
Miscellaneous	406,760	69,262	-	-	476,022	19,691
Depreciation	9,500,497	594,750	2,491,727	33,026	12,620,000	89,264
Amortization	37,097	3,514	100,426	-	141,037	-
Total operating expenses	43,934,479	3,026,613	8,197,834	576,262	55,735,188	8,166,856
Operating income	6,373,770	1,303,424	1,278,554	43,700	8,999,448	1,119,584
Nonoperating revenues (expenses):						
Interest income	783,878	101,891	262,076	-	1,147,845	159,648
Intergovernmental/grants	-	-	26,720	-	26,720	50,000
Interest expense	(1,810,782)	(91,476)	(289,810)	-	(2,192,068)	-
Payments in lieu of taxes	(777,288)	(59,899)	-	-	(837,187)	-
Gain on sale of assets	-	-	1,400	-	1,400	-
Special assessments	-	-	387,636	-	387,636	-
Contributions in aid of construction	-	1,437,557	439,619	-	1,877,176	-
Total nonoperating revenues (expenses)	(1,804,192)	1,388,073	827,641	-	411,522	209,648
Change in net assets	4,569,578	2,691,497	2,106,195	43,700	9,410,970	1,329,232
Net assets - September 30, 2008	143,578,380	39,928,222	48,359,043	(114,408)	231,751,237	4,407,511
Net assets - September 30, 2009	\$ 148,147,958	\$ 42,619,719	\$ 50,465,238	\$ (70,708)	\$ 241,162,207	\$ 5,736,743

See notes to financial statements.

CITY OF GRAND ISLAND, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the year ended September 30, 2009

	Enterprise Funds	
	Electric Fund	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customer:	\$ 50,563,765	\$ 4,121,992
Receipts from other fund:	-	-
Payments to suppliers:	(26,761,159)	(1,518,618)
Payments to employee:	(7,923,215)	(953,965)
Net cash provided by operating activities:	15,879,391	1,649,409
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Payments in lieu of taxes:	(748,320)	(66,329)
Decrease in due to other fund:	-	-
Net cash used by noncapital financing activities:	(748,320)	(66,329)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment:	(6,435,562)	(1,949,354)
Proceeds from sale of property and equipment:	420,606	-
Decrease in deferred charges:	908,110	-
Intergovernmental receipt:	-	-
Special assessment collection:	-	-
Principal payments on capital debt:	(4,060,000)	(305,000)
Interest paid on capital debt:	(1,840,440)	(94,793)
Increase in fly ash liability:	4,290	-
Net cash provided (used) by capital and related financing activities:	(11,002,996)	(2,349,147)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale and maturities of investment securities:	15,145,362	992,828
Purchase of investment securities:	(19,737,068)	(405,920)
Interest received:	768,865	104,490
Net cash provided (used) by investing activities:	(3,822,841)	691,398
Increase (decrease) in cash and cash equivalents:	305,234	(74,669)
Cash and cash equivalents - beginning of the year:	2,175,992	743,848
Cash and cash equivalents - end of the year:	\$ 2,481,226	\$ 669,179
Composition of cash and cash equivalents:		
Cash and cash equivalents:	\$ 2,271,970	\$ 568,798
Restricted cash and cash equivalents:	209,256	100,381
Total cash and cash equivalents:	\$ 2,481,226	\$ 669,179

See notes to financial statements.

Enterprise Funds			Internal Service Funds
Sewer Fund	Golf Fund	Total	
\$ 9,420,261	\$ 619,962	\$ 64,725,980	\$ -
-	-	-	9,624,027
(4,236,775)	(354,348)	(32,870,900)	(7,168,187)
(1,407,222)	(179,528)	(10,463,930)	(1,010,779)
<u>3,776,264</u>	<u>86,086</u>	<u>21,391,150</u>	<u>1,445,061</u>
-	-	(814,649)	-
-	(48,870)	(48,870)	-
<u>-</u>	<u>(48,870)</u>	<u>(863,519)</u>	<u>-</u>
(1,743,675)	(43,691)	(10,172,282)	-
1,400	-	422,006	-
-	-	908,110	-
49,623	6,475	56,098	50,000
377,301	-	377,301	-
(1,470,000)	-	(5,835,000)	-
(289,810)	-	(2,225,043)	-
-	-	4,290	-
<u>(3,075,161)</u>	<u>(37,216)</u>	<u>(16,464,520)</u>	<u>50,000</u>
-	-	16,138,190	-
(421,750)	-	(20,564,738)	(1,018,085)
256,140	-	1,129,495	159,648
<u>(165,610)</u>	<u>-</u>	<u>(3,297,053)</u>	<u>(858,437)</u>
535,493	-	766,058	636,624
<u>2,520,379</u>	<u>-</u>	<u>5,440,219</u>	<u>1,251,937</u>
<u>\$ 3,055,872</u>	<u>\$ -</u>	<u>\$ 6,206,277</u>	<u>\$ 1,888,561</u>
\$ 2,513,637	\$ -	\$ 5,354,405	\$ 1,888,561
542,235	-	851,872	-
<u>\$ 3,055,872</u>	<u>\$ -</u>	<u>\$ 6,206,277</u>	<u>\$ 1,888,561</u>

CITY OF GRAND ISLAND, NEBRASKA

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

For the year ended September 30, 2009

	Enterprise Funds	
	Electric Fund	Water Fund
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 6,373,770	\$ 1,303,424
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation expense	9,500,497	594,750
Amortization expense	37,097	3,514
Change in assets and liabilities		
Accounts receivable	255,516	(208,045)
Inventories	(259,758)	(39,125)
Prepaid expenses	(3,513)	(109)
Prepaid transmissions	452,805	-
Deferred charges	-	-
Accounts payable and accrued expense	(477,023)	(5,000)
Net cash provided by operating activities	\$ 15,879,391	\$ 1,649,409
Supplemental cash flow information		
Acquisition of capital assets through developer aid of constructor	\$ -	\$ 1,437,557
Accounts payable incurred for capital asset purchases	\$ 1,038,362	\$ 279,307

See notes to financial statements.

<u>Enterprise Funds</u>			<u>Total</u>	<u>Internal Service Funds</u>
<u>Sewer Fund</u>	<u>Golf Fund</u>			
\$ 1,278,554	\$ 43,700	\$ 8,999,448	\$ 1,119,584	
2,491,727	33,026	12,620,000	89,264	
100,426	-	141,037	-	
(56,127)	-	(8,656)	344,782	
-	-	(298,883)	54,260	
-	-	(3,622)	-	
-	-	452,805	-	
-	-	-	(7,195)	
(38,316)	9,360	(510,979)	(155,634)	
<u>\$ 3,776,264</u>	<u>\$ 86,086</u>	<u>\$ 21,391,150</u>	<u>\$ 1,445,061</u>	
<u>\$ 439,619</u>	<u>\$ -</u>	<u>\$ 1,877,176</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,317,669</u>	<u>\$ -</u>	

CITY OF GRAND ISLAND, NEBRASKA

STATEMENT OF NET ASSETS - FIDUCIARY FUNDS

September 30, 2009

	<u>Employee Pension Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ 19,801	\$ 51,374
Investments	6,266,237	130,331
Accounts receivable	-	5,362
Special assessments receivable	-	8,430
Total assets	<u>6,286,038</u>	<u>195,497</u>
LIABILITIES		
Due to other funds	2,217,097	-
Agency liabilities	-	195,497
Pension liability	1,514,093	-
Total liabilities	<u>3,731,190</u>	<u>195,497</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 2,554,848</u>	<u>\$ -</u>

See notes to financial statements.

CITY OF GRAND ISLAND, NEBRASKA

STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUNDS

For the year ended September 30, 2009

	<u>Employee Pension Funds</u>
ADDITIONS	
Transfers from other funds	\$ 204,717
Interest and dividends	1,706,638
Other revenue	204,359
Total additions	<u>2,115,714</u>
DEDUCTIONS	
Pension benefits	466,514
Transfer to other funds	204,717
Contract services	12,634
Loss on investments	2,331,711
Total deductions	<u>3,015,576</u>
Change in net assets	(899,862)
Net assets - September 30, 2008	<u>3,454,710</u>
Net assets - September 30, 2009	<u>\$ 2,554,848</u>

See notes to financial statements.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

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CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Financial Reporting Entity

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

The City’s financial reporting entity comprises the following:

Primary Government:	City of Grand Island
Discretely Presented Component Units:	Community Redevelopment Authority of Grand Island Grand Island Area Solid Waste Agency (Landfill) Business Improvement Districts Grand Island Facilities Corporation

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

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

Blended Component Units

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

Discretely Presented Component Units

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

Brief Description of Activities and Relationship
To The City:

Community Redevelopment
Authority of Grand Island

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Discretely Presented Component Units, continued

	<u>Brief Description of Activities and Relationship To The City:</u>
Grand Island Area Solid Waste Agency (Landfill)	Created in August 1992 to provide for the acquisition, construction financing, and operation of a solid waste transfer station, compost site, and disposal facility. The City Council serves as the governing body.
Business Improvement Districts	BID #3 was created on March 8, 1999; BID #4 was created on July 23, 2002; and BID #5 (formerly #2) was created on January 25, 1999. The BIDs account for funding held for improvement and maintenance of public areas within the boundaries of the Districts.
Grand Island Facilities Corporation	Created in 2005 to provide for the construction and issuance of bonds for the library addition. The City Council appoints board members of this Corporation.

2. Basis of Presentation

Government-wide Financial Statements

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fund Financial Statements

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

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Governmental Funds, continued

Capital Project Funds

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

Debt Service Fund

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

Permanent Fund

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

Proprietary Funds

Enterprise Funds

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

Internal Service Funds

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fiduciary Funds (not included in government-wide statements)

Agency Funds

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

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

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

Trust Funds

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

Police and Fire Pension	Accounts for direct pension payments to police and fire personnel who retired prior to 1984 under a defined benefit plan.
Police Pension	Accounts for the administration of the police pension fund under a defined contribution plan.
Fire Pension	Accounts for the administration of the firefighters pension fund under a defined contribution plan.

Major and Nonmajor Funds

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

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

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

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

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

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

3. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Measurement Focus, continued

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

Basis of Accounting

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

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

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity

Estimates

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

Cash and Investments

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

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

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

Receivables

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

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Due from Other Governments

The total due from other governments includes the following amounts:

<u>Fund</u>	<u>Amount</u>	<u>Service</u>
General	\$ 2,128,069	Sales Tax
General	87,878	Hall County reimbursements
Capital projects	582,786	State reimbursements for Capital Avenue project
Gas Tax	355,260	Motor Vehicle/Gas Tax
Keno	<u>20,630</u>	Keno Proceeds
Total governmental funds	<u>\$ 3,174,623</u>	

Inventory

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

Restricted Assets

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

Deferred Charges

Deferred charges incurred consists of various plant maintenance costs that are being amortized over the life of the scheduled maintenance repair life. In accordance with SFAS No. 71, the maintenance costs which would be recognized during the current period are deferred and not included in the determination of net income until such costs are recoverable.

Prepaid Transmission

The Electric Fund has made a long-term usage deposit for the availability of future transmission service with a public power district. The unused deposit at September 30, 2009, is \$5,563,138.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets

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

Government-wide Statements

In the government-wide financial statements, capital assets are capitalized and reported on the Statement of Net Assets. The City has a \$5,000 capitalization threshold. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. The City has elected the modified approach for reporting infrastructure.

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

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

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

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

	<u>Electric</u>	<u>Water</u>
Interest costs capitalized	\$ -	\$ -
Interest costs charged to expense	<u>1,810,782</u>	<u>91,476</u>
	<u>\$ 1,810,782</u>	<u>\$ 91,476</u>

Fund Financial Statements

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Unamortized Bond Discount/Deferred Charges

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

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

Deferred Revenues

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

Compensated Absences

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

Long-term Debt

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

Government-wide Statements

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Long-term Debt, continued

Fund Financial Statements

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

Equity Classifications

Government-wide Statements

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements. See Note C8 for additional disclosures.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses

Sales and Use Tax

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

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

Property Taxes

The City has the power to levy taxes each year sufficient to pay any judgment existing against the City, the interest on bonded debt, and the principal on bonded debt maturing during the fiscal year or within 6 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 2008-2009 are recorded as revenue when expected to be collected within 60 days after September 30, 2009. Prior-year levies were recorded using these same principles, and remaining receivables are re-evaluated annually. Property taxes expected to be collected after 60 days are recorded as deferred revenue on the fund balance sheets.

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

Operating Revenues and Expenses

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Expenditures/Expenses

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

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

Governmental Funds – by Character and Function

Proprietary Fund – by Operating and Nonoperating

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

Contributions in Aid of Construction

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

Interfund Transfers

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

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Fund Accounting Requirements

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

2. Deposit Laws and Regulations

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

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

3. Revenue Restrictions

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

4. Debt Restrictions and Covenants

Bonds Payable

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

5. Budgetary Data

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

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. 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 becomes the final levy unless the governing board passes, by a majority vote, a resolution setting the levy at a different amount.
- f. The property tax requirements resulting from the budget process are utilized by the County Assessor to establish the tax levy. Taxes are levied annually on or before November 1. 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 C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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

1. Cash and Investments

Deposits

The City’s policies regarding deposits of cash are discussed in Note A4. The table presented below is designed to disclose how its deposits were insured or secured with collateral at September 30, 2009. The categories of collateral are defined as follows:

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

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

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

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits	\$ 19,772,377	\$ 6,513,274	\$ 13,259,103	\$ -	\$ <u>19,813,738</u>

Reconciliation to Government-wide Statement of Net Assets:

Primary Government –					
Unrestricted cash and cash equivalents					\$ 9,588,681
Restricted cash and cash equivalents					8,206,312
Component Units –					
Unrestricted cash and cash equivalents					1,947,570
Employee Pension Funds Cash (not included in government-wide statement)					19,801
Agency Fund Cash (not included in government-wide statement)					<u>51,374</u>
					<u>\$ 19,813,738</u>

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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

1. Cash and Investments, continued

Investments

The City’s policies and applicable laws regarding investments are discussed in Notes A4 and B2. The table presented below is designed to disclose the level of market risk and custodial credit risk assumed by the City (or public trust) based upon whether the investments are insured or registered and upon who holds the security at September 30, 2009. The categories of credit risk are defined as follows:

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

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

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

<u>Type of Investment</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Time Deposits	\$ 47,710,794	\$ -	\$ -	\$ 47,710,794	\$ 47,710,794
U.S. Governmental Securities	-	1,848,496	-	1,848,496	1,848,496
Publicly Traded Equities	-	6,646,722	-	6,646,722	6,646,722
Guaranteed Investment Securities	-	5,150,000	-	<u>5,150,000</u>	<u>5,150,000</u>
				<u>\$ 61,356,012</u>	<u>\$ 61,356,012</u>

Reconciliation to Government-wide Statements of Net Assets:

Primary Government –

Unrestricted investments	\$ 37,742,927
Restricted investments	9,526,634
Permanently restricted investments	374,491

Component Units –

Unrestricted investments	4,027,862
Restricted investments	3,287,530

Employee Pension Funds (not included in government-wide statements)	6,266,237
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Agency Funds (not included in government-wide statements)	<u>130,331</u>
	<u>\$ 61,356,012</u>

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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

2. Restricted Assets

The restricted assets as of September 30, 2009, are as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Type of Restricted Assets:				
Cash and cash equivalents	\$ 7,354,440	\$ 851,872	\$ 8,206,312	\$ -
Investments	122,218	9,404,416	9,526,634	3,287,530
Permanently restricted investments	374,491	-	374,491	-
Permanently restricted notes receivable	<u>1,674,229</u>	<u>-</u>	<u>1,674,229</u>	<u>-</u>
	<u>\$ 9,525,378</u>	<u>\$ 10,256,288</u>	<u>\$ 19,781,666</u>	<u>\$ 3,287,530</u>

3. Accounts and Notes Receivable

Accounts receivable of the business-type activities consist of utilities receivables. Accounts receivable of the governmental activities consist of telephone tax (16.6%), cable franchise tax (16.2%), other franchise/occupation tax (6.5%), ambulance (30.7%), payroll reimbursement (14.3%), workers' compensation insurance reimbursement (11.9%), and other (3.8%) receivables. Accounts receivable for the component units consists entirely of landfill receivables. Receivables detail at September 30, 2009, is as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Accounts receivable	\$ 841,766	\$5,455,725	\$6,297,491	\$ 242,111
Allowance for doubtful accounts	<u>(151,500)</u>	<u>(393,468)</u>	<u>(544,968)</u>	<u>-</u>
Net accounts receivable	<u>\$ 690,266</u>	<u>\$5,062,257</u>	<u>\$5,752,523</u>	<u>\$ 242,111</u>

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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

3. Accounts and Notes Receivable, continued

Notes receivable for the governmental funds consist of the following at September 30, 2009:

<u>Note Held By:</u>	<u>Due From</u>	Note Balance at September 30, <u>2009</u>	<u>Terms</u>
Capital Projects Fund	Heartland Shooting Park	\$ 20,000	0%; \$5,000 due annually March 17, 2009, through March 17, 2013.
Capital Projects Fund	Central Nebraska Humane Society	28,704	0%; City receives 15% of the Christmas light display proceeds until the loan is repaid.
Program Income Reuse	New Holland North America, Inc. (CNH)	150,000	Forgivable if employment objectives are met.
Program Income Reuse	Standard Iron	190,476	\$250,000 is 0% loan due in 168 monthly installments.
Community Grants Fund	Rehab Housing - Various Homeowners	430,315	Forgivable over 5 or 10 years of continued home ownership.
Economic Development Fund	Love Signs	14,000	Forgivable if employment objectives are met.
Economic Development Fund	CXT	20,000	Forgivable if employment objectives are met.
Economic Development Fund	Hornady Manufacturing	102,667	Forgivable if employment objectives are met.
Economic Development Fund	Ace Machine Shop	17,500	Forgivable if employment objectives are met.
Economic Development Fund	CNH America, LLC	100,000	Forgivable if employment objectives are met.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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

3. Accounts and Notes Receivable, continued

<u>Note Held By:</u>	<u>Due From</u>	Note Balance at September 30, <u>2009</u>	<u>Terms</u>
Economic Development Fund	O'Neill Wood Resources, LLC	15,000	Forgivable if employment objectives are met
Economic Development Fund	Heritage Disposal	60,000	Forgivable if employment objectives are met
Economic Development Fund	Hastings Foods	70,000	Forgivable if employment objectives are met
Economic Development Fund	Nova Tech	60,000	Forgivable if employment objectives are met.
Homestead Loan Fund	Rehab Housing - Various Homeowners	154,501	0%; due upon sale of house.
Homestead Loan Fund	Housing Downpayment Loans - Various Homeowners	241,066	Forgivable over 5 to 10 years of continued home ownership.
		<u>\$ 1,674,229</u>	

The above notes are permanently restricted as revolving loan funds.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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

4. Capital Assets

Capital asset activity for the year ended September 30, 2009, was as follows:

	Balance at October 1, <u>2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2009</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 4,404,745	\$ 408,355	\$ (9,000)	\$ -	\$ 4,804,100
Infrastructure	244,624,199	-	-	142,255	244,766,454
Construction in progress	3,838,144	4,381,439	-	(887,570)	7,332,013
Total capital assets not being depreciated	252,867,088	4,789,794	(9,000)	(745,315)	256,902,567
Other capital assets being depreciated:					
Land improvements	11,650,301	-	-	436,939	12,087,240
Buildings	52,434,016	-	(46,310)	-	52,387,706
Machinery and equipment	5,699,421	124,537	(110,492)	308,376	6,021,842
Office furniture and equipment	2,594,413	-	(82,885)	-	2,511,528
Vehicles	6,041,417	236,916	(257,895)	-	6,020,438
Total other capital assets at historical cost	78,419,568	361,453	(497,582)	745,315	79,028,754
Less accumulated depreciation for:					
Land improvements	(3,672,652)	(388,848)	-	-	(4,061,500)
Buildings	(8,413,836)	(1,682,698)	46,310	-	(10,050,224)
Machinery and equipment	(4,366,609)	(305,114)	88,301	-	(4,583,422)
Office furniture and equipment	(2,044,744)	(186,535)	82,885	-	(2,148,394)
Vehicles	(4,657,372)	(359,862)	185,753	-	(4,831,481)
Total accumulated depreciation	(23,155,213)	(2,923,057) *	403,249	-	(25,675,021)
Other capital assets, net	55,264,355	(2,561,604)	(94,333)	745,315	53,353,733
Governmental activities capital assets, net	<u>\$ 308,131,443</u>	<u>\$ 2,228,190</u>	<u>\$ (103,333)</u>	<u>\$ -</u>	<u>\$ 310,256,300</u>

* Depreciation expense was charged to governmental activities as follows:

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

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

4. Capital Assets, continued

Governmental Activities, continued:

General Fund:

General government:

Finance	\$ 3,180
City Hall	<u>228,479</u>
Total general government	231,659

Public safety:

Building inspection	6,608
Fire	167,202
Ambulance	51,485
Police	513,439
Emergency management	<u>7,581</u>
Total public safety	746,315

Public works:

Engineering	22,078
Street and alley	<u>235,337</u>
Total public works	257,415

Environment and leisure:

Planning	7,947
Library	262,434
Parks	244,950
Cemetery	33,993
Recreation	60,008
Water park and pools	98,035
Public information	42,362
Heartland Public Shooting Park	60,633
Heartland Events Center	<u>700,255</u>
Total environment and leisure	<u>1,510,617</u>

Total General Fund 2,746,006

Special Revenue Funds:

Enhanced 911	24,840
Community development	44,629
Downtown development	<u>18,318</u>
Total Special Revenue Funds	87,787

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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

4. Capital Assets, continued

Governmental Activities, continued:

Internal Service Funds:

Data processing	77,934
Shop garage	<u>11,330</u>
Total Internal Service Funds	<u>89,264</u>
Total governmental activities depreciation expense	\$ <u><u>2,923,057</u></u>

	Balance at October 1, <u>2008</u>	<u>Additions</u>	<u>Disposals</u>	Balance at September 30, <u>2009</u>
<u>Business-type Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 7,116,532	\$ -	\$ (132,961)	\$ 6,983,571
Construction in progress	<u>5,879,939</u>	<u>12,579,804</u>	<u>(8,838,147)</u>	<u>9,621,596</u>
Total capital assets not being depreciated	12,996,471	12,579,804	(8,971,108)	16,605,167
Other capital assets being depreciated:				
Land improvements	51,541,510	1,560,826	-	53,102,336
Buildings, distribution systems, and equipment	345,622,795	6,585,154	(1,011,034)	351,196,915
Office furniture and equipment	1,969,270	1,328,723	(5,017)	3,292,976
Vehicles	<u>5,105,716</u>	<u>262,002</u>	<u>(161,257)</u>	<u>5,206,461</u>
Total other capital assets at historical cost	404,239,291	9,736,705	(1,177,308)	412,798,688
Less accumulated depreciation for:				
Land improvements	(22,929,721)	(1,593,221)	-	(24,522,942)
Buildings, distribution systems, and equipment	(175,577,578)	(10,930,781)	623,937	(185,884,422)
Office furniture and equipment	(59,765)	(1,057)	5,017	(55,805)
Vehicles	<u>(895,274)</u>	<u>(94,941)</u>	<u>82,122</u>	<u>(908,093)</u>
Total accumulated depreciation	<u>(199,462,338)</u>	<u>(12,620,000)*</u>	<u>711,076</u>	<u>(211,371,262)</u>
Other capital assets, net	<u>204,776,953</u>	<u>(2,883,295)</u>	<u>(466,232)</u>	<u>201,427,426</u>
Business-type capital assets, net	<u>\$ 217,773,424</u>	<u>\$ 9,696,509</u>	<u>\$ (9,437,340)</u>	<u>\$ 218,032,593</u>

* Depreciation expense was charged to functions as follows:

Electric	\$ 9,500,497
Water	594,750
Sewer	2,491,727
Golf	<u>33,026</u>
Total business-type activities depreciation expense	\$ <u><u>12,620,000</u></u>

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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

4. Capital Assets, continued

	Balance at October 1, <u>2008</u>	<u>Additions</u>	<u>Disposals</u>	Balance at September 30, <u>2009</u>
<u>Component Units:</u>				
<u>Landfill:</u>				
Capital assets not being depreciated:				
Land	\$ 253,515	\$ -	\$ -	\$ 253,515
Other capital assets being depreciated:				
Land improvements	4,878,040	-	-	4,878,040
Buildings	717,367	-	-	717,367
Machinery and equipment	2,733,702	636,971	(399,319)	2,971,354
Office furniture and equipment	60,399	-	(4,300)	56,099
Vehicles	590,292	-	-	590,292
Total other capital assets at historical cost	8,979,800	636,971	(403,619)	9,213,152
Less accumulated depreciation for:				
Land improvements	(2,131,174)	(162,601)	-	(2,293,775)
Buildings	(308,828)	(23,913)	-	(332,741)
Machinery and equipment	(1,019,227)	(268,993)	167,977	(1,120,243)
Office furniture and equipment	(60,112)	(287)	4,300	(56,099)
Vehicles	(302,200)	(58,366)	-	(360,566)
Total accumulated depreciation	(3,821,541)	(514,160)	172,277	(4,163,424)
Other capital assets, net	5,158,259	122,811	(231,342)	5,049,728
Landfill capital assets, net	\$ 5,411,774	\$ 122,811	\$ (231,342)	\$ 5,303,243

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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

4. Capital Assets, continued

	Balance at October 1, <u>2008</u>	<u>Additions</u>	<u>Disposals</u>	Balance at September 30, <u>2009</u>
<u>Business Improvement Districts:</u>				
Capital assets being depreciated:				
Land improvements	\$ 45,873	\$ -	\$ -	\$ 45,873
Less accumulated depreciation:				
Land improvements	<u>(4,588)</u>	<u>(1,529)</u>	<u>-</u>	<u>(6,117)</u>
Business Improvement Districts, net	<u>\$ 41,285</u>	<u>\$ (1,529)</u>	<u>\$ -</u>	<u>\$ 39,756</u>
<u>Community Redevelopment Authority:</u>				
Capital assets not being depreciated:				
Land held for redevelopment	<u>\$ 318,466</u>	<u>\$ -</u>	<u>\$ (193,269)</u>	<u>\$ 125,197</u>

5. Accounts Payable

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

6. Long-term Debt

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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

6. Long-term Debt, continued

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2009:

<u>Type of Debt</u>	Balance October 1, <u>2008</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>2009</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds payable	\$ 11,910,000	\$ 2,970,000	\$ (4,020,000)	\$ 10,860,000	\$ 1,160,000
Capital lease	12,650,000	5,062,500	(940,000)	16,772,500	1,513,671
	<u>\$ 24,560,000</u>	<u>\$ 8,032,500</u>	<u>\$ (4,960,000)</u>	<u>\$ 27,632,500</u>	<u>\$ 2,673,671</u>
Business-type Activities:					
Bonds payable	<u>\$ 49,475,000</u>	<u>\$ -</u>	<u>\$ (5,835,000)</u>	<u>\$ 43,640,000</u>	<u>\$ 6,080,000</u>
Component Units:					
Landfill bonds payable	\$ 1,325,000	\$ -	\$ (315,000)	\$ 1,010,000	\$ -
GI Facilities Corporation	5,770,000	-	(640,000)	5,130,000	660,000
CRA notes payable	<u>1,320,846</u>	<u>-</u>	<u>(238,431)</u>	<u>1,082,415</u>	<u>148,343</u>
Total Component Units	<u>\$ 8,415,846</u>	<u>\$ -</u>	<u>\$ (1,193,431)</u>	<u>\$ 7,222,415</u>	<u>\$ 808,343</u>

Governmental Activities

As of September 30, 2009, the governmental long-term liabilities consisted of the following:

Bonds payable:

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

\$ 2,970,000

General obligation various purpose bonds dated December 15, 2000, with original issue amount of \$440,000. Interest ranges from 4.75 to 5.20 percent with final maturity December 15, 2010. Callable after December 15, 2005.

105,000

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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

6. Long-term Debt, continued

Governmental Activities, continued

Bonds payable, continued:

General obligation refunding bonds dated August 17, 2004, with original issue amount of \$2,125,000. Interest ranges from 1.50 to 4.10 percent with final maturity December 15, 2014. Callable after December 15, 2009. 1,450,000

Public safety tax anticipation bonds dated July 25, 2006, with original issue amount of \$7,995,000. Interest ranges from 3.70 to 4.35 percent with final maturity September 1, 2018. Callable after September 1, 2011. 6,335,000

Total bonds payable 10,860,000

Capital Lease:

Capital lease obligation due to the Heartland Events Center dated December 15, 2004, with original issue amount of \$7,765,000. Interest ranges from 2.0 to 4.5 percent with final maturity December 15, 2024. 6,580,000

Capital lease obligation due to the Grand Island Facilities Corporation dated November 1, 2005, with original issue amount of \$7,000,000. Interest ranges from 2.85 to 3.80 percent with final maturity November 1, 2015. 5,130,000

Capital lease obligation due to Wells Fargo dated July 1, 2009, with original issue amount of \$5,062,500 to finance the State Fair building. The lease bears interest of 4.25% and is due in 16 semiannual principal and interest payments of \$376,556, commencing January 1, 2010 through July 1, 2017. 5,062,500

Total capital lease obligations 16,772,500

Total governmental activities long-term obligations \$ 27,632,500

Current portion \$ 2,673,671

Noncurrent portion 24,958,829

Total \$ 27,632,500

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

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

6. Long-term Debt, continued

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

Business-type Activities

As of September 30, 2009, the long-term debt payable from proprietary fund resources consisted of the following:

Bonds payable:

Sewer system revenue and refunding bonds dated June 25, 2003, with original issue amount of \$15,970,000. Interest ranges from 2.00 to 3.45 percent with final maturity on April 1, 2014. Callable after April 1, 2011.	\$ 7,735,000
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Electric system revenue bonds, Series 2001, due serially to August 15, 2016. Interest ranges from 3.800 to 5.125 percent; secured by electric system revenues. Callable after 2011.	33,400,000
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Electric system revenue bonds, Series 2000, due serially to August 15, 2010. Interest ranges from 4.65 to 5.05 percent; secured by electric system revenues.	755,000
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Water revenue refunding bonds, Series 1999, due serially to July 1, 2014. Interest ranges from 3.55 to 4.85 percent; secured by water system revenue and a deposit in the debt service reserve account. Callable after March 3, 2004.	<u>1,750,000</u>
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Total business-type activity bonds payable	\$ <u>43,640,000</u>
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Current portion	\$ 6,080,000
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Noncurrent portion	<u>37,560,000</u>
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Total	\$ <u>43,640,000</u>
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Component Units

Landfill bonds payable:

Solid waste refunding bonds, Series 2004, with original issue amount of \$2,485,000. Interest ranges from 1.75 to 3.85 percent with final maturity October 15, 2012. Callable after October 15, 2009.	\$ 1,010,000
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CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

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

6. Long-term Debt, continued

Component Units, continued

Grand Island Facilities Corporation:

Library building bonds, Series 2005, dated November 1, 2005, with original issue amount of \$7,000,000. Interest ranges from 2.85 to 3.80 percent with final maturity on November 1, 2015, callable after November 1, 2010. (The City has a matching capital lease obligation to the Grand Island Facilities Corporation as described on page 59). 5,130,000

CRA notes payable:

The Authority borrowed \$548,333 from Five Points Bank on December 15, 1996, to finance the Gili, L.L.C., redevelopment project. The note is collateralized by a promissory note from the redeveloper and a deed of trust on the real estate included in the project, and the incremental tax revenue increase by the redeveloped property will be used for payment of the note. The note bears interest at 7.991 percent and payments are due semiannually through December 5, 2011. 147,663

The Authority borrowed \$479,700 from Five Points Bank on December 15, 1999, to finance the GI Cherry Park, LTD, redevelopment project. The note is collateralized by a promissory note from the redeveloper and a deed of trust on the real estate included in the project, and the incremental tax revenue increase by the redeveloped property will be used for payment of the note. The note bears interest at 7.74 percent with interest payments due semiannually beginning June 15, 2001, and principal and interest payments due semiannually beginning June 15, 2001, through December 15, 2013. 222,009

The Authority borrowed \$37,000 from Wells Fargo Bank on September 3, 2002, to finance the RSF Limited redevelopment project. The note is collateralized by a promissory note from the redeveloper and a deed of trust on the real estate included in the project, and the incremental tax revenue increase by the redeveloped property will be used for payment of the note.

The note bears interest of 6.9 percent and payments are due semiannually through December 15, 2017.

26,411

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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

6. Long-term Debt, continued

Component Units, continued

CRA notes payable continued:

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

131,868

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

554,464

Total CRA notes payable

1,082,415

Total component units bonds and notes payable

\$ 7,222,415

Current portion

\$ 808,343

Noncurrent portion

6,414,072

Total

\$ 7,222,415

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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

6. Long-term Debt, continued

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2009, are as follows:

Year Ending September 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 2,673,671	\$ 1,018,468	\$ 6,080,000	\$ 2,009,938	\$ 808,343	\$ 270,453
2011	2,787,023	926,965	6,335,000	1,756,257	1,169,701	250,083
2012	2,831,377	830,292	6,550,000	1,493,890	1,180,268	200,415
2013	2,926,778	728,655	6,840,000	1,196,235	1,195,334	153,642
2014	3,028,269	620,697	6,885,000	882,858	849,933	108,729
2015-2019	10,420,382	1,518,009	10,950,000	848,700	1,982,326	147,109
2020-2024	2,415,000	402,381	-	-	36,510	726
2025-2029	550,000	12,375	-	-	-	-
	<u>\$ 27,632,500</u>	<u>\$ 6,057,842</u>	<u>\$ 43,640,000</u>	<u>\$ 8,187,878</u>	<u>\$ 7,222,415</u>	<u>\$ 1,131,157</u>

Fly Ash Closure and Postclosure Care Costs

The City currently has a fly ash disposal area. State and Federal laws require the City to close, monitor, and maintain the disposal area once capacity is reached. The estimated costs of closure and postclosure care as determined by the City are subject to changes due to the effects of inflation, revision of laws, changes in technology, and other variables. As of September 30, 2009, the City had incurred a liability of \$206,646 for closure and postclosure costs for the disposal area.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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

7. Interfund Transactions and Balances

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Gas Tax	\$ 2,200,000	\$ -
Community Development	-	97,500
Economic Development	-	750,000
Electric	748,321	-
Water	<u>66,329</u>	<u>-</u>
Total General Fund	3,014,650	847,500
Capital Projects Fund:		
Gas Tax	1,388,988	-
Keno	301,570	-
Special Assessments	<u>761,980</u>	<u>-</u>
Total Capital Projects Fund	2,452,538	-
Nonmajor Funds	1,097,500	4,902,539
Enterprise Funds (payments in lieu of taxes)	-	814,649
Fiduciary Funds:		
Employee Pension Funds	<u>204,717</u>	<u>204,717</u>
Total Operating Transfers	\$ <u>6,769,405</u>	\$ <u>6,769,405</u>

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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

7. Interfund Transactions and Balances, continued

Interfund balances relate to negative pooled cash balances in five funds covered by the General Fund and amounts due from the Fire Pension Fund for current and prior year pension funding:

Library Trust Fund	\$ 8,686
Backflow Fund	15,217
Community Development Fund	<u>33,461</u>
Total due from governmental funds	57,364
Golf Fund	213,302
Police and Fire Pension Fund	45,143
Police Pension Fund	<u>1,982</u>
Total due to General Fund for negative pooled cash	317,791
Fire Pension Fund	<u>2,066,132</u>
Total due to General Fund	\$ <u>2,383,923</u>

The Fire Pension Fund also owes various Special Revenue and Internal Service Funds a total of \$103,841.

The General Fund plans to make a permanent transfer to the Golf Fund to remove the \$213,302 due to/due from balance during the year ending September 30, 2010. This transfer will also eliminate the negative net asset balance in the Golf Fund.

8. Fund Equity

Restricted net assets for other purposes consist of the following:

Federal Projects	\$ 522,194
Housing Loans	<u>33,743</u>
	\$ <u>555,937</u>

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES

1. Employee Pension and Other Benefit Plans

The City participates in seven employee pension plans as follows:

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

The Police and Firefighters (Pre-1984) and Pensioners benefit plans are administered by the City and are included in the Fiduciary Fund Types. All other plans are administered by outside trustees and are not included in these financial statements.

City General Plan

The City of Grand Island has a contributory defined contribution employees' pension plan in which employees of the City participate. Changes in the plan effective January 1, 1991, allow any new employee anticipating working a minimum of 1,000 hours, for one continuous year, to participate in the plan immediately. City payroll totaled \$19,573,783, of which \$19,070,215 was qualified under this pension plan. As of October 1, 1997, the plan requires the participants to make only a 6 percent contribution, with the City being required to match the participants' contributions. The participant can contribute an additional 10 percent with no City match. The City applied for a private letter ruling from the Internal Revenue Service and received a favorable ruling that the participant's contribution to the plan is tax deferred.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

City General Plan, continued

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

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

The employees and the City contributed \$1,278,044 and \$1,145,209, respectively, as required by the plan for the fiscal year ending September 30, 2009.

Police and Firefighters Plan (Pre-1984)

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

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

The employees hired prior to January 1, 1984, participate in both plans and will receive either their benefit from the defined contribution plan or defined benefit plan, whichever is greater. The City has funded their portion of the respective Plan with the assets being held by a third party other than the administrator of the current defined contribution plan. These assets are recorded on the City's books in the Police Retirement Fund and the Firefighters Retirement Fund, respectively.

Based on the actuarial valuation, it is anticipated that the unallocated account is sufficient to provide the minimum defined benefits for the remaining pre-1984 hires. Therefore, it is anticipated that no additional contribution will be required to be contributed to the unallocated account.

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

Police Plan

Plan Description

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

For the year ended September 30, 2009, the City's payroll total and covered under the Plan was \$4,077,473.

As of January 1, 2008, the date of the last actuarial valuation of the defined contribution plan, there were 11 active employees in the Police Plan.

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

Under the Police Plan, normal retirees employed on or before January 1, 1984, would not receive an annuity benefit of less than 50 percent of regular pay. All current employees will receive a benefit based on their defined contribution account. An employee is 100 percent vested in his or her contributions, 6 percent of monthly compensation, and vests 40 percent after 4 years of service, plus 10 percent for each year thereafter, up to 100 percent, in the City's contributions, a matching 6 percent.

Funding Status of Defined Benefit Plan

The projected retirement benefits at January 1, 2008, were determined through an actuarial valuation. The actuarial valuation was performed using the Aggregate Actuarial Cost Method, which determines the total cost of the projected pension benefits to all employees combined. This total cost is then spread over the average future remaining years to retirement for the employees. The cost is spread as a level percentage of compensation.

Significant actuarial assumptions used in the valuation included (a) a rate of return of 7 percent for pre-retirement and 5.5 percent for post-retirement per annum, and (b) projected annual salary increases of 4 percent.

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

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

Police Plan, continued

Funding Status of Defined Benefit Plan, continued

Fair value of plan assets at September 30, 2009	\$ 3,507,954
Benefit obligation at January 1, 2008	<u>2,953,284</u>
Funded Status	\$ <u>554,670</u>
 Prepaid (accrued) benefit cost recognized in the balance sheet	 \$ <u> -</u>

Contribution Required and Made

The actuarially determined recommended contribution under the defined benefit plan was \$0, and no contributions were made for the year ended September 30, 2009.

Contributions made under the defined contribution portion of the Police Plan for the year ended September 30, 2009, were as follows:

		<u>Amount as a Percentage of Covered Payroll</u>
Employer	\$ 245,396	6%
Employee	<u>245,396</u>	6%
Total	\$ <u>490,792</u>	

Firefighters Plan

Plan Description

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

For the year ended September 30, 2009, the City's payroll total and covered under the Plan was \$3,506,338.

As of January 1, 2008, the date of the last actuarial valuation of the defined contribution plan, there were eight active employees in the Firefighters Plan.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

Firefighters Plan, continued

Plan Description, continued

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

Under the Firefighters Plan, normal retirees employed prior to January 1, 1984, would not receive an annuity benefit of less than 50 percent of regular pay. All current employees will receive a benefit based on their defined contribution account. An employee is 100 percent vested in his or her contributions, 6.5 percent of monthly compensation, and vests 40 percent after 4 years of service plus 10 percent for each year thereafter, up to 100 percent, in the City's contributions, 13 percent of monthly compensation.

Funding Status of Defined Benefit Plan

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

Significant actuarial assumptions used in the valuation included (a) a rate of return of 7 percent for pre-retirement and 5.5 percent for post-retirement per annum, and (b) projected annual salary increases of 5 percent.

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

Fair value of plan assets at September 30, 2009	\$ 9,731,948
Benefit obligation at January 1, 2008	2,308,272
Overfunding used to offset Retirees' obligation	<u>1,514,093</u>
Funded Status	\$ <u>5,909,583</u>
Prepaid (accrued) benefit cost recognized in the balance sheet as due to other funds	\$ <u>(2,169,972)</u>

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

Firefighters Plan, continued

Contribution Required and Made

The actuarially determined recommended contribution under the defined benefit plan was zero, and no contributions were made for the year ended September 30, 2009.

Contributions made under the defined contribution portion of the Firefighters Plan for the year ended September 30, 2009, were as follows:

		<u>Amount as a Percentage of Covered Payroll</u>
Employer	\$ 455,824	13.0%
Employee	<u>227,910</u>	6.5%
	<u>\$ 683,734</u>	

City Administrator Money Purchase Plan

The City provides pension benefits for the City Administrator under a separate defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Administrator is eligible to participate from the date of employment. The City contributes 6 percent of the Administrator’s salary and the Administrator is eligible to contribute up to 10 percent of his salary. The City’s contributions for the Administrator (and interest allocated to his account) are fully vested after entrance into the plan. The City’s payroll for the City Administrator was \$116,053 in the year ended September 30, 2009. The City’s required contribution of \$6,963 and the City Administrator’s contribution of \$6,963 has been transferred to the plan’s trustee during the year ended September 30, 2009.

Pensioners

The City provides pension benefits to police and firefighters who retired prior to January 1, 1984. This plan is administered by the City and payments are funded and budgeted for annually. The estimated benefit obligation at September 30, 2009, was \$1,514,093. It is fully funded by the excess in the defined benefit plans.

Three-year Trend Information for Public Safety Employees Retirement System

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/07	\$ -	N/A	-
9/30/08	-	N/A	-
9/30/09	-	N/A	-

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

Deferred Compensation Plan

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

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

2. Risk Management

Insurance

The City is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The City purchases insurance and administers funds for its self-insured programs. The City has self-insured itself for general liability and casualty risks up to \$50,000 per occurrence and \$250,000 in the aggregate. The City maintains a workers’ compensation fund and a self-insured loss fund. The City provides first dollar coverage for all workers’ compensation exposure, with insurance acting as an umbrella or excess coverage. The City is self-insured for workers’ compensation claims up to \$100,000 per occurrence and \$250,000 in the aggregate. The City is self-insured for health insurance claims up to \$100,000 of individual claims or 125% 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 \$4,625,000.

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Insurance, continued

Settled claims in the past three years have not exceeded the commercial coverages. The City has estimated unsubmitted claims on health insurance based on prior experience to be \$414,900; the amount represents 2 months of subsequent claims. Also accrued in the Insurance Fund is \$115,000 to be paid to a former employee in 8 semiannual payments of \$28,750 commencing January 2008 through July 2011. For all of the reserve funds, a reserve of \$4,646,890 is established in an internal service fund at September 30, 2009.

Changes in the fund’s claims liability amount in fiscal 2008 and 2009 were:

	<u>Beginning of Fiscal Period Liability</u>	<u>Current Period Claims and Changes in Estimates</u>	<u>Charges and Reimbursements</u>	<u>Balance at Fiscal Period-End</u>
2007-2008	\$ 816,700	\$ 7,136,911	\$ (7,216,911)	\$ 736,700
2008-2009	\$ 736,700	\$ 6,040,546	\$ (6,286,546)	\$ 490,700

Deposits and Investments

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City’s investments at September 30, 2009, 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.

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

<u>Maturities by Month</u>	<u>Amount</u>
October 2009	\$ 5,584,738
November 2009	6,344,953
December 2009	2,701,119
February 2010	4,315,415

CITY OF GRAND ISLAND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

Interest Rate Risk, continued

<u>Maturities by Month</u>	<u>Amount</u>
April 2010	5,359,892
May 2010	4,277,045
June 2010	5,563,381
July 2010	5,070,371
August 2010	5,982,696
September 2010	2,311,184
March 2012	<u>200,000</u>
	\$ <u>47,710,794</u>

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

Concentration of Credit Risk. The City's investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2009, the City's investments in certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Five Points Bank	\$ 8,346,507
Wells Fargo Bank	2,671,172
Equitable Federal Savings Bank	2,560,086
Platte Valley State Bank	12,578,279
Home Federal Bank	5,107,927
NE Public Agency Investment Trust	13,643,656
Exchange Bank	1,803,167
Cornerstone Bank	<u>1,000,000</u>
	\$ <u>47,710,794</u>

Foreign Currency Risk. This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The City's investments had no exposure to foreign currency risk and the City held no investments denominated in foreign currency at September 30, 2009.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies

Construction

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

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/2009</u>	<u>Obligation Pending</u>
Capital Avenue Widening SID #1256	\$ 3,903,956	\$ 3,259,748	\$ 644,208
Capital Avenue Widening Construction			
Engineering	381,703	372,302	9,401
Handicap Ramp Project 2009-1	128,003	109,443	18,560
Asphalt Resurfacing Project No. 2009-AC-1	676,758	604,833	71,925
Sidewalk District No. 1, 2007	25,345	12,244	13,101
Walk to Walnut Construction Engineering	44,523	41,278	3,245
Wasmer Detention Cell Engineering	121,341	110,941	10,400
Drainage Project Engineering	51,900	-	51,900
Quiet Zone Improvements Engineering	28,600	27,170	1,430
Anaerobic Digestion System	900,000	266,722	633,278
SCADA System	241,880	73,415	168,465
Sewer Comprehensive Plan	381,238	374,824	6,414
List Station #19	386,219	365,652	20,567
Lift Station #21	376,018	189,291	186,727
Primary Clarifier Mechanism	125,000	24,326	100,674
Veterans Athletic Field Complex:			
Electrical	231,277	-	231,277
Engineering	29,800	-	29,800
Nebraska State Fair Park Exhibition Building 3:			
Construction	3,972,000	139,500	3,832,500
Engineering	30,840	2,804	28,036
Water Park Painting	58,974	-	58,974
Burdick Station Generator Rotor Inspection/Testing	75,627	-	75,627

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Construction, continued

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/2009</u>	<u>Obligation Pending</u>
Burdick Station Computer Controls Upgrade	195,265	58,580	136,685
Platte Generating Station Bottom and Fly Ash Structure Painting	117,446	-	117,446
Water Improvements - 1st Street - Pine to Plum	163,185	-	163,185
Water Main Extension - Husker Hwy and 60th Road	795,410	361,254	434,156
Total City Commitments	<u>\$ 13,442,308</u>	<u>\$ 6,394,327</u>	<u>\$ 7,047,981</u>

Closure and Postclosure Costs

State and federal laws and regulations require that the City of Grand Island place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs has a balance of \$3,306,888 as of September 30, 2009, which is based on 40.4% usage (filled) of the landfill. It is estimated that an additional \$4,888,622 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and postclosure care, \$3,306,888, is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2009. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Closure and Postclosure Costs, continued

At September 30, 2009, funds of \$3,287,530 are restricted to finance closure and postclosure of the City’s landfill. These funds are presented on the City’s statement of net assets as “restricted for landfill closure costs.” It is anticipated that future inflation costs will be financed in part from earnings on funds reserved by the City. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

The Electric Fund has established a reserve for the Fly Ash Closure of \$206,646 for closure and postclosure care.

Lease Commitments

<u>Lessor</u>	<u>Leased Property</u>	<u>Term</u>	<u>Amount</u>
Hometown Leasing	Copier	March 2008-March 2013	\$451/month
Modern Methods	Copiers	March 2007-March 2010	\$1,349/month
Hall County Regional Airport Authority	Land for Jack Rabbit Run golf course	May 2006-April 2026	\$16,172/year plus 3% annual interest
Walnut Housing, Ltd.	Condominium Unit B	October 1, 2004-December 31, 2009	\$700/month

The City also has committed to investing \$20,000 annually in reconditioning the Racquet Center’s building structure and equipment.

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

September 30, 2009

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Lease Commitments, continued

Lease commitments as of September 30, 2009, are as follows:

<u>Year ending September 30,</u>	<u>Commitment</u>
2010	\$ 33,279
2011	23,615
2012	24,161
2013	22,017
2014	19,891
Thereafter	<u>278,933</u>
	<u>\$ 401,896</u>

Economic Development Program

The City has established an Economic Development Program effective November 2002. The City will fund the program with \$750,000 per year from the City’s General Fund beginning with the fiscal year 2003-2004 and will continue for 10 years. A 3% fee will be retained by the City for program administration.

Electric Department

Purchased Power Agreements:

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

The Department entered into a coal supply agreement with Arch Coal Sales Company, Inc., on October 23, 2008, to obtain approximately 855,000 tons of coal from January 1, 2009, to December 31, 2010. Each calendar year, at least 410,000 tons of coal must be purchased. The Department received 305,923 tons from January 1, 2009, through September 30, 2009, leaving 104,077 tons under contract for the remainder of calendar year 2009.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Electric Department, continued

Purchased Power Agreements, continued:

The Department's operations are subject to stringent federal, state, and local laws and regulations relating to improving and maintaining environmental quality. Current studies have determined that a substantial capital investment will be required to bring the Department into compliance with environmental regulations including mercury emissions. Environmental expenditures related to current operations are factored into the strategic planning process of the Department and are considered when determining future energy rates. No construction or equipment purchase contracts have been entered into as of the current date. Financing of these expenditures is expected to be through available cash reserves and bonded debt.

The Department currently has generation capacity of approximately 273 MW from coal-fired and gas/oil-fired electric generating stations. The peak load of the Department during the fiscal year ended September 30, 2009, was approximately 154 MW in June 2009.

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

4. Related-party Transactions

The Electric Fund remits 5% of net operating revenues, excluding depreciation expense, to the General Fund annually as payments in lieu of taxes. The City provides certain administrative services to the Electric Department for which the Department pays fees to the General Fund. The Electric Fund made payments in the amount of \$777,288 for the year ended September 30, 2009.

The Water Fund remits 1% of net operating revenues, excluding depreciation, to the General Fund annually as payments in lieu of taxes. The City provides certain administrative services to the Water Department for which the Water Department pays administrative fees to the General Fund. These fees are included in special services expense and amount to \$59,899 for the year ended September 30, 2009.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

5. Major Customers

The City has one customer that was billed \$4,241,248 for electricity, \$823,736 for water and \$5,441,142 for sewer for the year ended September 30, 2009. This represents 8.5% of total electric billing, 19.9% of total water billing, and 58.8% of total sewer billing, respectively, for the year ended September 30, 2009. This customer maintains a current status on monthly billings.

The City has three sanitary landfill customers that had a combined total billing of \$1,731,556 for the year ended September 30, 2009. This represents 64.7% of total sanitary landfill billings for the year ended September 30, 2009. These customers maintain current status on monthly billings.

6. EPA Emissions Allowances

As of September 30, 2009, the City had 6,887 SO₂ Emissions Allowances. The EPA has granted these allowances, which can be used to offset plant emissions. The allowances can be bought and sold. If each allowance was sold for \$73 (the September 30, 2009, market value), the City would recognize \$502,751 revenue.

The City will receive an additional 2,932 credits per year until 2038.

7. Conduit Debt

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

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

8. Subsequent Events

Management has evaluated subsequent events through January 8, 2010, the date on which the financial statements were available for issue.

9. Union Contracts

The City is subject to the following union contracts:

- Grand Island Fraternal Order of Police #24. This agreement commenced on October 1, 2007, and terminates on September 30, 2011.
- Grand Island International Association of Firefighters Local #647. This agreement commenced on October 1, 2007, and terminates on September 30, 2010.
- Grand Island International Brotherhood of Electrical Workers (Wastewater Treatment Plant) Local #1597. This agreement commenced on October 1, 2007, and terminates September 30, 2011.
- Grand Island Nebraska Public Employees Local #251. This agreement commenced October 1, 2007, and terminates September 30, 2011.

10. Interlocal Agreements

The City has the following interlocal agreements in effect as of September 30, 2009:

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Interlocal Agreement for Household Hazardous Waste Facility	Cities of Alda, Ashton, Aurora, Burwell, Cairo, Central City, Doniphan, Grand Island, Hampton, Loup City, Ord, Spalding, Spencer, St. Paul, Wood River, and Counties of Hall, Hamilton, and Howard	2008	Five years	Grand Island to submit an application to the NE Dept. of Environmental Quality for funding the operation of a Household Hazardous Waste Facility

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

10. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Interlocal Agreement for Cooperative Public Safety Services SCPETR – South Central Planning, Exercise, and Training Region	Cities and Villages of Adams, Buffalo, Clay, Dawson, Franklin, Frontier, Gosper, Hall, Hamilton, Harlan, Kearney, Lincoln, Nuckolls, Phelps, and Webster Counties	June 1, 2007	Five years	To establish, maintain, and operate a public safety Training Exercise and Training Program within the jurisdictions of the participating agencies.
Interlocal Agreement for Pioneer Consortium for Library Services	Cities of Bellevue, Gretna, Holdrege, Lincoln, Omaha, St. Paul, and Grand Island	2009	Continue through April 30, 2010, with renewal every year as long as at least two parties desire to renew the Agreement.	To support an open source unified catalog of library resources, materials requests, and activities.
Cornhusker Army Ammunition Plant Fire Protection	City of Grand Island, Wood River Rural Fire District, Cairo Rural Fire District, Grand Island Suburban Fire Protection District #3	April 1, 1990	One year renewable upon mutual agreement. May be terminated by any party giving notice to each of the other parties at least thirty days prior to the notice of termination dates applicable.	Cooperation in providing fire and ambulance protection services to CAAP as outlined in agreement.
C.A.N.D.O. Project (Grant from the Commission on Law Enforcement and Criminal Justice)	Adams County Sheriff, Buffalo County Sheriff, Hall County Sheriff, Phelps County Sheriff, Kearney County Sheriff, Hastings P.D., Kearney P.D., Grand Island P.D., Holdrege P.D., Minden P.D.	December 23, 2008	Remains in effect until the C.A.N.D.O. project is terminated by mutual consent of the majority of participating members.	The Interlocal Agreement is for the administration of the C.A.N.D.O. funds allocated by the Nebraska Crime Commission.
Central District Health Department	City of Grand Island, Hall County, Hamilton County, and Merrick County	October 1, 2002	Automatically renews for successive terms of 3 years until terminated by giving the other parties notice 90 days prior of intended termination.	Joint effort to provide cooperative health department services.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

10. Interlocal Agreements, continued

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

10. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Joint City/NRD Ground Water Dewatering Plan	City of Grand Island and Central Platte Natural Resources District	December 21, 1998	Remains in effect during the term of the demonstration project, this being a period not to exceed thirty-six months from the date of execution. Can be terminated earlier by either party in writing with 30 days' notice.	Agreement provides for the installation of test wells and monitoring wells for studying the success of the wells at lowering groundwater levels.
Interlocal Cooperation Agreement for Wood River/Warm Slough Food Control Project	Central Platte Natural Resources District, City of Grand Island, Hall County, Merrick County	February 17, 1997	Continues until December 31, 2050, or until terminated (as provided) and automatically renews for an additional 25 years commencing on January 1, 2051.	Interlocal Agreement authorizes CPNRD to execute Project/Cooperation Agreement with the Department of the Army to commence and proceed with the Wood River/Warm Slough Flood Control Project.
Interlocal Agreement for Riverway Hike/Bike Development	City of Grand Island, College Park	October 26, 2004	Perpetual. However, in the event that GI notifies College Park that the hike/bike trail will not be constructed or in the event that the trail will not be used as a hike/bike trail, then this agreement will terminate 30 days from the date of said notice.	Provides for encroachment on property owned by College Park for a hike/bike trail that is being extended over their property by the City of Grand Island.
Interlocal Agreement to provide Administration Services for the CRA	City of Grand Island, Community Redevelopment Authority	November 21, 2005	For the period beginning July 1, 2005, and ending September 30, 2006; thereafter, the Agreement shall automatically renew for successive one-year terms beginning each October 1 until terminated by either party upon 30 days' written notice to the other party.	City agrees to provide administrative services to the CRA. The CRA will reimburse the City for 10% of the Director's annual salary in return.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

10. Interlocal Agreements, continued

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

10. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Interlocal Agreement for Building Inspection Services	City of Grand Island, Hall County	November 24, 1980	Perpetual unless terminated by either party with 30 days' notice.	Joint agreement provides building inspection services by Hall County in the extra-territorial jurisdiction exercised by the City and located within Hall County.
Interlocal Agreement for Civil Defense/Communications Center	City of Grand Island, Hall County	April 28, 2008	Perpetual. Can be terminated effective on the 30 th day of June in any year, provided written notice of such termination is delivered to the other party prior to the first day of March of that year.	Creates a joint Civil Defense/Communications Center.
Interlocal Agreement for Participation in Planning Grant from NDEC (Hope Harbor)	City of Grand Island, Hall County, Buffalo County, Kearney County, Howard County, Hamilton County, Merrick County, City of Kearney, City of Hastings	9/30/04, 10/11/04, and 10/18/04 (see individual Agreements)	Will remain in full force and effect until such time as it is amended or terminated pursuant to provisions herein.	For the purpose of administration of planning block grant from NDEC to be used to pay for creation of plan to address homelessness in GI and Hope Harbor service area.
Interlocal Agreement for City/County Geographic Information System	City of Grand Island, Hall County	December 10, 1996	Term of 10 years. May be terminated at any time upon written agreement by the City and the County.	For the establishment, sharing, and maintenance of a City/County GIS.
Interlocal Agreement for Lottery (Keno)	City of Grand Island, Hall County	March 23, 1993	Agreement will expire December 31, 2003, shall automatically renew for an additional 5 years. Agreement extended to December 31, 2008, with an additional 5 years. Agreement extended to December 31, 2013, with an additional 5 years	For the implementation and conduct of lottery games.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

10. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Interlocal Agreement for Juvenile Attention Services	City of Grand Island, Hall County	December 1, 2008	Term of 2 years. May be terminated by written notice not less than 30 days prior to the date of termination.	For temporary safekeeping of juvenile offenders taken into custody by the City.
Interlocal Agreement regarding Combined Purchasing	City of Grand Island, Hall County	March 12, 1996	None Stated.	The City and County agreed to combine their purchasing efforts to mutually benefit both entities.
Interlocal Agreement for Improvements to Shady Bend Road	City of Grand Island, Hall County	February 16, 2009		City and County agree to share in the improvements to Shady Bend Road between Bismarck Road and Gregory Avenue for Asphalt Overlay Paving.
Interlocal Agreement for Improvements to Schimmer Drive	City of Grand Island, Hall County	June 1, 2004		City and County agree to share in the improvements to Schimmer Drive to attain cost savings through a single bidding process.
Interlocal Agreement for Juvenile Accountability Intake Probation Officer	City of Grand Island, State of Nebraska Department of Probation Administration, Hall County	October 8, 2002	The County or City may terminate the agreement or reduce the consideration upon 30 days' written notice.	Provides for a juvenile intake probation officer and Assistant to Hall County Juvenile Services for pre- and post-adjudicated juveniles.
Interlocal Agreement for Joint Services of Consultant for Cable Franchise Renewal	City of Grand Island, City of Kearney	February 28, 2006	Remains in effect until each of the respective parties' cable television franchises have been renewed. Agreement may be terminated at any time with or without cause upon 30 days' prior written notice given to the non-terminating party by the terminating party.	Establishes a joint agreement with Brian T. Grogan, attorney at law, of the firm Moss and Barnett, to assist each of the respective parties in the review and assessment of needs and negotiations for the renewal of each of the parties' respective cable franchises.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

10. Interlocal Agreements, continued

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

10. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Interlocal Cooperation Agreement to transfer jurisdiction of a roadway.	City of Grand Island, Hall County	October 6, 1986	Continues until terminated by either party with 30 days' notice.	The County and City agree to divide snow removal and mowing responsibilities for former U.S. Highway 281, commencing at the junction of Broadwell and extending north to the new alignment of U.S. 281.
Memorandum of Understanding regarding Joint City/County Facilities	City of Grand Island, Hall County	November 26, 2002		The Memorandum of Understanding supports the work of the Joint City/County Facilities Committee, and expresses commitment on the part of each to further cooperative efforts for government offices.
Interlocal Agreement for development of Hike/Bike Trails	City of Grand Island, Museum Board of the Hall County Nebraska Museum	September 25, 2003	Perpetual; in the event that GI notifies MBHC that hike/bike trail will not be constructed or used, will terminate 30 days from notice. GI will have 5 years from date of agreement to commence construction; or agreement will automatically terminate.	Allows GI to extend hike/bike trail across property of MBHC.
Interlocal Agreement for development of Hike/Bike Trails	City of Grand Island, Central Community College	September 25, 2003	Perpetual; in the event that GI notifies CCC that hike/bike trail will not be constructed or used, will terminate 30 days from notice.	Allows GI to extend hike/bike trail across property of CCC.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

10. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Interlocal Agreement for adopting a Load Weight Surcharge	City of Grand Island, Grand Island Area Solid Waste Agency	February 8, 2000	Five years commencing February 8, 2000.	Agreement to impose a load weight surcharge applicable to any hauler entering Solid Waste Facility to be used exclusively for repairs and maintenance of Husker Highway.
Interlocal Agreement for Joint City/County Health Department	City of Grand Island, Hall County	July 11, 2000	Takes effect October 1, 2000, and shall automatically renew for successive terms of three years unless terminated by either party with 90 days' notice.	Outlines new terms for joint operation of Health Department.
Interlocal Agreement for Law Enforcement Records Management and Computer-Aided Dispatch	City of Grand Island, Hall County	August 6, 2001, renewed February 7, 2006	Two Years. Shall renew automatically for no more than 5 terms of one year each unless written notice of the non-renewal is provided by the non-renewing party to the other party not less than 90 days prior to the expiration of the then-current term.	City contracts with the County to provide City internet and e-mail services, law enforcement records management and computer-aided dispatch data services, and software sublicenses.
Interlocal Agreement for the Provision of Temporary Funds for the Purchase of Enhanced 911 Equipment and Facilities	City of Grand Island, Hall County	October 22, 2002	Shall terminate upon final and complete repayment of the funds to the City and the County.	Allows for joint purchasing of the equipment for the 911 Center.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

10. Interlocal Agreements, continued

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

10. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Lease Agreement for Law Enforcement Training Center	City of Grand Island, State of Nebraska	April 15, 1979	Rental period shall mean 6 months' period of time commencing July 1, 1981, and thereafter a twelve months' period of time commencing July 1 of any given year and ending with June 30 of the next year.	Allows use of facility for training of Police Officers.
Mutual Assistance Agreement	City of Grand Island, Grand Island Suburban Fire Protection District No. 3	October 10, 1985	Can be terminated by either party upon 60 days' notice.	Both parties will render mutual firefighting assistance to each other.
Mutual Aid Agreement	City of Grand Island, City of Hastings	April 13, 1982		During civil defense disaster, either party can request aid and assistance of the other.
Mutual Assistance Agreement	City of Grand Island, Hall County Airport Authority	November 10, 1980	May be terminated by either party upon 60 days' written notice.	Parties agree to render mutual assistance to one another on all extra alarm fires within the City limits of each party.
Mutual Aid Assistance Agreement	City of Grand Island, Village of Doniphan	March 3, 1980	May be terminated by either party upon 60 days' written notice	Parties agree to render mutual assistance to one another on all extra alarm fires within the City limits of each.
Mutual Assistance Agreement	City of Grand Island, City of Aurora	October 17, 1977	May be terminated by either party upon 60 days' written notice.	Parties agree to render mutual assistance to one another on all extra alarm fires within the City limits of each party.
Mutual Assistance Agreement	City of Grand Island, City of Central City	August 11, 1977	May be terminated by either party upon 60 days' written notice.	Parties agree to render mutual assistance to one another on all extra alarm fires within the City limits of each party.
Mutual Assistance Agreement	City of Grand Island, Village of Cairo	July 25, 1977	May be terminated by either party upon 60 days' written notice.	Parties agree to render mutual assistance to one another on all extra alarm fires within the City limits of each party.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

10. Interlocal Agreements, continued

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

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

10. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Transmission Service Agreement	City of Grand Island, Nebraska Public Power District	May 9, 1998	Remains in effect unless terminated by either party upon 30 days' notice.	Allows City to enter into transmission service transactions with NPPD.
Interlocal Cooperation Agreement	City of Grand Island, Nebraska State Patrol	September 3, 2002	Remains in full force for one year. Agreement may be terminated by either party upon 30 days' written notice.	City and NSP agree to jointly retain and pay an engineer to prepare preliminary designs and cost estimates for law enforcement firearms training facility at former Cornhusker Army Ammunition Plant.
Interlocal Agreement for Cooperative Law Enforcement Services	Counties of Adams, Buffalo, Dawson, and Hall; Cities of Grand Island, Hastings, and Kearney	September 25, 2001; renewed September 12, 2006	5-year term beginning August 1, 2001, may be terminated at any time upon mutual consent of majority of the member parties, or any party can withdraw with 60-day written notice.	Creates South Central Area Law Enforcement Services (SCALES); alliance among the parties to promote cooperation, provide for joint acquisition of equipment and materials, and allow for cooperative sharing and utilization of investigative resources.
Interlocal Agreement for Cooperative Public Safety Service	Counties of Adams, Buffalo, Chase, Clay, Dawson, Dundy, Frontier, Furnas, Gosper, Hall, Hamilton, Harlan, Hayes, Hitchcock, Kearney, Nuckolls, Phelps, Red Willow, and Webster and the cities and villages within said counties.	April 11, 2006	The agreement has a term of 5 years commencing on July 1, 2004. May be terminated at any time, with or without cause, upon the mutual consent of a majority of the member parties.	Agreement establishes the CNRI-Central Nebraska Radio Interoperability Group and sets parameters for the maintenance and operation of such.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

10. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Interlocal Agreement for the Co-Located City/County Public Safety Center	City of Grand Island, County of Hall	March 28, 2006	Either party may terminate agreement effective on the first day of October in any year after 2011, provided written notice of such termination is delivered to the other party not less than 360 days before said termination is to become effective.	Agreement provides the terms for the shared use of the public safety center building.
Interlocal Cooperation Agreement	City of Grand Island, Hall County School District No. 40-0002	November 13, 2000. Extended October 1, 2006, thru September 2011.	Five-year term. May be terminated earlier by either party in writing by July 1 of each year preceding commencement of the next fiscal year for the City on October 1.	Agreement for the City to provide 5 Youth Services School Resources Officers (Police Officers) and Crossing Guards to the School District.
Interlocal Agreement	City of Grand Island, Grand Island Public Schools	October 23, 2003	10 years, or until development of the facilities is completed, whichever occurs first. Upon expiration of initial term, the term shall extend automatically for successive consecutive terms of one year, if development is not complete, but either party may terminate by providing written notice to other party not less than 90 days prior to the end of initial term or renewal term.	Agreement for City to construct 2 softball fields on GIPS property adjacent to Senior High School and lease to Grand Island Public Schools.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

10. Interlocal Agreements, continued

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Interlocal Agreement	City of Grand Island, Grand Island Public School System	July 14, 2003	Five-year term. Extends automatically for successive consecutive terms of 1 year. Either party may terminate by providing written notice.	Joint agreement for the purchasing of utilities from GI Utilities.
Interlocal Agreement	City of Grand Island, Grand Island Public Schools	October 23, 2003	10 years, or until development of the facilities is completed, whichever occurs first. Upon expiration of initial term, the term shall extend automatically for successive consecutive terms of one year, if development is not complete, but either party may terminate by providing written notice to other party not less than 90 days prior to the end of initial term or renewal term.	Agreement for City to construct recreational facilities on GIPS property located adjacent to Shoemaker Elementary School. GIPS will be responsible for management, programming, operations, maintenance, repair, and replacement of recreation facilities.
Interlocal Agreement	City of Grand Island, State of Nebraska	August 25, 1997		Provides assurance by the City of Grand Island to the State of Nebraska for continuance of a special fund for paying closure/postclosure care costs of the Platte Generating Station Fossil Fuel Combustion Ash Disposal Area.
Memorandum of Agreement	City of Grand Island, Nebraska Department of Environmental Quality	August 3, 1983	Remains in effect until renegotiated. Either party may terminate by giving 180 days' notice to the other party.	City and State agree to implement Pretreatment Program for priority pollutants.

CITY OF GRAND ISLAND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

10. Interlocal Agreements

Name of Agreement	Parties to Agreement	Date Effective	Term	Synopsis
Intergovernmental Agreement	City of Grand Island, Nebraska Department of Environmental Quality	October 1, 2007	Remains in effect until June 30, 2009. Either party may terminate by giving 10 days' written notice of intent to terminate.	Storm Water Management Plan Program.
Fire Protection Agreement	City of Grand Island, State of Nebraska	September 14, 1998	Commences October 1, 1998, for a one-year term. May be automatically renewed for up to four additional one-year terms unless either party provides 30-day written notice to the other of intent not to renew.	Agreement by the City to provide fire protection at Nebraska Law Enforcement Training Center.
Interlocal Agreement	City of Grand Island, State of Nebraska	October 8, 2002		Agreement for City to utilize Nebraska's wireless communications network.
Interlocal Agreement	City of Grand Island, Village of Alda	February 10, 2009	25 years from date of initial delivery of water and shall automatically renew for an additional 15 years.	Agreement for City to supply water to Village of Alda.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GRAND ISLAND, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND**

Year ended September 30, 2009

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 4,261,994	\$ 4,247,799	\$ (14,195)
Motor vehicle	820,000	822,617	2,617
Occupation	823,000	882,780	59,780
Sales tax	13,970,000	13,463,354	(506,646)
Franchise	2,211,350	1,949,058	(262,292)
Intergovernmental	1,781,806	1,695,312	(86,494)
Charges for services	6,489,314	7,716,725	1,227,411
Interest income	375,000	320,681	(54,319)
Contributions	50,000	152,896	102,896
Sale of property	179,500	165,169	(14,331)
Other	258,300	36,210	(222,090)
	<hr/>	<hr/>	<hr/>
Total resources	31,220,264	31,452,601	232,337
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government:			
City Administrator's office	320,759	294,733	(26,026)
Economic development	129,000	86,000	(43,000)
Mayor's office	11,000	7,592	(3,408)
Council	87,170	88,064	894
City clerk	112,186	109,064	(3,122)
Finance	1,974,175	1,943,859	(30,316)
Legal	325,658	294,761	(30,897)
City Hall	355,518	482,148	126,630
One stop building	-	4,480	4,480
Human resources	438,292	411,160	(27,132)
Total general government	<hr/>	<hr/>	<hr/>
	3,753,758	3,721,861	(31,897)
Public safety:			
Building inspection	783,490	751,095	(32,395)
Fire services	4,721,374	4,615,794	(105,580)
Emergency medical service	2,048,436	2,691,941	643,505
Police	8,335,071	8,270,137	(64,934)
Law Enforcement Center	-	211,677	211,677
School safety	-	62,305	62,305
Emergency management	933,460	202,848	(730,612)
Local emergency planning	-	39,732	39,732
Communication	-	788,321	788,321
Total public safety	<hr/>	<hr/>	<hr/>
	16,821,831	17,633,850	812,019

CITY OF GRAND ISLAND, NEBRASKA

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

Year ended September 30, 2009

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS), continued			
Public works:			
Engineering	979,634	882,989	(96,645)
Streets and transportation	5,109,734	5,534,510	424,776
Total public works	<u>6,089,368</u>	<u>6,417,499</u>	<u>328,131</u>
Environment and leisure:			
Planning	229,306	225,184	(4,122)
Library	2,010,753	2,119,013	108,260
Parks	1,668,578	1,828,830	160,252
Cemetery	531,447	527,010	(4,437)
Recreation	259,455	276,074	16,619
Aquatics	816,844	661,446	(155,398)
Public information	268,211	269,133	922
Heartland Shooting Park	458,930	442,770	(16,160)
Total environment and leisure	<u>6,243,524</u>	<u>6,349,460</u>	<u>105,936</u>
Non-departmental	<u>3,183,115</u>	<u>2,499,107</u>	<u>(684,008)</u>
Total charges to appropriations	<u>36,091,596</u>	<u>36,621,777</u>	<u>530,181</u>
Resources over (under) charges to appropriations	(4,871,332)	(5,169,176)	(297,844)
OTHER FINANCING SOURCES (USES)			
Transfers in	6,385,000	3,068,503	(3,316,497)
Transfers out	(2,632,000)	(847,500)	1,784,500
Net transfers	<u>3,753,000</u>	<u>2,221,003</u>	<u>(1,531,997)</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ (1,118,332)</u>	<u>\$ (2,948,173)</u>	<u>\$ (1,829,841)</u>

CITY OF GRAND ISLAND, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
CAPITAL PROJECTS FUND**

Year ended September 30, 2009

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Intergovernmental	\$ 3,583,790	\$ 1,855,675	\$ (1,728,115)
Contributions	-	40,000	40,000
Other	-	5,000	5,000
	<hr/>	<hr/>	<hr/>
Total resources	3,583,790	1,900,675	(1,683,115)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Capital projects	250,000	59,390	(190,610)
Drainage projects	1,756,653	751,667	(1,004,986)
Street construction	170,000	701	(169,299)
Bonded street and sewer projects	1,735,644	3,103,034	1,367,390
Public works projects	249,400	66,759	(182,641)
Parks and recreation	625,000	211,564	(413,436)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	4,786,697	4,193,115	(593,582)
Resources over (under) charges to appropriations	(1,202,907)	(2,292,440)	(1,089,533)
OTHER FINANCING SOURCES (USES)			
Transfers in	3,644,000	2,452,538	(1,191,462)
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	\$ 2,441,093	\$ 160,098	\$ (2,280,995)
	<hr/>	<hr/>	<hr/>

CITY OF GRAND ISLAND, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
DEBT SERVICE FUND**

Year ended September 30, 2009

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Property tax	\$ 1,444,877	\$ 1,500,626	\$ 55,749
Motor vehicle tax	5,000	7,513	2,513
Interest income	1,000	4,731	3,731
Bond proceeds	<u>2,000,000</u>	<u>2,970,000</u>	<u>970,000</u>
Total resources	3,450,877	4,482,870	1,031,993
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Principal payments	1,095,000	4,020,000	2,925,000
Interest expense	487,962	488,637	675
Fiscal agent fees	<u>16,500</u>	<u>45,322</u>	<u>28,822</u>
Total charges to appropriations	<u>1,599,462</u>	<u>4,553,959</u>	<u>2,954,497</u>
Resources over (under) charges to appropriations	1,851,415	(71,089)	(1,922,504)
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(1,944,000)</u>	<u>-</u>	<u>1,944,000</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS			
	<u>\$ (92,585)</u>	<u>\$ (71,089)</u>	<u>\$ 21,496</u>

CITY OF GRAND ISLAND, NEBRASKA

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

Year ended September 30, 2009

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>
Sources/inflows of resources:			
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 31,452,601	\$ 1,900,675	\$ 4,482,870
Differences - budget to GAAP:			
Cash to accrual adjustments	<u>5,133,724</u>	<u>920,813</u>	<u>(45,527)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 36,586,325</u></u>	<u><u>\$ 2,821,488</u></u>	<u><u>\$ 4,437,343</u></u>
Uses/outflows of resources:			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedules	\$ 36,621,777	\$ 4,193,115	\$ 4,553,959
Differences - budget to GAAP:			
Cash to accrual adjustments	<u>(2,165,811)</u>	<u>67,312</u>	<u>(28,128)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 34,455,966</u></u>	<u><u>\$ 4,260,427</u></u>	<u><u>\$ 4,525,831</u></u>
Net transfers:			
Actual amounts (budgetary basis) from the budgetary comparison schedules	\$ 2,221,003	\$ 2,452,538	\$ -
Differences - budget to GAAP:			
Cash to accrual adjustments	<u>(53,853)</u>	<u>-</u>	<u>-</u>
Total net transfers as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 2,167,150</u></u>	<u><u>\$ 2,452,538</u></u>	<u><u>\$ -</u></u>

CITY OF GRAND ISLAND, NEBRASKA

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

Year ended September 30, 2009

Condition Rating of the City's Street System

	Percentage of Lane-Miles in <u>Good or Better Condition</u> <u>2009</u>
Main arterial	90.44 %
Arterial	70.65 %
Collector	69.16 %
Stop sign protected	75.72 %
Secondary	77.42 %
Overall system	77.40 %

	Percentage of Lane-Miles in <u>Substandard Condition</u> <u>2009</u>
Main arterial	0.94 %
Arterial	0.30 %
Collector	1.27 %
Stop sign protected	0.00 %
Secondary	1.17 %
Overall system	0.98 %

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

	<u>2009</u>
Overall System:	
Needed	\$ 3,551 based on estimated 50-year life cycle cost
Actual	2,755
Difference	<u>\$ 796</u>

Note: The condition of road pavement is measured using the CartéGraph pavement management system, which is based on a weighted average of six distress factors found in pavement surfaces. The CartéGraph pavement management system uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify roads in good or better condition (75-100), fair condition (50-75), and substandard condition (less than 50). It is the City's policy to maintain and preserve the infrastructure assets at a 75% condition level. (The condition level was 83.22% at September 30, 2009.) No more than 10 percent should be in a substandard condition. Condition assessments are determined every year based on actual assessments of approximately 1/3 of the City's infrastructure, thereby completing a condition assessment on the whole City within three years.

CITY OF GRAND ISLAND, NEBRASKA

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

Year ended September 30, 2009

<u>Actuarial Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as a Percentage of Covered Payroll</u>
10/1/1999	\$ 17,146,597	\$ 16,104,589	\$ -	100%	\$ 1,970,847	N/A
1/1/2003	14,129,258	12,123,749	-	100%	1,642,439	N/A
1/1/2007	16,360,398	7,104,493	-	100%	886,241	N/A

OTHER SUPPLEMENTARY INFORMATION

CITY OF GRAND ISLAND, NEBRASKA

**COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS**

September 30, 2009

	Permanent Funds		Special Revenue Funds	
	Library Trust	Cemetery Trust	Gas Tax	Enhanced 911
ASSETS				
Cash and cash equivalents	\$ -	\$ 30,395	\$ 676,626	\$ 131,182
Investments	35,179	451,599	1,716,513	332,792
County treasurer cash	-	-	-	-
Receivables:				
Special assessments	-	-	-	-
Accounts, net of allowance for doubtful accounts	-	-	-	-
Notes	-	-	-	-
Interest	-	15,526	-	-
Due from other funds	-	-	-	3,340
Due from other governments	-	-	355,260	-
Total assets	\$ 35,179	\$ 497,520	\$ 2,748,399	\$ 467,314
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	8,686	-	-	-
Accrued expenses	-	-	-	-
Total liabilities	8,686	-	-	-
Fund balances (deficit):				
Reserved for:				
Encumbrances	-	-	-	-
Cemetery perpetual care	-	374,491	-	-
Donor restricted purposes	35,179	-	-	-
Economic development	-	-	-	-
Federal programs	-	-	-	-
Housing loans	-	-	-	-
Maintenance expenses	-	-	-	-
Unreserved, reported in:				
Permanent Funds	(8,686)	123,029	-	-
Special Revenue Funds	-	-	2,748,399	467,314
Capital Projects Funds	-	-	-	-
Total fund balances (deficit)	26,493	497,520	2,748,399	467,314
Total liabilities and fund balances	\$ 35,179	\$ 497,520	\$ 2,748,399	\$ 467,314

Special Revenue Funds

<u>Keno</u>	<u>Family Preservation</u>	<u>Program Income Reuse Fund</u>	<u>Homestead Loans</u>	<u>Community Development</u>
\$ 11,151	\$ 20,129	\$ 21,211	\$ 24,210	\$ 33,743
28,287	51,065	53,811	61,418	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	340,476	395,567	-
-	-	-	-	-
-	-	-	-	6,051
20,630	-	-	-	-
<u>\$ 60,068</u>	<u>\$ 71,194</u>	<u>\$ 415,498</u>	<u>\$ 481,195</u>	<u>\$ 39,794</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	33,461
-	-	-	-	9,600
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,061</u>
-	425	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	33,743
-	-	-	-	-
-	-	-	-	-
60,068	70,769	415,498	481,195	(37,010)
-	-	-	-	-
<u>60,068</u>	<u>71,194</u>	<u>415,498</u>	<u>481,195</u>	<u>(3,267)</u>
<u>\$ 60,068</u>	<u>\$ 71,194</u>	<u>\$ 415,498</u>	<u>\$ 481,195</u>	<u>\$ 39,794</u>

CITY OF GRAND ISLAND, NEBRASKA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS, Continued
September 30, 2009

	Special Revenue Funds				
	<u>Police Grants</u>	<u>Parking District #1</u>	<u>Parking District #2</u>	<u>Backflow</u>	<u>Local Assistance</u>
ASSETS					
Cash and cash equivalents	\$ 12,098	\$ 24,983	\$ 51,616	\$ -	\$ 19,830
Investments	30,691	63,378	92,023	-	71,354
County treasurer cash	-	-	1,571	-	-
Receivables:					
Special assessments	-	2,839	-	-	-
Accounts, net of allowance for doubtful accounts	-	-	-	5,450	-
Notes	-	-	-	-	-
Interest	-	-	-	-	-
Due from other funds	-	-	-	5,281	-
Due from other governments	-	-	-	-	-
Total assets	\$ 42,789	\$ 91,200	\$ 145,210	\$ 10,731	\$ 91,184
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 248	\$ 401	\$ -	\$ -
Due to other funds	-	-	-	15,217	-
Accrued expenses	-	455	256	3,543	-
Total liabilities	-	703	657	18,760	-
Fund balances (deficit):					
Reserved for:					
Encumbrances	1,400	-	-	24	1,175
Cemetery perpetual care	-	-	-	-	-
Donor restricted purposes	-	-	-	-	21,049
Economic development	-	-	-	-	-
Federal programs	41,389	-	-	-	-
Housing loans	-	-	-	-	-
Maintenance expenses	-	-	15,343	-	-
Unreserved, reported in:					
Permanent Funds	-	-	-	-	-
Special Revenue Funds	-	90,497	129,210	(8,053)	68,960
Capital Projects Funds	-	-	-	-	-
Total fund balances (deficit)	42,789	90,497	144,553	(8,029)	91,184
Total liabilities and fund balances	\$ 42,789	\$ 91,200	\$ 145,210	\$ 10,731	\$ 91,184

<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Economic Development</u>	<u>Community Grants</u>	<u>Special Assessments</u>	
\$ 275,511	\$ 21,023	\$ 77,556	\$ 1,431,264
698,936	53,333	196,749	3,937,128
-	-	-	1,571
-	-	942,351	945,190
-	-	-	5,450
459,167	430,315	-	1,625,525
-	-	78,832	94,358
-	2,519	-	17,191
-	-	-	375,890
<u>\$ 1,433,614</u>	<u>\$ 507,190</u>	<u>\$ 1,295,488</u>	<u>\$ 8,433,567</u>
\$ -	\$ -	\$ -	\$ 649
-	-	-	57,364
-	-	-	13,854
<u>-</u>	<u>-</u>	<u>-</u>	<u>71,867</u>
-	26,385	-	29,409
-	-	-	374,491
-	-	-	56,228
1,433,614	-	-	1,433,614
-	480,805	-	522,194
-	-	-	33,743
-	-	-	15,343
-	-	-	114,343
-	-	-	4,486,847
-	-	1,295,488	1,295,488
<u>1,433,614</u>	<u>507,190</u>	<u>1,295,488</u>	<u>8,361,700</u>
<u>\$ 1,433,614</u>	<u>\$ 507,190</u>	<u>\$ 1,295,488</u>	<u>\$ 8,433,567</u>

CITY OF GRAND ISLAND, NEBRASKA

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

For the year ended September 30, 2009

	Permanent Funds		Special Revenue Funds	
	Library <u>Trust</u>	Cemetery <u>Trust</u>	<u>Gas Tax</u>	Enhanced <u>911</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 3,565,385	\$ -
Keno	-	-	-	-
Special assessments	-	-	-	-
Charges for services	-	23,400	-	305,343
Interest income	(2,631)	13,419	-	-
Contributions	-	-	-	-
Other revenue	-	-	-	-
Total revenues	<u>(2,631)</u>	<u>36,819</u>	<u>3,565,385</u>	<u>305,343</u>
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	183,045
Public works	-	-	-	-
Environment and leisure	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>183,045</u>
Excess (deficiency) of revenues over expenditures	(2,631)	36,819	3,565,385	122,298
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(3,588,989)	-
Net transfers	<u>-</u>	<u>-</u>	<u>(3,588,989)</u>	<u>-</u>
Net change in fund balances	(2,631)	36,819	(23,604)	122,298
Fund balances - September 30, 2008	<u>29,124</u>	<u>460,701</u>	<u>2,772,003</u>	<u>345,016</u>
Fund balances - September 30, 2009	<u>\$ 26,493</u>	<u>\$ 497,520</u>	<u>\$ 2,748,399</u>	<u>\$ 467,314</u>

Special Revenue Funds

<u>Keno</u>	<u>Family Preservation</u>	<u>Program Income Reuse Fund</u>	<u>Homestead Loans</u>	<u>Community Development</u>
\$ -	\$ 3,516	\$ -	\$ -	\$ -
270,683	-	-	-	-
-	-	-	-	-
-	-	-	-	3,259
2,546	1,833	1,592	2,480	-
-	4,471	-	-	-
-	250	-	-	-
<u>273,229</u>	<u>10,070</u>	<u>1,592</u>	<u>2,480</u>	<u>3,259</u>
-	-	4,432	-	100,659
-	-	-	-	-
-	-	-	-	-
-	11,325	-	106,730	-
<u>-</u>	<u>11,325</u>	<u>4,432</u>	<u>106,730</u>	<u>100,659</u>
273,229	(1,255)	(2,840)	(104,250)	(97,400)
-	-	250,000	-	97,500
(301,570)	-	-	-	-
<u>(301,570)</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>97,500</u>
(28,341)	(1,255)	247,160	(104,250)	100
<u>88,409</u>	<u>72,449</u>	<u>168,338</u>	<u>585,445</u>	<u>(3,367)</u>
<u>\$ 60,068</u>	<u>\$ 71,194</u>	<u>\$ 415,498</u>	<u>\$ 481,195</u>	<u>\$ (3,267)</u>

CITY OF GRAND ISLAND, NEBRASKA

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

For the year ended September 30, 2009

	Special Revenue Funds				
	Police <u>Grants</u>	Parking <u>District #1</u>	Parking <u>District #2</u>	<u>Backflow</u>	Local <u>Assistance</u>
REVENUES					
Intergovernmental	\$ 130,406	\$ -	\$ -	\$ -	\$ 6,050
Keno	-	-	-	-	-
Special assessments	-	36,605	9,068	-	-
Charges for services	-	9,226	10,022	65,268	-
Interest income	-	2,696	3,447	-	-
Contributions	-	-	-	-	-
Other revenue	-	10	-	-	-
Total revenues	130,406	48,537	22,537	65,268	6,050
EXPENDITURES					
General government	-	52,469	17,592	-	-
Public safety	121,375	-	-	-	11,355
Public works	-	-	-	70,362	111
Environment and leisure	-	-	-	-	7,535
Total expenditures	121,375	52,469	17,592	70,362	19,001
Excess (deficiency) of revenues over expenditures	9,031	(3,932)	4,945	(5,094)	(12,951)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Net transfers	-	-	-	-	-
Net change in fund balances	9,031	(3,932)	4,945	(5,094)	(12,951)
Fund balances - September 30, 2008	33,758	94,429	139,608	(2,935)	104,135
Fund balances - September 30, 2009	\$ 42,789	\$ 90,497	\$ 144,553	\$ (8,029)	\$ 91,184

<u>Special Revenue Funds</u>		<u>Capital Projects Fund Special Assessments</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Economic Development</u>	<u>Community Grants</u>		
\$ -	\$ 582,601	\$ -	\$ 4,287,958
-	-	-	270,683
-	-	60,395	106,068
-	-	-	416,518
14,854	-	14,383	54,619
-	16,500	-	20,971
-	-	-	260
<u>14,854</u>	<u>599,101</u>	<u>74,778</u>	<u>5,157,077</u>
637,833	463,358	-	1,276,343
-	30,903	-	346,678
-	-	-	70,473
-	-	-	125,590
<u>637,833</u>	<u>494,261</u>	<u>-</u>	<u>1,819,084</u>
(622,979)	104,840	74,778	3,337,993
750,000	-	-	1,097,500
-	(250,000)	(761,980)	(4,902,539)
<u>750,000</u>	<u>(250,000)</u>	<u>(761,980)</u>	<u>(3,805,039)</u>
127,021	(145,160)	(687,202)	(467,046)
<u>1,306,593</u>	<u>652,350</u>	<u>1,982,690</u>	<u>8,828,746</u>
<u>\$ 1,433,614</u>	<u>\$ 507,190</u>	<u>\$ 1,295,488</u>	<u>\$ 8,361,700</u>

CITY OF GRAND ISLAND, NEBRASKA

COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS

September 30, 2009

	Internal Service Funds				
	Information Technology	Fleet Services	Insurance	Equipment Reserve	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 41,384	\$ 15,677	\$ 1,743,148	\$ 88,352	\$ 1,888,561
Investments	104,986	39,769	4,422,141	224,137	4,791,033
Receivables:					
Accounts, net of allowance for doubtful accounts	-	82,208	-	-	82,208
Due from other funds	51,161	35,488	-	-	86,649
Inventory	-	132,908	-	-	132,908
Total current assets	197,531	306,050	6,165,289	312,489	6,981,359
Noncurrent assets:					
Capital assets:					
Construction in progress	-	27,500	-	-	27,500
Buildings and equipment	1,047,733	269,036	-	-	1,316,769
Less accumulated depreciation	(754,150)	(175,651)	-	-	(929,801)
Net capital assets	293,583	120,885	-	-	414,468
Total assets	491,114	426,935	6,165,289	312,489	7,395,827
LIABILITIES					
Current liabilities:					
Accounts payable	-	5,991	292,624	-	298,615
Accrued expenses	52,368	50,268	1,225,775	-	1,328,411
Total current liabilities	52,368	56,259	1,518,399	-	1,627,026
Noncurrent liabilities:					
Compensated absences - noncurrent	13,929	18,129	-	-	32,058
Total liabilities	66,297	74,388	1,518,399	-	1,659,084
NET ASSETS					
Invested in capital assets, net of related debt	293,583	120,885	-	-	414,468
Unrestricted	131,234	231,662	4,646,890	312,489	5,322,275
Total net assets	\$ 424,817	\$ 352,547	\$ 4,646,890	\$ 312,489	\$ 5,736,743

CITY OF GRAND ISLAND, NEBRASKA

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

For the year ended September 30, 2009

	Internal Service Funds				<u>Total</u>
	<u>Information Technology</u>	<u>Fleet Services</u>	<u>Insurance</u>	<u>Equipment Reserve</u>	
Operating revenues:					
Charges for services	\$ 907,490	\$ 1,121,259	\$ 7,197,982	\$ -	\$ 9,226,731
Other revenue	-	13,477	46,232	-	59,709
Total operating revenues	<u>907,490</u>	<u>1,134,736</u>	<u>7,244,214</u>	<u>-</u>	<u>9,286,440</u>
Operating expenses:					
Information technology	864,118	-	-	-	864,118
Central garage	-	1,153,237	-	-	1,153,237
Insurance and benefits	-	-	6,040,546	-	6,040,546
Building maintenance	-	-	-	19,691	19,691
Depreciation	77,934	11,330	-	-	89,264
Total operating expenses	<u>942,052</u>	<u>1,164,567</u>	<u>6,040,546</u>	<u>19,691</u>	<u>8,166,856</u>
Operating income (loss)	(34,562)	(29,831)	1,203,668	(19,691)	1,119,584
Nonoperating revenues (expenses):					
Interest income	10,567	2,748	139,559	6,774	159,648
Intergovernmental	-	-	-	50,000	50,000
Total nonoperating revenues (expenses)	<u>10,567</u>	<u>2,748</u>	<u>139,559</u>	<u>56,774</u>	<u>209,648</u>
Change in net assets	(23,995)	(27,083)	1,343,227	37,083	1,329,232
Net assets - September 30, 2008	<u>448,812</u>	<u>379,630</u>	<u>3,303,663</u>	<u>275,406</u>	<u>4,407,511</u>
Net assets - September 30, 2009	<u>\$ 424,817</u>	<u>\$ 352,547</u>	<u>\$ 4,646,890</u>	<u>\$ 312,489</u>	<u>\$ 5,736,743</u>

CITY OF GRAND ISLAND, NEBRASKA

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

For the year ended September 30, 2009

	Internal Service Funds				
	Information Technology	Fleet Services	Insurance	Equipment Reserve	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from other funds	\$ 907,490	\$ 1,144,086	\$ 7,572,451	\$ -	\$ 9,624,027
Payments to suppliers	(330,921)	(636,552)	(6,181,023)	(19,691)	(7,168,187)
Payments to employees	(552,023)	(458,756)	-	-	(1,010,779)
Net cash provided (used) by operating activities	24,546	48,778	1,391,428	(19,691)	1,445,061
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Intergovernmental receipts	-	-	-	50,000	50,000
CASH FLOWS FROM INVESTING ACTIVITIES:					
Net (purchase) sale of investment securities	(21,448)	(36,826)	(942,463)	(17,348)	(1,018,085)
Interest received	10,567	2,748	139,559	6,774	159,648
Net cash used by investing activities	(10,881)	(34,078)	(802,904)	(10,574)	(858,437)
Increase in cash and cash equivalents	13,665	14,700	588,524	19,735	636,624
Cash and cash equivalents - beginning of the year	27,719	977	1,154,624	68,617	1,251,937
Cash and cash equivalents - end of the year	\$ 41,384	\$ 15,677	\$ 1,743,148	\$ 88,352	\$ 1,888,561
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (34,562)	\$ (29,831)	\$ 1,203,668	\$ (19,691)	\$ 1,119,584
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	77,934	11,330	-	-	89,264
Change in assets and liabilities:					
Accounts receivable	-	9,350	335,432	-	344,782
Inventories	-	54,260	-	-	54,260
Deferred revenue	-	-	(7,195)	-	(7,195)
Accounts payable and accrued expenses	(18,826)	3,669	(140,477)	-	(155,634)
Net cash provided (used) by operating activities	\$ 24,546	\$ 48,778	\$ 1,391,428	\$ (19,691)	\$ 1,445,061

CITY OF GRAND ISLAND, NEBRASKA

COMBINING STATEMENT OF NET ASSETS - FIDUCIARY FUNDS

September 30, 2009

	Employee Pension Funds			
	Police and Fire Pension	Police Pension	Fire Pension	Total Employee Pension Funds
ASSETS				
Cash	\$ -	\$ -	\$ 19,801	\$ 19,801
Investments	-	179,445	6,086,792	6,266,237
Accounts receivable	-	-	-	-
Special assessments receivable	-	-	-	-
Total assets	-	179,445	6,106,593	6,286,038
LIABILITIES				
Due to other funds	45,143	1,982	2,169,972	2,217,097
Agency liabilities	-	-	-	-
Pension liability	1,514,093	-	-	1,514,093
Total liabilities	1,559,236	1,982	2,169,972	3,731,190
NET ASSETS				
Held in trust for pension benefits	\$ (1,559,236)	\$ 177,463	\$ 3,936,621	\$ 2,554,848

<u>Cafeteria Plan</u>	<u>Agency Funds</u>		<u>Total Agency Funds</u>
	<u>Other Agencies</u>	<u>BID Assessments</u>	
\$ 15,813	\$ 35,301	\$ 260	\$ 51,374
40,116	89,555	660	130,331
-	5,362	-	5,362
-	-	8,430	8,430
<u>55,929</u>	<u>130,218</u>	<u>9,350</u>	<u>195,497</u>
-	-	-	-
55,929	130,218	9,350	195,497
-	-	-	-
<u>55,929</u>	<u>130,218</u>	<u>9,350</u>	<u>195,497</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF GRAND ISLAND, NEBRASKA

COMBINING STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUNDS

For the year ended September 30, 2009

	Employee Pension Funds			
	Police and Fire Pension	Police Pension	Fire Pension	Total Employee Pension Funds
ADDITIONS				
Transfers from other funds	\$ 204,717	\$ -	\$ -	\$ 204,717
Interest and dividends	-	55,770	1,650,868	1,706,638
Other revenue	-	353	204,006	204,359
Total additions	204,717	56,123	1,854,874	2,115,714
DEDUCTIONS				
Pension benefits	(155,148)	-	621,662	466,514
Transfers to other funds	-	33,218	171,499	204,717
Contract services	-	2,500	10,134	12,634
Loss on investments	-	88,116	2,243,595	2,331,711
Total deductions	(155,148)	123,834	3,046,890	3,015,576
Change in net assets	359,865	(67,711)	(1,192,016)	(899,862)
Net assets - September 30, 2008	(1,919,101)	245,174	5,128,637	3,454,710
Net assets - September 30, 2009	\$ (1,559,236)	\$ 177,463	\$ 3,936,621	\$ 2,554,848

CITY OF GRAND ISLAND, NEBRASKA
COMBINING STATEMENT OF NET ASSETS - COMPONENT UNITS

September 30, 2009

	<u>Landfill</u>	<u>Business Improvement Districts</u>	<u>Grand Island Facilities Corporation</u>	<u>Community Redevelopment Authority</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,229,148	\$ 80,553	\$ -	\$ 637,869	\$ 1,947,570
Investments	3,118,188	-	-	909,674	4,027,862
County treasurer cash	-	-	-	119,499	119,499
Receivables:					
Special assessments	-	8,430	-	-	8,430
Accounts, net of allowance for doubtful accounts	242,111	-	-	-	242,111
Current portion of notes from redevelopers	-	-	-	148,343	148,343
Current portion of capital lease receivable	-	-	660,000	-	660,000
Interest	25,581	-	-	12,873	38,454
Property tax	-	-	-	51,483	51,483
Total current assets	<u>4,615,028</u>	<u>88,983</u>	<u>660,000</u>	<u>1,879,741</u>	<u>7,243,752</u>
Noncurrent assets:					
Restricted investments	3,287,530	-	-	-	3,287,530
Notes from redevelopers	-	-	-	934,072	934,072
Capital lease receivable - City of Grand Island	-	-	4,470,000	-	4,470,000
Unamortized bond discount	28,504	-	75,269	-	103,773
Capital assets:					
Land, infrastructure, and construction in progress	253,515	-	-	125,197	378,712
Other capital assets, net of depreciation	5,049,728	39,756	-	-	5,089,484
Net capital assets	<u>5,303,243</u>	<u>39,756</u>	<u>-</u>	<u>125,197</u>	<u>5,468,196</u>
Total noncurrent assets	<u>8,619,277</u>	<u>39,756</u>	<u>4,545,269</u>	<u>1,059,269</u>	<u>14,263,571</u>
Total assets	<u>13,234,305</u>	<u>128,739</u>	<u>5,205,269</u>	<u>2,939,010</u>	<u>21,507,323</u>
LIABILITIES					
Current liabilities:					
Accounts payable	38,214	-	-	-	38,214
Accrued expenses	57,957	-	-	-	57,957
Deferred revenue - property taxes	-	-	-	45,118	45,118
Current portion of long-term obligations	-	-	660,000	148,343	808,343
Total current liabilities	<u>96,171</u>	<u>-</u>	<u>660,000</u>	<u>193,461</u>	<u>949,632</u>
Noncurrent liabilities:					
Compensated absences - noncurrent	11,743	-	-	-	11,743
Closure costs payable	3,306,888	-	-	-	3,306,888
Noncurrent portion of long-term obligations	1,010,000	-	4,470,000	934,072	6,414,072
Total noncurrent liabilities	<u>4,328,631</u>	<u>-</u>	<u>4,470,000</u>	<u>934,072</u>	<u>9,732,703</u>
Total liabilities	<u>4,424,802</u>	<u>-</u>	<u>5,130,000</u>	<u>1,127,533</u>	<u>10,682,335</u>
NET ASSETS					
Invested in capital assets, net of related debt	4,321,747	39,756	75,269	125,197	4,561,969
Restricted for:					
Redevelopers	-	-	-	98,087	98,087
Unrestricted	4,487,756	88,983	-	1,588,193	6,164,932
Total net assets	<u>\$ 8,809,503</u>	<u>\$ 128,739</u>	<u>\$ 75,269</u>	<u>\$ 1,811,477</u>	<u>\$ 10,824,988</u>

CITY OF GRAND ISLAND, NEBRASKA
COMBINING STATEMENT OF ACTIVITIES - COMPONENT UNITS
For the year ended September 30, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Landfill:			
Landfill and transfer station	\$ 2,093,447	\$ 2,675,082	\$ -
Closure costs	280,544	-	-
Interest on long-term debt	47,152	-	-
Total Landfill	2,421,143	2,675,082	-
Business Improvement Districts:			
Business Improvement District #4	28,387	-	-
Business Improvement District #6	8,802	-	-
Business Improvement District #7	60,791	-	-
Business Improvement District #8	77,440	-	-
Total Business Improvement Districts	175,420	-	-
Grand Island Facilities Corporation:			
Library construction project	322,950	190,170	-
Community Redevelopment Authority:			
General government	42,485	-	-
Community development	266,369	-	73,660
Interest on long-term debt	85,445	-	-
Total Community Redevelopment Authority	394,299	-	73,660
Total Component Units	\$ 3,313,812	\$ 2,865,252	\$ 73,660

Program Revenues Capital Grants and Contributions	Net (Expenses) Receipts and Changes in Net Assets				
	Component Units				
	Landfill	Business Improvement Districts	Grand Island Facilities Corporation	Community Redevelopment Authority	Total
\$ -	\$ 581,635				\$ 581,635
-	(280,544)				(280,544)
-	(47,152)				(47,152)
-	253,939				253,939
-	-	\$ (28,387)			(28,387)
-	-	(8,802)			(8,802)
-	-	(60,791)			(60,791)
1,050	-	(76,390)			(76,390)
1,050	-	(174,370)			(174,370)
-	-	-	\$ (132,780)		(132,780)
-	-	-	-	\$ (42,485)	(42,485)
-	-	-	-	(192,709)	(192,709)
-	-	-	-	(85,445)	(85,445)
-	-	-	-	(320,639)	(320,639)
\$ 1,050	253,939	(174,370)	(132,780)	(320,639)	(373,850)
General revenues:					
Taxes:					
Property	-	-	-	475,915	475,915
Motor vehicle	-	-	-	2,433	2,433
Special assessments	-	199,263	-	-	199,263
Miscellaneous	681	4,237	-	15,514	20,432
Interest income	175,930	386	481	27,653	204,450
Loss on sale of assets	(117,592)	-	-	(145,934)	(263,526)
Total general revenues	59,019	203,886	481	375,581	638,967
Change in net assets	312,958	29,516	(132,299)	54,942	265,117
Net assets - September 30, 2008	8,496,545	99,223	207,568	1,756,535	10,559,871
Net assets - September 30, 2009	\$ 8,809,503	\$ 128,739	\$ 75,269	\$ 1,811,477	\$ 10,824,988

SINGLE AUDIT REPORTS

CITY OF GRAND ISLAND, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended September 30, 2009

<u>Federal Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>Department of Homeland Security</u>		
Passed through Nebraska Emergency Management Agency:		
Disaster Grants - Public Assistance	97.036	\$ 24,944
Passed through the State of Nebraska:		
Emergency Management Performance Grants	97.042	67,225
Homeland Security Grant Program	97.067	9,836
Total Department of Homeland Security		<u>102,005</u>
<u>Department of Transportation</u>		
Passed through Nebraska Office of Highway Safety:		
State and Community Highway Safety	20.600	3,889
Alcohol Traffic Safety and Drunk Driving Prevention	20.601	1,844
Safety Incentive Grants for Use of Seatbelts	20.604	3,632
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	19,343
Passed through Nebraska Department of Roads:		
Highway Planning and Construction	20.205	2,763,161 *
Passed through Nebraska Emergency Management Agency:		
Interagency Hazardous Materials Public Sector Training and Planning Grant	20.703	1,711
Total Department of Transportation		<u>2,793,580</u>
<u>Department of Justice</u>		
Direct Programs:		
Public Safety Partnership and Community Policing Grant	16.710	60,622
Bulletproof Vest Partnership Program	16.607	13,569
Edward Byrne Memorial Justice Assistance Grant	16.738	6,253
Passed through Nebraska Crime Commission:		
Crime Victim Assistance	16.575	28,105
Total Department of Justice		<u>108,549</u>
<u>Department of Health and Human Services</u>		
Passed through Nebraska Department of Health and Human Services:		
Low-Income Home Energy Assistance	93.568	365,517 *
State Children's Insurance Program	93.767	2,035
Medical Assistance Program	93.778	54,437
Medicare Supplementary Medical Insurance	93.774	6,201
Total Department of Health and Human Services		<u>428,190</u>

CITY OF GRAND ISLAND, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued

Year ended September 30, 2009

<u>Federal Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>Department of Housing and Urban Development</u>		
Passed through Nebraska Department of Economic Development:		
Community Development Block Grant	14.228	<u>206,546</u>
Total Expenditures of Federal Awards		<u><u>\$ 3,638,870</u></u>

*Major Program

NOTE A - BASIS OF PRESENTATION

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

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

NOTE B - FEDERAL LOAN PROGRAMS

The Revolving Loan Program is a Community Development Block Grant (CDBG) program whereby funds are made available to the City to loan to low- and moderate-income families for a variety of purposes. These funds, once issued, are repaid to the City, who in turn reloans the funds to another low- to moderate-income family. The balance of loans outstanding as of September 30, 2009, is \$154,501.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Island, Nebraska, as of and for the year ended September 30, 2009, which collectively comprise the City of Grand Island, Nebraska's basic financial statements and have issued our report thereon dated January 8, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Grand Island, Nebraska, in a separate letter dated January 8, 2010.

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

Grand Island, Nebraska
January 8, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the City of Grand Island, Nebraska, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Grand Island, Nebraska, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

The management of the City Grand Island, Nebraska, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Grand Island, Nebraska
January 8, 2010

CITY OF GRAND ISLAND, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2009

1. A summary of auditors' results:
 - (i) An unqualified opinion was issued on the financial statements of the City of Grand Island, Nebraska, as of September 30, 2009.
 - (ii) The audit did not disclose any significant deficiencies in the internal control of the City of Grand Island, Nebraska.
 - (iii) The audit did not disclose any noncompliance which is material to the financial statements of the City of Grand Island, Nebraska.
 - (iv) The audit did not disclose any significant deficiencies in the internal control over major programs for the City of Grand Island, Nebraska.
 - (v) An unqualified opinion was issued on compliance for major programs.
 - (vi) The audit did not disclose any audit findings which we are required to report under §____.510(a).
 - (vii) Major Programs: CFDA #20.205 – Highway Planning and Construction and #93.568 – Low-Income Home Energy Assistance.
 - (viii) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
 - (ix) The City of Grand Island, Nebraska, qualified as a low-risk auditee under §____.530.
2. Findings relating to the financial statements which are required to be reported in accordance with GAGAS.

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

None

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

Year ended September 30, 2009

Program

Findings for the year ended September 30, 2008

None noted.