

CITY OF COLUMBUS, NEBRASKA

FINANCIAL REPORT

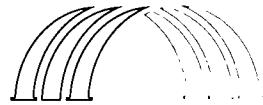
SEPTEMBER 30, 2013

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 – 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 – 9
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position	10
Statement of Activities	11
FUND FINANCIAL STATEMENTS	
Balance Sheet – Modified Cash Basis – Governmental Funds	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds to the Statement of Activities	14
Statement of Net Position – Accrual Basis – Proprietary Funds	15
Statement of Revenues, Expenses, and Changes in Net Position – Accrual Basis – Proprietary Funds	16
Statement of Cash Flows – Proprietary Funds	17
Statement of Fiduciary Net Position – Modified Cash Basis – Fiduciary Funds	18
Statement of Changes in Fiduciary Net Position – Modified Cash Basis – Fiduciary Funds	19
NOTES TO FINANCIAL STATEMENTS	20 – 42
SUPPLEMENTARY AND OTHER INFORMATION:	
Schedule of Receipts, Disbursements, and Changes in Fund Balance – Budget to Actual – Cash Basis	43 – 46
Notes to Supplementary Information	47
Schedule of County Treasurer Activity	48
Schedule of Expenditures of Federal Awards	49 – 51

C O N T E N T S (continued)

	Page
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	52 and 53
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with OMB Circular A-133	54 – 56
Schedule of Findings and Questioned Costs	57 and 58



MCDERMOTT + MILLER

CERTIFIED PUBLIC ACCOUNTANTS

GRAND ISLAND + HASTINGS + KEARNEY + OMAHA

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Columbus, Nebraska

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities – modified accrual basis, the business-type activities – accrual basis, and each major fund – modified cash basis for the governmental funds and accrual basis for the proprietary funds of the City of Columbus, Nebraska, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the bases of accounting described in Note 1; this includes determining that the modified accrual basis and modified cash basis of accounting are acceptable bases for the preparation of the governmental activities and governmental fund financial statements, respectively, in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities – modified accrual basis, the business-type activities – accrual basis, and each major fund – modified cash basis for the governmental funds and accrual basis for the proprietary funds of the City of Columbus, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows, thereof, for the year then ended in conformity with the bases of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the bases of accounting. The financial statements for the governmental activities are prepared on the modified accrual basis of accounting and the financial statements for the governmental funds are prepared on the modified cash basis of accounting, which are both bases of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 9 and budgetary comparison information on pages 43 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the information in accordance with auditing standards generally accepted in the United State of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of Federal Awards as listed on pages 49 through 51, required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole, in accordance with the bases of accounting described in Note 1.

The Schedule of County Treasurer Activity on page 48 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2014, on our consideration of City of Columbus's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

McDERMOTT AND MILLER, P.C.



Kearney, Nebraska

February 7, 2014



The City of **Columbus**

FINANCE DEPARTMENT

Office (402) 562-4231 • Fax (402) 563-1380

**Management's Discussion and Analysis
September 30, 2013**

Unaudited

This discussion and analysis is intended to be an easily readable analysis of the City of Columbus' (City) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Financial Highlights

- City of Columbus assets exceed its liabilities at September 30, 2013, by \$139 million.
- Capital Assets (net of depreciation and related debt) account for about 77% of this amount.
- Of the remaining net position, \$9 million is restricted to capital projects and debt payments and \$24 million may be used to meet the government's ongoing obligation to its citizens and creditors, without restrictions.

Report Layout

In addition to the Management's Discussion and Analysis, the report consists of government-wide statements, fund financial statements, notes to the financial statements, and supplementary information. The first several statements are highly condensed and present the government-wide view of the City's finances. Within this view, all City operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as police, fire, streets, parks and recreation, library, and general government administration. The City's business-type activities include the business enterprises of water, sewer, solid waste and electric. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the City.

Basic Financial Statements

- The Statement of Net Position focuses on resources available for future operations. This statement presents a snap-shot view of the assets the community owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as one indicator of whether the financial position of the City is improving or deteriorating. Other indications include the condition of the City's infrastructure systems (roads, drainage systems, etc.), changes in property tax base and general economic conditions within the City.
- The Statement of Activities focuses on the gross and net costs of city programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.



City of Columbus, Nebraska
Management's Discussion and Analysis, Continued
September 30, 2013

- Fund financial statements focus separately on major governmental funds and proprietary (business-type) funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own column and the remaining funds are combined into a column titled "Other Governmental Funds." Statements for the City's proprietary funds follow the governmental funds and include net position, revenue, expenses and changes in net position, and cash flow.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.

City as a Whole

Government-Wide Financial Statements

A condensed version of the Statement of Net Position of the City for the fiscal years ended September 30, 2013 and 2012, follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Assets				
Cash and investments	\$ 20,894,214	\$ 18,082,783	\$ 9,639,683	\$ 8,348,980
Other assets	2,247,583	2,469,243	2,919,272	2,978,282
Capital assets, net	<u>91,353,770</u>	<u>90,638,850</u>	<u>41,372,311</u>	<u>41,561,207</u>
Total assets	<u>\$114,495,567</u>	<u>\$111,190,876</u>	<u>\$ 54,669,696</u>	<u>\$ 53,699,148</u>
Deferred outflows				
Bond discount	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 738,430</u>	<u>\$ 810,679</u>
Total deferred outflows	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 738,430</u>	<u>\$ 810,679</u>
Liabilities				
Long-term liabilities	\$ 2,550,000	\$ 3,795,000	\$ 20,865,000	\$ 22,210,000
Other liabilities	<u>3,773,823</u>	<u>3,606,802</u>	<u>2,563,470</u>	<u>1,743,752</u>
Total liabilities	<u>\$ 6,323,823</u>	<u>\$ 7,401,802</u>	<u>\$ 23,428,470</u>	<u>\$ 23,953,752</u>
Net position				
Invested in capital assets, net of related debt	\$ 87,558,770	\$ 85,913,850	\$ 19,162,311	\$ 18,316,207
Restricted	7,289,523	6,390,588	1,756,586	1,408,284
Unrestricted	<u>13,323,451</u>	<u>11,484,636</u>	<u>10,322,329</u>	<u>10,020,905</u>
Total net position	<u>\$108,171,744</u>	<u>\$103,789,074</u>	<u>\$ 31,241,226</u>	<u>\$ 29,745,396</u>

During the year ended September 30, 2013, the most significant changes were as follows:

Governmental Activities

The largest changes from 2012 were the increase in cash and investments of \$2.8 million and the \$1.2 million decrease in long-term liabilities or debt, which is reflected in the \$1.6 million increase in the

City of Columbus, Nebraska
Management's Discussion and Analysis, Continued
September 30, 2013

amount invested in capital assets, net of the related debt and the 1.8 million increase in unrestricted net position. Overall there was a \$4.4 million increase in net position as funds were being accumulated for large upcoming capital projects.

Business-type Activities

The largest changes from 2012 were the \$1.3 million increase in cash and investments and the \$1.3 million payment to reduce the long-term liabilities that are used to finance capital assets. These resulted in a net increase in net position of \$1.5 million.

A condensed version of the Statement of Activities of the City for the fiscal years ended September 30, 2013 and 2012, follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues				
Program revenues				
Charges for services	\$ 5,164,408	\$ 4,837,205	\$ 8,665,355	\$ 8,848,740
Operating grants and contributions	1,432,204	2,976,267	440,201	308,645
Capital grants and contributions	3,906,030	3,915,483	-0-	-0-
General revenues				
Property tax	4,038,755	4,014,713	-0-	-0-
Sales tax	5,598,600	5,752,360	-0-	-0-
Franchise tax	795,378	786,214	3,297,801	3,032,880
Other Tax	545,073	491,462	-0-	-0-
Unrestricted grants and contributions	-0-	-0-	-0-	-0-
Investment earnings	182,702	196,323	84,428	95,258
Other general revenues	-0-	-0-	-0-	-0-
Gain (loss) on sale of equipment	(3,654)	26,132	3,672	(15,380)
Transfers in (out)	<u>3,211,120</u>	<u>3,448,863</u>	<u>(3,257,070)</u>	<u>(3,502,963)</u>
Total revenues	<u>\$24,870,616</u>	<u>\$26,445,201</u>	<u>\$ 9,234,387</u>	<u>\$ 8,767,180</u>
Program expenses				
General policy and administration	\$ 1,352,167	\$ 1,299,220	\$ -0-	\$ -0-
Public safety	6,449,362	6,224,109	-0-	-0-
Public works	4,995,974	4,846,629	-0-	-0-
Environmental preservation	-0-	-0-	-0-	-0-
Parks and recreation	4,874,010	4,537,883	-0-	-0-
Community development	517,055	1,159,726	-0-	-0-
Health insurance	1,768,464	2,671,149	-0-	-0-
Debt service	530,914	994,606	-0-	-0-
Water	-0-	-0-	2,903,114	3,052,003
Sewer	-0-	-0-	3,377,291	3,413,346
Solid waste	-0-	-0-	1,299,234	1,290,403
Electric	-0-	-0-	158,918	153,475
Total expenses	<u>\$20,487,946</u>	<u>\$21,733,322</u>	<u>\$ 7,738,557</u>	<u>\$ 7,909,227</u>
Change in net position	<u>\$ 4,382,670</u>	<u>\$ 4,711,700</u>	<u>\$ 1,495,830</u>	<u>\$ 857,953</u>

During the year ended September 30, 2013, the most significant changes were as follows:

Governmental activities

Governmental program revenues and expenses remained similar to the prior year. Overall the change in net position increased by \$4.4 million in 2013 as compared to an increase of \$4.7 million in 2012. Charges for services increased by \$327,000 due to planned rate changes and additional participation in activities. Operating grants and contributions decreased by \$1.5 million due to the completion of projects associated with the grants in the prior year. Property tax revenue increased \$24,000 due to more property in Columbus that is being served, rather than an increase in the property tax levy rate, as the levy rate was kept the same as last year. During fiscal year 2013, the City received \$5.6 million of local option sales tax as compared to \$5.75 million for 2012, down slightly due to more businesses claiming economic development incentives from sales tax and investing in our community. Public safety expenses increased \$225,000 due to more equipment being purchased in 2013. Community development decreased by \$643,000 due to less economic development loan and grant activity in this area of City operations. The cost of Health insurance decreased by \$900,000 going from \$2.7 million in 2012 to \$1.8 million in 2013 due to the payment of lower health related claims, as the City health plan is partially self-funded.

Business-type activities

Business-type activity revenue and expenses remained similar to the prior year. The category Charges for Services decreased by \$183,000 when compared to 2012, due to 2012 being a very hot dry summer and 2013 being a more normal summer. There was also a \$149,000 decrease in water expenses due to 2013 being a more normal summer. A water and wastewater rate study was completed during 2013. During 2013 the recommended rate increases of 10% for water and 0% for sewer rates were implemented to provide funds for future system improvements. Operating grants increased by \$131,000 due to the completion of improvements to the Superfund plant in the prior year. The lease payment from Loup Power District increased \$265,000 due to increased usage and planned rate increases.

Budgetary Highlights

The City budgets on an annual basis. Over the course of the year, the City Council did not amend the budget. There were some areas where revenues exceeded estimates and expenditures exceeded estimates, but overall the budget was not overspent.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2013, the City had \$132.7 million invested in capital assets, including land, buildings, equipment, park and recreation facilities, streets, storm water drainage and water and sewer lines. When considering the net change in investment (additions, deductions, less depreciation) the City had a very similar amount of \$132.2 million invested in capital assets as of September 30, 2012.

Some of the most significant additions to capital assets for the governmental activities included \$670,000 for a Fire Department pumper, \$110,000 for citywide computer network upgrades, \$119,000 for Police vehicles, \$137,000 for Library materials and \$159,000 to complete the track replacement and field turf project at Memorial Stadium in Pawnee Park. Transportation related

improvements included \$861,000 for design of the 3rd Avenue and 12th Avenue viaducts and 18th Avenue pedestrian overpass, \$136,000 for interior street improvements, \$190,000 for the reconstruction of the Christopher's Cove bridge, \$181,000 for the design of 41st Avenue from 38th Street to the Lost Creek Parkway in the Discoverer Addition, \$180,000 for a motor grader for street maintenance, \$347,000 to continue the purchase of houses to clear the runway protection zone at the Airport and \$260,000 for the electrical vault relocation and lighting project at the Airport.

Some of the larger purchases for the business-type activities were \$169,000 for a sewer jet cleaner, \$254,000 for a water line upgrade for a grant match, and \$148,000 for a water line loop. In addition \$515,000 was spent in preparation for the construction of a new solid waste transfer station.

Debt Outstanding

At year-end, the City had \$26 million in bonds and notes outstanding versus \$28 million last year. There were no new borrowings for governmental activities and \$930,000 of general obligation debt was retired during 2013. For the business-type activities there were no new borrowings and \$1,035,000 of outstanding debt was retired during 2013.

Economic Factors and Next Year's Budgets and Rates

Several factors were considered and affected the preparation of the City's 2014 budget as follows:

- The revenue and rate lids imposed on property taxes by the State of Nebraska.
- The sales tax trend.
- The unemployment rate for Columbus.
- The amount of building permits issued.
- The state of the local economy.
- The ability to borrow at historically low interest rates.

The City has to deal with swings in the economy and plans for future capital expansions. The City will be looking very closely at the services it provides and what changes can be made to best serve the community and also stay within the City's financial resources for future budget years.

Financial Contact

This financial report is designed to provide an overview for all (citizens, taxpayers, customers, investors, and creditors) with an interest in the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the Finance Director, City of Columbus, P.O. Box 1677, Columbus, NE 68602-1677.

City of Columbus, Nebraska
Statement of Net Position
September 30, 2013

	Governmental Activities (Modified Accrual Basis)	Business-type Activities (Accrual Basis)	Total
ASSETS			
Cash and cash equivalents	\$ 437,330	\$ 3,682	\$ 441,012
Cash - County Treasurer	1,034,604	-	1,034,604
Investments	19,422,280	9,636,001	29,058,281
Accounts receivable	527,400	833,334	1,360,734
Special assessment receivable	920,149	-	920,149
Notes receivable	800,034	-	800,034
Accrued revenue	-	1,866,710	1,866,710
Inventory	-	219,228	219,228
Land and buildings	12,845,422	24,580,384	37,425,806
Improvements	97,796,374	36,192,791	133,989,165
Equipment	9,184,884	7,875,591	17,060,475
Vehicles	6,828,085	-	6,828,085
Construction in progress	6,323,000	1,473,844	7,796,844
Less accumulated depreciation	<u>(41,623,995)</u>	<u>(28,750,299)</u>	<u>(70,374,294)</u>
Total assets	<u>\$ 114,495,567</u>	<u>\$ 53,931,266</u>	<u>\$ 168,426,833</u>
DEFERRED OUTFLOWS			
Bond discount	<u>\$ -</u>	<u>\$ 738,430</u>	<u>\$ 738,430</u>
LIABILITIES			
Checks outstanding in excess of bank balance	\$ 351,035	\$ 105,358	\$ 456,393
Accounts payable	-	690,949	690,949
Accrued expenses	-	224,211	224,211
Deferred revenue	2,168,748	6,364	2,175,112
Notes payable	9,040	-	9,040
Interest payable	-	191,588	191,588
Long-term debt:			
Due within one year	1,245,000	1,345,000	2,590,000
Due in more than one year	<u>2,550,000</u>	<u>20,865,000</u>	<u>23,415,000</u>
Total liabilities	<u>\$ 6,323,823</u>	<u>\$ 23,428,470</u>	<u>\$ 29,752,293</u>
NET POSITION			
Invested in capital assets, net of related debt	\$ 87,558,770	\$ 19,162,311	\$ 106,721,081
Restricted for:			
Debt service	7,289,523	1,756,586	9,046,109
Unrestricted	<u>13,323,451</u>	<u>10,322,329</u>	<u>23,645,780</u>
Total net position	<u>\$ 108,171,744</u>	<u>\$ 31,241,226</u>	<u>\$ 139,412,970</u>

See notes to financial statements.

City of Columbus, Nebraska
Statement of Activities
For the Year Ended September 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 14,756,121	\$ 1,251,040	\$ 507,151	\$ 1,551,972	\$ (11,445,958)	\$ -	\$ (11,445,958)
Special revenue	3,358,818	914,433	925,053	2,205,755	686,423	-	686,423
Capital projects	18,075	-	-	-	(18,075)	-	(18,075)
Redevelopment Agency	413,830	-	-	-	(413,830)	-	(413,830)
Debt service	113,509	216,483	-	9,748	112,722	-	112,722
Library Foundation	46,779	-	-	8,597	(38,182)	-	(38,182)
Library Endowment	10,656	-	-	129,958	119,302	-	119,302
Gerrard Park Trust	1,694	-	-	-	(1,694)	-	(1,694)
Health insurance	1,768,464	2,782,452	-	-	1,013,988	-	1,013,988
Total governmental activities	\$ 20,487,946	\$ 5,164,408	\$ 1,432,204	\$ 3,906,030	\$ (9,985,304)	\$ -	\$ (9,985,304)
Business-type activities:							
Water	\$ 2,903,114	\$ 3,631,995	\$ 420,900	\$ -	\$ -	\$ 1,149,781	\$ 1,149,781
Sewer	3,377,291	3,619,890	-	-	-	242,599	242,599
Electric	158,918	-	-	-	-	(158,918)	(158,918)
Solid Waste	1,299,234	1,413,470	19,301	-	-	133,537	133,537
Total business-type activities	\$ 7,738,557	\$ 8,665,355	\$ 440,201	\$ -	\$ -	\$ 1,366,999	\$ 1,366,999
Total government	\$ 28,226,503	\$ 13,829,763	\$ 1,872,405	\$ 3,906,030	\$ (9,985,304)	\$ 1,366,999	\$ (8,618,305)
General revenues:							
Taxes:							
Property tax				\$ 4,038,755	\$ -	\$ 4,038,755	
Sales tax				5,598,600	-	5,598,600	
Miscellaneous				545,073	-	545,073	
Franchise fees				795,378	3,297,801	4,093,179	
Investment earnings				182,702	84,428	267,130	
Gain (loss) on sale of asset				(3,654)	3,672	18	
Transfers				3,211,120	(3,257,070)	(45,950)	
Total general revenues and transfers				\$ 14,367,974	\$ 128,831	\$ 14,496,805	
Change in net position				\$ 4,382,670	\$ 1,495,830	\$ 5,878,500	
Net position - beginning				103,789,074	29,745,396	133,534,470	
Net position - ending				\$ 108,171,744	\$ 31,241,226	\$ 139,412,970	

See notes to financial statements.

City of Columbus, Nebraska
Balance Sheet - Modified Cash Basis
Governmental Funds
September 30, 2013

	General	Special Revenue	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,451	\$ 97,130	\$ 333,897	\$ 325	\$ -	\$ 433,803
Cash - County Treasurer	787,943	-	210,416	36,245	-	1,034,604
Investments	6,061,119	8,425,106	322,195	1,444,131	1,586,076	17,838,627
Receivables:						
Accounts	507,576	19,824	-	-	-	527,400
Special assessment	-	-	-	920,149	-	920,149
Notes	-	800,034	-	-	-	800,034
Total assets	<u>\$ 7,359,089</u>	<u>\$ 9,342,094</u>	<u>\$ 866,508</u>	<u>\$ 2,400,850</u>	<u>\$ 1,586,076</u>	<u>\$ 21,554,617</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Checks outstanding in excess of bank balance	\$ 340,683	\$ 10,352	\$ -	\$ -	\$ -	\$ 351,035
Deferred revenue	442,809	805,790	-	920,149	-	2,168,748
Notes payable	-	9,040	-	-	-	9,040
Current portion of long-term debt	-	-	275,000	970,000	-	1,245,000
Total liabilities	<u>\$ 783,492</u>	<u>\$ 825,182</u>	<u>\$ 275,000</u>	<u>\$ 1,890,149</u>	<u>\$ -</u>	<u>\$ 3,773,823</u>
Fund balances:						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 1,555,191	\$ 1,555,191
Restricted	72,853	7,696,615	591,508	510,701	30,885	8,902,562
Committed	-	820,297	-	-	-	820,297
Unassigned	6,502,744	-	-	-	-	6,502,744
Total fund balances	<u>\$ 6,575,597</u>	<u>\$ 8,516,912</u>	<u>\$ 591,508</u>	<u>\$ 510,701</u>	<u>\$ 1,586,076</u>	<u>\$ 17,780,794</u>
Total liabilities and fund balances	<u>\$ 7,359,089</u>	<u>\$ 9,342,094</u>	<u>\$ 866,508</u>	<u>\$ 2,400,850</u>	<u>\$ 1,586,076</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	91,353,770
The Internal Service Fund is used by management to charge the costs of self-insurance and employee benefits; the assets and liabilities of the Internal Service Fund are reported in the governmental activities.	1,587,180
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(2,550,000)</u>
Net position of governmental activities	<u>\$ 108,171,744</u>

See notes to financial statements.

City of Columbus, Nebraska
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Modified Cash Basis - Governmental Funds
For the Year Ended September 30, 2013

	General	Special Revenue	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 3,853,019	\$ 10	\$ -	\$ 185,726	\$ -	\$ 4,038,755
Fees, taxes, permits and licenses	266,770	2,068,311	-	-	-	2,335,081
State shared revenue	6,538	-	-	-	-	6,538
Franchise fees	795,378	-	-	-	-	795,378
Sales tax	2,281,612	2,907,917	409,071	-	-	5,598,600
Charges for services	1,251,040	914,433	-	216,483	-	2,381,956
Donations	-	-	-	-	8,597	8,597
TIF income	-	-	545,073	-	-	545,073
Grants	507,151	925,053	-	-	-	1,432,204
Investment income	51,610	64,436	3,806	12,428	41,273	173,553
Miscellaneous	1,278,664	137,444	-	9,748	129,958	1,555,814
Total revenues	<u>\$ 10,291,782</u>	<u>\$ 7,017,604</u>	<u>\$ 957,950</u>	<u>\$ 424,385</u>	<u>\$ 179,828</u>	<u>\$ 18,871,549</u>
EXPENDITURES						
Current operating:						
General government	\$ 1,302,870	\$ -	\$ -	\$ -	\$ -	\$ 1,302,870
Public health and safety	5,730,733	193,374	-	-	-	5,924,107
Public works	-	2,840,256	-	-	-	2,840,256
Cultural and recreational	3,681,270	-	-	-	59,130	3,740,400
Community development	189,929	325,188	-	-	-	515,117
Capital outlay	2,055,106	1,057,161	1,497,555	-	-	4,609,822
Debt service:						
Principal	-	-	275,000	970,000	-	1,245,000
Interest	-	-	396,693	113,509	-	510,202
Other	-	-	35,212	-	-	35,212
Total expenditures	<u>\$ 12,959,908</u>	<u>\$ 4,415,979</u>	<u>\$ 2,204,460</u>	<u>\$ 1,083,509</u>	<u>\$ 59,130</u>	<u>\$ 20,722,986</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,668,126)</u>	<u>\$ 2,601,625</u>	<u>\$ (1,246,510)</u>	<u>\$ (659,124)</u>	<u>\$ 120,698</u>	<u>\$ (1,851,437)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 3,743,600	\$ 539,100	\$ 893,754	\$ 619,030	\$ -	\$ 5,795,484
Transfers out	(570,450)	(1,971,210)	-	(674)	(2,100)	(2,544,434)
Total other financing sources (uses)	<u>\$ 3,173,150</u>	<u>\$ (1,432,110)</u>	<u>\$ 893,754</u>	<u>\$ 618,356</u>	<u>\$ (2,100)</u>	<u>\$ 3,251,050</u>
Net change in fund balances	\$ 505,024	\$ 1,169,515	\$ (352,756)	\$ (40,768)	\$ 118,598	\$ 1,399,613
Fund balances - beginning	6,070,573	7,347,397	944,264	551,469	1,467,478	16,381,181
Fund balances - ending	<u>\$ 6,575,597</u>	<u>\$ 8,516,912</u>	<u>\$ 591,508</u>	<u>\$ 510,701</u>	<u>\$ 1,586,076</u>	<u>\$ 17,780,794</u>

See notes to financial statements.

City of Columbus, Nebraska
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances - Modified Cash Basis - Governmental Funds
 to the Statement of Activities
 For the Year Ended September 30, 2013

Amounts reported for governmental activities in the statement of activities (page 11) are different because:

Net change in fund balances - total governmental funds (page 13)	\$ 1,399,613
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization in the current year.	758,503
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (or decrease) net position.	(43,583)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,245,000
The Internal Service Fund is used by management to charge the costs of self-insurance and employee benefits; the net revenue of the Internal Service Fund is reported with the governmental activities.	<u>1,023,137</u>
Change in net position of governmental activities (page 11)	<u>\$ 4,382,670</u>

See notes to financial statements.

City of Columbus, Nebraska
Statement of Net Position - Accrual Basis
Proprietary Funds
September 30, 2013

	Business-type Activities				Total Enterprise Funds	Governmental Activities Internal Service Fund
	Water	Sewer	Electric	Solid Waste		
ASSETS						
Cash and cash equivalents	\$ 2,248	\$ 943	\$ 191	\$ 300	\$ 3,682	\$ 3,527
Investments	4,858,741	1,342,234	3,435,026	-	9,636,001	1,583,653
Receivables:						
Interfund	40,000	-	-	-	40,000	-
Accounts	428,676	334,253	-	70,405	833,334	-
Accrued revenue	395,213	365,574	1,034,162	71,761	1,866,710	-
Inventory	151,389	67,839	-	-	219,228	-
Capital assets:						
Land and buildings	7,159,297	17,044,419	-	376,668	24,580,384	-
Plant improvements	18,785,621	10,989,805	6,119,988	297,377	36,192,791	-
Equipment	4,691,441	2,214,081	-	970,069	7,875,591	-
Construction in progress	429,270	120,812	-	923,762	1,473,844	-
Less accumulated depreciation	<u>(12,249,900)</u>	<u>(11,482,040)</u>	<u>(4,035,829)</u>	<u>(982,530)</u>	<u>(28,750,299)</u>	<u>-</u>
Total assets	<u>\$ 24,691,996</u>	<u>\$ 20,997,920</u>	<u>\$ 6,553,538</u>	<u>\$ 1,727,812</u>	<u>\$ 53,971,266</u>	<u>\$ 1,587,180</u>
DEFERRED OUTFLOWS						
Bond issue costs	\$ 272,777	\$ 465,653	\$ -	\$ -	\$ 738,430	\$ -
LIABILITIES						
Accounts payable	\$ 216,657	\$ 85,167	\$ -	\$ 389,125	\$ 690,949	\$ -
Checks outstanding in excess of bank balance	-	-	-	105,358	105,358	-
Accrued payroll	85,078	110,505	-	28,628	224,211	-
Deferred revenue	-	6,364	-	-	6,364	-
Due to other funds	-	-	-	40,000	40,000	-
Interest payable	83,210	108,378	-	-	191,588	-
Long-term debt:						
Due within one year	795,624	549,376	-	-	1,345,000	-
Due in more than one year	9,488,271	11,376,729	-	-	20,865,000	-
Total liabilities	<u>\$ 10,668,840</u>	<u>\$ 12,236,519</u>	<u>\$ -</u>	<u>\$ 563,111</u>	<u>\$ 23,468,470</u>	<u>\$ -</u>
NET POSITION						
Invested in capital assets, net of related debt	\$ 8,531,834	\$ 6,960,972	\$ 2,084,159	\$ 1,585,346	\$ 19,162,311	\$ -
Restricted for:						
Debt service	1,053,540	703,046	-	-	1,756,586	-
Unrestricted	4,710,559	1,563,036	4,469,379	(420,645)	10,322,329	1,587,180
Total net position	<u>\$ 14,295,933</u>	<u>\$ 9,227,054</u>	<u>\$ 6,553,538</u>	<u>\$ 1,164,701</u>	<u>\$ 31,241,226</u>	<u>\$ 1,587,180</u>

See notes to financial statements.

City of Columbus, Nebraska
Statement of Revenues, Expenses, and Changes in Net Position - Accrual Basis
Proprietary Funds
September 30, 2013

	Business-type Activities				Total Enterprise Funds	Governmental Activities Internal Service Fund
	Water	Sewer	Electric	Solid Waste		
Operating revenues:						
Charges for services	\$ 3,232,983	\$ 3,362,693	\$ -	\$ 1,363,218	\$ 7,958,894	\$ 2,782,452
Franchise fees	-	-	3,297,801	-	3,297,801	-
Permits and fees	69,817	32,143	-	1,732	103,692	-
Sales tax	152,181	208,512	-	-	360,693	-
Operating grants	420,900	-	-	19,301	440,201	-
Miscellaneous	177,014	16,542	-	48,520	242,076	-
Total operating revenues	<u>\$ 4,052,895</u>	<u>\$ 3,619,890</u>	<u>\$ 3,297,801</u>	<u>\$ 1,432,771</u>	<u>\$ 12,403,357</u>	<u>\$ 2,782,452</u>
Operating expenses:						
Personal services	\$ 707,311	\$ 1,017,008	\$ -	\$ 405,068	\$ 2,129,387	\$ -
Insurance	17,638	48,295	-	5,749	71,682	-
Supplies	187,143	229,074	-	114,779	530,996	-
Professional services	15,908	42,943	-	15,231	74,082	1,768,464
Repairs and maintenance	447,823	242,045	-	72,208	762,076	-
Heat, light and power, phone	238,121	373,541	-	5,808	617,470	-
Landfill disposal	-	-	-	547,853	547,853	-
Sales tax remitted	157,708	207,869	-	-	365,577	-
Other operating expense	21,135	23,911	-	22,421	67,467	-
Depreciation and amortization expense	868,340	841,487	158,918	110,117	1,978,862	-
Total operating expenses	<u>\$ 2,661,127</u>	<u>\$ 3,026,173</u>	<u>\$ 158,918</u>	<u>\$ 1,299,234</u>	<u>\$ 7,145,452</u>	<u>\$ 1,768,464</u>
Operating income	<u>\$ 1,391,768</u>	<u>\$ 593,717</u>	<u>\$ 3,138,883</u>	<u>\$ 133,537</u>	<u>\$ 5,257,905</u>	<u>\$ 1,013,988</u>
Nonoperating revenues (expenses)						
Interest expense	\$ (241,987)	\$ (351,118)	\$ -	\$ -	\$ (593,105)	\$ -
Investment earnings	41,895	9,307	31,251	1,975	84,428	9,149
Gain (loss) on disposal of assets	4,182	-	-	(510)	3,672	-
Total nonoperating revenues (expenses)	<u>\$ (195,910)</u>	<u>\$ (341,811)</u>	<u>\$ 31,251</u>	<u>\$ 1,465</u>	<u>\$ (505,005)</u>	<u>\$ 9,149</u>
Income before operating transfers	<u>\$ 1,195,858</u>	<u>\$ 251,906</u>	<u>\$ 3,170,134</u>	<u>\$ 135,002</u>	<u>\$ 4,752,900</u>	<u>\$ 1,023,137</u>
Operating transfers:						
Operating transfers in	\$ 51,700	\$ 93,263	\$ -	\$ -	\$ 144,963	\$ -
Operating transfers out	(173,918)	(125,000)	(3,000,000)	(103,115)	(3,402,033)	-
Total operating transfers	<u>\$ (122,218)</u>	<u>\$ (31,737)</u>	<u>\$ (3,000,000)</u>	<u>\$ (103,115)</u>	<u>\$ (3,257,070)</u>	<u>\$ -</u>
Change in net position	\$ 1,073,640	\$ 220,169	\$ 170,134	\$ 31,887	\$ 1,495,830	\$ 1,023,137
Total net position - beginning	13,222,293	9,006,885	6,383,404	1,132,814	29,745,396	564,043
Total net position - ending	<u>\$ 14,295,933</u>	<u>\$ 9,227,054</u>	<u>\$ 6,553,538</u>	<u>\$ 1,164,701</u>	<u>\$ 31,241,226</u>	<u>\$ 1,587,180</u>

See notes to financial statements.

City of Columbus, Nebraska
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2013

	Business-type Activities					Governmental Activities Internal Service Fund
	Water	Sewer	Electric	Solid Waste	Total Enterprise Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 4,061,043	\$ 3,686,648	\$ 3,306,617	\$ 1,415,954	\$ 12,470,262	\$ 2,782,452
Payments to suppliers	(929,800)	(1,179,280)	-	(488,665)	(2,597,745)	(1,768,464)
Payments to employees	(697,931)	(1,000,670)	-	(401,565)	(2,100,166)	-
Net cash provided by operating activities	<u>\$ 2,433,312</u>	<u>\$ 1,506,698</u>	<u>\$ 3,306,617</u>	<u>\$ 525,724</u>	<u>\$ 7,772,351</u>	<u>\$ 1,013,988</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfer from (to) other funds (net)	\$ (173,918)	\$ (76,082)	\$ (3,000,000)	\$ (47,000)	\$ (3,297,000)	\$ -
Net cash provided (used) by noncapital financing activities	<u>\$ (173,918)</u>	<u>\$ (76,082)</u>	<u>\$ (3,000,000)</u>	<u>\$ (47,000)</u>	<u>\$ (3,297,000)</u>	<u>\$ -</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets, net of disposals	\$ (550,649)	\$ (280,243)	\$ -	\$ (843,221)	\$ (1,674,113)	\$ -
Bond payments	(511,450)	(523,550)	-	-	(1,035,000)	-
Interest payments	(291,603)	(373,717)	-	-	(665,320)	-
Net cash provided (used) by capital and related financing activities	<u>\$ (1,353,702)</u>	<u>\$ (1,177,510)</u>	<u>\$ -</u>	<u>\$ (843,221)</u>	<u>\$ (3,374,433)</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends received	\$ 41,895	\$ 9,307	\$ 31,251	\$ 1,975	\$ 84,428	\$ 9,149
Net cash provided by investing activities	<u>\$ 41,895</u>	<u>\$ 9,307</u>	<u>\$ 31,251</u>	<u>\$ 1,975</u>	<u>\$ 84,428</u>	<u>\$ 9,149</u>
Net (decrease) increase in cash and cash equivalents	\$ 947,587	\$ 262,413	\$ 337,868	\$ (362,522)	\$ 1,185,346	\$ 1,023,137
Beginning cash and cash equivalents	3,913,402	1,080,764	3,097,349	257,465	8,348,980	564,043
Ending cash and cash equivalents (deficit)	<u>\$ 4,860,989</u>	<u>\$ 1,343,177</u>	<u>\$ 3,435,217</u>	<u>\$ (105,057)</u>	<u>\$ 9,534,326</u>	<u>\$ 1,587,180</u>
Reconciliation of operating income to net cash provided (used) by operating activities						
Operating income	\$ 1,391,768	\$ 593,717	\$ 3,138,883	\$ 133,537	\$ 5,257,905	\$ 1,013,988
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	839,323	798,255	158,918	110,117	1,906,613	-
Amortization	29,017	43,232	-	-	72,249	-
Change in assets and liabilities:						
Receivables	66,521	71,133	-	(4,109)	133,545	-
Inventory and other assets	(16,719)	(13,925)	8,816	(12,708)	(34,536)	-
Accounts and other payables	114,022	(2,052)	-	295,384	407,354	-
Accrued expenses	9,380	16,338	-	3,503	29,221	-
Net cash provided (used) by operating activities	<u>\$ 2,433,312</u>	<u>\$ 1,506,698</u>	<u>\$ 3,306,617</u>	<u>\$ 525,724</u>	<u>\$ 7,772,351</u>	<u>\$ 1,013,988</u>

See notes to financial statements.

City of Columbus, Nebraska
Statement of Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
September 30, 2013

	Pension Trust Funds	Agency Funds
ASSETS		
Cash	\$ 826	\$ -
Investments	86,309	-
Total assets	\$ 87,135	\$ -
LIABILITIES		
Accounts payable	\$ -	\$ -
NET POSITION		
Held in trust for pension benefits	\$ 87,135	\$ -

See notes to financial statements.

City of Columbus, Nebraska
Statement of Changes in Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
For the Year Ended September 30, 2013

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Additions		
Interest income	\$ 753	\$ -
Collections for agency funds	<u>-</u>	<u>14,203</u>
Subtotal	<u>\$ 753</u>	<u>\$ 14,203</u>
Deductions		
Public Safety	<u>\$ 45,871</u>	<u>\$ -</u>
Other Financing Sources (Uses)		
Paid to agency fund	\$ -	\$ (14,203)
Transfers from other funds	<u>45,950</u>	<u>-</u>
Subtotal	<u>\$ 45,950</u>	<u>\$ (14,203)</u>
Change in Net Position	\$ 832	\$ -
Net Position - Beginning of year	<u>86,303</u>	<u>-</u>
Net Position - End of year	<u>\$ 87,135</u>	<u>\$ -</u>

See notes to financial statements.

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Note 1. **Summary of Significant Accounting Policies**

Organization

The City of Columbus, Nebraska, (the “City”) is a tax-exempt political subdivision and operates under a Mayor and eight-member City Council form of government.

Reporting entity

In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board pronouncements. These criteria state that the financial reporting entity consist of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Based on these criteria, the Gerrard Park Trust, the Library Endowment Fund, and the Library Foundation should be included in the financial statements of the City. These entities are considered blended component units of the City and are reported as if they were a part of the primary government.

Basis of presentation

On October 1, 2003, the City adopted the provisions of Statement No. 34 (“Statement 34”) of the Governmental Accounting Standards Board “*Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments.*” Statement 34 established standards for external financial reporting for all state and local government entities, which includes government-wide financial statements, fund financial statements and the classification of net position into amounts invested in capital assets, net of related debt, restricted and unrestricted.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the government. For the most part the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Note 1. Summary of Significant Accounting Policies (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or a segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and individual proprietary funds are reported as separate columns in the fund financial statements.

Proprietary funds are used to account for operations that are financed in a manner similar to private business enterprises, (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Note 1. **Summary of Significant Accounting Policies (continued)**

Measurement focus, basis of accounting, and financial statement presentation

The governmental activities financial statements are reported using the *economic resources measurement focus* and the *modified accrual basis of accounting*. In the modified accrual basis of accounting, revenues are recorded when received and expenses are recorded when paid. The City reports long-term assets and long-term debt for the governmental activities and the business-type activities in the government-wide financial statements. The business-type activities financial statements and the proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. In the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified cash basis of accounting*. In the modified cash basis of accounting, revenues are recorded when received, expenses are recorded when paid, and only the current portion of long-term debt is accrued.

Major funds and fund types

The City reports the following major governmental funds:

The *General fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Special Revenue fund* accounts for City-enacted sales tax, as further described in Note 16, and expenditures for transportation purposes, which include construction and maintenance of streets, roads, and bridges to the extent of tax revenues. In addition, this fund accounts for Community Development Block Grants, lottery funds, and the airport.

The *Capital Projects fund* accounts for the acquisition of major capital facilities other than those financed by proprietary funds.

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Note 1. **Summary of Significant Accounting Policies (continued)**

The Debt Service fund accounts for the receipts and expenditures of bond principal and interest other than those of proprietary funds.

The City reports the following major proprietary funds:

The *Water, Sewer and Solid Waste funds* are used to account for all activities necessary for the provision of water, sewer, and waste disposal services to City residents.

The *Electric fund* accounts for franchise fees received from Loup Power District. Revenues are used to maintain distribution lines to City customers.

Additionally, the City reports the following fund types:

The *Internal Service fund* accounts for self-insurance reserves and employee benefits for covered employees provided to other departments or agencies of the City on a cost reimbursement basis.

The *Pension Trust funds* account for the accumulation of resources for pension benefit payments to qualified fire and police personnel.

The *Agency funds* account for the receipts and disbursements of tax funds with respect to the tax levies enacted by the City for licenses and fees.

General statement

The *Governmental Accounting Standards Board* (GASB) is the standard-setting body for governmental accounting and financial reporting. The City has applied all applicable GASB pronouncements.

Use of estimates

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

Accounts receivable

Accounts receivable represents the amounts due from customers for services provided. The proprietary funds use the reserve method of accounting for bad debts. Differences between this and other methods are immaterial.

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Note 1. **Summary of Significant Accounting Policies (continued)**

Allowance for uncollectible accounts, in the amount of \$1,200 and \$1,800 in the Sewer Fund and Water Fund, respectively, as of September 30, 2013, are shown netted against the respective accounts receivable balances for the proprietary funds.

Inventories

In the governmental funds, disbursements for inventory type items, which consist of expendable supplies held for consumption, are considered expenditures at the time of purchase and not at the time the items are used.

In the proprietary funds, inventory consists of plumbing supplies and replacement parts. Inventory is valued at the lower of cost or market, using a first-in, first-out (FIFO) method. Inventory is recorded as an expenditure when consumed, rather than when purchased.

Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as the projects are constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements and Buildings	5-50
Improvements	5-75
Equipment	3-20
Vehicles	5-30

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Note 1. **Summary of Significant Accounting Policies (continued)**

Equity

In the government-wide statements, equity is classified as invested in capital assets, net of related debt, unrestricted net position and restricted net position. In the governmental fund statements, equity is classified as non-spendable, restricted, committed, assigned and unassigned fund balances according to the detail below.

Fund balance

The City has adopted the provisions of Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*,” of the Governmental Accounting Standards Board. In accordance with this Statement, governmental fund balance is classified as follows:

Nonspendable – resources which cannot be spent because they are either (a) not in spendable form (such as inventory); or (b) legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitations the government imposes upon itself at its highest level of decision-making authority and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the City Council or a body or official to which the City Council has delegated the authority to assign amounts for specific purposes.

Unassigned – resources which cannot be properly classified as one of the other four categories. The *General fund* should be the only fund that reports a positive unassigned fund balance amount.

The City’s policy is to spend restricted amounts first when both restricted and unrestricted fund balances are available unless there are legal restrictions that prohibit doing so. Additionally, the City is to first spend committed, then assigned, and lastly unassigned amounts of unrestricted fund balances when expenditures are made.

The City does not have a formal minimum fund balance policy.

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Note 2. County Treasurer Fund

At September 30, 2013, the cash fund balances of the County Treasurer funds have been allocated to the *General* and *Debt Service funds* of the City; therefore, a separate County Treasurer's fund is not presented as an individual fund of the City.

Note 3. Budget Process and Property Tax Revenues

For the fiscal year ended September 30, 2013, the City followed these procedures in establishing the budgetary data reflected in the accompanying financial statements:

Prior to September 1, the City submitted to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget included proposed expenditures and the means of financing them.

The budget is published with subsequent public hearings to obtain taxpayer comments.

Prior to September 20, the budget was legally adopted by the City Council and was then filed with the appropriate state and county officials.

Property taxes were levied in October of 2012 on the assessed value of listed property. Assessed values are an approximation of market value. The County Assessor of Platte County, Nebraska, determined the City of Columbus valuation to be \$1,257,950,788 in August of 2012.

The City, through the budget process, requested a total of \$4,090,687 in property taxes. Based on the August of 2012 valuation previously mentioned, the tax levy for the City of Columbus was established at \$0.325 per \$100 of property value.

Note 4. Cash and Investments

Nebraska Statute §79-1043 provides that the City may, by and with the consent of the City Council, invest the funds of the City in securities, including repurchase agreements. Appropriate securities include those that would normally be acquired by individuals of prudence, discretion and intelligence when dealing with the property of another.

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Note 4. Cash and Investments (continued)

The City's deposits consist of cash, certificates of deposit and securities. At year-end, the City's carrying amount of bank deposits was \$27,543,959 and the bank balance was \$27,783,690. The component units' carrying amount of bank deposits was \$1,586,076 and bank balance was \$1,586,376. All balances were covered by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department or agent in the government's name. A portion of the primary government's and the component units' cash balances are held in an investment account and not at a financial institution.

For reporting purposes, the collateral on the City's bank deposits is classified in these categories:

- 1) Insured or collateralized with securities held by the City or by its agent in the City's name.
- 2) Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- 3) 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.

Deposits and investments of the City at September 30, 2013, consisted of the following:

	City of Columbus	Component Units	Total
Demand deposits	\$ 8,813	\$ 424	\$ 9,237
Time and savings deposits	27,318,518	168,282	27,486,800
Other securities	456,359	1,417,670	1,874,029
Total deposits	\$ 27,783,690	\$ 1,586,376	\$ 29,370,066
		Investment term	
<u>Investment type</u>	<u>Less than 1 year</u>	<u>1 -5 years</u>	<u>5 - 10 years</u>
U. S. Notes	\$ -	\$ -	\$ 456,359
Money Markets	9,517,515	-	-
CD's	-	17,809,816	-
Total	\$ 9,517,515	\$ 17,809,816	\$ 456,359

CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Note 4. **Cash and Investments (continued)**

The City attempts to mitigate the following types of deposit and investment risks through compliance with the State Statutes. The types of deposit and investment risks are the following:

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.

Credit risk – The City’s investment policies regarding credit risk are governed by state statutes as described above.

Concentration of credit risk – The City’s investment policy places no limits on the amounts that may be invested in any one issuer.

Custodial credit risk – deposits – Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City’s deposits may not be returned to it. The City’s policy regarding custodial credit risk is determined by state statute as described above.

Custodial credit risk – investments – Custodial credit risk for investments 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 investments or collateral securities that are in possession of an outside party. The City’s policy regarding custodial credit risk is determined by state statute as described above. As of September 30, 2013, the primary government’s only investments included general obligation bonds of Platte County, Nebraska, held by the City’s agent in the City’s name.

None of the City’s deposits in excess of the amount insured by the Federal Deposit Insurance Corporation shall be allowed to accumulate in any financial institution unless (a) the financial institution gives a surety bond, (b) the financial institution provides the City with securities as collateral on the excess funds or (c) the financial institution issues a joint custody receipt to the benefit of the City where a third party financial institution actually holds the security.

Note 5. **Receivables**

Receivables as of September 30, 2013, for the City’s individual major funds, non-major funds, internal service funds and fiduciary funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Note 5. **Receivables (continued)**

	Accounts	Notes	Special Assessments	Inter- Governmental	Gross Receivables	Allowance for Uncollectibles	Net Total Receivables
General	\$ 507,576	\$ -	\$ -	\$ -	\$ 507,576	\$ -	\$ 507,576
Street	2,873	-	-	-	2,873	-	2,873
Airport	9,168	-	-	-	9,168	-	9,168
E-911	7,306	-	-	-	7,306	-	7,306
Housing Rehabilitation	-	335,954	-	-	335,954	-	335,954
Economic Development	477	18,080	-	-	18,557	-	18,557
Progress and Jobs Growth	-	446,000	-	-	446,000	-	446,000
Debt Service	-	-	920,149	-	920,149	-	920,149
Sewer	335,453	-	-	-	335,453	1,200	334,253
Water	430,476	-	-	40,000	470,476	1,800	468,676
Solid Waste	70,405	-	-	-	70,405	-	70,405
	<u>\$ 1,363,734</u>	<u>\$ 800,034</u>	<u>\$ 920,149</u>	<u>\$ 40,000</u>	<u>\$ 3,123,917</u>	<u>\$ 3,000</u>	<u>\$ 3,120,917</u>

The City has the following notes receivable outstanding as of September 30, 2013, under the Community Development Block Grant program administered by the City:

	Original Date	Due Date	Original Amount	Interest Rate	Monthly Payment	Balance
1999 Flexcon	9/1/1999	8/1/2014	\$ 250,000	4.00%	\$ 1,846	<u>\$ 18,080</u>
Total						<u>\$ 18,080</u>

On February 16, 2011, the City loaned Maine Plastics \$150,000 for equipment purchases to support the recycling venture in Columbus. The loan carries no interest and payments of \$30,000 are due annually beginning December 31, 2012, with the final payment due December 31, 2015. The outstanding balance at September 30, 2013, is \$120,000.

On February 2, 2012, the City loaned Central Community College \$10,000 for a business incubator to support new business opportunities in the area. The loan carries no interest and payments of \$5,000 are due every eighteen months, with the final payment due January 31, 2015. The loan provides for complete forgiveness if certain provisions are met. The outstanding balance at September 30, 2013, is \$5,000.

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Note 5. Receivables (continued)

On July 2, 2012, the City loaned Apogee Retail, LLC \$120,000 for equipment purchases to support the expansion of a call center in Columbus. The loan carries no interest and payments of \$40,000 are due annually beginning December 31, 2012, with the final payment due December 31, 2014. The loan provides for complete forgiveness, if certain job creation provisions are met. The outstanding balance at September 30, 2013, is \$80,000.

On August 3, 2012, the City loaned Central American Foods, LLC \$45,000 and on October 15, 2012, the City loaned \$46,000 for a total of \$91,000 for equipment purchases to support the cheese making business in Columbus. The loan carries no interest and payments of \$22,750 are due annually beginning July 1, 2014, with the final payment due July 1, 2017. The outstanding balance at September 30, 2013, is \$91,000.

On August 15, 2012, the City loaned Monster Storage, LLC \$150,000 for building construction costs to support the recycling venture in Columbus. The loan carries no interest and payments of \$30,000 are due annually beginning December 31, 2014, with the final payment due December 31, 2018. The outstanding balance at September 30, 2013, is \$150,000.

The following is a summary of notes receivable outstanding as of September 30, 2013, under the Progress and Jobs Growth program administered by the City:

	Original Date	Due Date	Original Amount	Interest Rate	9/30/2013 Balance
2011 Maine Plastics	2/16/2011	12/31/2015	\$ 150,000	0.00%	\$ 120,000
2012 CCC	2/2/2012	1/31/2015	10,000	0.00%	5,000
2012 Apogee Retail	7/2/2012	12/31/2014	120,000	0.00%	80,000
2012 Central American Foods	8/3/2012	7/1/2017	91,000	0.00%	91,000
2012 Monster Storage	8/15/2012	12/31/2018	150,000	0.00%	150,000
Total					<u>\$ 446,000</u>

The City has issued various down-payment assistance loans to residents. The loans are second mortgages on the houses and will be repaid after the first mortgage is paid in full. The outstanding balance at September 30, 2013, is \$335,954.

CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Note 6. **Bond Issue Costs**

The City has capitalized expenditures relating to the issuance of the business-type activity debt referred to in Note 8. These costs will be amortized over the lives of the issues. For all governmental funds, the costs of the issuance of bonds are expensed when incurred. Amortization expense and the unamortized balances at September 30, 2013, are as follows:

	Amortization Expense	Unamortized Balance
2005 Combined Revenue and Refunding Bonds	\$ 15,872	\$ 124,726
2010 Combined Revenue Bonds	3,878	64,944
2011 Combined Revenue Bonds	1,813	23,580
2011 Combined Revenue and Refunding Bonds	31,313	309,912
2012 Combined Revenue and Refunding Bonds	19,373	215,268
Total	<u>\$ 72,249</u>	<u>\$ 738,430</u>

Note 7. **Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets:				
Land	\$ 280,524	\$ -	\$ -	\$ 280,524
Construction in Progress	5,625,667	2,322,358	(1,625,025)	6,323,000
Land Improvements and Buildings	12,459,961	104,937	-	12,564,898
Improvements	95,961,329	1,836,060	(1,015)	97,796,374
Equipment	8,733,131	1,033,573	(581,820)	9,184,884
Vehicles	5,923,429	949,841	(45,185)	6,828,085
Total capital assets	<u>\$ 128,984,041</u>	<u>\$ 6,246,769</u>	<u>\$ (2,253,045)</u>	<u>\$ 132,977,765</u>
Less accumulated depreciation	<u>\$ (38,345,191)</u>	<u>\$ (3,851,319)</u>	<u>\$ 572,515</u>	<u>\$ (41,623,995)</u>
Governmental activities capital assets, net	<u>\$ 90,638,850</u>	<u>\$ 2,395,450</u>	<u>\$ (1,680,530)</u>	<u>\$ 91,353,770</u>

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Note 7. Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets:				
Land	\$ 391,161	\$ -	\$ -	\$ 391,161
Construction in Progress	262,918	1,413,241	(202,315)	1,473,844
Land Improvements and Buildings	24,189,223	-	-	24,189,223
Improvements	36,058,505	140,216	(5,930)	36,192,791
Equipment	7,666,374	494,054	(284,837)	7,875,591
Total capital assets	<u>\$ 68,568,181</u>	<u>\$ 2,047,511</u>	<u>\$ (493,082)</u>	<u>\$ 70,122,610</u>
Less accumulated depreciation	<u>\$ (27,006,974)</u>	<u>\$ (1,906,613)</u>	<u>\$ 163,288</u>	<u>\$ (28,750,299)</u>
Business-type activities capital assets, net	<u>\$ 41,561,207</u>	<u>\$ 140,898</u>	<u>\$ (329,794)</u>	<u>\$ 41,372,311</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	\$ 3,851,319
Business-type activities	<u>1,906,613</u>
Total depreciation	<u>\$ 5,757,932</u>

Note 8. Long-Term Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. In the fund financial statements, governmental fund types recognize only the current portion of long-term debt.

Bond Anticipation Notes Payable

On June 6, 2011, the City issued bond anticipation notes in the amount of \$275,000. The notes bear interest at 1.3%. The outstanding balance as of September 30, 2013, was \$275,000.

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital activities. General obligation bonds have been issued for governmental activities only.

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Note 8. Long-Term Liabilities (continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 15-year serial bonds with substantially equal debt service payments each year. General obligation bonds currently outstanding are as follows:

On November 15, 2008, the City issued General Obligation Flood Control Refunding Bonds in the amount of \$3,400,000. The issue bears interest from 2.50 to 3.50%. Final payment is due November 15, 2014. The outstanding balance as of September 30, 2013, is \$1,195,000.

On July 15, 2008, the City issued Various Purpose Bonds in the amount of \$500,000. The issue bears interest from 3.25 to 4.50%. Final payment is due on September 1, 2023. The outstanding balance as of September 30, 2013, is \$375,000.

On August 6, 2009, the City issued General Obligation Refunding Bonds in the amount of \$1,070,000. The issue bears interest from 1.40 to 4.00%. Final payment is due on October 15, 2019. The outstanding balance at September 30, 2013, is \$775,000.

On June 1, 2011, the City issued Various Purpose Bonds in the amount of \$840,000. The issue bears interest from 0.85 to 3.45%. Final payment is due on November 15, 2021. The outstanding balance as of September 30, 2013, is \$715,000.

On May 24, 2012, the City issued Various Purpose Bonds in the amount of \$570,000. The issue bears interest from 0.40 to 1.00%. Final payment is due on May 15, 2017. The outstanding balance as of September 30, 2013, is \$460,000.

The schedule of bond redemptions is as follows:

	General Obligation Bonds		Bond Anticipation Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 970,000	\$ 90,300	\$ 275,000	\$ 3,575	\$ 1,245,000	\$ 93,875
2015	975,000	63,949	-	-	975,000	63,949
2016	320,000	46,795	-	-	320,000	46,795
2017	320,000	39,630	-	-	320,000	39,630
2018	215,000	31,601	-	-	215,000	31,601
2019-2023	720,000	58,313	-	-	720,000	58,313
	<u>\$ 3,520,000</u>	<u>\$ 330,588</u>	<u>\$ 275,000</u>	<u>\$ 3,575</u>	<u>\$ 3,795,000</u>	<u>\$ 334,163</u>

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Note 8. Long-Term Liabilities (continued)

Total bonds outstanding are as follows:

	General Obligation Bonds	Bond Anticipation Notes	Total
Bonds outstanding, October 1	\$ 4,450,000	\$ 275,000	\$ 4,725,000
Bonds paid	(930,000)	-	(930,000)
Bonds issued	-	-	-
Bonds outstanding, September 30	<u>\$ 3,520,000</u>	<u>\$ 275,000</u>	<u>\$ 3,795,000</u>
Amount due within one year	<u>\$ 970,000</u>	<u>\$ 275,000</u>	<u>\$ 1,245,000</u>

Business-Type Activity Debt

On August 15, 2005, the City issued Combined Revenue and Refunding Bonds in the amount of \$6,915,000. The issue bears interest from 3.00 to 4.00%. Final payment is due on December 15, 2023. The outstanding balance at September 30, 2013, is \$3,390,000.

On March 11, 2010, the City issued Combined Revenue Bonds in the amount of \$4,510,000. The issue bears interest from 1.90 to 4.66%. Final payment is due on June 15, 2030. The outstanding balance at September 30, 2013, is \$4,460,000.

On December 3, 2010, the City issued Combined Revenue and Refunding Bonds in the amount of \$8,235,000. The issue bears interest from 0.65 to 3.38%. Final payment is due on December 15, 2023. The outstanding balance at September 30, 2013, is \$7,305,000.

On June 6, 2011, the City issued Combined Revenue Bonds in the amount of \$1,580,000. The issue bears interest from 1.45 to 3.80%. Final payment is due on December 15, 2026. The outstanding balance at September 30, 2013, is \$1,580,000.

On August 7, 2012, the City issued Combined Revenue and Refunding Bonds in the amount of \$5,785,000. The issue bears interest from 0.30 to 3.10%. Final payment is due on June 15, 2027. The outstanding balance at September 30, 2013, is \$5,475,000.

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Note 8. Long-Term Liabilities (continued)

The schedule of bond redemptions is as follows:

	Total	
	Principal	Interest
2014	\$ 1,345,000	\$ 645,204
2015	1,370,000	622,724
2016	1,495,000	597,392
2017	1,525,000	569,101
2018	1,560,000	537,569
2019-2023	7,960,000	2,003,568
2024-2028	5,805,000	815,790
2029-2030	1,150,000	83,300
	\$ 22,210,000	\$ 5,874,648

Total bonds outstanding:

Bonds outstanding, October 1	\$ 23,245,000
Bonds paid	(1,035,000)
Bonds issued	-
Bonds outstanding, September 30	\$ 22,210,000
Amount due within one year	\$ 1,345,000

Note 9. Pension and Retirement Plans

The City employees' defined contribution pension plan was created December 1, 1974. The plan is a fully funded money purchase pension plan administered by a third party. Six percent of all earned income for an employee is contributed by each employee and matched by the City. Vesting is made over a scheduled seven-year period of plan participation. All regular employees of the City working 1,000 hours or more per year, except fire and police personnel, are eligible after one year of service and 21 years of age for this pension plan, but participation is not mandatory. Upon retirement, an employee may elect to receive a lump-sum distribution or one of several types of annuities.

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Note 9. Pension and Retirement Plans (continued)

The fire and police pension plans are mandatory under Nebraska State Statutes. Fire personnel contribute six and one-half percent of base salary, and police personnel contribute six percent of gross wages. Currently, the City is required to provide matching funds of thirteen percent for fire pensions and six percent for police pensions. The City may make a levy, in addition to the normal allowable levy, to provide the necessary amounts to pay such pensions. Fire personnel are vested forty percent after two years and twenty percent each year thereafter until one hundred percent vested. Police personnel are vested forty percent after two years and proceed through a schedule to be one hundred percent vested after seven years.

Fire and police personnel receive the retirement benefit provided by an individual vested account. However, if an individual was an eligible employee on January 1, 1984, the benefit will not be less than fifty percent of the average final salary at normal retirement age. The benefits earned prior to 1984 are defined benefit pensions, administered by the City, and recorded in the Fire Pension Fund and the Police Pension Fund. The benefits accrued beginning in 1984 are money purchase pensions, fully funded, and administered by Ameritas Life Insurance Corporation, a division of UNIFI Companies.

The cost to the City for the money purchase pension plans administered by others for the fiscal year ended September 30, 2013, is as follows:

Fire	\$ 94,548
Police	131,615
All others	<u>273,354</u>
Total	<u>\$ 499,517</u>

Total wages paid by the City for the year ended September 30, 2013, are \$8,855,627.

Recommended additional periodic employer contributions to the pension plans are determined on an actuarial basis using the aggregate actuarial cost method. The aggregate actuarial cost method does not identify and separately amortize unfunded actuarial liabilities. Actuarial reports are required every four years for the plan. The actuarial valuation as of January 1, 2012, from the most recently issued report, shows a recommended annual deposit of \$0 for the fire pension plan and \$0 for the police pension plan. The City's contributions to the defined benefit plans for the year ended September 30, 2013, are \$22,482 for the fire plan and \$23,389 for the police plan.

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Note 9. Pension and Retirement Plans (continued)

Significant actuarial assumptions used to compute the recommended pension contribution are summarized below:

Investment return (for fire and police):

Pre-retirement	7.0%
Post-retirement	5.5%

Mortality:
1994 Group Annuity Mortality Table.

Expenses:
Normal cost includes estimated plan expense charge.

Retirement age:
Age 55-59 – 40% probability of retirement for fire.
Age 55-59 – 20% probability of retirement for police.
Age 60 – 100% probability of retirement.

Salary scale:
4% increase each year until retirement.

Disability:
None.

Termination:
None prior to retirement eligibility.

Load for lump sums:
Liabilities were loaded by 10% to reflect the potential adverse interest and mortality selection with participants choosing the lump sum option.

A schedule of funding progress as of the most recent actuarial valuation is as follows:

January 1, 2012	Value of Assets	Actuarial Valuation			Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
		Accrued Liability	Unfunded Liability	Funded Ratio		
Fire	\$1,033,682	\$ 194,050	\$ -	533%	\$ 107,315	0%
Police	\$ 517,919	\$ 146,440	\$ -	354%	\$ 74,372	0%

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Note 10. Tax Increment Financing

The City has entered into the Village Addition Shopping Center Redevelopment Agreement (the Redevelopment Agreement) with Dial Columbus, L.L.C. In accordance with the Redevelopment Agreement, the City, as the Community Redevelopment Authority, issued \$2,600,000 of Village Addition Shopping Center Redevelopment Project Tax Allocation Bonds, dated November 15, 2002. Additional bonds in the amount of \$750,000 were issued and dated March 9, 2007. These bonds shall be payable solely from the tax increment revenues and other funding as provided.

The City issued Tax Increment Allocation Bonds in the amount of \$490,000 on May 15, 2007. On May 24, 2012, the remaining balance of \$395,000 was called with a new issue of \$280,000 and other incremental revenue on hand. These bonds are also to be paid solely from the tax increment revenues and other funding as provided.

The bonds shall not, in any event, be a debt of the City, except to the extent of the pledge of the tax increment revenue for the payment of the principal and interest on the bonds. Therefore, no liability relating to the bonds is recorded.

Note 11. Major Customers

The City received approximately 16.0% of the total water revenues and approximately 21.8% of total sewer revenues from one major customer in the year ended September 30, 2013.

Note 12. Commitments and Contingencies

The City participates in numerous federal and state assisted grant programs which are governed by various rules and regulations of the grantor agencies. These programs are subject to financial and compliance audits by the granting agencies. To the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.

The City has elected to be a reimbursable employer with regard to unemployment claims filed by former employees. Therefore, the City is required to reimburse the State of Nebraska for any claims paid on behalf of the City. As of September 30, 2013, the amount of liability, if any, is indeterminable.

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Note 12. Commitments and Contingencies (continued)

Various lawsuits and claims against the City are presently pending involving claims for personal injury, tax appeals, and miscellaneous cases. In the opinion of management, suits or claims, either individually or in the aggregate, will not have a material effect on the financial position of the City.

Solid Waste Coalition

During 1995, the City entered into an inter-local agreement with several other governmental entities which resulted in the formation of the Northeast Nebraska Solid Waste Coalition (the Coalition). The Coalition issued revenue bonds for which it is expected the Coalition's debt service requirements will be met with landfill use fees. In 2010, the Coalition refinanced the revenue bonds to take advantage of lower interest rates and the City signed an amended guarantee of the bonded indebtedness of the Coalition, along with two other cities. The City's guarantee is capped at \$679,000 per year, over the life of the bonds.

Note 13. Self-Insurance Plan

The City's health insurance coverage is a partially self-funded plan administered by a third-party administrator. The City pays the administrator to manage the employee health plan operations and to purchase reinsurance to cover specific claims over \$60,000 and aggregate claims that are over \$2,153,113 or 100% of the expected annual claims, whichever is greater. No accrual for claims incurred but not reported has been made as of year-end.

Note 14. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year, the City carried commercial insurance for general liability, linebacker, property, umbrella, worker's compensation, inland marine, automobile, law enforcement and crime coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 15. Interfund Loans and Transfers

In 2002, the City Water fund constructed the central maintenance facility. A resolution was passed by the City Council in 2006 whereby the City street department will make payments totaling \$2,649,231 over a twenty year period to the Water fund in order to purchase the facility. Payments made during the current fiscal year were \$124,900.

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Note 15. Interfund Loans and Transfers (continued)

In 2011, the Water fund loaned \$120,000 to the Solid Waste fund for the purchase of certain equipment. The amount is to be repaid in three annual installments of \$40,000 beginning December 1, 2011, without interest.

A summary of interfund loans is as follows:

	Due From Other Funds	Due to Other Funds
Special Revenue Fund	\$ -	\$ 1,580,538
Water Fund	1,620,538	-
Solid Waste Fund	-	40,000
Total	\$ 1,620,538	\$ 1,620,538

Transfers between funds are to cover operational expenses for the funds and to transfer capital assets to other funds.

Transfer Out

Transfer In	Transfer Out							Subtotal
	General			Fiduciary			Special Revenue	
	General Fund	Senior Center	Park	Platte Co Library	Library Endow.	Gerrard Park Trust	Sales Tax	
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mini-Bus	-	500	-	-	-	-	-	500
Library	-	-	-	44,000	-	-	-	44,000
Park	-	-	-	-	-	2,100	-	2,100
Street	340,000	-	-	-	-	-	-	340,000
Engineering	-	-	-	-	-	-	35,000	35,000
Airport	140,000	-	-	-	-	-	-	140,000
Economic Dev.	-	-	-	-	-	-	4,100	4,100
Library Foundation	-	-	-	-	13,514	-	-	13,514
Capital Projects	-	-	-	-	-	-	893,080	893,080
Debt Service	-	-	-	-	-	-	619,030	619,030
Water	-	-	50,000	-	-	-	-	50,000
Sewer	-	-	-	-	-	-	-	-
Police Pension	23,700	-	-	-	-	-	-	23,700
Fire Pension	22,250	-	-	-	-	-	-	22,250
	\$ 525,950	\$ 500	\$ 50,000	\$ 44,000	\$ 13,514	\$ 2,100	\$ 1,551,210	\$ 2,187,274

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Note 15. Interfund Loans and Transfers (continued)

Transfer In	Transfer Out						Subtotal	Total
	Special Revenue Keno	Debt Service	Water	Sewer	Electric	Solid Waste		
General	\$ -	\$ -	\$ 115,000	\$ 115,000	\$ 3,000,000	\$ 47,000	\$ 3,277,000	\$ 3,277,000
Mini-Bus	-	-	-	-	-	-	-	500
Library	-	-	-	-	-	-	-	44,000
Park	420,000	-	-	-	-	10,070	430,070	432,170
Street	-	-	-	-	-	-	-	340,000
Engineering	-	-	10,000	10,000	-	-	20,000	55,000
Airport	-	-	-	-	-	-	-	140,000
Economic Dev.	-	-	-	-	-	-	-	4,100
Library Foundation	-	-	-	-	-	-	-	13,514
Capital Projects	-	674	-	-	-	-	674	893,754
Debt Service	-	-	-	-	-	-	-	619,030
Water	-	-	-	-	-	1,700	1,700	51,700
Sewer	-	-	48,918	-	-	44,345	93,263	93,263
Police Pension	-	-	-	-	-	-	-	23,700
Fire Pension	-	-	-	-	-	-	-	22,250
	<u>\$ 420,000</u>	<u>\$ 674</u>	<u>\$ 173,918</u>	<u>\$ 125,000</u>	<u>\$ 3,000,000</u>	<u>\$ 103,115</u>	<u>\$ 3,822,707</u>	<u>\$ 6,009,981</u>

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Note 16. Sales Tax

The City has received voter approval eight times since 1995 for a one percent or one-half percent City sales tax for various projects. Currently, the local sales tax rate is a total of one and one-half percent (1.50%). Effective April 1, 2011, the one percent (1.00%) is allocated to paying for drainage, street and capital improvements, funding for the Economic Development Plan, and to any indebtedness incurred for the above projects. The one percent tax expires April 1, 2017. Effective July 1, 2011, the one-half percent (0.50%) is allocated to paying the principal and interest on an amount not to exceed \$5,350,000 for public facility improvements and for operating deficits at Pawnee Plunge Water Park and Columbus Aquatic Center. The one-half percent tax expires when the bonds are repaid.

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Note 17. Fund Balances

As of September 30, 2013, governmental fund balances are classified as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Other Funds	Total
Fund balances:						
Nonspendable:						
Library Endowment	\$ -	\$ -	\$ -	\$ -	\$ 1,424,566	\$ 1,424,566
Gerard Park Trust	-	-	-	-	130,625	130,625
Total nonspendable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,555,191</u>	<u>\$ 1,555,191</u>
Restricted for:						
Cemetery	\$ 72,853	\$ -	\$ -	\$ -	\$ -	\$ 72,853
Streets	-	966,898	-	-	-	966,898
Airport	-	516,830	-	-	-	516,830
Capital Improvements	-	4,656,629	19,922	-	-	4,676,551
Public Safety	-	121,847	-	-	-	121,847
Housing	-	(3,371)	-	-	-	(3,371)
Economic Development	-	1,437,782	-	-	-	1,437,782
Debt Service	-	-	571,586	510,701	-	1,082,287
Library	-	-	-	-	30,885	30,885
Total restricted	<u>\$ 72,853</u>	<u>\$ 7,696,615</u>	<u>\$ 591,508</u>	<u>\$ 510,701</u>	<u>\$ 30,885</u>	<u>\$ 8,902,562</u>
Committed to:						
Public Safety	\$ -	\$ 43,391	\$ -	\$ -	\$ -	\$ 43,391
Parks	-	776,906	-	-	-	776,906
Total committed	<u>\$ -</u>	<u>\$ 820,297</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 820,297</u>
Unassigned:	<u>\$ 6,502,744</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,502,744</u>
Total fund balances	<u>\$ 6,575,597</u>	<u>\$ 8,516,912</u>	<u>\$ 591,508</u>	<u>\$ 510,701</u>	<u>\$ 1,586,076</u>	<u>\$ 17,780,794</u>

Note 18. Subsequent Events

On November 8, 2013, the City issued \$2,850,000 of Swimming Pool/Water Park Sales Tax Revenue Bonds for the construction of an addition to the Pawnee Plunge Water Park. On December 27, 2013, the City issued \$4,750,000 of General Obligation Flood Control and Refunding Bonds. Of the total, \$600,000 was used to call the remainder of the Series 2008 Flood Control Bonds. The remaining balance will be used for the construction of the Loup River Levee Improvements.

**CITY OF COLUMBUS
NEBRASKA**

SUPPLEMENTARY AND OTHER INFORMATION

City of Columbus, Nebraska
Schedule of Receipts, Disbursements, and Changes in Fund Balance - Budget to Actual
Cash Basis
General Fund
For the Year Ended September 30, 2013

	Budget Original and Final	Actual	Variance with Budget- Positive (Negative)
RECEIPTS			
Property taxes	\$ 3,753,353	\$ 3,853,019	\$ 99,666
Motor vehicle tax	410,000	436,082	26,082
In lieu and motor vehicle prorate	182,000	218,926	36,926
Franchise fees	820,000	795,378	(24,622)
State shared revenue	6,700	6,538	(162)
Sales tax	3,525,775	2,281,612	(1,244,163)
Grants	610,800	507,151	(103,649)
Fees, permits and licenses	261,925	266,770	4,845
Other local revenues	5,847,705	5,618,296	(229,409)
Investment income	40,600	51,610	11,010
Total receipts	<u>\$ 15,458,858</u>	<u>\$ 14,035,382</u>	<u>\$ (1,423,476)</u>
DISBURSEMENTS			
General government	\$ 2,189,585	\$ 1,943,997	\$ 245,588
Public safety	6,877,230	6,445,621	431,609
Public health	337,760	289,610	48,150
Culture and recreation	5,730,480	4,642,650	1,087,830
Community development	201,700	189,929	11,771
Total disbursements	<u>\$ 15,336,755</u>	<u>\$ 13,511,807</u>	<u>\$ 1,824,948</u>
Excess of receipts over disbursements	<u>\$ 122,103</u>	<u>\$ 523,575</u>	<u>\$ 401,472</u>
Basis of accounting adjustment		<u>1,487,275</u>	
Change in net position		<u>\$ 2,010,850</u>	

See notes to financial statements.

City of Columbus, Nebraska
Schedule of Receipts, Disbursements, and Changes in Fund Balance - Budget to Actual
Cash Basis
Special Revenue Fund
For the Year Ended September 30, 2013

	Budget Original and Final	Actual	Variance with Budget- Positive (Negative)
RECEIPTS			
Property taxes	\$ -	\$ 10	\$ 10
Sales tax	1,104,725	2,907,917	1,803,192
Grants	3,623,160	917,148	(2,706,012)
Fees, permits and licenses	2,799,800	2,982,744	182,944
Other local revenues	591,950	676,544	84,594
Investment income	54,050	64,436	10,386
Total receipts	<u>\$ 8,173,685</u>	<u>\$ 7,548,799</u>	<u>\$ (624,886)</u>
DISBURSEMENTS			
Public safety	\$ 442,900	\$ 208,906	\$ 233,994
Public works	4,157,060	3,846,325	310,735
Community development	4,690,100	777,972	3,912,128
Sales tax	2,480,030	1,551,210	928,820
Total disbursements	<u>\$ 11,770,090</u>	<u>\$ 6,384,413</u>	<u>\$ 5,385,677</u>
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (3,596,405)</u>	<u>\$ 1,164,386</u>	<u>\$ 4,760,791</u>
Basis of accounting adjustment		<u>(1,523,038)</u>	
Change in net position		<u>\$ (358,652)</u>	

See notes to financial statements.

City of Columbus, Nebraska
Schedule of Receipts, Disbursements, and Changes in Fund Balance - Budget to Actual
Cash Basis
Capital Projects
For the Year Ended September 30, 2013

	Budget Original and Final	Actual	Variance with Budget- Positive (Negative)
RECEIPTS			
Property taxes	\$ 432,070	\$ 545,073	\$ 113,003
Sales tax	969,500	409,071	(560,429)
Grants	2,050,000	-	(2,050,000)
Other local revenues	8,106,525	893,754	(7,212,771)
Investment income	600	3,806	3,206
Total receipts	\$ 11,558,695	\$ 1,851,704	\$ (9,706,991)
 DISBURSEMENTS			
Capital outlay	\$ 10,925,500	\$ 1,512,055	\$ 9,413,445
Debt service	718,470	417,405	301,065
Total disbursements	\$ 11,643,970	\$ 1,929,460	\$ 9,714,510
Excess (deficiency) of receipts over (under) disbursements	\$ (85,275)	\$ (77,756)	\$ 7,519
Basis of accounting adjustment		697,332	
Change in net position		\$ 619,576	

See notes to financial statements.

City of Columbus, Nebraska
Schedule of Receipts, Disbursements, and Changes in Fund Balance - Budget to Actual
Cash Basis
Debt Service Fund
For the Year Ended September 30, 2013

	Budget Original and Final	Actual	Variance with Final Budget- Positive (Negative)
RECEIPTS			
Property taxes	\$ 180,600	\$ 185,726	\$ 5,126
In lieu	8,400	9,748	1,348
Fees, permits and licenses	282,025	216,483	(65,542)
Other local revenues	819,030	819,030	-
Investment income	8,000	12,428	4,428
Total receipts	<u>\$ 1,298,055</u>	<u>\$ 1,243,415</u>	<u>\$ (54,640)</u>
DISBURSEMENTS			
Debt service	<u>\$ 1,244,060</u>	<u>\$ 1,244,183</u>	<u>\$ (123)</u>
Total disbursements	<u>\$ 1,244,060</u>	<u>\$ 1,244,183</u>	<u>\$ (123)</u>
Excess (deficiency) of receipts over (under) disbursements	<u>\$ 53,995</u>	<u>\$ (768)</u>	<u>\$ (54,763)</u>
Basis of accounting adjustment		<u>(928,464)</u>	
Change in net position		<u>\$ (929,232)</u>	

See notes to financial statements.

**CITY OF COLUMBUS, NEBRASKA
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Note 1. Budgetary Accounting

Annual budgets are adopted on a basis consistent with the Nebraska Budget Act. The Nebraska Budget Act requires that the City adopt its budget on a *cash basis*. All annual appropriations lapse at fiscal year-end.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a fund with the City Administrator's approval. Transfers of appropriations between funds require the approval of the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the city level.

Encumbrances (e.g., purchase orders, contracts) outstanding at year-end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

For the year ended September 30, 2013, expenditures and other financing uses exceeded appropriations in the *Debt Service fund* by \$123, the *Library Foundation fund* by \$40,779, and the *Library Endowment fund* by \$15,769. These over-expenditures were funded by greater than anticipated revenues, such as donations and realized gains on securities, available fund balances and future revenues or transfers.

City of Columbus, Nebraska
Schedule of County Treasurer Activity
September 30, 2013

	<u>General Levy</u>	<u>Bond Levy</u>	<u>Community Redevelopment Authority</u>	<u>Airport</u>	<u>Total</u>
CASH BALANCE, October 1, 2012	\$ 793,672	\$ 37,227	\$ 199,306	\$ -	\$ 1,030,205
REVENUES COLLECTED					
Property taxes	\$ 3,597,762	\$ 172,620	\$ 524,835	\$ 6	\$ 4,295,223
Motor vehicle taxes	436,082	-	-	-	436,082
Motor vehicle prorated	13,488	650	-	-	14,138
In lieu of tax	205,438	9,748	-	-	215,186
Homestead	154,728	7,420	-	-	162,148
Carline	1,091	52	-	-	1,143
Property tax credit	131,552	6,309	19,031	-	156,892
Interest	8,307	404	1,207	4	9,922
Total revenues collected	<u>\$ 4,548,448</u>	<u>\$ 197,203</u>	<u>\$ 545,073</u>	<u>\$ 10</u>	<u>\$ 5,290,734</u>
EXPENSES PAID AND TRANSFERS					
Collection fee	\$ 40,421	\$ 1,729	\$ -	\$ -	\$ 42,150
Transfer to City Treasurer	4,513,756	196,456	533,963	10	5,244,185
Total expenses paid and transfers	<u>\$ 4,554,177</u>	<u>\$ 198,185</u>	<u>\$ 533,963</u>	<u>\$ 10</u>	<u>\$ 5,286,335</u>
CASH BALANCE, September 30, 2013	<u>\$ 787,943</u>	<u>\$ 36,245</u>	<u>\$ 210,416</u>	<u>\$ -</u>	<u>\$ 1,034,604</u>
ALLOCATION OF ENDING CASH BALANCE BY FUND					
General	\$ 787,943	\$ -	\$ -	\$ -	\$ 787,943
Capital Projects	-	-	210,416	-	210,416
Debt Service	-	36,245	-	-	36,245
	<u>\$ 787,943</u>	<u>\$ 36,245</u>	<u>\$ 210,416</u>	<u>\$ -</u>	<u>\$ 1,034,604</u>

CITY OF COLUMBUS, NEBRASKA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period October 1, 2012 through September 30, 2013**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Contract Number	Federal Expenditures
<u>United States Department of Housing and Urban Development</u>			
Passed through the Nebraska Department of Economic Development			
HOME Investment Partnerships Program	14.228	10-CR-006	\$ 136,772
Community Development Block Grant	14.228	11-DTR-106	<u>115,757</u>
Subtotal			\$ <u>252,529</u>
<u>United States Department of Justice</u>			
Bulletproof Vest Partnership	16.607	47-6006144	\$ 2,068
<u>United States Department of Transportation</u>			
Passed through the Nebraska Department of Aeronautics			
Airport Improvement Program	20.106	3-31-0019-G01(10)	\$ 443,097 *
Passed through the Nebraska Department of Roads			
NonUrbanized Area Formula Program	20.509	RPT-M711(213)	\$ 99,125
Passed through the Nebraska Department of Motor Vehicles - Office of Highway Safety			
Highway Planning & Construction	20.205	HSIP0006	\$ 11,865
State and Community Highway Safety	20.600	402-13-33-02	5,434
Alcohol Traffic Safety and Drunk Driving Prevention	20.601	410-12-2	<u>18,999</u>
Subtotal			\$ <u>36,298</u>

* Denotes major program

CITY OF COLUMBUS, NEBRASKA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For the Period October 1, 2012 through September 30, 2013**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant/ Contract Number</u>	<u>Federal Expenditures</u>
<u>United States Environmental Protection Agency</u>			
Superfund State, Political Subdivision, and Indian Tribe Specific Cooperative Agreements	66.802	V-98760901-1	\$ 396,643 *
<u>United States Department of Homeland Security</u>			
Staffing for Adequate Fire and Emergency Response	97.083	DHS-12-GPD-083-000-99	\$ 72,571
Passed through the Nebraska Emergency Management Agency and Platte County Emergency Management			
Homeland Security Grant Program	97.067	47-6006144	\$ 14,887
<u>United States Department of Health and Human Services</u>			
Passed through the Northeast Nebraska Area Agency on Aging			
Title III Part B	93.044	47-6006144	\$ 5,513
Title III Part C	93.045	47-6006144	23,160
Nutrition Program for the Elderly (Commodities)	93.053	47-6006144	10,662
Subtotal			<u>\$ 39,335</u>
Total			<u>\$ 1,356,553</u>

* Denotes major program

CITY OF COLUMBUS, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period October 1, 2012 through September 30, 2013

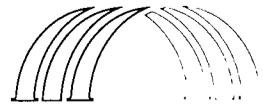
Note 1. **Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City under programs of the federal government for the year ended September 30, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Expenditures reported on the schedule are reported on the cash basis of accounting. Such expenditures are recognized following cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The following summary reconciles the Schedule of Expenditures of Federal Awards with the Statement of Activities:

Operating grants - governmental activities	\$	1,432,204
Operating grants - business-type activities		<u>440,201</u>
Subtotal	\$	1,872,405
Less: State and local sourced funding		<u>(396,138)</u>
Total federal receipts	\$	1,476,267
Less amounts spent in prior years:		
Environmental Protection Agency grant		(24,257)
Department of Aeronautics grants		(84,751)
Other grants		<u>(10,706)</u>
 Total federal expenditures	 \$	 <u><u>1,356,553</u></u>



McDERMOTT + MILLER

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S 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***

The Honorable Mayor and City Council
City of Columbus, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the governmental activities, the business-type activities, and each major fund of the City of Columbus, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Columbus's basic financial statements, and have issued our report thereon dated February 7, 2014.

Internal Control over Financial Reporting

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

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

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

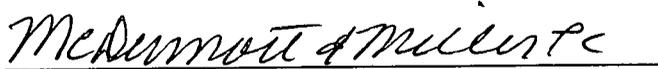
Compliance and Other Matters

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

Purpose of this Report

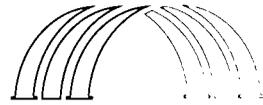
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in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

McDERMOTT AND MILLER, P.C.



Kearney, Nebraska

February 7, 2014



McDERMOTT + MILLER

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Mayor and City Council
City of Columbus, Nebraska

Report on Compliance for Each Major Federal Program

We have audited the City of Columbus's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Columbus's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and 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 Columbus's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

McDERMOTT AND MILLER, P.C.

Mc Dermott & Miller PC

Kearney, Nebraska

February 7, 2014

CITY OF COLUMBUS, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2013

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting

- Material weakness identified? Yes No
- Significant deficiency identified? Yes No
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Type of auditor's report issued on compliance for major programs: unmodified

Internal control over major programs

- Material weakness identified? Yes No
- Significant deficiency identified? Yes No
- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

Identification of major programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program
66.802	Superfund State, Political Subdivision, and Indian Tribe Specific Cooperative Agreements

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low risk auditee? Yes No

CITY OF COLUMBUS, NEBRASKA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED SEPTEMBER 30, 2013**

II. FINANCIAL STATEMENT FINDINGS

None.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

IV. FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2012

None.