

CITY OF COLUMBUS, NEBRASKA

FINANCIAL REPORT

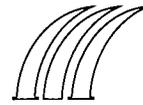
SEPTEMBER 30, 2015

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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, 2015, 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 from material misstatement.

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

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

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, 2015, 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

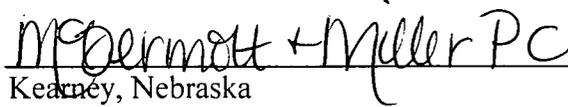
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of Federal Awards as listed on pages 50 through 52, required by the U.S. Office of Management and Budget Circular A-133,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

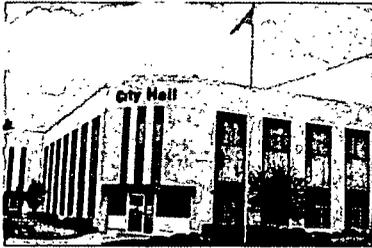
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2016, on our consideration of City of Columbus's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

McDERMOTT AND MILLER, P.C.


Kearney, Nebraska

January 18, 2016



The City of **Columbus**

FINANCE DEPARTMENT

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

Management's Discussion and Analysis September 30, 2015

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 and conditions. This analysis focuses on current year activities and how it compares to prior years and should be read in conjunction with the financial statements that follow.

Financial Highlights

- City of Columbus assets exceed its liabilities as of September 30, 2015 by \$150.8 million.
- Capital Assets (net of depreciation and related debt) account for about 69.3% of this amount.
- Of the remaining net position, \$21.0 million is restricted to capital projects and debt payments and \$25.4 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, 2015

- 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, 2015 and 2014 follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Assets				
Cash and investments	\$ 28,791,699	\$ 31,183,421	\$18,194,199	\$ 11,274,642
Other assets	1,934,498	1,987,720	3,050,108	2,864,815
Capital assets, net	<u>97,160,351</u>	<u>91,738,925</u>	<u>46,123,584</u>	<u>43,228,506</u>
Total assets	<u>\$127,886,548</u>	<u>\$124,910,066</u>	<u>\$67,367,891</u>	<u>\$ 57,367,963</u>
Liabilities				
Long-term liabilities	\$ 6,130,000	\$ 7,875,000	\$ 29,525,000	\$ 21,780,000
Other liabilities	<u>5,637,356</u>	<u>4,026,134</u>	<u>3,124,175</u>	<u>2,865,951</u>
Total liabilities	<u>\$ 11,767,356</u>	<u>\$ 11,901,134</u>	<u>\$ 32,649,175</u>	<u>\$ 24,645,951</u>
Net position				
Net investment in capital assets	\$ 89,600,351	\$ 82,188,925	\$ 14,873,584	\$ 19,893,506
Restricted	12,672,276	14,217,661	8,335,445	1,770,003
Unrestricted	<u>13,846,565</u>	<u>16,602,346</u>	<u>11,509,687</u>	<u>11,058,503</u>
Total net position	<u>\$116,119,192</u>	<u>\$113,008,932</u>	<u>\$ 34,718,716</u>	<u>\$ 32,722,012</u>
Total liabilities and net position	<u>\$127,886,548</u>	<u>\$124,910,066</u>	<u>\$ 67,367,891</u>	<u>\$ 57,367,963</u>

During the year ended September 30, 2015 the most significant changes were as follows:

Governmental Activities

The largest changes from 2014 were the decrease in cash and investments of \$2.4 million and the \$1.7 million decrease in long-term liabilities due to the investment in capital assets and repayment of bonded debt. There is a \$7.4 million increase in the amount invested in capital assets, net of the related debt and a \$1.5 million decrease in restricted funds due to bond proceeds being spent on capital assets. There was a \$2.8 million decrease in unrestricted net position as funds were being invested in capital assets.

City of Columbus, Nebraska
Management's Discussion and Analysis, Continued
September 30, 2015

Business-type Activities

The largest changes from 2014 were the \$6.9 million increase in cash and investments as borrowed funds were on hand for the construction of Phase II improvements to the Wastewater Treatment Facility, along with the \$2.9 million increase in capital assets. There was also \$7.7 million increase in liabilities for bonds that were issued to finance the capital improvements. These items resulted in an increase in net position of \$2.0 million.

A condensed version of the Statement of Activities of the City for the fiscal years ended September 30, 2015 and 2014 follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues				
Program revenues				
Charges for services	\$ 5,234,992	\$ 5,358,389	\$ 10,077,388	\$ 9,420,822
Operating grants and contributions	1,396,352	2,333,529	439,032	357,863
Capital grants and contributions	4,245,938	4,188,184	-	-
General revenues				
Property tax	4,198,897	4,102,259	-	-
Sales tax	6,362,609	6,150,624	-	-
Franchise tax	729,857	784,740	3,571,171	3,539,057
Other Tax	769,759	1,384,462	-	-
Investment earnings	198,324	182,146	131,040	98,482
Gain (loss) on sale of equipment	(21,756)	(27,074)	(15,129)	18,151
Transfers in (out)	<u>3,853,700</u>	<u>3,432,573</u>	<u>(3,884,000)</u>	<u>(3,477,923)</u>
Total revenues	<u>\$26,968,672</u>	<u>\$27,889,832</u>	<u>\$10,319,502</u>	<u>\$ 9,956,452</u>
Expenses				
General government	\$15,657,496	\$15,169,463	\$ -	\$ -
Special revenue	4,342,417	4,273,915	-	-
Capital projects	405	89,034	-	-
Redevelopment Agency	-	1,333,654	-	-
Debt Service	868,672	146,801	-	-
Library Foundation	73,396	5,237	-	-
Library Endowment	72,954	12,407	-	-
Gerrard Park Trust	4,976	1,500	-	-
Health Insurance	2,838,096	2,020,633	-	-
Water	-	-	2,864,749	2,773,580
Sewer	-	-	3,861,308	3,438,334
Solid waste	-	-	1,437,823	1,366,404
Electric	-	-	<u>158,918</u>	<u>158,918</u>
Total expenses	<u>\$23,858,412</u>	<u>\$23,052,644</u>	<u>\$ 8,322,798</u>	<u>\$ 7,737,236</u>
Change in net position	<u>\$ 3,110,260</u>	<u>\$ 4,837,188</u>	<u>\$ 1,996,704</u>	<u>\$ 2,219,216</u>

During the year ended September 30, 2015 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 \$3.1 million in 2015 as compared to an increase of \$4.8 million in 2014. Operating grants and contributions decreased by \$937,000 due to the completion of several grants in the prior year. Property tax revenue increased \$97,000 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 2015 the local option sales tax revenue increased by \$212,000 when compared with 2014 due to more taxable sales in the City of Columbus and fewer businesses claiming economic development incentives from sales tax. Redevelopment Agency expenses decreased \$1.3 million due to no tax increment financing activity in 2015. The cost of health insurance increased by \$817,000 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 \$657,000 when compared to 2014, due to planned rate increases to provide funds for the wastewater plant expansion. A water and wastewater rate study was completed during 2013. During 2015 the recommended rate increases of 1% for water and 10% for sewer were implemented to provide funds for future system improvements. Operating grants increased by \$81,000 due to the completion of improvements to the Superfund plant. Sewer Fund expenses increase by \$423,000 due primarily to the cost of issuing bonds and interest expense to finance wastewater plant improvements.

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, 2015 the City had \$143 million invested in capital assets, including land, buildings, equipment, park and recreation facilities, streets, storm water drainage and water and sewer lines. This amount represents a net increase (additions, deductions, less depreciation) of \$8 million over last year.

Some of the larger additions to capital assets for the governmental activities include \$164,000 for server virtualization and computer network upgrade project, purchase of a Columbus Area Transit vehicle for \$34,500, Police vehicles and equipment for \$181,000 and Fire equipment for \$153,000. Other additional capital purchases in the governmental activities include \$373,000 for purchase of Gene Steffy Ford buildings to be razed for a Library/Cultural Arts Center, \$166,000 for Library materials, \$142,000 for a new restroom in east Pawnee Park, \$83,000 for batting cages at Centennial and Armory Parks, \$77,000 for golf carts at Quail Run Golf Course, \$3,181,000 for Pawnee Plunge expansion, and \$85,000 for downtown revitalization. Transportation related improvements included

\$1,147,000 for design of the 3rd and 12th Avenue viaducts and 18th Avenue pedestrian overpass, \$454,000 for interior street improvements, and \$2,530,000 for construction of streets, water and sewer lines in the Discoverer Addition to accommodate the new high school, Columbus Wellness Center and the new East-Central District Health Department building in the northeast part of Columbus and \$151,000 for a street sweeper for street maintenance.

Some of the larger purchases for the business-type activities were \$2,645,000 for Phase II wastewater plant expansion, \$156,000 for relining wastewater lines for a grant match, and \$72,000 for a water line for the Ramada project. In addition \$1,525,000 was spent to complete the construction of a new solid waste transfer station.

Debt Outstanding

At year-end, the City had \$38.8 million in bonds and notes outstanding versus \$32.9 million last year. There were no new borrowings for governmental activities and \$1,990,000 of general obligation debt was retired during 2015. For the business-type activities the City issued \$9.8 million of bonds to finance Phase II of the Wastewater Facility expansion. The City also issued \$4,030,000 of Combined Revenue Refunding Bonds to refinance bonds issued in 2010 at an interest savings of \$520,000. The revenue bond issues were rated AA- by Standard & Poor's, which is a very good rating for a city the size of Columbus. \$5,915,000 of outstanding business-type debt was retired during 2015.

Economic Factors and Next Year's Budgets and Rates

Several factors were considered and affected the preparation of the City's 2016 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, 2015

	<u>Governmental Activities (Modified Accrual Basis)</u>	<u>Business-type Activities (Accrual Basis)</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 2,164,730	\$ 2,843	\$ 2,167,573
Cash - County Treasurer	1,042,737	-	1,042,737
Investments	25,584,232	18,191,356	43,775,588
Accounts receivable	558,200	847,735	1,405,935
Special assessment receivable	601,338	-	601,338
Notes receivable	774,960	-	774,960
Accrued revenue	-	1,933,446	1,933,446
Inventory	-	268,927	268,927
Land and buildings	15,021,520	25,198,276	40,219,796
Improvements	100,156,161	36,913,998	137,070,159
Equipment	10,530,286	8,353,920	18,884,206
Vehicles	6,991,051	-	6,991,051
Construction in progress	13,049,188	7,717,099	20,766,287
Less accumulated depreciation	<u>(48,587,855)</u>	<u>(32,059,709)</u>	<u>(80,647,564)</u>
Total assets	<u>\$ 127,886,548</u>	<u>\$ 67,367,891</u>	<u>\$ 195,254,439</u>
LIABILITIES			
Checks outstanding in excess of bank balance	\$ 2,272,358	\$ -	\$ 2,272,358
Accounts payable	-	914,503	914,503
Accrued expenses	-	268,122	268,122
Deferred revenue	1,934,998	9,022	1,944,020
Interest payable	-	207,528	207,528
Long-term debt:			
Due within one year	1,430,000	1,725,000	3,155,000
Due in more than one year	<u>6,130,000</u>	<u>29,525,000</u>	<u>35,655,000</u>
Total liabilities	<u>\$ 11,767,356</u>	<u>\$ 32,649,175</u>	<u>\$ 44,416,531</u>
NET POSITION			
Net investment in capital assets	\$ 89,600,351	\$ 14,873,584	\$ 104,473,935
Restricted for:			
Debt service	8,887,043	1,410,092	10,297,135
Unspent bond proceeds	3,785,233	6,925,353	10,710,586
Unrestricted	<u>13,846,565</u>	<u>11,509,687</u>	<u>25,356,252</u>
Total net position	<u>\$ 116,119,192</u>	<u>\$ 34,718,716</u>	<u>\$ 150,837,908</u>

See notes to financial statements.

City of Columbus, Nebraska
Statement of Activities
For the Year Ended September 30, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 15,657,496	\$ 1,293,741	\$ 508,076	\$ 1,635,085	\$ (12,220,594)	\$ -	\$ (12,220,594)
Special revenue	4,342,417	884,045	574,199	2,478,576	(405,597)	-	(405,597)
Capital projects	405	-	314,077	9,595	323,267	-	323,267
Debt service	868,672	266,412	-	40,256	(562,004)	-	(562,004)
Library Foundation	73,396	-	-	82,426	9,030	-	9,030
Library Endowment	72,954	-	-	-	(72,954)	-	(72,954)
Gerrard Park Trust	4,976	-	-	-	(4,976)	-	(4,976)
Health insurance	2,838,096	2,790,794	-	-	(47,302)	-	(47,302)
Total governmental activities	<u>\$ 23,858,412</u>	<u>\$ 5,234,992</u>	<u>\$ 1,396,352</u>	<u>\$ 4,245,938</u>	<u>\$ (12,981,130)</u>	<u>\$ -</u>	<u>\$ (12,981,130)</u>
Business-type activities:							
Water	\$ 2,864,749	\$ 3,489,739	\$ 410,449	\$ -	\$ -	\$ 1,035,439	\$ 1,035,439
Sewer	3,861,308	4,993,931	-	-	-	1,132,623	1,132,623
Electric	158,918	-	-	-	-	(158,918)	(158,918)
Solid Waste	1,437,823	1,593,718	28,583	-	-	184,478	184,478
Total business-type activities	<u>\$ 8,322,798</u>	<u>\$ 10,077,388</u>	<u>\$ 439,032</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,193,622</u>	<u>\$ 2,193,622</u>
Total government	<u>\$ 32,181,210</u>	<u>\$ 15,312,380</u>	<u>\$ 1,835,384</u>	<u>\$ 4,245,938</u>	<u>\$ (12,981,130)</u>	<u>\$ 2,193,622</u>	<u>\$ (10,787,508)</u>
General revenues:							
Taxes:							
Property tax					\$ 4,198,897	\$ -	\$ 4,198,897
Sales tax					6,362,609	-	6,362,609
Miscellaneous					769,759	-	769,759
Franchise fees					729,857	3,571,171	4,301,028
Investment earnings					198,324	131,040	329,364
Gain (loss) on sale of asset					(21,756)	(15,129)	(36,885)
Transfers					3,853,700	(3,884,000)	(30,300)
Total general revenues and transfers					<u>\$ 16,091,390</u>	<u>\$ (196,918)</u>	<u>\$ 15,894,472</u>
Change in net position					\$ 3,110,260	\$ 1,996,704	\$ 5,106,964
Net position - beginning					<u>113,008,932</u>	<u>32,722,012</u>	<u>145,730,944</u>
Net position - ending					<u>\$ 116,119,192</u>	<u>\$ 34,718,716</u>	<u>\$ 150,837,908</u>

See notes to financial statements.

City of Columbus, Nebraska
Balance Sheet - Modified Cash Basis
Governmental Funds
September 30, 2015

	General	Special Revenue	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,837,162	\$ 324,885	\$ -	\$ 522	\$ -	\$ 2,162,569
Cash - County Treasurer	758,979	-	-	283,758	-	1,042,737
Investments	4,790,220	10,244,923	3,785,233	2,755,444	1,736,531	23,312,351
Receivables:						
Accounts	528,813	7,361	-	22,026	-	558,200
Special assessment	-	-	-	601,338	-	601,338
Notes	-	774,960	-	-	-	774,960
Total assets	<u>\$ 7,915,174</u>	<u>\$ 11,352,129</u>	<u>\$ 3,785,233</u>	<u>\$ 3,663,088</u>	<u>\$ 1,736,531</u>	<u>\$ 28,452,155</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Checks outstanding in excess of bank balance	\$ -	\$ 71,001	\$ 2,201,357	\$ -	\$ -	\$ 2,272,358
Deferred revenue	528,813	782,821	-	623,364	-	1,934,998
Current portion of long-term debt	-	-	-	1,430,000	-	1,430,000
Total liabilities	<u>\$ 528,813</u>	<u>\$ 853,822</u>	<u>\$ 2,201,357</u>	<u>\$ 2,053,364</u>	<u>\$ -</u>	<u>\$ 5,637,356</u>
Fund balances:						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 128,247	\$ 128,247
Restricted	73,719	9,699,821	1,583,876	1,609,724	102,668	13,069,808
Committed	-	798,486	-	-	1,505,616	2,304,102
Assigned	10,143	-	-	-	-	10,143
Unassigned	7,302,499	-	-	-	-	7,302,499
Total fund balances	<u>\$ 7,386,361</u>	<u>\$ 10,498,307</u>	<u>\$ 1,583,876</u>	<u>\$ 1,609,724</u>	<u>\$ 1,736,531</u>	<u>\$ 22,814,799</u>
Total liabilities and fund balances	<u>\$ 7,915,174</u>	<u>\$ 11,352,129</u>	<u>\$ 3,785,233</u>	<u>\$ 3,663,088</u>	<u>\$ 1,736,531</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.	97,160,351
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.	2,274,042
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(6,130,000)</u>
Net position of governmental activities	<u>\$ 116,119,192</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, 2015

	General	Special Revenue	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 3,510,716	\$ -	\$ -	\$ 688,181	\$ -	\$ 4,198,897
Fees, taxes, permits and licenses	292,095	2,327,884	-	-	-	2,619,979
State shared revenue	25,160	-	-	-	-	25,160
Franchise fees	729,857	-	-	-	-	729,857
Sales tax	1,874,035	2,154,409	1,095,999	1,238,166	-	6,362,609
Charges for services	1,293,741	884,045	-	266,412	-	2,444,198
Donations	-	-	-	-	82,426	82,426
TIF income	-	-	-	769,759	-	769,759
Grants	508,076	574,199	314,077	-	-	1,396,352
Investment earnings	37,437	62,967	25,160	11,651	47,464	184,679
Miscellaneous	1,317,830	150,692	9,595	40,256	-	1,518,373
Total revenues	<u>\$ 9,588,947</u>	<u>\$ 6,154,196</u>	<u>\$ 1,444,831</u>	<u>\$ 3,014,425</u>	<u>\$ 129,890</u>	<u>\$ 20,332,289</u>
EXPENDITURES						
Current operating:						
General government	\$ 1,402,641	\$ -	\$ -	\$ -	\$ -	\$ 1,402,641
Public health and safety	6,115,719	526,996	-	-	-	6,642,715
Public works	-	2,919,981	405	-	-	2,920,386
Cultural and recreational	3,919,097	-	-	-	151,326	4,070,423
Community development	195,632	895,440	-	-	-	1,091,072
Capital outlay	1,804,875	306,374	7,356,340	-	-	9,467,589
Debt service:						
Principal	-	-	-	1,745,000	-	1,745,000
Interest	-	-	-	639,457	-	639,457
Other	-	-	-	229,215	-	229,215
Total expenditures	<u>\$ 13,437,964</u>	<u>\$ 4,648,791</u>	<u>\$ 7,356,745</u>	<u>\$ 2,613,672</u>	<u>\$ 151,326</u>	<u>\$ 28,208,498</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,849,017)</u>	<u>\$ 1,505,405</u>	<u>\$ (5,911,914)</u>	<u>\$ 400,753</u>	<u>\$ (21,436)</u>	<u>\$ (7,876,209)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 4,548,995	\$ 537,369	\$ 792,846	\$ 481,861	\$ 49,725	\$ 6,410,796
Transfers out	(554,300)	(1,465,737)	(484,230)	(604)	(52,225)	(2,557,096)
Total other financing sources (uses)	<u>\$ 3,994,695</u>	<u>\$ (928,368)</u>	<u>\$ 308,616</u>	<u>\$ 481,257</u>	<u>\$ (2,500)</u>	<u>\$ 3,853,700</u>
Net change in fund balances	\$ 145,678	\$ 577,037	\$ (5,603,298)	\$ 882,010	\$ (23,936)	\$ (4,022,509)
Fund balances - beginning	7,240,683	9,921,270	7,187,174	727,714	1,760,467	26,837,308
Fund balances - ending	<u>\$ 7,386,361</u>	<u>\$ 10,498,307</u>	<u>\$ 1,583,876</u>	<u>\$ 1,609,724</u>	<u>\$ 1,736,531</u>	<u>\$ 22,814,799</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, 2015

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)	\$ (4,022,509)
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.	5,443,182
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (or decrease) net position.	(21,756)
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.	1,745,000
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>(33,657)</u>
Change in net position of governmental activities (page 11)	<u>\$ 3,110,260</u>

See notes to financial statements.

City of Columbus, Nebraska
Statement of Net Position - Accrual Basis
Proprietary Funds
September 30, 2015

	Business-type Activities					Governmental Activities Internal Service Fund
	Water	Sewer	Electric	Solid Waste	Total Enterprise Funds	
ASSETS						
Cash and cash equivalents	\$ 6,134,068	\$ 9,916,968	\$ 1,327,408	\$ 815,755	\$ 18,194,199	\$ 2,274,042
Receivables:						
Interfund	-	-	2,362,040	-	2,362,040	-
Accounts (net of allowance)	337,131	428,412	-	82,192	847,735	-
Accrued revenue	355,969	483,448	1,016,244	77,785	1,933,446	-
Inventory	213,512	55,415	-	-	268,927	-
Capital assets:						
Land and buildings	7,159,297	17,676,020	-	362,959	25,198,276	-
Plant improvements	19,328,581	11,210,865	6,119,988	254,564	36,913,998	-
Equipment	4,906,567	2,274,213	-	1,173,140	8,353,920	-
Construction in progress	55,145	2,983,400	-	4,678,554	7,717,099	-
Less accumulated depreciation	<u>(13,815,606)</u>	<u>(12,886,877)</u>	<u>(4,353,665)</u>	<u>(1,003,561)</u>	<u>(32,059,709)</u>	-
Total assets	<u>\$ 24,674,664</u>	<u>\$ 32,141,864</u>	<u>\$ 6,472,015</u>	<u>\$ 6,441,388</u>	<u>\$ 69,729,931</u>	<u>\$ 2,274,042</u>
LIABILITIES						
Accounts payable	\$ 115,912	\$ 723,235	\$ -	\$ 75,356	\$ 914,503	\$ -
Accrued payroll	104,035	124,851	-	39,236	268,122	-
Deferred revenue	-	9,022	-	-	9,022	-
Due to other funds	-	-	-	2,362,040	2,362,040	-
Interest payable	60,813	144,574	-	2,141	207,528	-
Long-term debt:						
Due within one year	1,055,453	484,547	-	185,000	1,725,000	-
Due in more than one year	<u>7,390,346</u>	<u>20,034,654</u>	<u>-</u>	<u>2,100,000</u>	<u>29,525,000</u>	<u>-</u>
Total liabilities	<u>\$ 8,726,559</u>	<u>\$ 21,520,883</u>	<u>\$ -</u>	<u>\$ 4,763,773</u>	<u>\$ 35,011,215</u>	<u>\$ -</u>
NET POSITION						
Net investment in capital assets	\$ 9,188,185	\$ 738,420	\$ 1,766,323	\$ 3,180,656	\$ 14,873,584	\$ -
Restricted for:						
Debt service	972,761	437,331	-	-	1,410,092	-
Unspent bond proceeds	-	6,925,353	-	-	6,925,353	-
Unrestricted	<u>5,787,159</u>	<u>2,519,877</u>	<u>4,705,692</u>	<u>(1,503,041)</u>	<u>11,509,687</u>	<u>2,274,042</u>
Total net position	<u>\$ 15,948,105</u>	<u>\$ 10,620,981</u>	<u>\$ 6,472,015</u>	<u>\$ 1,677,615</u>	<u>\$ 27,793,363</u>	<u>\$ 2,274,042</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, 2015

	Business-type Activities				Total Enterprise Funds	Governmental Activities Internal Service Fund
	Water	Sewer	Electric	Solid Waste		
Operating revenues:						
Charges for services	\$ 3,090,419	\$ 4,645,622	\$ -	\$ 1,585,394	\$ 9,321,435	\$ 2,790,794
Franchise fees	-	-	3,571,171	-	3,571,171	-
Permits and fees	78,648	41,663	-	2,111	122,422	-
Sales tax	139,503	283,469	-	-	422,972	-
Operating grants	410,449	-	-	28,583	439,032	-
Miscellaneous	181,169	23,177	-	6,213	210,559	-
Total operating revenues	<u>\$ 3,900,188</u>	<u>\$ 4,993,931</u>	<u>\$ 3,571,171</u>	<u>\$ 1,622,301</u>	<u>\$ 14,087,591</u>	<u>\$ 2,790,794</u>
Operating expenses:						
Personal services	\$ 707,281	\$ 1,054,544	\$ -	\$ 418,931	\$ 2,180,756	\$ -
Insurance	21,103	51,702	-	8,638	81,443	-
Supplies	246,677	224,086	-	111,879	582,642	-
Professional services	4,164	8,190	-	1,381	13,735	2,838,096
Repairs and maintenance	326,164	211,041	-	69,599	606,804	-
Heat, light and power, phone	203,913	396,006	-	10,961	610,880	-
Landfill disposal	-	-	-	554,968	554,968	-
Sales tax remitted	144,172	282,931	-	-	427,103	-
Other operating	30,762	26,529	-	16,609	73,900	-
Depreciation	867,308	812,043	158,918	125,717	1,963,986	-
Total operating expenses	<u>\$ 2,551,544</u>	<u>\$ 3,067,072</u>	<u>\$ 158,918</u>	<u>\$ 1,318,683</u>	<u>\$ 7,096,217</u>	<u>\$ 2,838,096</u>
Operating income	<u>\$ 1,348,644</u>	<u>\$ 1,926,859</u>	<u>\$ 3,412,253</u>	<u>\$ 303,618</u>	<u>\$ 6,991,374</u>	<u>\$ (47,302)</u>
Nonoperating revenues (expenses):						
Interest expense	\$ (313,205)	\$ (794,236)	\$ -	\$ (119,140)	\$ (1,226,581)	\$ -
Investment earnings	34,548	14,583	75,976	5,933	131,040	13,645
Gain (loss) on disposal of assets	(15,129)	-	-	-	(15,129)	-
Total nonoperating revenues (expenses)	<u>\$ (293,786)</u>	<u>\$ (779,653)</u>	<u>\$ 75,976</u>	<u>\$ (113,207)</u>	<u>\$ (1,110,670)</u>	<u>\$ 13,645</u>
Income before operating transfers	<u>\$ 1,054,858</u>	<u>\$ 1,147,206</u>	<u>\$ 3,488,229</u>	<u>\$ 190,411</u>	<u>\$ 5,880,704</u>	<u>\$ (33,657)</u>
Operating transfers:						
Operating transfers in	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ -
Operating transfers out	(130,000)	(130,000)	(3,675,000)	(49,000)	(3,984,000)	-
Total operating transfers	<u>\$ (130,000)</u>	<u>\$ (130,000)</u>	<u>\$ (3,675,000)</u>	<u>\$ 51,000</u>	<u>\$ (3,884,000)</u>	<u>\$ -</u>
Change in net position	\$ 924,858	\$ 1,017,206	\$ (186,771)	\$ 241,411	\$ 1,996,704	\$ (33,657)
Total net position - beginning	15,023,247	9,603,775	6,658,786	1,436,204	32,722,012	2,307,699
Total net position - ending	<u>\$ 15,948,105</u>	<u>\$ 10,620,981</u>	<u>\$ 6,472,015</u>	<u>\$ 1,677,615</u>	<u>\$ 34,718,716</u>	<u>\$ 2,274,042</u>

See notes to financial statements.

City of Columbus, Nebraska
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2015

	Business-type Activities				Total Enterprise Total	Governmental Activities Internal Service Fund
	Water	Sewer	Electric	Solid Waste		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 3,849,594	\$ 4,896,432	\$ 3,568,297	\$ 1,618,839	\$ 13,933,162	\$ 2,790,794
Payments to suppliers	(977,531)	(653,474)	-	(1,294,902)	(2,925,907)	(2,838,096)
Payments to employees	(707,220)	(1,049,862)	-	(411,903)	(2,168,985)	-
Net cash provided (used) by operating activities	<u>\$ 2,164,843</u>	<u>\$ 3,193,096</u>	<u>\$ 3,568,297</u>	<u>\$ (87,966)</u>	<u>\$ 8,838,270</u>	<u>\$ (47,302)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfer from (to) other funds (net)	\$ (130,000)	\$ (130,000)	\$ (3,675,000)	\$ 51,000	\$ (3,884,000)	\$ -
Net cash provided (used) by noncapital financing activities	<u>\$ (130,000)</u>	<u>\$ (130,000)</u>	<u>\$ (3,675,000)</u>	<u>\$ 51,000</u>	<u>\$ (3,884,000)</u>	<u>\$ -</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets, net of disposals	\$ (235,009)	\$ (3,567,333)	\$ -	\$ (1,071,851)	\$ (4,874,193)	\$ -
Bond proceeds	2,149,602	11,680,398	-	-	13,830,000	-
Bond payments	(3,192,074)	(2,537,926)	-	(185,000)	(5,915,000)	-
Interest payments	(333,047)	(754,339)	-	(119,174)	(1,206,560)	-
Net cash provided (used) by capital and related financing activities	<u>\$ (1,610,528)</u>	<u>\$ 4,820,800</u>	<u>\$ -</u>	<u>\$ (1,376,025)</u>	<u>\$ 1,834,247</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends received	\$ 34,548	\$ 14,583	\$ 75,976	\$ 5,933	\$ 131,040	\$ 13,645
Net cash provided by investing activities	<u>\$ 34,548</u>	<u>\$ 14,583</u>	<u>\$ 75,976</u>	<u>\$ 5,933</u>	<u>\$ 131,040</u>	<u>\$ 13,645</u>
Net increase (decrease) in cash and cash equivalents	\$ 458,863	\$ 7,898,479	\$ (30,727)	\$ (1,407,058)	\$ 6,919,557	\$ (33,657)
Beginning cash and cash equivalents	5,675,205	2,018,489	1,358,135	2,222,813	11,274,642	2,307,699
Ending cash and cash equivalents	<u>\$ 6,134,068</u>	<u>\$ 9,916,968</u>	<u>\$ 1,327,408</u>	<u>\$ 815,755</u>	<u>\$ 18,194,199</u>	<u>\$ 2,274,042</u>
Reconciliation of operating income to net cash provided (used) by operating activities						
Operating income	\$ 1,348,644	\$ 1,926,859	\$ 3,412,253	\$ 303,618	\$ 6,991,374	\$ (47,302)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	867,308	812,043	158,918	125,717	1,963,986	-
Change in assets and liabilities:						
Receivables	14,957	(31,996)	-	(2,041)	(19,080)	-
Inventory and other assets	(93,980)	(67,938)	(2,874)	(1,421)	(166,213)	-
Accounts and other payables	27,853	549,446	-	(520,867)	56,432	-
Accrued expenses	61	4,682	-	7,028	11,771	-
Net cash provided (used) by operating activities	<u>\$ 2,164,843</u>	<u>\$ 3,193,096</u>	<u>\$ 3,568,297</u>	<u>\$ (87,966)</u>	<u>\$ 8,838,270</u>	<u>\$ (47,302)</u>

See notes to financial statements.

City of Columbus, Nebraska
Statement of Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
September 30, 2015

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ 112	\$ -
Investments	<u>91,675</u>	<u>-</u>
Total assets	<u>\$ 91,787</u>	<u>\$ -</u>
LIABILITIES		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
NET POSITION		
Held in trust for pension benefits	<u>\$ 91,787</u>	<u>\$ -</u>

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, 2015

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Additions		
Interest income	\$ 525	\$ -
Collections for agency funds	<u>-</u>	<u>14,890</u>
Subtotal	<u>\$ 525</u>	<u>\$ 14,890</u>
Deductions		
Public Safety	<u>\$ 31,080</u>	<u>\$ -</u>
Other Financing Sources (Uses)		
Paid to agency fund	\$ -	\$ (14,890)
Transfers from other funds	<u>30,300</u>	<u>-</u>
Subtotal	<u>\$ 30,300</u>	<u>\$ (14,890)</u>
Change in Net Position	\$ (255)	\$ -
Net Position - Beginning of year	<u>92,042</u>	<u>-</u>
Net Position - End of year	<u>\$ 91,787</u>	<u>\$ -</u>

See notes to financial statements.

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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, 2015**

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, 2015**

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, 2015**

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, 2015**

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, 2015, 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, 2015**

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 nonspendable, 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, 2015**

Note 2. County Treasurer Fund

At September 30, 2015, 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, 2015, 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 2014 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 \$1,306,775,108 in August of 2014.

The City, through the budget process, requested a total of \$4,249,450 in property taxes. Based on the August of 2014 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, 2015**

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 \$42,026,059 and the bank balance was \$43,315,521. The component units' carrying amount of bank deposits was \$1,736,531 and bank balance was \$1,736,000. 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, 2015, consisted of the following:

	City of Columbus	Component Units	Total
Demand deposits	\$ 1,165,922	\$ 741	\$ 1,166,663
Time and savings deposits	41,637,860	234,412	41,872,272
Other securities	511,739	1,500,847	2,012,586
Total deposits	<u>\$ 43,315,521</u>	<u>\$ 1,736,000</u>	<u>\$ 45,051,521</u>
Level 1	\$ 1,536,067	\$ 102,137	\$ 1,638,204
Level 2	41,508,560	-	41,508,560
Level 3	270,894	1,633,863	1,904,757
Total deposits	<u>\$ 43,315,521</u>	<u>\$ 1,736,000</u>	<u>\$ 45,051,521</u>

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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	\$ -	\$ -	\$ 270,894
Money Markets	19,063,610	-	-
CD's	-	22,815,095	-
Total	<u>\$ 19,063,610</u>	<u>\$ 22,815,095</u>	<u>\$ 270,894</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, 2015, 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, 2015**

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, 2015, 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	\$ 528,813	\$ -	\$ -	\$ -	\$ 528,813	\$ -	\$ 528,813
Street	4,560	-	-	-	4,560	-	4,560
Airport	2,801	-	-	-	2,801	-	2,801
Housing Rehabilitation	-	263,960	-	-	263,960	-	263,960
Progress and Jobs Growth	-	511,000	-	-	511,000	-	511,000
Debt Service	22,026	-	601,338	-	623,364	-	623,364
Water	338,931	-	-	-	338,931	1,800	337,131
Sewer	429,612	-	-	-	429,612	1,200	428,412
Electric	-	-	-	2,362,040	2,362,040	-	2,362,040
Solid Waste	82,192	-	-	-	82,192	-	82,192
	<u>\$ 1,408,935</u>	<u>\$ 774,960</u>	<u>\$ 601,338</u>	<u>\$ 2,362,040</u>	<u>\$ 5,147,273</u>	<u>\$ 3,000</u>	<u>\$ 5,144,273</u>

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. The final payment was forgiven according to the loan provisions on January 31, 2015. The outstanding balance at September 30, 2015, is \$0.

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Note 5. **Receivables (continued)**

On July 2, 2012, the City loaned Apogee Retail, LLC \$120,000 for equipment purchases to support the expansion of a call center in Columbus. The loan carries no interest and payments of \$40,000 are due annually beginning December 31, 2012, with the final payment due December 31, 2014. Apogee Retail, LLC paid the final payment on April 21, 2015. The outstanding balance at September 30, 2015, is \$0.

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, 2015, 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, 2015, is \$120,000.

On February 2, 2015, the City loaned Blazer Holdings, LLC and Blazer, LLC collectively \$300,000 for start-up expenses relating to the purchase of a business. The loan carries interest at 1.00% and is payable in monthly installments of \$5,130 beginning March 1, 2016, with the final payment due February 1, 2021. The outstanding balance at September 30, 2015, is \$300,000.

The following is a summary of notes receivable outstanding as of September 30, 2015, under the Progress and Jobs Growth program administered by the City:

	Original Date	Due Date	Original Amount	Interest Rate	9/30/2015 Balance
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%	120,000
2015 Blazer	2/2/2015	2/1/2021	300,000	1.00%	300,000
Total					<u>\$ 511,000</u>

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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, 2015, is \$263,960.

Note 6. Capital Assets

Capital asset activity for the year ended September 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets:				
Land	\$ 280,524	\$ -	\$ -	\$ 280,524
Construction in Progress	7,054,839	7,754,752	(1,760,403)	13,049,188
Land Improvements and Buildings	13,147,161	1,600,727	(6,892)	14,740,996
Improvements	99,715,377	440,784	-	100,156,161
Equipment	9,582,480	1,210,459	(262,653)	10,530,286
Vehicles	6,954,985	223,879	(187,813)	6,991,051
Total capital assets	<u>\$ 136,735,366</u>	<u>\$ 11,230,601</u>	<u>\$ (2,217,761)</u>	<u>\$ 145,748,206</u>
Less accumulated depreciation	<u>\$ (44,996,441)</u>	<u>\$ (4,024,407)</u>	<u>\$ 432,993</u>	<u>\$ (48,587,855)</u>
Governmental activities capital assets, net	<u>\$ 91,738,925</u>	<u>\$ 7,206,194</u>	<u>\$ (1,784,768)</u>	<u>\$ 97,160,351</u>
Business-type activities:				
Capital assets:				
Land	\$ 391,161	\$ -	\$ -	\$ 391,161
Construction in Progress	4,178,800	3,734,634	(196,335)	7,717,099
Land Improvements and Buildings	24,177,540	631,601	(2,026)	24,807,115
Improvements	36,691,152	355,658	(132,812)	36,913,998
Equipment	8,240,677	349,411	(236,168)	8,353,920
Total capital assets	<u>\$ 73,679,330</u>	<u>\$ 5,071,304</u>	<u>\$ (567,341)</u>	<u>\$ 78,183,293</u>
Less accumulated depreciation	<u>\$ (30,450,824)</u>	<u>\$ (1,963,986)</u>	<u>\$ 355,101</u>	<u>\$ (32,059,709)</u>
Business-type activities capital assets, net	<u>\$ 43,228,506</u>	<u>\$ 3,107,318</u>	<u>\$ (212,240)</u>	<u>\$ 46,123,584</u>

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Note 6. **Capital Assets (continued)**

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

Governmental activities	\$ 4,024,407
Business-type activities	<u>1,963,986</u>
Total depreciation	<u>\$ 5,988,393</u>

Note 7. **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.

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.

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 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 was due on September 1, 2023. The bonds were paid in full during the year ended September 30, 2015.

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, 2015, is \$565,000.

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Note 7. Long-Term Liabilities (continued)

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, 2015, is \$465,000.

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, 2015, is \$230,000.

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, 2015, is \$2,150,000.

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, 2015, is \$4,150,000.

The schedule of bond redemptions is as follows:

	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,430,000	\$ 139,812
2017	1,435,000	122,296
2018	1,345,000	100,404
2019	630,000	78,099
2020	645,000	64,283
2021-2024	<u>2,075,000</u>	<u>117,500</u>
	<u>\$ 7,560,000</u>	<u>\$ 622,394</u>

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Note 7. **Long-Term Liabilities (continued)**

Total bonds outstanding are as follows:

	General Obligation Bonds
Bonds outstanding, October 1	\$ 9,550,000
Bonds paid	(1,990,000)
Bonds issued	-
Bonds outstanding, September 30	\$ 7,560,000
Amount due within one year	\$ 1,430,000

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, 2015, is \$2,800,000.

On March 11, 2010, the City issued Combined Revenue Bonds in the amount of \$4,510,000. The issue bore interest from 1.90 to 4.66%. Final payment was due on June 15, 2030. These bonds were refinanced on July 23, 2015, with the Series 2015A bonds mentioned below.

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, 2015, is \$6,490,000.

On June 6, 2011, the City issued Combined Revenue Bonds in the amount of \$1,580,000. The issue bears interest from 1.45 to 3.80%. Final payment is due on December 15, 2026. The outstanding balance at September 30, 2015, 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, 2015, is \$4,265,000.

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Note 7. **Long-Term Liabilities (continued)**

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, 2015, is \$2,285,000.

On July 23, 2015, the City issued Series 2015A Combined Revenue Refunding Bonds in the amount of \$4,030,000. The issue bears interest from 2.00 to 3.30%. Final payment is due on June 15, 2030. The outstanding balance at September 30, 2015, is \$4,030,000.

On July 20, 2015, the City issued Series 2015B Combined Revenue Bonds in the amount of \$9,800,000. The issue bears interest from 3.00 to 3.55%. Final payment is due on June 15, 2035. The outstanding balance at September 30, 2015, is \$9,800,000.

The schedule of bond redemptions is as follows:

	Total	
	Principal	Interest
2016	\$ 1,725,000	\$ 817,478
2017	1,750,000	863,103
2018	1,785,000	829,765
2019	1,805,000	788,298
2020	1,840,000	738,154
2021-2025	8,615,000	2,906,024
2026-2030	6,465,000	1,829,193
2031-2035	7,265,000	759,662
	\$ 31,250,000	\$ 9,531,677

Total bonds outstanding are as follows:

Bonds outstanding, October 1	\$ 23,335,000
Bonds paid	(5,915,000)
Bonds issued	13,830,000
Bonds outstanding, September 30	\$ 31,250,000
Amount due within one year	\$ 1,725,000

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Note 8. 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. As of October 1, 2015, the police contribution rate and City matching rate increases to seven percent. 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 records are kept by Ameritas Life Insurance Corp.

The cost to the City for the money purchase pension plans administered by others for the fiscal year ended September 30, 2015, is as follows:

Fire	\$ 110,420
Police	147,265
All others	<u>286,524</u>
Total	<u>\$ 544,209</u>

Total wages paid by the City for the year ended September 30, 2015, are \$9,465,587.

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Note 8. **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, 2015, are \$22,482 for the fire plan and \$8,598 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, 2015**

Note 8. 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 9. 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 City issued Tax Increment Financing Bonds in the amount of \$226,000 for the Westgate Center Redevelopment Project, Hobby Lobby, on November 14, 2014. These bonds shall be payable solely from the tax increment revenues and other funding as provided.

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Note 9. Tax Increment Financing (continued)

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

Note 10. Major Customers

The City received approximately 18.9% of the total water revenues and approximately 23.0% of total sewer revenues from one major customer in the year ended September 30, 2015.

Note 11. 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, 2015, 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 the Coalition's debt service requirements were 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 bonds were called in July of 2015 at no cost to the City.

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Note 12. **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 \$2,265,578 or 100% of the expected annual claims, whichever is greater. No accrual for claims incurred but not reported has been made as of year-end.

Note 13. **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 14. **Interfund Loans and Transfers**

In 2002, the City Water fund constructed the central maintenance facility. A resolution was passed by the City Council in 2006 whereby the City street department will make payments totaling \$2,649,231 over a twenty year period to the Water fund in order to purchase the facility. Payments made during the current fiscal year were \$124,200.

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:

	Due From <u>Other Funds</u>	Due to <u>Other Funds</u>
Special Revenue Fund	\$ -	\$ 1,334,238
Water Fund	1,334,238	-
Electric Fund	2,362,040	-
Solid Waste Fund	-	<u>2,362,040</u>
Total	<u>\$ 3,696,278</u>	<u>\$ 3,696,278</u>

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Note 14. **Interfund Loans and Transfers (continued)**

Transfers between funds are to cover operational expenses for the funds.

Transfer In	Transfer Out								
	General		Special Revenue						Subtotal
	General Fund	Platte Co Library	Street	Sales Tax	Keno	Capital Projects	Debt Service		
General	\$ -	\$ -	\$ -	\$ 48,495	\$ 490,000	\$ -	\$ -	\$ 538,495	
Library	-	44,000	-	-	-	-	-	44,000	
Street	340,000	-	-	-	-	-	-	340,000	
Engineering	-	-	-	35,000	-	-	-	35,000	
Airport	140,000	-	-	-	-	-	-	140,000	
Sales Tax	-	-	-	-	-	2,369	-	2,369	
Library Foundation	-	-	-	-	-	-	-	-	
Capital Projects	-	-	2,369	789,873	-	-	604	792,846	
Debt Service	-	-	-	-	-	481,861	-	481,861	
Solid Waste	-	-	-	100,000	-	-	-	100,000	
Police Pension	8,000	-	-	-	-	-	-	8,000	
Fire Pension	22,300	-	-	-	-	-	-	22,300	
	<u>\$ 510,300</u>	<u>\$ 44,000</u>	<u>\$ 2,369</u>	<u>\$ 973,368</u>	<u>\$ 490,000</u>	<u>\$ 484,230</u>	<u>\$ 604</u>	<u>\$ 2,504,871</u>	

Transfer In	Transfer Out							
	Gerrard Park Trust	Library Endowment	Water	Sewer	Electric	Solid Waste	Subtotal	Total
	General	\$ 2,500	\$ -	\$ 120,000	\$ 120,000	\$ 3,675,000	\$ 49,000	\$ 3,966,500
Library	-	-	-	-	-	-	-	44,000
Street	-	-	-	-	-	-	-	340,000
Engineering	-	-	10,000	10,000	-	-	20,000	55,000
Airport	-	-	-	-	-	-	-	140,000
Sales Tax	-	-	-	-	-	-	-	2,369
Library Foundation	-	49,725	-	-	-	-	49,725	49,725
Capital Projects	-	-	-	-	-	-	-	792,846
Debt Service	-	-	-	-	-	-	-	481,861
Solid Waste	-	-	-	-	-	-	-	100,000
Police Pension	-	-	-	-	-	-	-	8,000
Fire Pension	-	-	-	-	-	-	-	22,300
	<u>\$ 2,500</u>	<u>\$ 49,725</u>	<u>\$ 130,000</u>	<u>\$ 130,000</u>	<u>\$ 3,675,000</u>	<u>\$ 49,000</u>	<u>\$ 4,036,225</u>	<u>\$ 6,541,096</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, 2015**

Note 15. 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 16. Fund Balances

As of September 30, 2015, governmental fund balances are classified as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Other Funds	Total
Fund balances:						
Nonspendable:						
Gerard Park Trust	\$ -	\$ -	\$ -	\$ -	\$ 128,247	\$ 128,247
Total nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 128,247	\$ 128,247
Restricted for:						
Cemetery	\$ 73,719	\$ -	\$ -	\$ -	\$ -	\$ 73,719
Streets	-	1,635,139	-	-	-	1,635,139
Airport	-	659,468	-	-	-	659,468
Capital Improvements	-	5,688,282	1,583,876	-	-	7,272,158
Public Safety	-	96,741	-	-	-	96,741
Housing	-	(56,231)	-	-	-	(56,231)
Economic Development	-	1,676,422	-	-	-	1,676,422
Debt Service	-	-	-	1,609,724	-	1,609,724
Library	-	-	-	-	102,668	102,668
Total restricted	\$ 73,719	\$ 9,699,821	\$ 1,583,876	\$ 1,609,724	\$ 102,668	\$ 13,069,808

**CITY OF COLUMBUS, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Note 16. Fund Balances (continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Other Funds	Total
Fund balances:						
Committed to:						
Library Endowment	\$ -	\$ -	\$ -	\$ -	\$ 1,505,616	\$ 1,505,616
Public Safety	-	(6,504)	-	-	-	(6,504)
Parks	-	804,990	-	-	-	804,990
Total committed	<u>\$ -</u>	<u>\$ 798,486</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,505,616</u>	<u>\$ 2,304,102</u>
Assigned to:						
Library	\$ 10,143	\$ -	\$ -	\$ -	\$ -	\$ 10,143
Total assigned	<u>\$ 10,143</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,143</u>
Unassigned:	<u>\$ 7,302,499</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,302,499</u>
Total fund balances	<u>\$ 7,386,361</u>	<u>\$10,498,307</u>	<u>\$ 1,583,876</u>	<u>\$ 1,609,724</u>	<u>\$ 1,736,531</u>	<u>\$ 22,814,799</u>

Note 17. Subsequent Events

Upon evaluation, management notes that there was one material subsequent event between the date of the financial statements and January 18, 2016, the date that the financial statements were issued or available to be issued. On September 21, 2015, the City authorized Combined Revenue Refunding Bonds not to exceed \$8,760,000 to refinance the Series 2005 and Series 2010 bond issues discussed in Note 7. These bonds were issued on December 3, 2015.

**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, 2015

	Budget Original and Final	Actual	Variance with Budget- Positive (Negative)
RECEIPTS			
Property taxes	\$ 3,406,010	\$ 3,510,716	\$ 104,706
Motor vehicle tax	410,000	467,068	57,068
In lieu and motor vehicle prorate	212,000	214,201	2,201
Franchise fees	820,000	729,857	(90,143)
State shared revenue	28,500	25,160	(3,340)
Sales tax	2,638,350	1,874,035	(764,315)
Grants	864,000	508,076	(355,924)
Fees, permits and licenses	280,050	292,095	12,045
Other local revenues	7,080,380	6,479,297	(601,083)
Investment income	35,400	37,437	2,037
Total receipts	<u>\$ 15,774,690</u>	<u>\$ 14,137,942</u>	<u>\$ (1,636,748)</u>
DISBURSEMENTS			
General government	\$ 2,432,667	\$ 2,115,096	\$ 317,571
Public safety	6,686,675	6,225,135	461,540
Public health	344,550	298,024	46,526
Culture and recreation	6,160,768	5,154,831	1,005,937
Community development	203,150	199,178	3,972
Total disbursements	<u>\$ 15,827,810</u>	<u>\$ 13,992,264</u>	<u>\$ 1,835,546</u>
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (53,120)</u>	<u>\$ 145,678</u>	<u>\$ 198,798</u>
Basis of accounting adjustment		<u>(482,548)</u>	
Change in net position		<u>\$ (336,870)</u>	

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, 2015

	Budget Original and Final	Actual	Variance with Budget- Positive (Negative)
RECEIPTS			
Sales tax	\$ 1,148,950	\$ 2,154,409	\$ 1,005,459
Grants	1,640,212	574,199	(1,066,013)
Fees, permits and licenses	3,162,300	3,211,929	49,629
Other local revenues	641,000	688,061	47,061
Investment income	48,600	62,967	14,367
Total receipts	<u>\$ 6,641,062</u>	<u>\$ 6,691,565</u>	<u>\$ 50,503</u>
DISBURSEMENTS			
Public safety	\$ 399,375	\$ 526,996	\$ (127,621)
Public works	3,884,850	3,193,548	691,302
Community development	2,785,000	1,420,615	1,364,385
Sales tax	3,112,500	973,369	2,139,131
Total disbursements	<u>\$ 10,181,725</u>	<u>\$ 6,114,528</u>	<u>\$ 4,067,197</u>
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (3,540,663)</u>	<u>\$ 577,037</u>	<u>\$ 4,117,700</u>
Basis of accounting adjustment		<u>(90,374)</u>	
Change in net position		<u>\$ 486,663</u>	

See notes to financial statements.

City of Columbus, Nebraska
Schedule of Receipts, Disbursements, and Changes in Fund Balance - Budget to Actual
Cash Basis
Capital Projects
For the Year Ended September 30, 2015

	Budget Original and Final	Actual	Variance with Budget- Positive (Negative)
RECEIPTS			
Sales tax	\$ 1,250,000	\$ 1,095,999	\$ (154,001)
Grants	8,945,500	314,077	(8,631,423)
Other local revenues	4,960,120	802,441	(4,157,679)
Investment income	<u>20,000</u>	<u>25,160</u>	<u>5,160</u>
Total receipts	<u>\$ 15,175,620</u>	<u>\$ 2,237,677</u>	<u>\$ (12,937,943)</u>
DISBURSEMENTS			
Capital outlay	\$ 19,620,000	\$ 7,356,340	\$ 12,263,660
Public Works	<u>-</u>	<u>484,635</u>	<u>(484,635)</u>
Total disbursements	<u>\$ 19,620,000</u>	<u>\$ 7,840,975</u>	<u>\$ 11,779,025</u>
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (4,444,380)</u>	<u>\$ (5,603,298)</u>	<u>\$ (1,158,918)</u>
Basis of accounting adjustment		<u>5,994,349</u>	
Change in net position		<u>\$ 391,051</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, 2015

	Budget Original and Final	Actual	Variance with Final Budget- Positive (Negative)
RECEIPTS			
Property taxes	\$ 1,577,000	\$ 1,457,940	\$ (119,060)
In lieu	8,000	40,256	32,256
Sales tax	737,700	1,238,166	500,466
Fees, permits and licenses	259,120	266,412	7,292
Other local revenues	677,400	481,861	(195,539)
Investment income	11,180	11,651	471
Total receipts	<u>\$ 3,270,400</u>	<u>\$ 3,496,286</u>	<u>\$ 225,886</u>
DISBURSEMENTS			
Debt service	\$ 3,445,355	\$ 2,859,275	\$ 586,080
Total disbursements	<u>\$ 3,445,355</u>	<u>\$ 2,859,275</u>	<u>\$ 586,080</u>
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (174,955)</u>	<u>\$ 637,011</u>	<u>\$ 811,966</u>
Basis of accounting adjustment		<u>1,989,999</u>	
Change in net position		<u>\$ 2,627,010</u>	

See notes to financial statements.

**CITY OF COLUMBUS, NEBRASKA
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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.

City of Columbus, Nebraska
Schedule of County Treasurer Activity
September 30, 2015

	<u>General Levy</u>	<u>Bond Levy</u>	<u>Community Redevelopment Authority</u>	<u>Total</u>
CASH BALANCE, October 1, 2014	\$ 823,981	\$ 37,616	\$ 140,883	\$ 1,002,480
REVENUES COLLECTED				
Property taxes	\$ 3,279,545	\$ 639,787	\$ 524,167	\$ 4,443,499
Motor vehicle taxes	467,068	-	-	467,068
Motor vehicle prorated	10,406	1,865	-	12,271
In lieu of tax	203,795	40,256	-	244,051
Homestead	141,442	28,302	-	169,744
Carline	879	175	-	1,054
Property tax credit	119,804	23,942	19,562	163,308
Interest	6,559	512	30	7,101
Total revenues collected	<u>\$ 4,229,498</u>	<u>\$ 734,839</u>	<u>\$ 543,759</u>	<u>\$ 5,508,096</u>
EXPENSES PAID AND TRANSFERS				
Collection fee	\$ 37,513	\$ 6,402	\$ -	\$ 43,915
Transfer to City Treasurer	4,256,987	622,313	544,624	5,423,924
Total expenses paid and transfers	<u>\$ 4,294,500</u>	<u>\$ 628,715</u>	<u>\$ 544,624</u>	<u>\$ 5,467,839</u>
CASH BALANCE, September 30, 2015	<u>\$ 758,979</u>	<u>\$ 143,740</u>	<u>\$ 140,018</u>	<u>\$ 1,042,737</u>
ALLOCATION OF ENDING CASH BALANCE BY FUND				
General	\$ 758,979	\$ -	\$ -	\$ 758,979
Debt Service	-	143,740	140,018	283,758
	<u>\$ 758,979</u>	<u>\$ 143,740</u>	<u>\$ 140,018</u>	<u>\$ 1,042,737</u>

CITY OF COLUMBUS, NEBRASKA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period October 1, 2014 through September 30, 2015**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Contract Number	Federal Expenditures
<u>United States Department of Housing and Urban Development</u>			
Passed through the Nebraska Department of Economic Development			
Community Development Block Grant	14.228	11-CR-006	\$ 668
Community Development Block Grant	14.228	11-DTR-106	85,308
Community Development Block Grant	14.228	13-CR-006	85,202
Community Development Block Grant	14.228	14-CD-006	36,484
Subtotal			<u>\$ 207,662</u>
<u>United States Department of Justice</u>			
Bulletproof Vest Partnership	16.607	47-6006144	\$ 2,436
<u>United States Department of Transportation</u>			
Passed through the Nebraska Department of Roads			
NonUrbanized Area Formula Program	20.509	RPT-M711(215)	\$ 165,230
Passed through the Nebraska Department of Motor Vehicles - Office of Highway Safety			
Highway Planning & Construction	20.205	HSIP0029	\$ 2,492
Highway Planning & Construction	20.205	HSIP0031	3,414
Highway Planning & Construction	20.205	HSIP0034	3,021
Highway Planning & Construction	20.205	HSIP0036	2,330
State and Community Highway Safety	20.600	402-15-27	3,982
National Priority Safety Programs	20.616	405B-15-14	6,595
National Priority Safety Programs	20.616	405D-15-02	5,993
Subtotal			<u>\$ 27,827</u>

* Denotes major program

CITY OF COLUMBUS, NEBRASKA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For the Period October 1, 2014 through September 30, 2015**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant/ Contract Number</u>	<u>Federal Expenditures</u>
<u>United States Environmental Protection Agency</u>			
Superfund State, Political Subdivision, and Indian Tribe Specific Cooperative Agreements	66.802	V-97735501	\$ 373,510 *
<u>United States Department of Homeland Security</u>			
Staffing for Adequate Fire and Emergency Response	97.083	DHS-12-GPD-083-000-99	\$ 146,084
Passed through the Nebraska Emergency Management Agency and Platte County Emergency Management			
Hazard Mitigation Grant Program	97.039	FEMA-DR-4013-NE	\$ 87,794 *
Homeland Security Grant Program	97.042		3,789
Homeland Security Grant Program	97.067	EMW-2013-SS-00010	20,000
Subtotal			<u>\$ 111,583</u>
Total			<u>\$ 1,034,332</u>

* Denotes major program

CITY OF COLUMBUS, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period October 1, 2014 through September 30, 2015

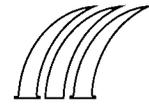
Note 1. **Schedule of Expenditures of Federal Awards**

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, 2015. 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	\$	1,396,352
Operating grants - business-type activities		<u>439,032</u>
Subtotal	\$	1,835,384
Less: State and local sourced funding		<u>(705,072)</u>
Total federal receipts	\$	1,130,312
Less timing differences in spending:		
Department of Roads grants		(60,610)
Department of Homeland Security grants		(48,890)
Other grants		<u>13,520</u>
 Total federal expenditures	 \$	 <u><u>1,034,332</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 financial statements of 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, 2015, 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 18, 2016.

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. We did identify a certain

deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiency 2015-001.

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*.

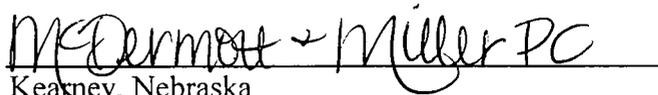
City of Columbus’s Response to Findings

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

Purpose of this Report

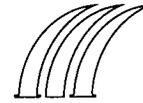
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in 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 18, 2016



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) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015. 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 OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of 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, 2015.

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. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-002 and 2015-003, that we consider to be significant deficiencies.

City of Columbus's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. City of Columbus's response was not subjected to the auditing procedures in the audit of compliance and, accordingly, we express no opinion on the response.

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.

McDermott - Miller PC

Kearney, Nebraska

January 18, 2016

CITY OF COLUMBUS, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2015

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, 2015**

II. FINANCIAL STATEMENT FINDINGS

Finding 2015-001: Lack of Segregation of Duties in One or More Areas

Criteria: Proper internal controls require that an entity has adequate segregation of duties within a significant account process.

Condition: The entity does not have adequate personnel to assign responsibilities in such a way that different employees handle different portions of a transaction.

Cause: The entity has a limited number of personnel performing these functions.

Effect: An individual controlling a transaction from beginning to conclusion does not have oversight from other individuals to ensure that the transaction was properly executed and recorded.

Recommendation: We would recommend that the City Council take an active part in internal controls and closely monitor all accounting functions, while seeking ways to continue to strengthen compensating controls.

Auditee Response: It is management's understanding that this finding is routine for entities of similar size where the risk exposure must be weighed against the cost of employing additional personnel.

Corrective Action Plan: Management will monitor the duties of individual staff and continue to segregate duties as we are able. The addition of personnel is cost prohibitive due to budget constraints.

Contact: Finance Director

Anticipated Completion Date: Ongoing

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2015-002: Deficiency in Monitoring of Subrecipients

Criteria: Proper financial award management requires that an entity adequately monitor subrecipients when acting as a pass-through entity for federal awards.

CITY OF COLUMBUS, NEBRASKA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED SEPTEMBER 30, 2015**

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

Condition: The entity does not have adequate personnel to assign responsibilities in such a way that different employees handle different portions of the monitoring functions.

Cause: The entity has a limited number of personnel performing these functions.

Effect: An individual performing the monitoring function without sufficient oversight resulted in duplicate draw down requests for the same \$16,068 of project construction costs.

Recommendation: We would recommend that the City segregate monitoring functions as it is able and closely monitor all reports and draw down requests submitted by subrecipients.

Auditee Response: The money has been received from the subrecipient and returned to the Nebraska Emergency Management Agency. The drawdown requests from the subrecipient were reviewed prior to submission with several being returned for corrections.

Corrective Action Plan: This was the final drawdown on this grant with a subrecipient. Should we have another grant with a subrecipient, procedures will be developed to thoroughly review drawdown requests. Budgets are tight and the addition of grant staff will be recommended when practical.

Contact: Finance Director

Anticipated Completion Date: The grant funds were returned on December 22, 2015.

Finding 2015-003: Deficiency in Financial Award Reporting

Criteria: Proper financial award management requires that an entity reconcile amounts submitted on grant draw down requests to the financial records on a timely basis.

Condition: The entity does not have adequate personnel to assign responsibilities in such a way that different employees handle different portions of the financial reporting and grant draw down requests.

Cause: The entity has a limited number of personnel performing these functions.

CITY OF COLUMBUS, NEBRASKA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED SEPTEMBER 30, 2015**

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

Effect: An individual controlling the reporting process from beginning to conclusion does not have oversight from other individuals to ensure that the reporting was properly completed and reconciled with the financial records. This resulted in an additional \$9,311 in expenses submitted for reimbursement that should have been coded to another fund or duplicated amounts from a previous draw down request.

Recommendation: We would recommend that the City add oversight and reconciliation functions to its federal award reporting procedures to ensure amounts submitted for reimbursement agree to the financial records.

Auditee Response: The overpayment will be deducted from the next quarter's grant drawdown from the Environmental Protection Agency in January 2016. A normal reconciliation step was omitted due to employee turnover. Also, a coding transposition error was made when entering bills. Our regular check and verification process did not bring this to light.

Corrective Action Plan: Staff will prepare an annual reconciliation spreadsheet for review by the Finance Director prior to submission of the drawdown request, as was done in the past. Review of approvals and verifications of invoice account coding will continue as usual.

Contact: Finance Director

Anticipated Completion Date: The overpayment will be corrected in January 2016.

IV. FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2014

None.