

**CITY OF COLUMBUS, NEBRASKA**

**FINANCIAL REPORT**

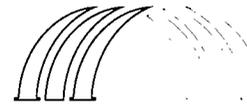
**SEPTEMBER 30, 2014**

## **C O N T E N T S**

	<b>Page</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 – 4
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	5 – 9
<b>BASIC FINANCIAL STATEMENTS:</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
Statement of Net Position	10
Statement of Activities	11
<b>FUND FINANCIAL STATEMENTS</b>	
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
<b>NOTES TO FINANCIAL STATEMENTS</b>	20 – 43
<b>REQUIRED SUPPLEMENTARY AND OTHER INFORMATION:</b>	
Schedule of Receipts, Disbursements, and Changes in Fund Balance – Budget to Actual – Cash Basis	44 – 47
Notes to Supplementary Information	48
Schedule of County Treasurer Activity	49
Schedule of Expenditures of Federal Awards	50 – 52

## C O N T E N T S (continued)

	<b>Page</b>
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>	53 and 54
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	55 – 57
Schedule of Findings and Questioned Costs	58 and 59



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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, 2014, 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 44 through 47 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 States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

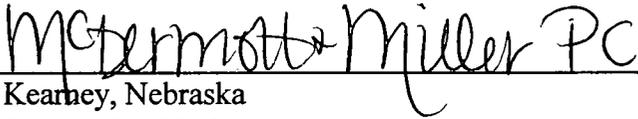
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of Federal Awards as listed on pages 50 through 52, required by the U.S. Office of Management and Budget Circular A-133, *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 49 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 January 31, 2015, 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.**

Handwritten signature of McDermott & Miller PC in cursive script, underlined.

Kearney, Nebraska

January 31, 2015



The City of **Columbus**

**FINANCE DEPARTMENT**

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

**Management's Discussion and Analysis**

**September 30, 2014**

**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, 2014 by \$146 million.
- Capital Assets (net of depreciation and related debt) account for about 70% of this amount.
- Of the remaining net position, \$16 million is restricted to capital projects and debt payments and \$28 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, 2014

- 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, 2014 and 2013 follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Assets</b>				
Cash and investments	\$ 31,183,421	\$ 20,894,214	\$11,274,642	\$ 9,639,683
Other assets	1,987,720	2,247,583	2,864,815	2,919,272
Capital assets, net	<u>91,738,925</u>	<u>91,353,770</u>	<u>43,228,506</u>	<u>41,372,311</u>
Total assets	<u>\$124,910,066</u>	<u>\$114,495,567</u>	<u>\$57,367,963</u>	<u>\$ 53,931,266</u>
<b>Liabilities</b>				
Long-term liabilities	\$ 7,875,000	\$ 2,550,000	\$ 21,780,000	\$ 20,865,000
Other liabilities	<u>4,026,134</u>	<u>3,773,823</u>	<u>2,865,951</u>	<u>2,563,470</u>
Total liabilities	<u>\$ 11,901,134</u>	<u>\$ 6,323,823</u>	<u>\$ 24,645,951</u>	<u>\$ 23,428,470</u>
<b>Net position</b>				
Net investment in capital assets	\$ 82,188,925	\$ 87,558,770	\$ 19,893,506	\$ 19,162,311
Restricted	14,217,661	7,289,523	1,770,003	1,756,586
Unrestricted	<u>16,602,346</u>	<u>13,323,451</u>	<u>11,058,503</u>	<u>9,583,899</u>
Total net position	<u>\$113,008,932</u>	<u>\$108,171,744</u>	<u>\$ 32,722,012</u>	<u>\$ 30,502,796</u>
Total liabilities and net position	<u>\$124,910,066</u>	<u>\$114,495,567</u>	<u>\$ 57,367,963</u>	<u>\$ 53,931,266</u>

During the year ended September 30, 2014 the most significant changes were as follows:

*Governmental Activities*

The largest changes from 2013 were the increase in cash and investments of \$10 million and the \$5.3 million increase in long-term liabilities due to increased borrowing while interest rates were low. There is a \$5.4 million decrease in the amount invested in capital assets, net of the related debt and a \$6.9 million increase in restricted funds due to bond proceeds being unspent at the end of the fiscal year. There was a \$3.3 million increase in unrestricted net position as funds were being accumulated for large upcoming capital projects.

City of Columbus, Nebraska  
Management's Discussion and Analysis, Continued  
September 30, 2014

*Business-type Activities*

The largest changes from 2013 were the \$1.6 million increase in cash and investments along with the \$1.9 million increase in capital assets. There was also \$1.2 million increase in liabilities which was used to finance the capital assets. These items resulted in a net increase in net position of \$2.2 million.

A condensed version of the Statement of Activities of the City for the fiscal years ended September 30, 2014 and 2013 follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 5,358,389	\$ 5,164,408	\$ 9,420,822	\$ 8,665,355
Operating grants and contributions	2,333,529	1,432,204	357,863	440,201
Capital grants and contributions	4,188,184	3,906,030	-0-	-0-
General revenues				
Property tax	4,102,259	4,038,755	-0-	-0-
Sales tax	6,150,624	5,598,600	-0-	-0-
Franchise tax	784,740	795,378	3,539,057	3,297,801
Other Tax	1,384,462	545,073	-0-	-0-
Investment earnings	182,146	182,702	98,482	84,428
Other general revenues	-0-	-0-	-0-	-0-
Gain (loss) on sale of equipment	(27,074)	(3,654)	18,151	3,672
Transfers in (out)	<u>3,432,573</u>	<u>3,211,120</u>	<u>(3,477,923)</u>	<u>(3,257,070)</u>
Total revenues	<u>\$27,889,832</u>	<u>\$24,870,616</u>	<u>\$ 9,956,452</u>	<u>\$ 9,234,387</u>
<b>Governmental Activities</b>				
General government	\$15,169,463	\$14,756,121	\$ -0-	\$ -0-
Special revenue	4,273,915	3,358,818	-0-	-0-
Capital projects	89,034	18,075	-0-	-0-
Redevelopment Agency	1,333,654	413,830	-0-	-0-
Debt Service	146,801	113,509	-0-	-0-
Library Foundation	5,237	46,779	-0-	-0-
Library Endowment	12,407	10,656	-0-	-0-
Gerrard Park Trust	1,500	1,694	-0-	-0-
Health Insurance	2,020,633	1,768,464	-0-	-0-
Water	-0-	-0-	2,773,580	2,874,097
Sewer	-0-	-0-	3,438,334	3,334,059
Solid waste	-0-	-0-	1,366,404	1,299,234
Electric	-0-	-0-	<u>158,918</u>	<u>158,918</u>
Total expenses	<u>\$23,052,644</u>	<u>\$20,487,946</u>	<u>\$ 7,737,236</u>	<u>\$ 7,666,308</u>
Change in net position	<u>\$ 4,837,188</u>	<u>\$ 4,382,670</u>	<u>\$ 2,219,216</u>	<u>\$ 1,568,079</u>

During the year ended September 30, 2014 the most significant changes were as follows:

*Governmental activities*

Governmental program revenues and expenses remained similar to the prior year. Overall net position increased by \$4.8 million in 2014 as compared to an increase of \$4.4 million in 2013. Charges for services increased by \$194,000 due to planned rate changes and additional participation in activities. Operating grants and contributions increased by \$901,000 due to successful grant applications. Property tax revenue increased \$64,000 due to additional property in Columbus that is being served by the City, rather than an increase in the property tax levy rate, as the levy rate was kept the same as last year. During fiscal year 2014 the local option sales tax revenue increased by \$552,000 when compared with 2013 due to more taxable sales and fewer businesses claiming economic development incentives from sales tax. Special revenue fund expenses increased by over \$900,000. This was partially due to Columbus serving as the fiscal agent for the installation of new equipment for the East Central E-911 interlocal agency that has contracted for new equipment in a seven-county area. The Redevelopment Agency expenses also increased by over \$900,000. This was due to recent tax increment financing activity for improvements at the Ramada-Columbus and the Westgate Center. The cost of Health insurance increased by \$252,000 due to increased 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 increased by \$755,000 when compared to 2013, due to planned rate increases to provide funds for the upcoming wastewater plant expansion. A water and wastewater rate study was completed during 2013. During 2014 the recommended rate increases of 1% for water and 15% for sewer were implemented to provide funds for future system improvements. Operating grants decreased by \$82,000 due to the completion of improvements to the Superfund plant in the prior year. The lease payment from Loup Power District increased \$241,000 due to increased usage and planned rate increases, so the transfer out from the electric fund to the General Fund also increased.

**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, 2014 the City had \$135 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 similar amount of \$132.7 million invested in capital assets as of September 30, 2013.

Some of the most significant technology additions to capital assets for the governmental activities included \$104,800 for a wireless system for communicating with outlying city buildings, \$31,600 to replace the mainframe computer and \$39,000 for a new telephone system. Other additional capital

purchases in the governmental activities include \$140,000 for Police vehicles, \$138,500 for Library materials and \$82,000 for a Library/Cultural Arts building study, \$90,000 for a tractor with a loader for Parks maintenance, \$115,000 to replace the bulkhead in the Aquatic Center, \$174,300 for the Pawnee Plunge expansion, \$122,000 for downtown revitalization and \$200,000 to replace the E-911 central processing equipment. Transportation related improvements included \$927,500 for design of the 3rd and 12 Avenue viaducts and 18th Avenue pedestrian overpass, \$371,000 for interior street improvements, \$274,000 for the New Neighborhoods Centennial Park 6<sup>th</sup> Addition and \$499,000 for the start of construction in the Discoverer Addition to accommodate the new East-Central District Health Department building, Columbus Wellness center and new high school in the northeast part of Columbus and \$90,000 for a dump truck for street maintenance.

Some of the larger purchases for the business-type activities were \$214,000 for wastewater plant expansion design, \$105,000 for a water line upgrade for a grant match, \$125,000 for a water line for the Ramada project and \$125,000 to add variable frequency drives to water wells. In addition \$2,548,000 was spent toward the construction of a new solid waste transfer station, necessitating the purchase of two top load trailers and a new front end loader with a packer attachment.

#### *Debt Outstanding*

At year-end, the City had \$33 million in bonds and notes outstanding versus \$26 million last year. There were two new borrowings for governmental activities including \$2.85 million for the construction of an expansion to Pawnee Plunge Water Park and \$4.75 million for the Loup River Levee recertification to bring the levee up to current standards. \$1,845,000 of general obligation debt was retired during 2014. For the business-type activities the City issued \$2.47 million of Certificates of Participation for the construction of the new transfer station and also borrowed \$2,362,040 from the Loup Distribution Fund. \$1,345,000 of outstanding business-type debt was retired during 2014.

#### **Economic Factors and Next Year's Budgets and Rates**

Several factors were considered and affected the preparation of the City's 2015 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, 2014

	Governmental Activities (Modified Accrual Basis)	Business-type Activities (Accrual Basis)	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 107,336	\$ 2,507	\$ 109,843
Cash - County Treasurer	1,002,480	-	1,002,480
Investments	30,073,605	11,272,135	41,345,740
Accounts receivable	514,679	828,655	1,343,334
Special assessment receivable	831,087	-	831,087
Notes receivable	641,954	-	641,954
Accrued revenue	-	1,795,972	1,795,972
Inventory	-	240,188	240,188
Land and buildings	13,427,685	24,568,701	37,996,386
Improvements	99,715,377	36,691,152	136,406,529
Equipment	9,582,480	8,240,677	17,823,157
Vehicles	6,954,985	-	6,954,985
Construction in progress	7,054,839	4,178,800	11,233,639
Less accumulated depreciation	<u>(44,996,441)</u>	<u>(30,450,824)</u>	<u>(75,447,265)</u>
Total assets	<u>\$ 124,910,066</u>	<u>\$ 57,367,963</u>	<u>\$ 182,278,029</u>
<b>LIABILITIES</b>			
Checks outstanding in excess of bank balance	\$ 363,214	\$ -	\$ 363,214
Accounts payable	-	860,196	860,196
Accrued expenses	-	256,351	256,351
Deferred revenue	1,987,920	6,897	1,994,817
Interest payable	-	187,507	187,507
Long-term debt:			
Due within one year	1,675,000	1,555,000	3,230,000
Due in more than one year	<u>7,875,000</u>	<u>21,780,000</u>	<u>29,655,000</u>
Total liabilities	<u>\$ 11,901,134</u>	<u>\$ 24,645,951</u>	<u>\$ 36,547,085</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 82,188,925	\$ 19,893,506	\$ 102,082,431
Restricted for:			
Debt service	7,806,516	1,770,003	9,576,519
Unspent bond proceeds	6,411,145	-	6,411,145
Unrestricted	<u>16,602,346</u>	<u>11,058,503</u>	<u>27,660,849</u>
Total net position	<u>\$ 113,008,932</u>	<u>\$ 32,722,012</u>	<u>\$ 145,730,944</u>

See notes to financial statements.

City of Columbus, Nebraska  
Statement of Activities  
For the Year Ended September 30, 2014

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
<b>Governmental activities:</b>							
General government	\$ 15,169,463	\$ 1,197,192	\$ 385,044	\$ 1,626,852	\$ (11,960,375)	\$ -	\$ (11,960,375)
Special revenue	4,273,915	903,754	1,948,485	2,399,525	977,849	-	977,849
Capital projects	89,034	-	-	-	(89,034)	-	(89,034)
Redevelopment Agency	1,333,654	-	-	-	(1,333,654)	-	(1,333,654)
Debt service	146,801	527,455	-	10,831	391,485	-	391,485
Library Foundation	5,237	-	-	18,024	12,787	-	12,787
Library Endowment	12,407	-	-	132,952	120,545	-	120,545
Gerrard Park Trust	1,500	-	-	-	(1,500)	-	(1,500)
Health insurance	2,020,633	2,729,988	-	-	709,355	-	709,355
<b>Total governmental activities</b>	<b>\$ 23,052,644</b>	<b>\$ 5,358,389</b>	<b>\$ 2,333,529</b>	<b>\$ 4,188,184</b>	<b>\$ (11,172,542)</b>	<b>\$ -</b>	<b>\$ (11,172,542)</b>
<b>Business-type activities:</b>							
Water	\$ 2,773,580	\$ 3,482,198	\$ 357,863	\$ -	\$ -	\$ 1,066,481	\$ 1,066,481
Sewer	3,438,334	4,373,020	-	-	-	934,686	934,686
Electric	158,918	-	-	-	-	(158,918)	(158,918)
Solid Waste	1,366,404	1,565,604	-	-	-	199,200	199,200
<b>Total business-type activities</b>	<b>\$ 7,737,236</b>	<b>\$ 9,420,822</b>	<b>\$ 357,863</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,041,449</b>	<b>\$ 2,041,449</b>
<b>Total government</b>	<b>\$ 30,789,880</b>	<b>\$ 14,779,211</b>	<b>\$ 2,691,392</b>	<b>\$ 4,188,184</b>	<b>\$ (11,172,542)</b>	<b>\$ 2,041,449</b>	<b>\$ (9,131,093)</b>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property tax					\$ 4,102,259	\$ -	\$ 4,102,259
Sales tax					6,150,624	-	6,150,624
Miscellaneous					1,384,462	-	1,384,462
Franchise fees					784,740	3,539,057	4,323,797
Investment earnings					182,146	98,482	280,628
Gain (loss) on sale of asset					(27,074)	18,151	(8,923)
Transfers					3,432,573	(3,477,923)	(45,350)
<b>Total general revenues and transfers</b>					<b>\$ 16,009,730</b>	<b>\$ 177,767</b>	<b>\$ 16,187,497</b>
Change in net position					\$ 4,837,188	\$ 2,219,216	\$ 7,056,404
Net position - beginning					108,171,744	30,502,796	138,674,540
Net position - ending					<b>\$ 113,008,932</b>	<b>\$ 32,722,012</b>	<b>\$ 145,730,944</b>

See notes to financial statements.

City of Columbus, Nebraska  
Balance Sheet - Modified Cash Basis  
Governmental Funds  
September 30, 2014

	General	Special Revenue	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,812	\$ 49,774	\$ 51,932	\$ 534	\$ -	\$ 105,052
Cash - County Treasurer	823,981	-	-	178,499	-	1,002,480
Investments	6,693,824	9,954,976	7,135,242	2,223,681	1,760,467	27,768,190
Receivables:						
Accounts	457,155	57,524	-	-	-	514,679
Special assessment	-	-	-	831,087	-	831,087
Notes	-	641,954	-	-	-	641,954
Total assets	<u>\$ 7,977,772</u>	<u>\$ 10,704,228</u>	<u>\$ 7,187,174</u>	<u>\$ 3,233,801</u>	<u>\$ 1,760,467</u>	<u>\$ 30,863,442</u>
<b>LIABILITIES AND FUND BALANCE</b>						
Liabilities:						
Checks outstanding in excess of bank balance	\$ 279,934	\$ 83,280	\$ -	\$ -	\$ -	\$ 363,214
Deferred revenue	457,155	699,678	-	831,087	-	1,987,920
Current portion of long-term debt	-	-	-	1,675,000	-	1,675,000
Total liabilities	<u>\$ 737,089</u>	<u>\$ 782,958</u>	<u>\$ -</u>	<u>\$ 2,506,087</u>	<u>\$ -</u>	<u>\$ 4,026,134</u>
Fund balances:						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 1,716,581	\$ 1,716,581
Restricted	73,282	9,131,438	7,187,174	727,714	43,886	17,163,494
Committed	-	789,832	-	-	-	789,832
Unassigned	7,167,401	-	-	-	-	7,167,401
Total fund balances	<u>\$ 7,240,683</u>	<u>\$ 9,921,270</u>	<u>\$ 7,187,174</u>	<u>\$ 727,714</u>	<u>\$ 1,760,467</u>	<u>\$ 26,837,308</u>
Total liabilities and fund balances	<u>\$ 7,977,772</u>	<u>\$ 10,704,228</u>	<u>\$ 7,187,174</u>	<u>\$ 3,233,801</u>	<u>\$ 1,760,467</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.	91,738,925
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.	2,307,699
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(7,875,000)</u>
Net position of governmental activities	<u>\$ 113,008,932</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, 2014

	General	Special Revenue	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 3,914,821	\$ -	\$ -	\$ 187,438	\$ -	\$ 4,102,259
Fees, taxes, permits and licenses	276,383	2,267,417	-	-	-	2,543,800
State shared revenue	10,008	-	-	-	-	10,008
Franchise fees	784,740	-	-	-	-	784,740
Sales tax	1,688,256	2,831,334	839,758	791,276	-	6,150,624
Charges for services	1,197,192	903,754	-	527,455	-	2,628,401
Donations	-	-	-	-	18,024	18,024
TIF income	-	-	1,384,462	-	-	1,384,462
Grants	385,044	1,948,485	-	-	-	2,333,529
Investment income	34,669	53,983	27,785	9,487	45,058	170,982
Bond proceeds	-	-	7,600,000	-	-	7,600,000
Miscellaneous	1,340,461	132,108	-	10,831	132,952	1,616,352
Total revenues	<u>\$ 9,631,574</u>	<u>\$ 8,137,081</u>	<u>\$ 9,852,005</u>	<u>\$ 1,526,487</u>	<u>\$ 196,034</u>	<u>\$ 29,343,181</u>
<b>EXPENDITURES</b>						
Current operating:						
General government	\$ 1,316,134	\$ -	\$ -	\$ -	\$ -	\$ 1,316,134
Public health and safety	5,918,917	828,673	-	-	-	6,747,590
Public works	-	2,811,208	-	-	-	2,811,208
Cultural and recreational	3,771,933	-	-	-	19,143	3,791,076
Community development	193,900	634,034	-	-	-	827,934
Capital outlay	1,392,089	731,197	2,257,523	-	-	4,380,809
Debt service:						
Principal	-	-	-	2,275,000	-	2,275,000
Interest	-	-	525,760	146,801	-	672,561
Other	-	-	896,928	-	-	896,928
Total expenditures	<u>\$ 12,592,973</u>	<u>\$ 5,005,112</u>	<u>\$ 3,680,211</u>	<u>\$ 2,421,801</u>	<u>\$ 19,143</u>	<u>\$ 23,719,240</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ (2,961,399)</u>	<u>\$ 3,131,969</u>	<u>\$ 6,171,794</u>	<u>\$ (895,314)</u>	<u>\$ 176,891</u>	<u>\$ 5,623,941</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	\$ 4,195,835	\$ 535,101	\$ 1,208,730	\$ 1,389,751	\$ -	\$ 7,329,417
Transfers out	(569,350)	(2,262,712)	(784,858)	(277,424)	(2,500)	(3,896,844)
Total other financing sources (uses)	<u>\$ 3,626,485</u>	<u>\$ (1,727,611)</u>	<u>\$ 423,872</u>	<u>\$ 1,112,327</u>	<u>\$ (2,500)</u>	<u>\$ 3,432,573</u>
Net change in fund balances	\$ 665,086	\$ 1,404,358	\$ 6,595,666	\$ 217,013	\$ 174,391	\$ 9,056,514
Fund balances - beginning	6,575,597	8,516,912	591,508	510,701	1,586,076	17,780,794
Fund balances - ending	<u>\$ 7,240,683</u>	<u>\$ 9,921,270</u>	<u>\$ 7,187,174</u>	<u>\$ 727,714</u>	<u>\$ 1,760,467</u>	<u>\$ 26,837,308</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, 2014

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)	\$ 9,056,514
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 expense. This is the amount by which capital outlays exceeded depreciation in the current year.	412,229
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (or decrease) net position.	(27,074)
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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(5,325,000)
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>720,519</u>
Change in net position of governmental activities (page 11)	<u>\$ 4,837,188</u>

See notes to financial statements.

City of Columbus, Nebraska  
Statement of Net Position - Accrual Basis  
Proprietary Funds  
September 30, 2014

	Business-type Activities				Total Enterprise Funds	Governmental Activities Internal Service Fund
	Water	Sewer	Electric	Solid Waste		
<b>ASSETS</b>						
Cash and cash equivalents	\$ 5,675,205	\$ 2,018,489	\$ 1,358,135	\$ 2,222,813	\$ 11,274,642	\$ 2,307,699
Receivables:						
Interfund	-	-	2,362,040	-	2,362,040	-
Accounts	352,088	396,416	-	80,151	828,655	-
Accrued revenue	290,418	415,820	1,013,370	76,364	1,795,972	-
Inventory	185,083	55,105	-	-	240,188	-
Capital assets:						
Land and buildings	7,159,297	17,044,419	-	364,985	24,568,701	-
Plant improvements	19,219,246	11,054,541	6,119,988	297,377	36,691,152	-
Equipment	4,830,594	2,170,287	-	1,239,796	8,240,677	-
Construction in progress	142,471	380,869	-	3,655,460	4,178,800	-
Less accumulated depreciation	<u>(13,070,196)</u>	<u>(12,147,785)</u>	<u>(4,194,747)</u>	<u>(1,038,096)</u>	<u>(30,450,824)</u>	<u>-</u>
Total assets	<u>\$ 24,784,206</u>	<u>\$ 21,388,161</u>	<u>\$ 6,658,786</u>	<u>\$ 6,898,850</u>	<u>\$ 59,730,003</u>	<u>\$ 2,307,699</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 88,059	\$ 175,914	\$ -	\$ 596,223	\$ 860,196	\$ -
Accrued payroll	103,974	120,169	-	32,208	256,351	-
Deferred revenue	-	6,897	-	-	6,897	-
Due to other funds	-	-	-	2,362,040	2,362,040	-
Interest payable	80,655	104,677	-	2,175	187,507	-
Long-term debt:						
Due within one year	866,450	503,550	-	185,000	1,555,000	-
Due in more than one year	<u>8,621,821</u>	<u>10,873,179</u>	<u>-</u>	<u>2,285,000</u>	<u>21,780,000</u>	<u>-</u>
Total liabilities	<u>\$ 9,760,959</u>	<u>\$ 11,784,386</u>	<u>\$ -</u>	<u>\$ 5,462,646</u>	<u>\$ 27,007,991</u>	<u>\$ -</u>
<b>NET POSITION</b>						
Net investment in capital assets	\$ 8,793,141	\$ 7,125,602	\$ 1,925,241	\$ 2,049,522	\$ 19,893,506	\$ -
Restricted for:						
Debt service	1,104,492	665,511	-	-	1,770,003	-
Unrestricted	<u>5,125,614</u>	<u>1,812,662</u>	<u>4,733,545</u>	<u>(613,318)</u>	<u>11,058,503</u>	<u>2,307,699</u>
Total net position	<u>\$ 15,023,247</u>	<u>\$ 9,603,775</u>	<u>\$ 6,658,786</u>	<u>\$ 1,436,204</u>	<u>\$ 32,722,012</u>	<u>\$ 2,307,699</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, 2014

	Business-type Activities				Total Enterprise Funds	Governmental Activities Internal Service Fund
	Water	Sewer	Electric	Solid Waste		
<b>Operating revenues:</b>						
Charges for services	\$ 3,106,364	\$ 4,070,537	\$ -	\$ 1,557,347	\$ 8,734,248	\$ 2,729,988
Franchise fees	-	-	3,539,057	-	3,539,057	-
Permits and fees	51,790	35,848	-	900	88,538	-
Sales tax	149,174	249,372	-	-	398,546	-
Operating grants	357,863	-	-	-	357,863	-
Miscellaneous	174,870	17,263	-	7,357	199,490	-
<b>Total operating revenues</b>	<b>\$ 3,840,061</b>	<b>\$ 4,373,020</b>	<b>\$ 3,539,057</b>	<b>\$ 1,565,604</b>	<b>\$ 13,317,742</b>	<b>\$ 2,729,988</b>
<b>Operating expenses:</b>						
Personal services	\$ 706,211	\$ 1,039,903	\$ -	\$ 400,643	\$ 2,146,757	\$ -
Insurance	22,263	56,112	-	6,893	85,268	-
Supplies	163,244	253,337	-	118,979	535,560	-
Professional services	16,327	76,311	-	6,576	99,214	2,020,633
Repairs and maintenance	334,318	201,447	-	40,100	575,865	-
Heat, light and power, phone	220,754	380,784	-	5,581	607,119	-
Landfill disposal	-	-	-	563,716	563,716	-
Sales tax remitted	153,517	248,838	-	-	402,355	-
Other operating	20,174	19,094	-	16,452	55,720	-
Depreciation	857,647	800,962	158,918	114,049	1,931,576	-
<b>Total operating expenses</b>	<b>\$ 2,494,455</b>	<b>\$ 3,076,788</b>	<b>\$ 158,918</b>	<b>\$ 1,272,989</b>	<b>\$ 7,003,150</b>	<b>\$ 2,020,633</b>
<b>Operating income</b>	<b>\$ 1,345,606</b>	<b>\$ 1,296,232</b>	<b>\$ 3,380,139</b>	<b>\$ 292,615</b>	<b>\$ 6,314,592</b>	<b>\$ 709,355</b>
<b>Nonoperating revenues (expenses)</b>						
Interest expense	\$ (279,125)	\$ (361,546)	\$ -	\$ (93,415)	\$ (734,086)	\$ -
Investment earnings	31,982	14,188	45,109	7,203	98,482	11,164
Gain (loss) on disposal of assets	6,051	-	-	12,100	18,151	-
<b>Total nonoperating revenues (expenses)</b>	<b>\$ (241,092)</b>	<b>\$ (347,358)</b>	<b>\$ 45,109</b>	<b>\$ (74,112)</b>	<b>\$ (617,453)</b>	<b>\$ 11,164</b>
<b>Income before operating transfers</b>	<b>\$ 1,104,514</b>	<b>\$ 948,874</b>	<b>\$ 3,425,248</b>	<b>\$ 218,503</b>	<b>\$ 5,697,139</b>	<b>\$ 720,519</b>
<b>Operating transfers:</b>						
Operating transfers in	\$ 22,546	\$ 21,328	\$ -	\$ 100,000	\$ 143,874	\$ -
Operating transfers out	(126,969)	(127,828)	(3,320,000)	(47,000)	(3,621,797)	-
<b>Total operating transfers</b>	<b>\$ (104,423)</b>	<b>\$ (106,500)</b>	<b>\$ (3,320,000)</b>	<b>\$ 53,000</b>	<b>\$ (3,477,923)</b>	<b>\$ -</b>
<b>Change in net position</b>	<b>\$ 1,000,091</b>	<b>\$ 842,374</b>	<b>\$ 105,248</b>	<b>\$ 271,503</b>	<b>\$ 2,219,216</b>	<b>\$ 720,519</b>
<b>Total net position - beginning</b>	<b>14,023,156</b>	<b>8,761,401</b>	<b>6,553,538</b>	<b>1,164,701</b>	<b>30,502,796</b>	<b>1,587,180</b>
<b>Total net position - ending</b>	<b>\$ 15,023,247</b>	<b>\$ 9,603,775</b>	<b>\$ 6,658,786</b>	<b>\$ 1,436,204</b>	<b>\$ 32,722,012</b>	<b>\$ 2,307,699</b>

See notes to financial statements.

City of Columbus, Nebraska  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended September 30, 2014

	Business-type Activities				Total Enterprise Total	Governmental Activities Internal Service Fund
	Water	Sewer	Electric	Solid Waste		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 4,021,444	\$ 4,261,144	\$ 3,559,849	\$ 1,551,255	\$ 13,393,692	\$ 2,729,988
Payments to suppliers	(1,092,889)	(1,132,442)	-	(551,199)	(2,776,530)	(2,020,633)
Payments to employees	(687,315)	(1,030,239)	-	(397,063)	(2,114,617)	-
Net cash provided by operating activities	<u>\$ 2,241,240</u>	<u>\$ 2,098,463</u>	<u>\$ 3,559,849</u>	<u>\$ 602,993</u>	<u>\$ 8,502,545</u>	<u>\$ 709,355</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfer from (to) other funds (net)	\$ (126,969)	\$ (127,828)	\$ (3,320,000)	\$ 53,000	\$ (3,521,797)	\$ -
Net cash provided (used) by noncapital financing activities	<u>\$ (126,969)</u>	<u>\$ (127,828)</u>	<u>\$ (3,320,000)</u>	<u>\$ 53,000</u>	<u>\$ (3,521,797)</u>	<u>\$ -</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Purchases of capital assets, net of disposals	\$ (294,733)	\$ (394,888)	\$ -	\$ (3,036,125)	\$ (3,725,746)	\$ -
Net proceeds (payments) on interfund loans	40,000	-	(2,362,040)	2,322,040	-	-
Bond proceeds	-	-	-	2,470,000	2,470,000	-
Bond payments	(795,624)	(549,376)	-	-	(1,345,000)	-
Interest payments	(281,680)	(365,247)	-	(91,240)	(738,167)	-
Net cash provided (used) by capital and related financing activities	<u>\$ (1,332,037)</u>	<u>\$ (1,309,511)</u>	<u>\$ (2,362,040)</u>	<u>\$ 1,664,675</u>	<u>\$ (3,338,913)</u>	<u>\$ -</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest and dividends received	\$ 31,982	\$ 14,188	\$ 45,109	\$ 7,203	\$ 98,482	\$ 11,164
Net cash provided by investing activities	<u>\$ 31,982</u>	<u>\$ 14,188</u>	<u>\$ 45,109</u>	<u>\$ 7,203</u>	<u>\$ 98,482</u>	<u>\$ 11,164</u>
Net increase (decrease) in cash and cash equivalents	\$ 814,216	\$ 675,312	\$ (2,077,082)	\$ 2,327,871	\$ 1,740,317	\$ 720,519
Beginning cash and cash equivalents (deficit)	4,860,989	1,343,177	3,435,217	(105,058)	9,534,325	1,587,180
Ending cash and cash equivalents	<u>\$ 5,675,205</u>	<u>\$ 2,018,489</u>	<u>\$ 1,358,135</u>	<u>\$ 2,222,813</u>	<u>\$ 11,274,642</u>	<u>\$ 2,307,699</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>						
Operating income	\$ 1,345,606	\$ 1,296,232	\$ 3,380,139	\$ 292,615	\$ 6,314,592	\$ 709,355
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	857,647	800,962	158,918	114,049	1,931,576	-
Change in assets and liabilities:						
Receivables	76,588	(62,163)	-	(9,746)	4,679	-
Inventory and other assets	71,101	(37,512)	20,792	(4,603)	49,778	-
Accounts and other payables	(128,598)	91,280	-	207,098	169,780	-
Accrued expenses	18,896	9,664	-	3,580	32,140	-
Net cash provided (used) by operating activities	<u>\$ 2,241,240</u>	<u>\$ 2,098,463</u>	<u>\$ 3,559,849</u>	<u>\$ 602,993</u>	<u>\$ 8,502,545</u>	<u>\$ 709,355</u>

See notes to financial statements.

City of Columbus, Nebraska  
Statement of Fiduciary Net Position - Modified Cash Basis  
Fiduciary Funds  
September 30, 2014

	Pension Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash	\$ 164	\$ -
Investments	91,878	-
Total assets	\$ 92,042	\$ -
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ -
<b>NET POSITION</b>		
Held in trust for pension benefits	\$ 92,042	\$ -

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, 2014

	Pension Trust Funds	Agency Funds
<b>Additions</b>		
Interest income	\$ 497	\$ -
Collections for agency funds	<u>-</u>	<u>14,023</u>
Subtotal	<u>\$ 497</u>	<u>\$ 14,023</u>
<b>Deductions</b>		
Public Safety	<u>\$ 40,940</u>	<u>\$ -</u>
<b>Other Financing Sources (Uses)</b>		
Paid to agency fund	\$ -	\$ (14,023)
Transfers from other funds	<u>45,350</u>	<u>-</u>
Subtotal	<u>\$ 45,350</u>	<u>\$ (14,023)</u>
Change in Net Position	\$ 4,907	\$ -
Net Position - Beginning of year	<u>87,135</u>	<u>-</u>
Net Position - End of year	<u>\$ 92,042</u>	<u>\$ -</u>

See notes to financial statements.

**CITY OF COLUMBUS, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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 net investment in capital assets, 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, 2014**

**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, 2014**

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, 2014**

**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, 2014**

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, 2014, 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, 2014**

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

**Equity**

In the government-wide statements, equity is classified as net investment in capital assets, 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, 2014**

**Note 2. County Treasurer Fund**

At September 30, 2014, 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, 2014, 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 2013 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 \$1,265,129,876 in August of 2013.

The City, through the budget process, requested a total of \$4,114,025 in property taxes. Based on the August of 2013 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, 2014**

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 \$39,423,944 and the bank balance was \$39,812,352. The component units' carrying amount of bank deposits was \$1,760,467 and bank balance was \$1,760,455. All balances held at a financial institution 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, 2014, consisted of the following:

	City of Columbus	Component Units	Total
Demand deposits	\$ 110,043	\$ 741	\$ 110,784
Time and savings deposits	39,099,046	119,496	39,218,542
Other securities	603,263	1,640,218	2,243,481
Total deposits	<u>\$ 39,812,352</u>	<u>\$ 1,760,455</u>	<u>\$ 41,572,807</u>
Level 1	\$ 1,100,595	\$ 43,874	\$ 1,144,469
Level 2	38,349,046	-	38,349,046
Level 3	362,711	1,716,581	2,079,292
Total deposits	<u>\$ 39,812,352</u>	<u>\$ 1,760,455</u>	<u>\$ 41,572,807</u>

**CITY OF COLUMBUS, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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

Investments of the City can be categorized as follows:

Investment type	Investment term		
	Less than 1 year	1 -5 years	5 - 10 years
U.S. Notes	\$ -	\$ -	\$ 362,711
Money Markets	17,045,028	-	-
CD's	-	22,294,570	-
Total	<u>\$ 17,045,028</u>	<u>\$ 22,294,570</u>	<u>\$ 362,711</u>

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, 2014, 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.

**CITY OF COLUMBUS, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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

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, 2014, 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:

	Accounts	Notes	Special Assessments	Inter-Governmental	Gross Receivables	Allowance for Uncollectibles	Net Total Receivables
General	\$ 457,155	\$ -	\$ -	\$ -	\$ 457,155	\$ -	\$ 457,155
Street	3,400	-	-	-	3,400	-	3,400
Airport	40	-	-	-	40	-	40
E-911	54,084	-	-	-	54,084	-	54,084
Housing Rehabilitation	-	315,954	-	-	315,954	-	315,954
Progress and Jobs Growth	-	326,000	-	-	326,000	-	326,000
Debt Service	-	-	831,087	-	831,087	-	831,087
Water	353,888	-	-	-	353,888	1,800	352,088
Sewer	397,616	-	-	-	397,616	1,200	396,416
Electric	-	-	-	2,362,040	2,362,040	-	2,362,040
Solid Waste	80,151	-	-	-	80,151	-	80,151
	<u>\$ 1,346,334</u>	<u>\$ 641,954</u>	<u>\$ 831,087</u>	<u>\$ 2,362,040</u>	<u>\$ 5,181,415</u>	<u>\$ 3,000</u>	<u>\$ 5,178,415</u>

On February 16, 2011, the City loaned Maine Plastics \$150,000 for equipment purchases to support the recycling venture in Columbus. The loan carried no interest and payments of \$30,000 were due annually beginning December 31, 2012, with the final payment due December 31, 2015. During the year ended September 30, 2014, Maine Plastics made a payment of \$30,000, the City received \$33,675 from the auction of the secured equipment, and wrote off the remaining balance of \$56,325 as uncollectible.

**CITY OF COLUMBUS, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**Note 5. Receivables (continued)**

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, 2014, is \$5,000.

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, 2014, 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, 2014, 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, 2014, is \$150,000.

The following is a summary of notes receivable outstanding as of September 30, 2014, under the Progress and Jobs Growth program administered by the City:

	<u>Original Date</u>	<u>Due Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>9/30/2014 Balance</u>
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>\$ 326,000</u>

**CITY OF COLUMBUS, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**Note 5. Receivables (continued)**

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, 2014, is \$315,954.

**Note 6. Bond Issue Costs – Restatement of Prior Period Amounts**

The City had capitalized expenditures relating to the issuance of the business-type activity debt referred to in Note 8. These costs were being amortized over the lives of the issues. In the year ending September 30, 2014, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 65 “*Items Previously Reported as Assets and Liabilities*”. The City has restated its Water and Sewer fund net position as of September 30, 2013, to expense the unamortized bond issue costs it had previously reported as a deferred outflow of resources. As a result, the Water fund net position has decreased by \$272,777 from \$14,295,933 to \$14,023,156, and the Sewer fund net position has decreased by \$465,653 from \$9,227,054 to \$8,761,401.

**Note 7. Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets:				
Land	\$ 280,524	\$ -	\$ -	\$ 280,524
Construction in Progress	6,323,000	2,618,601	(1,886,762)	7,054,839
Land Improvements and Buildings	12,564,898	608,950	(26,687)	13,147,161
Improvements	97,796,374	1,921,609	(2,606)	99,715,377
Equipment	9,184,884	801,745	(404,149)	9,582,480
Vehicles	6,828,085	307,807	(180,907)	6,954,985
Total capital assets	<u>\$ 132,977,765</u>	<u>\$ 6,258,712</u>	<u>\$ (2,501,111)</u>	<u>\$ 136,735,366</u>
Less accumulated depreciation	<u>\$ (41,623,995)</u>	<u>\$ (3,968,580)</u>	<u>\$ 596,134</u>	<u>\$ (44,996,441)</u>
Governmental activities capital assets, net	<u>\$ 91,353,770</u>	<u>\$ 2,290,132</u>	<u>\$ (1,904,977)</u>	<u>\$ 91,738,925</u>

**CITY OF COLUMBUS, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**Note 7. Capital Assets (continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets:				
Land	\$ 391,161	\$ -	\$ -	\$ 391,161
Construction in Progress	1,473,844	3,203,315	(498,359)	4,178,800
Land Improvements and Buildings	24,189,223	-	(11,683)	24,177,540
Improvements	36,192,791	498,361	-	36,691,152
Equipment	<u>7,875,591</u>	<u>601,140</u>	<u>(236,054)</u>	<u>8,240,677</u>
Total capital assets	<u>\$ 70,122,610</u>	<u>\$ 4,302,816</u>	<u>\$ (746,096)</u>	<u>\$ 73,679,330</u>
Less accumulated depreciation	<u>\$ (28,750,299)</u>	<u>\$ (1,931,576)</u>	<u>\$ 231,051</u>	<u>\$ (30,450,824)</u>
Business-type activities capital assets, net	<u>\$ 41,372,311</u>	<u>\$ 2,371,240</u>	<u>\$ (515,045)</u>	<u>\$ 43,228,506</u>

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

Governmental activities	\$ 3,968,580
Business-type activities	<u>1,931,576</u>
Total depreciation	<u>\$ 5,900,156</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 bore interest at 1.3%. Final payment was made during the year ending September 30, 2014.

**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, 2014**

**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 bore interest from 2.50 to 3.50%. Final payment was due November 15, 2014. The outstanding balance as of September 30, 2014, is \$0. These bonds were refinanced on December 27, 2013, with the Series 2013 bonds mentioned below.

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, 2014, is \$345,000.

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, 2014, is \$670,000.

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, 2014, is \$590,000.

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, 2014, is \$345,000.

On November 8, 2013, the City issued Pawnee Plunge Expansion Sales Tax Revenue Bonds in the amount of \$2,850,000. The issue bears interest from 0.75 to 2.00%. Final payment is due on September 15, 2018. The outstanding balance as of September 30, 2014, is \$2,850,000.

On December 27, 2013, the City issued General Obligation Flood Control Refunding Bonds in the amount of \$4,750,000. The issue bears interest from 0.40 to 3.10%. Final payment is due on November 15, 2023. The outstanding balance as of September 30, 2014, is \$4,750,000.

**CITY OF COLUMBUS, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**Note 8. Long-Term Liabilities (continued)**

The schedule of bond redemptions is as follows:

	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,675,000	\$ 168,554
2016	1,465,000	153,370
2017	1,470,000	134,454
2018	1,380,000	111,109
2019	665,000	87,351
2020-2024	<u>2,895,000</u>	<u>202,592</u>
	<u>\$ 9,550,000</u>	<u>\$ 857,430</u>

Total bonds outstanding are as follows:

	<u>General Obligation Bonds</u>	<u>Bond Anticipation Notes</u>	<u>Total</u>
Bonds outstanding, October 1	\$ 3,520,000	\$ 275,000	\$ 3,795,000
Bonds paid	(1,570,000)	(275,000)	(1,845,000)
Bonds issued	<u>7,600,000</u>	-	<u>7,600,000</u>
Bonds outstanding, September 30	<u>\$ 9,550,000</u>	<u>\$ -</u>	<u>\$ 9,550,000</u>
Amount due within one year	<u>\$ 1,675,000</u>	<u>\$ -</u>	<u>\$ 1,675,000</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, 2014, is \$3,100,000.

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, 2014, is \$4,410,000.

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, 2014, is \$6,905,000.

**CITY OF COLUMBUS, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**Note 8. Long-Term Liabilities (continued)**

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, 2014, 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, 2014, is \$4,870,000.

On March 21, 2014, the City issued Certificates of Participation in the amount of \$2,470,000. The issue bears interest from 0.45 to 3.40%. Final payment is due on September 15, 2026. The outstanding balance at September 30, 2014, is \$2,470,000.

The schedule of bond redemptions is as follows:

	Total	
	Principal	Interest
2015	\$ 1,555,000	\$ 675,791
2016	1,680,000	649,628
2017	1,715,000	620,134
2018	1,750,000	586,796
2019	1,770,000	545,179
2020-2024	9,040,000	1,920,158
2025-2029	5,175,000	646,764
2030	650,000	30,275
	\$ 23,335,000	\$ 5,674,725

Total bonds outstanding are as follows:

Bonds outstanding, October 1	\$ 22,210,000
Bonds paid	(1,345,000)
Bonds issued	2,470,000
Bonds outstanding, September 30	\$ 23,335,000
Amount due within one year	\$ 1,555,000

**CITY OF COLUMBUS, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**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.

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 and one-half percent of gross wages. Currently, the City is required to provide matching funds of thirteen percent for fire pensions and six and one-half 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, 2014, is as follows:

Fire	\$ 105,879
Police	148,692
All others	<u>279,567</u>
Total	<u>\$ 534,138</u>

Total wages paid by the City for the year ended September 30, 2014, are \$9,038,123.

**CITY OF COLUMBUS, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**Note 9. Pension and Retirement Plans (continued)**

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, 2014, are \$22,482 for the fire plan and \$18,458 for the police plan.

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.

**CITY OF COLUMBUS, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**Note 9. Pension and Retirement Plans (continued)**

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%

**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 for the Hy-Vee Shopping Center Redevelopment Project 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 City issued Tax Increment Financing Bonds in the amount of \$368,694 for the Westgate Center Redevelopment Project, Slumberland, on February 19, 2013. These bonds shall be payable solely from the tax increment revenues and other funding as provided.

The City issued Tax Increment Financing Bonds in the amount of \$510,000 for the NBC Capital Redevelopment Project, Ramada-Columbus, on November 18, 2013. These bonds shall be payable 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.

**CITY OF COLUMBUS, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**Note 11. Major Customers**

The City received approximately 18.6% of the total water revenues and approximately 25.3% of total sewer revenues from one major customer in the year ended September 30, 2014.

**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, 2014, the amount of liability, if any, is indeterminable.

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 \$2,008,365 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.

**CITY OF COLUMBUS, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**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 \$122,100.

In 2011, the Water fund loaned \$120,000 to the Solid Waste fund for the purchase of certain equipment. The amount was to be repaid in three annual installments of \$40,000 beginning December 1, 2011, without interest. Final payment was made during the year ending September 30, 2014.

In 2014, the Electric fund loaned \$2,362,040 to the Solid Waste fund for the acquisition and construction of a transfer station. The loan is to be repaid in annual installments, with fixed or variable interest as determined by the Mayor and Finance Director at the time payment is issued. Interest-only payments begin September 15, 2014, and principal payments begin September 15, 2027. Final payment is due September 15, 2034.

A summary of interfund loans is as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Special Revenue Fund	\$ -	\$ 1,458,438
Water Fund	1,458,438	-
Electric Fund	2,362,040	-
Solid Waste Fund	-	2,362,040
Total	<u>\$ 3,820,478</u>	<u>\$ 3,820,478</u>

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

**CITY OF COLUMBUS, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**Note 15. Interfund Loans and Transfers (continued)**

	<b>Transfer Out</b>						<b>Subtotal</b>
	<b>General</b>		<b>Special Revenue</b>				
<b>Transfer In</b>	<b>General Fund</b>	<b>Platte Co Library</b>	<b>Sales Tax</b>	<b>Keno</b>	<b>Capital Projects</b>	<b>Debt Service</b>	
General	\$ -	\$ -	\$ 82,335	\$ -	\$ -	\$ -	\$ 82,335
Library	-	44,000	-	-	-	-	44,000
Park	-	-	-	470,000	-	-	470,000
Street	340,000	-	-	-	-	-	340,000
Engineering	-	-	35,000	-	-	-	35,000
Airport	140,000	-	-	-	-	-	140,000
Sales Tax	-	-	-	-	101	-	101
Capital Projects	-	-	926,509	-	-	277,424	1,203,933
Debt Service	-	-	648,868	-	740,883	-	1,389,751
Water	-	-	-	-	22,546	-	22,546
Sewer	-	-	-	-	21,328	-	21,328
Solid Waste	-	-	100,000	-	-	-	100,000
Police Pension	23,100	-	-	-	-	-	23,100
Fire Pension	22,250	-	-	-	-	-	22,250
	<u>\$ 525,350</u>	<u>\$ 44,000</u>	<u>\$ 1,792,712</u>	<u>\$ 470,000</u>	<u>\$ 784,858</u>	<u>\$ 277,424</u>	<u>\$ 3,894,344</u>

	<b>Transfer Out</b>						<b>Total</b>
	<b>Gerrard Park Trust</b>	<b>Water</b>	<b>Sewer</b>	<b>Electric</b>	<b>Solid Waste</b>	<b>Subtotal</b>	
General	\$ -	\$ 115,000	\$ 115,000	\$ 3,320,000	\$ 47,000	\$ 3,597,000	\$ 3,679,335
Library	-	-	-	-	-	-	44,000
Park	2,500	-	-	-	-	2,500	472,500
Street	-	-	-	-	-	-	340,000
Engineering	-	10,000	10,000	-	-	20,000	55,000
Airport	-	-	-	-	-	-	140,000
Sales Tax	-	-	-	-	-	-	101
Capital Projects	-	1,969	2,828	-	-	4,797	1,208,730
Debt Service	-	-	-	-	-	-	1,389,751
Water	-	-	-	-	-	-	22,546
Sewer	-	-	-	-	-	-	21,328
Solid Waste	-	-	-	-	-	-	100,000
Police Pension	-	-	-	-	-	-	23,100
Fire Pension	-	-	-	-	-	-	22,250
	<u>\$ 2,500</u>	<u>\$ 126,969</u>	<u>\$ 127,828</u>	<u>\$ 3,320,000</u>	<u>\$ 47,000</u>	<u>\$ 3,624,297</u>	<u>\$ 7,518,641</u>

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

**CITY OF COLUMBUS, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**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.

**Note 17. Fund Balances**

As of September 30, 2014, governmental fund balances are classified as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Other Funds	Total
<b>Fund balances:</b>						
<b>Nonspendable:</b>						
Library Endowment	\$ -	\$ -	\$ -	\$ -	\$ 1,584,907	\$ 1,584,907
Gerard Park Trust	-	-	-	-	131,674	131,674
<b>Total nonspendable</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,716,581</b>	<b>\$ 1,716,581</b>
<b>Restricted for:</b>						
Cemetery	\$ 73,282	\$ -	\$ -	\$ -	\$ -	\$ 73,282
Streets	-	1,376,465	-	-	-	1,376,465
Airport	-	594,483	-	-	-	594,483
Capital Improvements	-	5,075,457	6,705,313	-	-	11,780,770
Public Safety	-	360,644	-	-	-	360,644
Housing	-	(81,072)	-	-	-	(81,072)
Economic Development	-	1,805,461	-	-	-	1,805,461
Debt Service	-	-	481,861	727,714	-	1,209,575
Library	-	-	-	-	43,886	43,886
<b>Total restricted</b>	<b>\$ 73,282</b>	<b>\$ 9,131,438</b>	<b>\$ 7,187,174</b>	<b>\$ 727,714</b>	<b>\$ 43,886</b>	<b>\$ 17,163,494</b>
<b>Committed to:</b>						
Public Safety	\$ -	\$ 2,436	\$ -	\$ -	\$ -	\$ 2,436
Parks	-	787,396	-	-	-	787,396
<b>Total committed</b>	<b>\$ -</b>	<b>\$ 789,832</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 789,832</b>
<b>Unassigned:</b>	<b>\$ 7,167,401</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,167,401</b>
<b>Total fund balances</b>	<b>\$ 7,240,683</b>	<b>\$ 9,921,270</b>	<b>\$ 7,187,174</b>	<b>\$ 727,714</b>	<b>\$ 1,760,467</b>	<b>\$ 26,837,308</b>

**CITY OF COLUMBUS, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**Note 18. Subsequent Events**

Upon evaluation, management notes that there were no material subsequent events between the date of the financial statements and January 31, 2015, the date that the financial statements were issued or available to be issued.

**CITY OF COLUMBUS  
NEBRASKA**

**REQUIRED 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, 2014

	Budget Original and Final	Actual	Variance with Budget- Positive (Negative)
<b>RECEIPTS</b>			
Property taxes	\$ 3,775,793	\$ 3,914,821	\$ 139,028
Motor vehicle tax	410,000	439,509	29,509
In lieu and motor vehicle prorated	182,000	241,237	59,237
Franchise fees	820,000	784,740	(35,260)
State shared revenue	6,500	10,008	3,508
Sales tax	2,596,535	1,688,256	(908,279)
Grants	697,700	385,044	(312,656)
Fees, permits and licenses	273,730	276,383	2,653
Other local revenues	6,601,582	6,052,742	(548,840)
Investment income	35,600	34,669	(931)
Total receipts	<u>\$ 15,399,440</u>	<u>\$ 13,827,409</u>	<u>\$ (1,572,031)</u>
<b>DISBURSEMENTS</b>			
General government	\$ 2,423,185	\$ 2,080,786	\$ 342,399
Public safety	6,267,097	5,900,845	366,252
Public health	346,665	292,192	54,473
Culture and recreation	5,917,619	4,694,600	1,223,019
Community development	213,375	193,900	19,475
Total disbursements	<u>\$ 15,167,941</u>	<u>\$ 13,162,323</u>	<u>\$ 2,005,618</u>
Excess of receipts over disbursements	<u>\$ 231,499</u>	<u>\$ 665,086</u>	<u>\$ 433,587</u>
Basis of accounting adjustment		<u>(459,316)</u>	
Change in net position		<u>\$ 205,770</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, 2014

	Budget Original and Final	Actual	Variance with Budget- Positive (Negative)
<b>RECEIPTS</b>			
Sales tax	\$ 1,148,465	\$ 2,831,334	\$ 1,682,869
Grants	2,149,000	1,948,485	(200,515)
Fees, permits and licenses	3,134,685	3,171,171	36,486
Other local revenues	680,700	667,209	(13,491)
Investment income	52,100	53,983	1,883
Total receipts	\$ 7,164,950	\$ 8,672,182	\$ 1,507,232
<b>DISBURSEMENTS</b>			
Public safety	\$ 421,705	\$ 1,028,661	\$ (606,956)
Public works	3,586,255	3,067,216	519,039
Community development	3,732,100	1,377,905	2,354,195
Sales tax	3,265,670	1,792,712	1,472,958
Total disbursements	\$ 11,005,730	\$ 7,266,494	\$ 3,739,236
Excess (deficiency) of receipts over (under) disbursements	\$ (3,840,780)	\$ 1,405,688	\$ 5,246,468
Basis of accounting adjustment		151,231	
Change in net position		\$ 1,556,919	

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, 2014

	Budget Original and Final	Actual	Variance with Budget- Positive (Negative)
<b>RECEIPTS</b>			
Property taxes	\$ 467,700	\$ 505,768	\$ 38,068
Sales tax	1,780,000	839,758	(940,242)
Grants	600,000	-	(600,000)
Other local revenues	8,940,630	9,687,424	746,794
Investment income	<u>2,300</u>	<u>27,785</u>	<u>25,485</u>
Total receipts	<u>\$ 11,790,630</u>	<u>\$ 11,060,735</u>	<u>\$ (729,895)</u>
<b>DISBURSEMENTS</b>			
Capital outlay	\$ 11,213,000	\$ 3,320,973	\$ 7,892,027
Debt service	<u>755,050</u>	<u>1,419,096</u>	<u>(664,046)</u>
Total disbursements	<u>\$ 11,968,050</u>	<u>\$ 4,740,069</u>	<u>\$ 7,227,981</u>
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (177,420)</u>	<u>\$ 6,320,666</u>	<u>\$ 6,498,086</u>
Basis of accounting adjustment		<u>1,006,840</u>	
Change in net position		<u>\$ 7,327,506</u>	

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, 2014

	Budget Original and Final	Actual	Variance with Final Budget- Positive (Negative)
<b>RECEIPTS</b>			
Property taxes	\$ 180,500	\$ 187,438	\$ 6,938
In lieu	8,000	10,831	2,831
Sales tax	50,000	791,276	741,276
Fees, permits and licenses	208,630	527,455	318,825
Other local revenues	825,670	1,589,751	764,081
Investment income	8,000	9,487	1,487
Total receipts	<u>\$ 1,280,800</u>	<u>\$ 3,116,238</u>	<u>\$ 1,835,438</u>
<b>DISBURSEMENTS</b>			
Debt service	\$ 1,310,935	\$ 2,194,225	\$ (883,290)
Total disbursements	<u>\$ 1,310,935</u>	<u>\$ 2,194,225</u>	<u>\$ (883,290)</u>
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (30,135)</u>	<u>\$ 922,013</u>	<u>\$ 952,148</u>
Basis of accounting adjustment		<u>(6,030,000)</u>	
Change in net position		<u>\$ (5,107,987)</u>	

See notes to financial statements.

**CITY OF COLUMBUS, NEBRASKA  
NOTES TO SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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, 2014, expenditures and other financing uses exceeded appropriations in the *Debt Service fund* by \$883,290 and the *Library Foundation fund* by \$2,407. These over-expenditures were funded by greater than anticipated revenues, such as refinanced bond proceeds and realized gains on securities, available fund balances and future revenues or transfers.

**City of Columbus, Nebraska**  
**Schedule of County Treasurer Activity**  
**September 30, 2014**

	<u>General Levy</u>	<u>Bond Levy</u>	<u>Community Redevelopment Authority</u>	<u>Total</u>
<b>CASH BALANCE, October 1, 2013</b>	\$ 787,943	\$ 36,245	\$ 210,416	\$ 1,034,604
<b>REVENUES COLLECTED</b>				
Property taxes	\$ 3,668,236	\$ 174,909	\$ 487,854	\$ 4,330,999
Motor vehicle taxes	439,509	-	-	439,509
Motor vehicle prorate	11,878	567	-	12,445
In lieu of tax	229,359	10,831	-	240,190
Homestead	154,319	7,356	-	161,675
Carline	972	46	-	1,018
Property tax credit	123,158	5,866	17,614	146,638
Interest	9,306	446	300	10,052
<b>Total revenues collected</b>	<u>\$ 4,636,737</u>	<u>\$ 200,021</u>	<u>\$ 505,768</u>	<u>\$ 5,342,526</u>
<b>EXPENSES PAID AND TRANSFERS</b>				
Collection fee	\$ 41,170	\$ 1,752	\$ -	\$ 42,922
Transfer to City Treasurer	4,559,529	196,898	575,301	5,331,728
<b>Total expenses paid and transfers</b>	<u>\$ 4,600,699</u>	<u>\$ 198,650</u>	<u>\$ 575,301</u>	<u>\$ 5,374,650</u>
<b>CASH BALANCE, September 30, 2014</b>	<u>\$ 823,981</u>	<u>\$ 37,616</u>	<u>\$ 140,883</u>	<u>\$ 1,002,480</u>
<b>ALLOCATION OF ENDING CASH BALANCE BY FUND</b>				
General	\$ 823,981	\$ -	\$ -	\$ 823,981
Debt Service	-	37,616	140,883	178,499
	<u>\$ 823,981</u>	<u>\$ 37,616</u>	<u>\$ 140,883</u>	<u>\$ 1,002,480</u>

**CITY OF COLUMBUS, NEBRASKA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Period October 1, 2013 through September 30, 2014**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Grant/ Contract Number</b>	<b>Federal Expenditures</b>
<b><u>United States Department of Housing and Urban Development</u></b>			
<b>Passed through the Nebraska Department of Economic Development</b>			
Community Development Block Grant	14.228	10-CR-006	\$ 1,690
Community Development Block Grant	14.228	11-CR-006	165,803
Community Development Block Grant	14.228	11-DTR-106	118,951
Community Development Block Grant	14.228	13-CR-006	69,639
<b>Subtotal</b>			<b>\$ 356,083</b>
<b><u>United States Department of Justice</u></b>			
Bulletproof Vest Partnership	16.607	47-6006144	\$ 2,436
<b><u>United States Department of Transportation</u></b>			
<b>Passed through the Nebraska Department of Aeronautics</b>			
Airport Improvement Program	20.106	3-31-0019-10	\$ 6,735
<b>Passed through the Nebraska Department of Roads</b>			
NonUrbanized Area Formula Program	20.509	RPT-M711(214)	\$ 116,242
<b>Passed through the Nebraska Department of Motor Vehicles - Office of Highway Safety</b>			
Highway Planning & Construction	20.205	HSIP0026	\$ 3,608
Highway Planning & Construction	20.205	HSIP0021	4,945
Highway Planning & Construction	20.205	HSIP0019	3,368
Highway Planning & Construction	20.205	HSIP0017	2,345
Highway Planning & Construction	20.205	HSIP0015	1,913
Occupant Protection	20.602	405-13-8	7,466
Occupant Protection	20.602	405-13-8	2,819
National Priority Safety Programs	20.616	405D-14-2	5,992
<b>Subtotal</b>			<b>\$ 32,456</b>

\* Denotes major program

CITY OF COLUMBUS, NEBRASKA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**  
**For the Period October 1, 2013 through September 30, 2014**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Grant/ Contract Number</b>	<b>Federal Expenditures</b>
<b><u>United States Environmental Protection Agency</u></b>			
Superfund State, Political Subdivision, and Indian Tribe Specific Cooperative Agreements	66.802	V-97735501	\$ 355,139 *
<b><u>United States Department of Homeland Security</u></b>			
Staffing for Adequate Fire and Emergency Response	97.083	DHS-12-GPD-083-000-99	\$ 178,115
<b>Passed through the Nebraska Emergency Management Agency and Platte County Emergency Management</b>			
Homeland Security Grant Program	97.042	EMW-2013-EP-00011-S01	\$ 7,529
Hazard Mitigation Grant Program	97.039	FEMA-DR-4013-NE	242,964 *
<b>Subtotal</b>			<u>\$ 250,493</u>
<b>Total</b>			<u>\$ 1,297,699</u>

\* Denotes major program

**CITY OF COLUMBUS, NEBRASKA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Period October 1, 2013 through September 30, 2014**

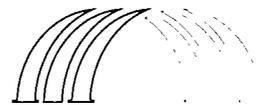
Note 1. **Schedule of Expenditures of Federal Awards**

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, 2014. 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 Governments, 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	\$ 2,333,529
Operating grants - business-type activities	<u>357,863</u>
Subtotal	\$ 2,691,392
Less: State and local sourced funding	<u>(1,372,111)</u>
Total federal receipts	\$ 1,319,281
Less amounts spent in prior years:	
Department of Aeronautics grant	(21,150)
Other grants	<u>(432)</u>
Total federal expenditures	<u><u>\$ 1,297,699</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, 2014, 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 January 31, 2015.

**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.

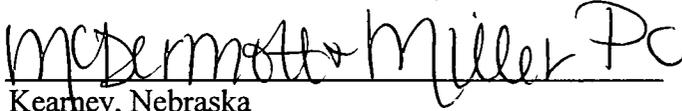
**Compliance and Other Matters**

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**

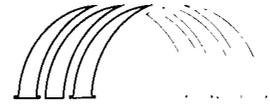
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in 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.**

A handwritten signature in black ink that reads "McDermott & Miller PC". The signature is written in a cursive style and is positioned above a horizontal line.

Kearney, Nebraska

January 31, 2015



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, 2014. 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, 2014.

### **Report on Internal Control over Compliance**

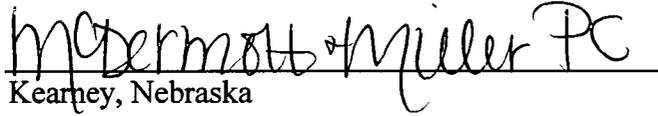
Management of the City of Columbus is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Columbus's internal control over compliance 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.**

A handwritten signature in cursive script that reads "McDermott & Miller PC". The signature is written over a horizontal line.

Kearney, Nebraska

January 31, 2015

CITY OF COLUMBUS, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2014

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>
66.802	Superfund State, Political Subdivision, and Indian Tribe Specific Cooperative Agreements
97.039	Hazard Mitigation Grant Program

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, 2014**

**II. FINANCIAL STATEMENT FINDINGS**

None.

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.

**IV. FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2013**

None.