

Public Finance, Judiciary, and Personnel Committee
Tuesday, May 10, 2022 4:00 PM
Council Chambers
1369 25 Avenue
Columbus, NE 68601

1. **Statement of Compliance with Open Meetings Act and roll call.**

Open Meetings Act

Neb. Rev. Stat. § 84-1407. Act, how cited.

Sections 84-1407 to 84-1414 shall be known and may be cited as the Open Meetings Act.

Neb. Rev. Stat. § 84-1408. Declaration of intent; meetings open to public.

It is hereby declared to be the policy of this state that the formation of public policy is public business and may not be conducted in secret.

Every meeting of a public body shall be open to the public in order that citizens may exercise their democratic privilege of attending and speaking at meetings of public bodies, except as otherwise provided by the Constitution of Nebraska, federal statutes, and the Open Meetings Act.

Neb. Rev. Stat. § 84-1409. Terms, defined.

For purposes of the Open Meetings Act, unless the context otherwise requires:

(1)(a) Public body means (i) governing bodies of all political subdivisions of the State of Nebraska, (ii) governing bodies of all agencies, created by the Constitution of Nebraska, statute, or otherwise pursuant to law, of the executive department of the State of Nebraska, (iii) all independent boards, commissions, bureaus, committees, councils, subunits, or any other bodies created by the Constitution of Nebraska, statute, or otherwise pursuant to law, (iv) all study or advisory committees of the executive department of the State of Nebraska whether having continuing existence or appointed as special committees with limited existence, (v) advisory committees of the bodies referred to in subdivisions (i), (ii), and (iii) of this subdivision, and (vi) instrumentalities exercising essentially public functions; and

(b) Public body does not include (i) subcommittees of such bodies unless a quorum of the public body attends a subcommittee meeting or unless such subcommittees are holding hearings, making policy, or taking formal action on behalf of their parent body, except that all meetings of any subcommittee established under section 81-15,175 are subject to the Open Meetings Act, and (ii) entities conducting judicial proceedings unless a court or other judicial body is exercising rulemaking authority, deliberating, or deciding upon the issuance of administrative orders;

(2) Meeting means all regular, special, or called meetings, formal or informal, of any public body for the purposes of briefing, discussion of public business, formation of tentative policy, or the taking of any action of the public body; and

(3) Virtual conferencing means conducting or participating in a meeting electronically or telephonically with interaction among the participants subject to subsection (2) of section 84-1412.

Neb. Rev. Stat. § 84-1410. Closed session; when; purpose; reasons listed; procedure; right to challenge; prohibited acts; chance meetings, conventions, or workshops.

(1) Any public body may hold a closed session by the affirmative vote of a majority of its voting members if a closed session is clearly necessary for the protection of the public interest or for the prevention of needless injury to the reputation of an individual and if such

individual has not requested a public meeting. The subject matter and the reason necessitating the closed session shall be identified in the motion to close. Closed sessions may be held for, but shall not be limited to, such reasons as:

(a) Strategy sessions with respect to collective bargaining, real estate purchases, pending litigation, or litigation which is imminent as evidenced by communication of a claim or threat of litigation to or by the public body;

(b) Discussion regarding deployment of security personnel or devices;

(c) Investigative proceedings regarding allegations of criminal misconduct;

(d) Evaluation of the job performance of a person when necessary to prevent needless injury to the reputation of a person and if such person has not requested a public meeting;

(e) For the Community Trust created under section 81-1801.02, discussion regarding the amounts to be paid to individuals who have suffered from a tragedy of violence or natural disaster; or

(f) For public hospitals, governing board peer review activities, professional review activities, review and discussion of medical staff investigations or disciplinary actions, and any strategy session concerning transactional negotiations with any referral source that is required by federal law to be conducted at arms length.

Nothing in this section shall permit a closed meeting for discussion of the appointment or election of a new member to any public body.

(2) The vote to hold a closed session shall be taken in open session. The entire motion, the vote of each member on the question of holding a closed session, and the time when the closed session commenced and concluded shall be recorded in the minutes. If the motion to close passes, then the presiding officer immediately prior to the closed session shall restate on the record the limitation of the subject matter of the closed session. The public body holding such a closed session shall restrict its consideration of matters during the closed portions to only those purposes set forth in the motion to close as the reason for the closed session. The meeting shall be reconvened in open session before any formal action may be taken. For purposes of this section, formal action shall mean a collective decision or a collective commitment or promise to make a decision on any question, motion, proposal, resolution, order, or ordinance or formation of a position or policy but shall not include negotiating guidance given by members of the public body to legal counsel or other negotiators in closed sessions authorized under subdivision (1)(a) of this section.

(3) Any member of any public body shall have the right to challenge the continuation of a closed session if the member determines that the session has exceeded the reason stated in the original motion to hold a closed session or if the member contends that the closed session is neither clearly necessary for (a) the protection of the public interest or (b) the prevention of needless injury to the reputation of an individual. Such challenge shall be overruled only by a majority vote of the

members of the public body. Such challenge and its disposition shall be recorded in the minutes.

(4) Nothing in this section shall be construed to require that any meeting be closed to the public. No person or public body shall fail to invite a portion of its members to a meeting, and no public body shall designate itself a subcommittee of the whole body for the purpose of circumventing the Open Meetings Act. No closed session, informal meeting, chance meeting, social gathering, email, fax, or other electronic communication shall be used for the purpose of circumventing the requirements of the act.

(5) The act does not apply to chance meetings or to attendance at or travel to conventions or workshops of members of a public body at which there is no meeting of the body then intentionally convened, if there is no vote or other action taken regarding any matter over which the public body has supervision, control, jurisdiction, or advisory power.

Neb. Rev. Stat. § 84-1411. Meetings of public body; notice; method; contents; when available; right to modify; duties concerning notice; virtual meetings authorized; emergency meeting without notice; appearance before public body.

(1)(a) Each public body shall give reasonable advance publicized notice of the time and place of each meeting as provided in this subsection. Such notice shall be transmitted to all members of the public body and to the public.

(b)(i) Except as provided in subdivision (1)(b)(ii) of this section, in the case of a public body described in subdivision (1)(a)(i) of section 84-1409 or such body's advisory committee, such notice shall be published in a newspaper of general circulation within the public body's jurisdiction and, if available, on such newspaper's web site.

(ii) In the case of the governing body of a city of the second class or village or such body's advisory committee, such notice shall be published by:

(A) Publication in a newspaper of general circulation within the public body's jurisdiction and, if available, on such newspaper's web site; or

(B) Posting written notice in three conspicuous public places in such city or village. Such notice shall be posted in the same three places for each meeting.

(iii) In the case of a public body not described in subdivision (1)(b)(i) or (ii) of this section, such notice shall be given by a method designated by the public body.

(c) In addition to a method of notice required by subdivision (1)(b)(i) or (ii) of this section, such notice may also be provided by any other appropriate method designated by such public body or such advisory committee.

(d) Each public body shall record the methods and dates of such notice in its minutes.

(e) Such notice shall contain an agenda of subjects known at the time of the publicized notice or a statement that the agenda, which shall be kept continually current, shall be readily available for public inspection at the principal office of the public body during normal business hours. Agenda items shall be sufficiently descriptive to give the public reasonable notice of the matters to be considered at the

meeting. Except for items of an emergency nature, the agenda shall not be altered later than (i) twenty-four hours before the scheduled commencement of the meeting or (ii) forty-eight hours before the scheduled commencement of a meeting of a city council or village board scheduled outside the corporate limits of the municipality. The public body shall have the right to modify the agenda to include items of an emergency nature only at such public meeting.

(2)(a) The following entities may hold a meeting by means of virtual conferencing if the requirements of subdivision (2)(b) of this section are met:

(i) A state agency, state board, state commission, state council, or state committee, or an advisory committee of any such state entity;

(ii) An organization, including the governing body, created under the Interlocal Cooperation Act, the Joint Public Agency Act, or the Municipal Cooperative Financing Act;

(iii) The governing body of a public power district having a chartered territory of more than one county in this state;

(iv) The governing body of a public power and irrigation district having a chartered territory of more than one county in this state;

(v) An educational service unit;

(vi) The Educational Service Unit Coordinating Council;

(vii) An organization, including the governing body, of a risk management pool or its advisory committees organized in accordance with the Intergovernmental Risk Management Act;

(viii) A community college board of governors;

(ix) The Nebraska Brand Committee;

(x) A local public health department;

(xi) A metropolitan utilities district;

(xii) A regional metropolitan transit authority;

(xiii) A natural resources district; and

(xiv) The Judicial Resources Commission.

(b) The requirements for holding a meeting by means of virtual conferencing are as follows:

(i) Reasonable advance publicized notice is given as provided in subsection (1) of this section, including providing access to a dial-in number or link to the virtual conference;

(ii) In addition to the public's right to participate by virtual conferencing, reasonable arrangements are made to accommodate the public's right to attend at a physical site and participate as provided in section 84-1412, including reasonable seating, in at least one designated site in a building open to the public and identified in the notice, with: At least one member of the entity holding such meeting, or his or her designee, present at each site; a recording of the hearing by audio or visual recording devices; and a reasonable opportunity for input, such as public comment or questions, is provided to at least the same extent as

would be provided if virtual conferencing was not used;

(iii) At least one copy of all documents being considered at the meeting is available at any physical site open to the public where individuals may attend the virtual conference. The public body shall also provide links to an electronic copy of the agenda, all documents being considered at the meeting, and the current version of the Open Meetings Act; and

(iv) Except as otherwise provided in this subdivision or subsection (4) of section 79-2204, no more than one-half of the meetings of the state entities, advisory committees, boards, councils, organizations, or governing bodies are held by virtual conferencing in a calendar year. In the case of an organization created under the Interlocal Cooperation Act that sells electricity or natural gas at wholesale on a multistate basis or an organization created under the Municipal Cooperative Financing Act, the organization may hold more than one-half of its meetings by virtual conferencing if such organization holds at least one meeting each calendar year that is not by virtual conferencing. The governing body of a risk management pool that meets at least quarterly and the advisory committees of the governing body may each hold more than one-half of its meetings by virtual conferencing if the governing body's quarterly meetings are not held by virtual conferencing.

(3) Virtual conferencing, emails, faxes, or other electronic communication shall not be used to circumvent any of the public government purposes established in the Open Meetings Act.

(4) The secretary or other designee of each public body shall maintain a list of the news media requesting notification of meetings and shall make reasonable efforts to provide advance notification to them of the time and place of each meeting and the subjects to be discussed at that meeting.

(5) When it is necessary to hold an emergency meeting without reasonable advance public notice, the nature of the emergency shall be stated in the minutes and any formal action taken in such meeting shall pertain only to the emergency. Such emergency meetings may be held by virtual conferencing. The provisions of subsection (4) of this section shall be complied with in conducting emergency meetings. Complete minutes of such emergency meetings specifying the nature of the emergency and any formal action taken at the meeting shall be made available to the public by no later than the end of the next regular business day.

(6) A public body may allow a member of the public or any other witness to appear before the public body by means of virtual conferencing.

(7)(a) Notwithstanding subsections (2) and (5) of this section, if an emergency is declared by the Governor pursuant to the Emergency Management Act as defined in section 81-829.39, a public body the territorial jurisdiction of which is included in the emergency declaration, in whole or in part, may hold a meeting by virtual conferencing during such emergency if the public body gives reasonable advance publicized notice as described in subsection (1) of this section. The notice shall include information regarding access for the public and news media. In addition to any formal action taken pertaining to the emergency, the public body may hold such meeting for the purpose of briefing, discussion of public business, formation of tentative policy, or the taking of any action by the public body.

(b) The public body shall provide access by providing a dial-in
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number or a link to the virtual conference. The public body shall also provide links to an electronic copy of the agenda, all documents being considered at the meeting, and the current version of the Open Meetings Act. Reasonable arrangements shall be made to accommodate the public's right to hear and speak at the meeting and record the meeting. Subsection (4) of this section shall be complied with in conducting such meetings.

(c) The nature of the emergency shall be stated in the minutes. Complete minutes of such meeting specifying the nature of the emergency and any formal action taken at the meeting shall be made available for inspection as provided in subsections (5) and (6) of section 84-1413.

Neb. Rev. Stat. § 84-1412. Meetings of public body; rights of public; public body; powers and duties.

(1) Subject to the Open Meetings Act, the public has the right to attend and the right to speak at meetings of public bodies, and all or any part of a meeting of a public body, except for closed sessions called pursuant to section 84-1410, may be videotaped, televised, photographed, broadcast, or recorded by any person in attendance by means of a tape recorder, a camera, video equipment, or any other means of pictorial or sonic reproduction or in writing.

(2) It shall not be a violation of subsection (1) of this section for any public body to make and enforce reasonable rules and regulations regarding the conduct of persons attending, speaking at, videotaping, televising, photographing, broadcasting, or recording its meetings, including meetings held by virtual conferencing. A body may not be required to allow citizens to speak at each meeting, but it may not forbid public participation at all meetings.

(3) No public body shall require members of the public to identify themselves as a condition for admission to the meeting nor shall such body require that the name of any member of the public be placed on the agenda prior to such meeting in order to speak about items on the agenda. The body shall require any member of the public desiring to address the body to identify himself or herself, including an address and the name of any organization represented by such person unless the address requirement is waived to protect the security of the individual.

(4) No public body shall, for the purpose of circumventing the Open Meetings Act, hold a meeting in a place known by the body to be too small to accommodate the anticipated audience.

(5) No public body shall be deemed in violation of this section if it holds its meeting in its traditional meeting place which is located in this state.

(6) No public body shall be deemed in violation of this section if it holds a meeting outside of this state if, but only if:

(a) A member entity of the public body is located outside of this state and the meeting is in that member's jurisdiction;

(b) All out-of-state locations identified in the notice are located within public buildings used by members of the entity or at a place which will accommodate the anticipated audience;

(c) Reasonable arrangements are made to accommodate the public's right to attend, hear, and speak at the meeting, including making virtual conferencing available at an in-state location to members, the public, or the press, if requested twenty-four hours in advance;

(d) No more than twenty-five percent of the public body's meetings in a calendar year are held out-of-state;

(e) Out-of-state meetings are not used to circumvent any of the public government purposes established in the Open Meetings Act; and

(f) The public body publishes notice of the out-of-state meeting at least twenty-one days before the date of the meeting in a legal newspaper of statewide circulation.

(7) Each public body shall, upon request, make a reasonable effort to accommodate the public's right to hear the discussion and testimony presented at a meeting.

(8) Public bodies shall make available at the meeting or the in-state location for virtual conferencing as required by subdivision (6)(c) of this section, for examination and copying by members of the public, at least one copy of all reproducible written material to be discussed at an open meeting, either in paper or electronic form. Public bodies shall make available at least one current copy of the Open Meetings Act posted in the meeting room at a location accessible to members of the public. At the beginning of the meeting, the public shall be informed about the location of the posted information.

Neb. Rev. Stat. § 84-1413. Meetings; minutes; roll call vote; secret ballot; when.

(1) Each public body shall keep minutes of all meetings showing the time, place, members present and absent, and the substance of all matters discussed.

(2) Any action taken on any question or motion duly moved and seconded shall be by roll call vote of the public body in open session, and the record shall state how each member voted or if the member was absent or not voting. The requirements of a roll call or viva voce vote shall be satisfied by a public body which utilizes an electronic voting device which allows the yeas and nays of each member of such public body to be readily seen by the public.

(3) The vote to elect leadership within a public body may be taken by secret ballot, but the total number of votes for each candidate shall be recorded in the minutes.

(4) The minutes of all meetings and evidence and documentation received or disclosed in open session shall be public records and open to public inspection during normal business hours.

(5) Minutes shall be written, except as provided in subsection (6) of this section, and available for inspection within ten working days or prior to the next convened meeting, whichever occurs earlier, except that cities of the second class and villages may have an additional ten working days if the employee responsible for writing the minutes is absent due to a serious illness or emergency.

(6) Minutes of the meetings of the board of a school district or educational service unit may be kept as an electronic record.

(7) Beginning July 31, 2022, the governing body of a natural resources district, the city council of a city of the metropolitan class, the city council of a city of the primary class, the city council of a city of the first class, the county board of a county with a population greater than twenty-five thousand inhabitants, and the school board of a school district shall make available on such entity's public web site the agenda and minutes of any meeting of the governing body. The agenda shall be placed on the web site at least twenty-four hours before the meeting of

the governing body. Minutes shall be placed on the web site at such time as the minutes are available for inspection as provided in subsection (5) of this section. This information shall be available on the public web site for at least six months.

Neb. Rev. Stat. § 84-1414. Unlawful action by public body; declared void or voidable by district court; when; duty to enforce open meeting laws; citizen's suit; procedure; violations; penalties.

(1) Any motion, resolution, rule, regulation, ordinance, or formal action of a public body made or taken in violation of the Open Meetings Act shall be declared void by the district court if the suit is commenced within one hundred twenty days of the meeting of the public body at which the alleged violation occurred. Any motion, resolution, rule, regulation, ordinance, or formal action of a public body made or taken in substantial violation of the Open Meetings Act shall be voidable by the district court if the suit is commenced more than one hundred twenty days after but within one year of the meeting of the public body in which the alleged violation occurred. A suit to void any final action shall be commenced within one year of the action.

(2) The Attorney General and the county attorney of the county in which the public body ordinarily meets shall enforce the Open Meetings Act.

(3) Any citizen of this state may commence a suit in the district court of the county in which the public body ordinarily meets or in which the plaintiff resides for the purpose of requiring compliance with or preventing violations of the Open Meetings Act, for the purpose of declaring an action of a public body void, or for the purpose of determining the applicability of the act to discussions or decisions of the public body. It shall not be a defense that the citizen attended the meeting and failed to object at such time. The court may order payment of reasonable attorney's fees and court costs to a successful plaintiff in a suit brought under this section.

(4) Any member of a public body who knowingly violates or conspires to violate or who attends or remains at a meeting knowing that the public body is in violation of any provision of the Open Meetings Act shall be guilty of a Class IV misdemeanor for a first offense and a Class III misdemeanor for a second or subsequent offense.

Neb. Rev. Stat. § 84-1415. Open Meetings Act; requirements; waiver; validity of action.

No motion, resolution, rule, regulation, ordinance, or formal action made, adopted, passed, or taken at a meeting as defined in section 84-1409 of a public body as defined in such section shall be invalidated because such motion, resolution, rule, regulation, ordinance, or formal action was made, adopted, passed, or taken at a meeting or meetings on or after March 17, 2020, and on or before April 30, 2021, pursuant to a Governor's Executive Order which waived certain requirements of the Open Meetings Act.

2. Financial and Compliance Audit for year-end September 30, 2021.

The Honorable Mayor, City Council and Management
City of Columbus, Nebraska
Columbus, Nebraska

As part of our audit of the financial statements of City of Columbus, Nebraska (the City) as of and for the year ended September 30, 2021, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

Auditor's Responsibility Under 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

An audit performed 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 is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the opinion unit being audited. Our engagement does not include a detailed audit of every transaction. Our contract more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our contract more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

The City's significant accounting policies are described in Note 1 of the audited financial statements.

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within accounting principles generally accepted in the United States of America for policies and practices for material items, including recognition, measurement, and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows:

No matters are reportable.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Allowance for doubtful accounts receivable
- Unbilled revenue – utility accounts
- Self-insured health claims
- Depreciation on capital assets

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Determination of fair values
- Commitments and contingencies

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework. Some adjustments proposed were not recorded because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

Areas in which adjustments were proposed include:

Proposed Audit Adjustments Recorded

- Beginning net position/fund balance
- Receivables, unavailable revenue, and revenue related to sales tax, highway allocation funds, motor vehicle taxes and fees, grants and property taxes
- Accrued interest payable and interest expense
- Allowance for doubtful accounts receivable
- Accrued health self-insurance claims
- Capital assets

Proposed Audit Adjustments Not Recorded

- Attached is a summary of uncorrected misstatements we aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, but more than trivial to the financial statements as a whole
- We would like to call your attention to the fact that although these uncorrected misstatements, individually and in the aggregate, were deemed to be immaterial to the current year financial statements, it is possible that the impact these uncorrected misstatements, or matters underlying these uncorrected misstatements, could potentially cause future-period financial statements to be materially misstated

Auditor's Judgments About the Quality of the City's Accounting Principles

During the course of the audit, we made the following observations regarding the City's application of accounting principles:

- The City implemented GASB Statements No. 84, *Fiduciary Activities* and No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*
- The City restated beginning net position and fund balance to reflect the correction of errors in the prior year

Other Material Communication

Listed below is an other material communication between management and us related to the audit:

- Management representation letter (attached)

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of the City of Columbus, Nebraska as of and for the year ended September 30, 2021, 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, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We observed the following matters that we consider to be deficiencies, significant deficiencies, or material weaknesses.

Material Weaknesses

Refer to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* Independent Auditor's Report.

Significant Deficiencies

Refer to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* Independent Auditor's Report.

Deficiencies

We observed matters that we consider to be deficiencies that we communicated to management orally.

OTHER MATTERS

Although not considered material weaknesses, significant deficiencies, or deficiencies in internal control over financial reporting, we observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements.

Governmental Accounting Standards Board Statement No. 87

GASB has issued Statement No. 87, *Leases* (GASB 87). GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the governments' leasing activities.

This statement will be effective for the City's fiscal year ending September 30, 2022.

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This communication is intended solely for the information and use of management, the Mayor and City Council, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

Omaha, Nebraska

May 4, 2022

Representation of:
City of Columbus, Nebraska
2424 14th Street
Columbus, Nebraska 68602

Provided to:
BKD, LLP
Certified Public Accountants
1120 S 101st St Suite 410
Omaha, NE 68124

The undersigned (“We”) are providing this letter in connection with BKD’s audit of our financial statements as of and for the year ended September 30, 2021.

Our representations are current and effective as of the date of BKD’s report: May 4, 2022.

Our engagement with BKD is based on our contract for services dated: August 16, 2021.

Our Responsibility and Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to BKD’s report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Confirmation of Matters Specific to the Subject Matter of BKD’s Report

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
 - a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
 - b. Internal control to prevent and detect fraud.

3. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.
4. We have everything we need to keep our books and records.
5. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. All minutes of meetings of the governing body held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the governing body, if applicable, and maintained as part of our records.
 - e. All significant contracts and grants.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
 - a. Misappropriation of assets.
 - b. Misrepresented or misstated assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.
8. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
9. We have no knowledge of any known or suspected fraudulent financial reporting or misappropriation of assets involving:
 - a. Management or employees who have significant roles in internal control, or
 - b. Others, where activities of others could have a material effect on the financial statements.
10. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, customers, regulators, suppliers, or others.
11. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

12. We have disclosed to you the identity of all of the entity's related parties and all the related-party relationships of which we are aware. In addition, we have disclosed to you all related-party transactions of which we are aware.

Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

We understand that the term related party refers to an affiliate, management and members of their immediate families, component units, and any other party with which the entity may deal if the entity can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

13. We are not aware of any side agreements or other arrangements (either written or oral) that are in place.

14. Except as reflected in the financial statements, there are no:

- a. Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
- b. Material transactions omitted or improperly recorded in the financial records.
- c. Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
- d. Events occurring subsequent to the statement of net position date through the date of this letter requiring adjustment or disclosure in the financial statements.
- e. Agreements to purchase assets previously sold.
- f. Restrictions on cash balances or compensating balance agreements.
- g. Guarantees, whether written or oral, under which the entity is contingently liable.

15. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

16. We have no reason to believe the entity owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act* nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.

17. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

18. Adequate provisions and allowances have been accrued for any material losses from:

- a. Uncollectible receivables.

- b. Reducing obsolete or excess inventories to estimated net realizable value.
 - c. Sales commitments, including those unable to be fulfilled.
 - d. Purchase commitments in excess of normal requirements or above prevailing market prices.
19. Except as disclosed in the financial statements, the entity has:
- a. Satisfactory title to all recorded assets, and they are not subject to any liens, pledges, or other encumbrances.
 - b. Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.
20. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the statement of net position date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
21. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.
22. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.
23. With respect to any nonattest services you have provided us during the year, including assistance with drafting the financial statements, supplementary information and related notes:
- a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.
 - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - d. We have evaluated the adequacy of the services performed and any findings that resulted.
24. We have notified you of any instances of noncompliance with applicable disclosure requirements of the SEC Rule 15c2-12 and applicable state laws.

25. With regard to deposit and investment activities:

- a. All deposit and investment transactions have been made in accordance with legal and contractual requirements.
- b. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
- c. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

26. As an entity subject to *Government Auditing Standards*:

- a. We acknowledge that we are responsible for compliance with applicable laws, regulations, and provisions of contracts and grant agreements.
- b. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
- c. We have identified and disclosed to you any violations or possible violations of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
- d. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts, or violations of provisions of contracts or grant agreements that you or other auditors report.
- e. We have a process to track the status of audit findings and recommendations.
- f. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other studies.
- g. We have provided our views on any findings, conclusions, and recommendations, as well as our planned corrective actions with respect thereto, to you for inclusion in the findings and recommendations referred to in your report on internal control over financial reporting and on compliance and other matters based on your audit of the financial statements performed in accordance with *Government Auditing Standards*.

27. The supplementary information required by the Governmental Accounting Standards Board, consisting of budgetary comparisons has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

28. With regard to supplementary information:
- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
 - b. We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
 - c. The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.
 - d. We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
 - e. If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor's report are issued.
29. We acknowledge the current economic volatility presents difficult circumstances and challenges for our industry. Entities are potentially facing declines in the fair values of investments and other assets, declines in the volume of business, constraints on liquidity, difficulty obtaining financing, etc.. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values, allowances for accounts and notes receivable, net realizable value of inventory, etc., that could negatively impact the entity's ability to meet debt covenants or maintain sufficient liquidity.

We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the entity's financial statements. Further, management and governance are solely responsible for all aspects of managing the entity, including questioning the quality and valuation of investments, inventory, and other assets; reviewing allowances for uncollectible amounts; evaluating capital needs and liquidity plans; etc.

30. We have implemented GASB Statements No. 84, *Fiduciary Activities*, and No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, an Amendment of GASB Statements No. 14 and 84, and a suppression of GASB Statement No. 32* in the current year. We have identified and evaluated all potential fiduciary activities and we believe there are no fiduciary activities other than those that have been disclosed in the notes to the financial statements.
31. The City has restated the 2020 financial statements to conform with accounting principles generally accepted in the United States of America. Management has provided you with all relevant information regarding the restatements. We are not aware of any other known matters that require corrections in the financial statements.

DocuSigned by:

7FB5C98EE7A8442...
Tara Vasicek, City Administrator
tara.vasicek@columbusne.us

DocuSigned by:

9508B16D7D5D4F5...
Heather Lindsley, Finance Director
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City of Columbus

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

Governmental Activities (Government-Wide Statements)

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	190,994,489	45,579	191,040,068	0.02%
Total Liabilities & Deferred Inflows	(44,780,589)	(125,423)	(44,906,012)	0.28%
Total Net Position	(146,213,900)	79,844	(146,134,056)	-0.05%
General Revenues & Transfers	(24,754,651)		(24,754,651)	
Net Program Revenues/ Expenses	12,370,703	(69,041)	12,301,662	-0.56%
Change in Net Position	(12,383,948)	(69,041)	(12,452,989)	0.56%

Client: City of Columbus
 Period Ending: September 30, 2021

Governmental Activities (Government-Wide Statements)

SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Description	Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)	Assets		Liabilities		General Revenues & Transfers		Net Program Revenues/ Expenses		Net Position		Net Effect on Following Year	
			DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)
			Change in Net Position		Net Position									
To record total pension liability for fire plan		F	0	(125,423)			0	(68,627)	194,050	0	0			
	Net position								194,050					
	Public safety expense							(68,627)						
	Total pension liability			(125,423)										
To record activity related to the senior center advisory board as a blended component unit		F	45,579	0			0	(414)	(45,165)	0	0			
	Cash		45,579											
	Net position								(45,165)					
	Net program revenue/expense							(414)						
Total passed adjustments			45,579	(125,423)			0	(69,041)	148,885	0	0			
									(69,041)					
									79,844					

City of Columbus

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

General Fund

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	10,822,709	45,579	10,868,288	0.42%
Total Liabilities & Deferred Inflows	(2,204,346)		(2,204,346)	
Total Fund Balance	(8,618,363)	(45,579)	(8,663,942)	0.53%
Revenues	(11,611,280)	(414)	(11,611,694)	
Expenditures	20,607,528		20,607,528	
Change in Fund Balance	125,041	(414)	124,627	-0.33%

Client: City of Columbus
Period Ending: September 30, 2021

General Fund

SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Description	Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)	Assets & Deferred		Liabilities &		Revenues			Expenditures			Fund Balance		Net Effect on Following Year				
			Outflows		Deferred Inflows		Revenues		Expenditures		Fund Balance		Change in Fund Balance		Fund Balance				
			DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	
To record activity related to the senior center advisory board as a blended component unit		F	45,579			0	(414)			0		(45,165)			0			0	
	Cash		45,579																
	Fund Balance											(45,165)							
	Revenues						(414)												
Total passed adjustments			<u>45,579</u>	<u>0</u>			<u>(414)</u>	<u>0</u>				<u>(45,165)</u>			<u>0</u>			<u>0</u>	
												Impact on Change in Fund Balance:		(414)					
												Impact on Fund Balance:		(45,579)					

City of Columbus, Nebraska

Independent Auditor's Reports and
Financial Statements

September 30, 2021

City of Columbus, Nebraska

September 30, 2021

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Independent Auditor's Report

The Honorable Mayor and City Council
City of Columbus, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Columbus, Nebraska (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Columbus, Nebraska, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2021, the City adopted Governmental Accounting Standards Board (GASB) Statements No. 84, *Fiduciary Activities* and No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Our opinions are not modified with respect to this matter.

Error Corrections

The 2020 financial statements, before they were restated for the matters discussed in Note 1 to the financial statements, were audited by other auditors, and their report thereon, dated March 22, 2021, expressed unmodified opinions. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Management has omitted the management's discussion and analysis and pension information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

The Honorable Mayor and City Council
City of Columbus, Nebraska
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated May 4, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Omaha, Nebraska
May 4, 2022

City of Columbus, Nebraska
Statement of Net Position
September 30, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 21,131,378	\$ 1,627,068	\$ 22,758,446
Cash at County Treasurer	1,066,026	-	1,066,026
Investments	15,208,531	24,512,987	39,721,518
Accounts receivable	3,439,010	1,675,500	5,114,510
Special assessment receivable	1,232,662	-	1,232,662
Notes receivable	1,562,918	-	1,562,918
Unbilled receivables	-	2,195,749	2,195,749
Internal balances	283,493	(283,493)	-
Inventory	-	277,128	277,128
Land	3,728,689	709,058	4,437,747
Equipment	20,611,871	9,755,057	30,366,928
Buildings	148,902,463	122,533,859	271,436,322
Construction in progress	12,756,670	1,117,314	13,873,984
Less accumulated depreciation	(60,381,033)	(50,907,055)	(111,288,088)
Restricted cash, cash equivalents and investments	21,451,811	4,201,652	25,653,463
Total assets	<u>190,994,489</u>	<u>117,414,824</u>	<u>308,409,313</u>
Liabilities			
Accounts payable	\$ 1,359,006	\$ 284,887	\$ 1,643,893
Accrued expenses	203,911	45,138	249,049
Compensated absences			
Payable within one year	125,000	25,000	150,000
Payable in more than one year	1,149,455	247,021	1,396,476
Unearned revenue	2,076,774	-	2,076,774
Interest payable	209,119	447,728	656,847
Long-term debt, net			
Unamortized bond premium	1,197,324	4,527,500	5,724,824
Payable within one year	1,510,000	2,010,000	3,520,000
Payable in more than one year	36,950,000	37,470,000	74,420,000
Total liabilities	<u>44,780,589</u>	<u>45,057,274</u>	<u>89,837,863</u>
Net Position			
Net investment in capital assets	105,649,790	41,697,863	147,347,653
Restricted for debt service	1,619,601	1,704,521	3,324,122
Unrestricted	38,944,509	28,955,166	67,899,675
Total net position	<u>\$ 146,213,900</u>	<u>\$ 72,357,550</u>	<u>\$ 218,571,450</u>

City of Columbus, Nebraska
Statement of Activities
For the Year Ended September 30, 2021

	Program Revenues				Net Revenues (Expenses) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Governmental Activities							
General government	\$ 4,312,127	\$ 392,110	\$ 277,142	\$ -	\$ (3,642,875)	\$ -	\$ (3,642,875)
Public safety	9,592,378	896,361	3,179,112	-	(5,516,905)	-	(5,516,905)
Public works	4,821,942	83,110	2,189,223	2,775,211	225,602	-	225,602
Cultural and recreation	5,554,040	1,366,625	1,471,746	1,388,282	(1,327,387)	-	(1,327,387)
Community development	1,868,112	831,434	249,811	-	(786,867)	-	(786,867)
Interest	1,214,480	-	-	-	(1,214,480)	-	(1,214,480)
Health insurance	2,351,066	2,243,275	-	-	(107,791)	-	(107,791)
Total governmental activities	<u>29,714,145</u>	<u>5,812,915</u>	<u>7,367,034</u>	<u>4,163,493</u>	<u>(12,370,703)</u>	<u>-</u>	<u>(12,370,703)</u>
Business-Type Activities							
Water	3,057,812	4,716,484	36,318	-	-	1,694,990	1,694,990
Sewer	6,194,854	8,034,369	-	-	-	1,839,515	1,839,515
Electric	163,665	4,140,755	-	-	-	3,977,090	3,977,090
Storm water	451,098	382,382	-	-	-	(68,716)	(68,716)
Solid waste	1,907,516	2,452,675	18,907	-	-	564,066	564,066
Total business-type activities	<u>11,774,945</u>	<u>19,726,665</u>	<u>55,225</u>	<u>-</u>	<u>-</u>	<u>8,006,945</u>	<u>8,006,945</u>
Total primary government	<u>41,489,090</u>	<u>25,539,580</u>	<u>7,422,259</u>	<u>4,163,493</u>	<u>(12,370,703)</u>	<u>8,006,945</u>	<u>(4,363,758)</u>
General Revenues							
Property taxes					5,868,325	-	5,868,325
Sales taxes					12,557,625	-	12,557,625
Other taxes					254,869	-	254,869
Franchise fees					632,322	-	632,322
Miscellaneous					442,004	-	442,004
Investment earnings					512,316	278,639	790,955
Gain on sales of capital assets					247,795	-	247,795
Transfers					4,239,395	(4,239,395)	-
Total general revenues					<u>24,754,651</u>	<u>(3,960,756)</u>	<u>20,793,895</u>
Change in Net Position					12,383,948	4,046,189	16,430,137
Net Position - Beginning of Year, as previously stated					129,978,137	68,436,336	198,414,473
Prior period adjustments					3,851,815	(124,975)	3,726,840
Net Position - Beginning of Year, restated					<u>133,829,952</u>	<u>68,311,361</u>	<u>202,141,313</u>
Net Position - End of Year					<u>\$ 146,213,900</u>	<u>\$ 72,357,550</u>	<u>\$ 218,571,450</u>

City of Columbus, Nebraska

Balance Sheet – Governmental Funds

September 30, 2021

	General Fund	Streets Engineering Fund	Sales Tax Fund	1/2 Cent Sales Tax Fund	Other Governmental Funds	Total
Assets						
Cash and cash equivalents	\$ 6,719,204	\$ 4,625,751	\$ -	\$ -	\$ 9,786,423	\$ 21,131,378
Cash at County Treasurer	939,282	-	-	-	126,744	1,066,026
Due from other funds	1,704,705	-	-	-	-	1,704,705
Investments	98,379	-	9,684,410	-	2,814,810	12,597,599
Receivables						
Accounts, net of allowance	105,800	10,254	-	-	11,455	127,509
Due from other governments	-	555,769	959,984	447,242	89,448	2,052,443
Property taxes	61,342	-	-	-	3,719	65,061
Special assessments	-	1,045,866	-	-	186,796	1,232,662
Notes	-	184,434	-	-	1,378,484	1,562,918
Grants	1,193,997	-	-	-	-	1,193,997
Restricted assets						
Cash and cash equivalents	-	-	-	-	7,003,667	7,003,667
Investments	-	-	-	14,448,144	-	14,448,144
Total assets	\$ 10,822,709	\$ 6,422,074	\$ 10,644,394	\$ 14,895,386	\$ 21,401,546	\$ 64,186,109
Liabilities						
Accounts payable	741,647	147,488	-	-	58,846	947,981
Accrued expenses	162,902	20,994	-	-	20,012	203,908
Due to other funds	-	-	39,561	749,808	622,751	1,412,120
Unearned revenue	-	-	-	-	2,076,774	2,076,774
Total liabilities	904,549	168,482	39,561	749,808	2,778,383	4,640,783
Deferred Inflows of Resources						
Unavailable revenues	1,299,797	1,037,453	-	-	1,538,520	3,875,770
Fund Balances						
Nonspendable	-	-	-	-	157,277	157,277
Restricted	-	5,216,139	10,604,833	14,145,578	14,851,615	44,818,165
Committed	-	-	-	-	2,075,751	2,075,751
Assigned	172,673	-	-	-	-	172,673
Unassigned	8,445,690	-	-	-	-	8,445,690
Total fund balances	8,618,363	5,216,139	10,604,833	14,145,578	17,084,643	55,669,556
Total liabilities, deferred inflows of resources and fund balances	\$ 10,822,709	\$ 6,422,074	\$ 10,644,394	\$ 14,895,386	\$ 21,401,546	\$ 64,186,109

City of Columbus, Nebraska
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
September 30, 2021

Total fund balances of governmental funds	\$	55,669,556
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, not reported in the funds.		125,618,660
Deferred inflows of resources for unavailable revenues not available to pay for current-period expenditures and; therefore the revenues are not recognized in the funds.		3,875,770
Long-term liabilities, including bonds and leases payable, and related interest, are not due and payable in the current period and, therefore, not reported in the funds. Long-term liabilities at year-end consists of:		
Compensated absences	\$	(1,274,458)
Accrued interest payable		(209,119)
Unamortized bond premium		(1,197,324)
Long-term debt		(38,460,000)
		(41,140,901)
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 in the statement of net position.		2,190,815
		2,190,815
Net position of governmental activities		\$ 146,213,900

City of Columbus, Nebraska
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
For the Year Ended September 30, 2021

	General Fund	Streets Engineering Fund	Sales Tax Fund	1/2 Cent Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 5,290,047	\$ -	\$ -	\$ -	\$ 578,470	\$ 5,868,517
Fees, taxes, permits and licenses	562,227	744,045	-	-	192,283	1,498,555
Sales tax	1,347,458	2,946,274	5,828,037	2,631,810	436,368	13,189,947
Charges for services	1,765,290	83,085	-	-	798,210	2,646,585
Donations	91,410	-	-	-	848,231	939,641
Grants	1,830,613	2,819,027	-	-	807,880	5,457,520
Investment earnings	274,142	13,797	88,883	29,801	289,744	696,367
Miscellaneous	450,093	599,921	-	-	1,564,907	2,614,921
Total revenues	11,611,280	7,206,149	5,916,920	2,661,611	5,516,093	32,912,053
Expenditures						
Current						
General government	2,302,666	-	-	-	-	2,302,666
Public safety	7,083,499	-	-	-	1,541,244	8,624,743
Public works	-	3,012,501	-	-	332,555	3,345,056
Cultural and recreation	5,027,977	-	-	-	12,404	5,040,381
Community development	614,600	-	-	305	1,010,217	1,625,122
Capital outlay	5,578,786	7,285,277	-	513,353	39,365	13,416,781
Debt service						
Principal	-	-	-	570,000	565,000	1,135,000
Interest and fiscal charges	-	-	-	606,578	426,272	1,032,850
Total expenditures	20,607,528	10,297,778	-	1,690,236	3,927,057	36,522,599
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(8,996,248)	(3,091,629)	5,916,920	971,375	1,589,036	(3,610,546)
Other Financing Sources (Uses)						
Bond proceeds	-	-	-	10,000,000	13,786,249	23,786,249
Transfer in	9,414,932	8,980,899	4,679	-	707,675	19,108,185
Transfers out	(543,725)	-	(4,102,889)	(2,479,183)	(7,742,993)	(14,868,790)
Total other financing sources (uses)	8,871,207	8,980,899	(4,098,210)	7,520,817	6,750,931	28,025,644
Change in Fund Balances	(125,041)	5,889,270	1,818,710	8,492,192	8,339,967	24,415,098
Fund Balances (Deficit) - Beginning of Year, as previously stated	7,555,474	(1,715,478)	7,848,145	4,663,049	7,810,448	26,161,638
Prior period adjustments	1,187,930	1,042,347	937,978	990,337	934,228	5,092,820
Fund Balances (Deficit) - Beginning of Year, restated	8,743,404	(673,131)	8,786,123	5,653,386	8,744,676	31,254,458
Fund Balances - End of Year	\$ 8,618,363	\$ 5,216,139	\$ 10,604,833	\$ 14,145,578	\$ 17,084,643	\$ 55,669,556

City of Columbus, Nebraska
Reconciliation of the Statement of Revenues, Expenditures,
and Changes In Fund Balances –Governmental
Funds to the Statement of Activities
For the Year Ended September 30, 2021

Net change in fund balances - total governmental funds	\$ 24,415,098
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period, as well as the impact of other differences related to capital assets.</p>	8,426,096
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	(22,812,447)
<p>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.</p>	(107,791)
<p>Certain expenses (e.g. compensated absences and claims and judgments) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	40,175
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds and change in revenues in fund statements previously recognized in the statement of activities.</p>	<u>2,422,817</u>
Change in net position of governmental activities	<u><u>\$ 12,383,948</u></u>

City of Columbus, Nebraska
Statement of Net Position –
Proprietary Funds
September 30, 2021

	Water Fund	Sewer Fund	Electric Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	Governmental Activities Internal Service Fund
Assets							
Current Assets							
Cash and cash equivalents	\$ -	\$ -	\$ 657,505	\$ 477,444	\$ 492,119	\$ 1,627,068	\$ -
Investments	12,060,468	9,569,080	565,707	272,050	2,045,682	24,512,987	2,610,932
Receivables							
Interfund	-	-	2,362,040	-	-	2,362,040	-
Accounts (net of allowance)	583,344	875,387	-	31,801	184,968	1,675,500	-
Unbilled receivables	357,152	574,616	1,211,572	29,414	22,995	2,195,749	-
Inventory	223,522	53,606	-	-	-	277,128	-
	<u>13,224,486</u>	<u>11,072,689</u>	<u>4,796,824</u>	<u>810,709</u>	<u>2,745,764</u>	<u>32,650,472</u>	<u>2,610,932</u>
Total current assets							
Capital Assets							
Land	243,714	356,806	-	3,000	105,538	709,058	-
Buildings	28,400,286	62,979,682	6,191,214	19,404,700	5,557,977	122,533,859	-
Equipment	5,091,405	2,979,167	-	423	1,684,062	9,755,057	-
Construction in progress	184,271	870,591	-	62,452	-	1,117,314	-
Accumulated depreciation	(16,804,434)	(17,853,722)	(5,324,583)	(8,793,201)	(2,131,115)	(50,907,055)	-
	<u>17,115,242</u>	<u>49,332,524</u>	<u>866,631</u>	<u>10,677,374</u>	<u>5,216,462</u>	<u>83,208,233</u>	<u>-</u>
Total capital assets, net							
Restricted Assets							
Investments	224,479	3,977,173	-	-	-	4,201,652	-
	<u>224,479</u>	<u>3,977,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,201,652</u>	<u>-</u>
Total assets	<u>\$ 30,564,207</u>	<u>\$ 64,382,386</u>	<u>\$ 5,663,455</u>	<u>\$ 11,488,083</u>	<u>\$ 7,962,226</u>	<u>\$ 120,060,357</u>	<u>\$ 2,610,932</u>
Liabilities and Net Position							
Current Liabilities							
Accounts payable	\$ 91,352	\$ 110,738	\$ -	\$ 2,589	\$ 80,208	\$ 284,887	\$ 411,025
Accrued expenses	21,485	229,805	-	-	65,869	317,159	-
Interfund payable	-	-	-	-	2,362,040	2,362,040	-
Interest payable	50,480	395,464	-	-	1,784	447,728	-
Due to other funds	4,419	279,074	-	-	-	283,493	9,092
Current portion of long-term obligations	205,470	1,584,530	-	-	220,000	2,010,000	-
	<u>373,206</u>	<u>2,599,611</u>	<u>-</u>	<u>2,589</u>	<u>2,729,901</u>	<u>5,705,307</u>	<u>420,117</u>
Total current liabilities							
Noncurrent Liabilities							
Unamortized bond premiums	1,004,451	3,523,049	-	-	-	4,527,500	-
Noncurrent portion of long-term obligations	1,846,065	34,718,935	-	-	905,000	37,470,000	-
	<u>2,850,516</u>	<u>38,241,984</u>	<u>-</u>	<u>-</u>	<u>905,000</u>	<u>41,997,500</u>	<u>-</u>
Total noncurrent liabilities							
Total liabilities	<u>3,223,722</u>	<u>40,841,595</u>	<u>-</u>	<u>2,589</u>	<u>3,634,901</u>	<u>47,702,807</u>	<u>420,117</u>
Net Position							
Net investment in capital assets	14,059,256	12,003,140	866,631	10,677,374	4,091,462	41,697,863	-
Restricted for debt service	224,479	1,480,042	-	-	-	1,704,521	-
Unrestricted	13,056,750	10,057,609	4,796,824	808,120	235,863	28,955,166	2,190,815
	<u>27,340,485</u>	<u>23,540,791</u>	<u>5,663,455</u>	<u>11,485,494</u>	<u>4,327,325</u>	<u>72,357,550</u>	<u>2,190,815</u>
Total net position							
Total liabilities and net position	<u>\$ 30,564,207</u>	<u>\$ 64,382,386</u>	<u>\$ 5,663,455</u>	<u>\$ 11,488,083</u>	<u>\$ 7,962,226</u>	<u>\$ 120,060,357</u>	<u>\$ 2,610,932</u>

City of Columbus, Nebraska
Statement of Revenues, Expenses, and Changes in Net Position –
Proprietary Funds
For the Year Ended September 30, 2021

	Water Fund	Sewer Fund	Electric Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	Governmental Activities Internal Service Fund
Operating Revenues							
Charges for services	\$ 4,168,872	\$ 7,403,857	\$ -	\$ -	\$ 2,430,819	\$ 14,003,548	\$ 2,141,978
Franchise fees	-	-	4,140,755	-	-	4,140,755	-
Fees, taxes, permits, and licenses	107,615	119,026	-	357,804	900	585,345	76,115
Sales tax	170,498	447,552	-	24,578	-	642,628	-
Operating grants	36,318	-	-	-	18,907	55,225	-
Miscellaneous	269,499	63,934	-	-	20,956	354,389	-
Total operating revenues	<u>4,752,802</u>	<u>8,034,369</u>	<u>4,140,755</u>	<u>382,382</u>	<u>2,471,582</u>	<u>19,781,890</u>	<u>2,218,093</u>
Operating Expenses							
Personnel services	749,677	1,466,640	-	28,286	675,515	2,920,118	-
Insurance	27,101	74,414	-	562	11,047	113,124	-
Supplies	231,364	250,831	-	1,393	93,731	577,319	-
Professional services	10,254	-	-	-	2,008	12,262	2,351,066
Repairs and maintenance	626,709	669,174	-	2,445	82,253	1,380,581	-
Heat, light and power, phone	179,838	322,305	-	440	12,875	515,458	-
Landfill disposal	-	-	-	-	763,485	763,485	-
Sales tax remitted	210,294	492,556	-	26,686	-	729,536	-
Other operating	132,214	35,249	-	780	21,488	189,731	-
Depreciation	924,366	1,878,141	163,665	388,453	229,382	3,584,007	-
Advertising and promotion	173	-	-	2,053	-	2,226	-
Total operating expenses	<u>3,091,990</u>	<u>5,189,310</u>	<u>163,665</u>	<u>451,098</u>	<u>1,891,784</u>	<u>10,787,847</u>	<u>2,351,066</u>
Operating Income (Loss)	<u>1,660,812</u>	<u>2,845,059</u>	<u>3,977,090</u>	<u>(68,716)</u>	<u>579,798</u>	<u>8,994,043</u>	<u>(132,973)</u>
Nonoperating Income (Expenses)							
Interest expense, net	34,178	(1,005,544)	-	-	(15,732)	(987,098)	-
Investment earnings	104,731	132,513	13,451	5,581	22,363	278,639	25,182
Total nonoperating income (expenses)	<u>138,909</u>	<u>(873,031)</u>	<u>13,451</u>	<u>5,581</u>	<u>6,631</u>	<u>(708,459)</u>	<u>25,182</u>
Change in net position before transfers	<u>1,799,721</u>	<u>1,972,028</u>	<u>3,990,541</u>	<u>(63,135)</u>	<u>586,429</u>	<u>8,285,584</u>	<u>(107,791)</u>
Operating Transfers							
Operating transfers in	-	1,045	64,956	-	-	66,001	-
Operating transfers out	(120,000)	(120,000)	(3,951,440)	-	(113,956)	(4,305,396)	-
Total operating transfers	<u>(120,000)</u>	<u>(118,955)</u>	<u>(3,886,484)</u>	<u>-</u>	<u>(113,956)</u>	<u>(4,239,395)</u>	<u>-</u>
Change In Net Position	<u>1,679,721</u>	<u>1,853,073</u>	<u>104,057</u>	<u>(63,135)</u>	<u>472,473</u>	<u>4,046,189</u>	<u>(107,791)</u>
Net Position - Beginning of Year, as previously reported	25,660,764	21,812,693	5,559,398	11,548,629	3,854,852	68,436,336	2,525,442
Prior period adjustments	-	(124,975)	-	-	-	(124,975)	(226,836)
Net Position - Beginning of Year, restated	<u>25,660,764</u>	<u>21,687,718</u>	<u>5,559,398</u>	<u>11,548,629</u>	<u>3,854,852</u>	<u>68,311,361</u>	<u>2,298,606</u>
Net Position - End of Year	<u>\$ 27,340,485</u>	<u>\$ 23,540,791</u>	<u>\$ 5,663,455</u>	<u>\$ 11,485,494</u>	<u>\$ 4,327,325</u>	<u>\$ 72,357,550</u>	<u>\$ 2,190,815</u>

City of Columbus, Nebraska
Statement of Cash Flows –
Proprietary Funds
For the Year Ended September 30, 2021

	Water Fund	Sewer Fund	Electric Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities							
Receipts from customers	\$ 4,596,620	\$ 7,866,514	\$ 3,983,097	\$ 384,280	\$ 2,551,179	\$ 19,381,690	\$ 2,218,093
Other operating receipts	36,318	-	-	-	18,907	55,225	-
Payments to suppliers	(1,517,180)	(1,768,165)	-	(32,900)	(981,424)	(4,299,669)	(2,157,785)
Payments to employees	(749,677)	(1,466,640)	-	(28,286)	(675,515)	(2,920,118)	-
Net cash provided by operating activities	<u>2,366,081</u>	<u>4,631,709</u>	<u>3,983,097</u>	<u>323,094</u>	<u>913,147</u>	<u>12,217,128</u>	<u>60,308</u>
Cash Flows from Noncapital Financing Activities							
Transfers to other funds	(120,000)	(118,955)	(3,886,484)	-	(113,956)	(4,239,395)	-
Net change in interfund borrowings	-	279,074	-	(4,210)	-	274,864	-
Net cash provided by (used in) noncapital financing activities	<u>(120,000)</u>	<u>160,119</u>	<u>(3,886,484)</u>	<u>(4,210)</u>	<u>(113,956)</u>	<u>(3,964,531)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities							
Purchase of capital assets	(818,295)	(1,704,999)	-	(6,912)	(16,659)	(2,546,865)	-
Principal paid on bonds, notes, and capital lease obligations	(630,770)	(1,394,230)	-	-	(220,000)	(2,245,000)	-
Interest paid on bonds, notes, and capital lease obligations	(124,147)	(1,332,011)	-	-	(14,569)	(1,470,727)	-
Net cash used in capital and related financing activities	<u>(1,573,212)</u>	<u>(4,431,240)</u>	<u>-</u>	<u>(6,912)</u>	<u>(251,228)</u>	<u>(6,262,592)</u>	<u>-</u>
Cash Flows from Investing Activities							
Net (purchases) sales of investments	(12,060,468)	(9,569,080)	(565,706)	(272,050)	(2,045,682)	(24,512,986)	(2,610,932)
Investment income	104,731	132,513	13,451	5,581	22,363	278,639	25,182
Net cash used in investing activities	<u>(11,955,737)</u>	<u>(9,436,567)</u>	<u>(552,255)</u>	<u>(266,469)</u>	<u>(2,023,319)</u>	<u>(24,234,347)</u>	<u>(2,585,750)</u>
Change in Cash and Cash Equivalents	<u>(11,282,868)</u>	<u>(9,075,979)</u>	<u>(455,642)</u>	<u>45,503</u>	<u>(1,475,356)</u>	<u>(22,244,342)</u>	<u>(2,525,442)</u>
Cash and Cash Equivalents - Beginning of Year	<u>11,507,347</u>	<u>13,053,152</u>	<u>1,113,147</u>	<u>431,941</u>	<u>1,967,475</u>	<u>28,073,062</u>	<u>2,525,442</u>
Cash and Cash Equivalents - End of Year	<u>\$ 224,479</u>	<u>\$ 3,977,173</u>	<u>\$ 657,505</u>	<u>\$ 477,444</u>	<u>\$ 492,119</u>	<u>\$ 5,828,720</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities							
Operating income (loss)	\$ 1,660,812	\$ 2,845,059	\$ 3,977,090	\$ (68,716)	\$ 579,798	\$ 8,994,043	\$ (132,973)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation	924,366	1,878,141	163,665	388,453	229,382	3,584,007	-
Changes in operating assets and liabilities							
Receivables	(119,864)	(167,855)	(157,658)	1,898	98,504	(344,975)	-
Inventory	(40,791)	(605)	-	-	-	(41,396)	-
Accounts payable and accrued expenses	(58,442)	76,969	-	1,459	5,463	25,449	193,281
Net cash provided by operating activities	<u>\$ 2,366,081</u>	<u>\$ 4,631,709</u>	<u>\$ 3,983,097</u>	<u>\$ 323,094</u>	<u>\$ 913,147</u>	<u>\$ 12,217,128</u>	<u>\$ 60,308</u>
Noncash Investing, Capital, and Financing Activities							
Amortization of bond premiums and discounts	\$ 159,140	\$ 370,035	\$ -	\$ -	\$ -	\$ 529,175	\$ -

City of Columbus, Nebraska
Statement of Fiduciary Net Position –
Fiduciary Funds
September 30, 2021

	Custodial Funds
Assets	
Cash	\$ 138,563
Total assets	138,563
Liabilities	
Accounts payable and amounts due to others	138,563
Total liabilities	138,563
Net Position	\$ -

City of Columbus, Nebraska
Statement of Changes in Fiduciary Net Position –
Fiduciary Funds
For the Year Ended September 30, 2021

	Pension Trust Funds	Custodial Funds
Additions		
Collections for schools	\$ -	\$ 8,785
Collections for tax increment financing	-	254,630
Total additions	-	263,415
Deductions		
Payments to schools	-	8,785
Payments for tax increment financing	-	254,630
Total deductions	-	263,415
Change in Fiduciary Net Position	-	-
Net Position - Beginning, as Previously Reported	100,788	8,100
Prior Period Adjustments	(100,788)	(8,100)
Net Position - Beginning, as Restated	-	-
Net Position - End	\$ -	\$ -

City of Columbus, Nebraska

Notes to Financial Statements

September 30, 2021

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 an 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

Government-wide 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.

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.

Fund Financial Statements – 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.

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 1: Summary of Significant Accounting Policies – Continued

Basis of Presentation – Continued

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 proprietary funds are charges to customers for sales and services. Operating expenses for proprietary 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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. 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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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.

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 1: Summary of Significant Accounting Policies – Continued

The *Streets/Engineering Fund* accounts for funds required to be used for streets, public works and other infrastructure projects.

The *Sales Tax Fund and ½ Cent Sales Tax Fund* account for City-enacted sales tax, as further described in Note 14, and expenditures for transportation purposes, which include construction and maintenance of streets, roads, and bridges to the extent of tax revenues.

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

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes. These nonmajor funds consist of the Airport, E911, Wireless E911, E911 Equipment Share, Housing Rehabilitation and Loans, Economic Development Reuse, Progress and Jobs Growth, Keno, Community Redevelopment Authority, Tax Increment Financing, and Library Foundation funds.

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

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

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

The City reports the following major proprietary funds:

The *Water, Sewer, Stormwater, 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 *Custodial Fund* accounts for the receipts and disbursements of funds on behalf of other organizations.

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 1: Summary of Significant Accounting Policies – Continued

Use of Estimates

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

Cash and Investments

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

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

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

Receivables

Accounts receivable represents the amounts due from customers for services provided. An allowance for uncollectible accounts is recorded based on historical collection information. Property taxes are recorded as a receivable when levied. Historically, the uncollectible portion of taxes receivable has been negligible and no allowance for uncollectible taxes has been recorded. Property taxes levied for the 2020-2021 tax year are recorded as revenue in the governmental fund financial statements when levied and collected within 60 days after September 30, 2021. The portion not collected within 60 days after year-end is recorded as a deferred inflow of resources – unavailable revenue in the governmental funds.

The City considers sales and use tax and highway allocation funds receivable and available when collected by the State of Nebraska. Amounts recorded as due from other governments include the portion of sales and use taxes and highway allocations due to the City from the State of Nebraska.

The proprietary funds use the reserve method of accounting for bad debts. 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, 2021, are shown netted against the respective accounts receivable balances for the proprietary funds. The City records an estimated amount of unbilled revenue for services rendered but not yet billed as of the close of the year.

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 1: Summary of Significant Accounting Policies – Continued

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.

For 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 and proprietary funds balance sheet. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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 are depreciated using the straight line method over the following estimated useful lives:

Land Improvements and Buildings	5 – 50 Years
Equipment	3 – 20 Years
Vehicles	5 – 30 Years

Restricted Assets

Certain resources are classified as restricted assets because their use is limited by applicable covenants, contracts, agreements, and statutes.

Unavailable Revenues

Unavailable revenues consist of property taxes, special assessments, grants receivable and certain other receivables expected to be collected after 60 days after year-end.

Net Position

Net position is classified as net investment in capital assets, unrestricted net position and restricted net position.

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 1: Summary of Significant Accounting Policies – Continued

Fund Balance

Fund balances for the City’s governmental funds are 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 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.

Interfund Transfers

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

Compensated Absences

City employees earn sick, vacation and comp leave throughout each month and leave is fully vested when earned. All accumulated sick, vacation and comp leave, subject to limitations, is paid at separation. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. In the governmental funds, only compensated absences that have matured as of year-end, for example, as a result of employee resignations and retirements, are recorded as a fund liability. Accruals are based on current salary rates plus an additional amount for compensation-related payments such as Social Security and Medicare taxes and pension amounts using rates in effect at that date.

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 1: Summary of Significant Accounting Policies – Continued

Implementation of New Accounting Standards and Restatements

During 2021, the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* (GASB 84) and GASB Statement No. 97 (GASB 97), *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

During 2021, the City restated beginning net position and fund balances for the impacts of GASB 84 and GASB 97 described above and for transactions recorded incorrectly in the prior year. It was not practical for management to determine the impact on the 2020 change in net position or change in fund balance. The following tables summarize the adjustments:

	Government-Wide		
	Governmental Activities	Business-type Activities	Total
Net Position/Fund Balance at October 1, 2020, as Previously Reported	\$ 129,978,137	\$ 68,436,336	\$ 198,414,473
Adjustment for accrual of sales tax receivable that was not recorded in the prior year	1,414,981	-	1,414,981
Adjustment for accrual of highway allocation receivable that was not recorded in the prior year	599,103	-	599,103
Adjustment for deferred revenue that should have been recorded as revenue in the government-wide statements	2,006,581	-	2,006,581
Adjustment for accrual of property taxes receivable that was not recorded in the prior year	24,263	-	24,263
Adjustment to write off bond issuance costs	-	(124,975)	(124,975)
Adjustment to accrue for health care claims	(226,836)	-	(226,836)
Adjustment for implementation of GASB 84 and fiduciary fund corrections	33,723	-	33,723
Net Position/Fund Balance at October 1, 2020, as Restated	\$ 133,829,952	\$ 68,311,361	\$ 202,141,313

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 1: Summary of Significant Accounting Policies – Continued

Implementation of New Accounting Standards and Restatements – Continued

	Governmental					Total Governmental
	General Fund	Streets/Engineering Fund	Sales Tax Fund	1/2 Cent Sales Tax Fund	Non Major Funds	
Net Position/Fund Balance (Deficit) at October 1, 2020, as Previously Reported	\$ 7,555,474	\$ (1,715,478)	\$ 7,848,145	\$ 4,663,049	\$ 7,810,448	\$ 26,161,638
Adjustment for accrual of sales tax receivable that was not recorded in the prior year	-	-	937,978	397,503	79,500	1,414,981
Adjustment for accrual of highway allocation receivable that was not recorded in the prior year	-	599,103	-	-	-	599,103
Adjustment for deferred inflow of resources that should not have been recorded as deferred inflow in the prior year	-	327,511	-	-	241,566	569,077
Adjustment for accrual of property taxes receivable that was not recorded in the prior year	21,880	-	-	-	2,383	24,263
Adjustment to remove compensated absences from governmental funds	1,065,262	115,733	-	-	108,189	1,289,184
Adjustment for current portion of long-term debt reported in the governmental funds	-	-	-	570,000	565,000	1,135,000
Adjustment to remove accrued interest from governmental funds	-	-	-	22,834	4,655	27,489
Adjustment for implementation of GASB 84 and fiduciary fund corrections	100,788	-	-	-	(67,065)	33,723
Net Position/Fund Balance (Deficit) at October 1, 2020, as Restated	<u>\$ 8,743,404</u>	<u>\$ (673,131)</u>	<u>\$ 8,786,123</u>	<u>\$ 5,653,386</u>	<u>\$ 8,744,676</u>	<u>\$ 31,254,458</u>

	Proprietary	Internal	Fiduciary	
	Sewer	Service Fund	Pension Trust	Agency/ Custodial
Net Position/Fund Balance at October 1, 2020, as Previously Reported	\$ 21,812,693	\$ 2,525,442	\$ 100,788	\$ 8,100
Adjustment to write off bond issuance costs	(124,975)	-	-	-
Adjustment to accrue for health care claims	-	(226,836)	-	-
Adjustment for implementation of GASB 84 and fiduciary fund corrections	-	-	(100,788)	(8,100)
Net Position/Fund Balance at October 1, 2020, as Restated	<u>\$ 21,687,718</u>	<u>\$ 2,298,606</u>	<u>\$ -</u>	<u>\$ -</u>

Note 2: Budget Process and Property Taxes

For the fiscal year ended September 30, 2021, 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.

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 2: Budget Process and Property Taxes – Continued

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 2020 on the assessed value of listed property. The County Assessor of Platte County, Nebraska, determined the City of Columbus's valuation to be \$1,748,462,132 in August of 2020.

The City, through the budget process, requested a total of \$5,510,908 in property taxes. Based on the August of 2020 valuation previously mentioned, the tax levy for the City of Columbus was established at \$0.315 per \$100 of property value.

Note 3: Deposits and Investments

Nebraska Statutes provide 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.

Deposits

The City's deposits consist of cash, certificates of deposit and securities. Some 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 cash balances are held in an investment account and not at a financial institution.

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.

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.

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.

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 3: Deposits and Investments – Continued

Deposits - Continued

Interest rate risk – As a means of limiting its exposure to changes in interest rates, the City’s policy for certificates of deposit is to limit maturities to less than two years. All of the City’s certificates of deposit are classified as investments on the statements of net position/balance sheets and mature within one year of September 30, 2021.

Investments

The City’s investments consist of investments in equity securities, fixed income funds, mutual funds, money markets, and corporate bonds.

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. The maturities of investments are as follows:

Investment Type	Carrying Value	Investment Term		
		Less Than 1 Year	1 - 5 Years	6 - 10 Years
Equities	\$ 707,536	\$ 707,536	\$ -	\$ -
Fixed income funds	82,958	82,958	-	-
Corporate bonds	102,030	-	102,030	-
Mutual funds	257,520	-	257,520	-
Other	1,082,984	1,082,984	-	-
Money markets	27,656,703	27,656,703	-	-
	<u>\$ 29,889,731</u>	<u>\$ 29,530,181</u>	<u>\$ 359,550</u>	<u>\$ -</u>

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 – 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.

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 3: Deposits and Investments – Continued

Fair Value of Investments

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

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

The City’s investments in money markets are carried at cost, and thus are not included within the fair value hierarchy.

Recurring Measurements

The following table presents the fair value measurements of investments recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2021:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Equities	\$ 707,536	\$ 707,536	\$ -	\$ -
Fixed income funds	82,958	82,958	-	-
Corporate bonds	102,030	102,030	-	-
Mutual funds	257,520	257,520	-	-
Other	1,082,984	1,082,984	-	-
	<u>\$ 2,233,028</u>	<u>\$ 2,233,028</u>	<u>\$ -</u>	<u>\$ -</u>

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 3: Deposits and Investments – Continued

Summary of Carrying Values

Deposits and investments of the City at September 30, 2021, consisted of the following:

Deposits	\$ 58,382,259
Investments	29,889,731
	<u>\$ 88,271,990</u>

Included in the following statement of net position captions:

	<u>Government-Wide</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and cash equivalents	\$ 22,758,446	\$ 138,563	\$ 22,897,009
Investments	39,721,518	-	39,721,518
Restricted cash, cash equivalents and investments	25,653,463	-	25,653,463
	<u>\$ 88,133,427</u>	<u>\$ 138,563</u>	<u>\$ 88,271,990</u>

Note 4: Notes Receivable

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, 2021, is \$88,075.

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, 2021, is \$5,018. On February 21, 2018, the City gave a second loan to Blazer, LLC for \$150,000 for expenses relating to the purchase of a business. The loan carries interest at 1.00% and is payable in monthly installments of \$3,190 beginning March 21, 2019 with the final payment due February 21, 2023. The outstanding balance at September 30, 2021, is \$81,977.

On May 1, 2017, the City loaned DiStar Industries LLC \$120,000 for building expansion to support its growing business operations in Columbus. The loan carries interest at 1.00% and is payable in monthly installments of \$2,554 starting on June 1, 2018 with the final payment due May 1, 2022. The outstanding balance at September 30, 2021, is \$17,691.

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 4: Notes Receivable – Continued

On October 1, 2018, the City loaned Columbus Hydraulics \$600,000. The loan carries interest at 1.00% and is payable in monthly installments of \$5,130 starting on November 1, 2020 with the final payment due on October 1, 2025. An additional balloon payment of \$300,000 is also due on October 1, 2025. The outstanding balance at September 30, 2021, is \$551,016.

On April 7, 2021, the City loaned Habitat for Humanity of Columbus, Nebraska \$103,000. The loan carries interest at 1.00% and is payable in a onetime lump sum payment on April 7, 2026. The outstanding balance at September 30, 2021, is \$103,000.

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, 2021, is \$531,707.

On December 5, 2017, the City loaned the East District Health Department \$286,254. The loan carries interest at 4.00% and is payable in monthly installments of \$3,000 starting on January 5, 2018 with the final payment due on August 5, 2027. The outstanding balance at September 30, 2021, is \$184,434.

The following is a summary of notes receivable outstanding as of September 30, 2021, detailed above:

	Original Date	Due Date	Original Amount	Interest Rate	September 30 2021 Balance
2012 Central American Foods	8/3/2012	7/1/2017	\$ 91,000	0.00%	\$ 88,075
2015 Blazer	2/2/2015	2/1/2021	300,000	1.00%	5,018
2017 DiStar Industries	5/1/2017	5/1/2022	120,000	1.00%	17,691
2018 Blazer	2/21/2018	2/21/2023	150,000	1.00%	81,977
2019 Columbus Hydraulics	10/1/2018	10/1/2025	600,000	1.00%	551,016
2021 Habitat for Humanity of Columbus	4/7/2021	4/30/2026	103,000	1.00%	103,000
Total					846,777
Housing rehabilitation loans	Various	Various	Various	Various	531,707
East Central District Health Department	12/5/2017	8/5/2027	286,254	4.00%	184,434
Total					<u>\$ 1,562,918</u>

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 5: Capital Assets

Capital asset activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 3,728,689	\$ -	\$ -	\$ 3,728,689
Construction in progress	31,681,041	4,346,314	(23,270,685)	12,756,670
Total capital assets, not being depreciated	<u>35,409,730</u>	<u>4,346,314</u>	<u>(23,270,685)</u>	<u>16,485,359</u>
Capital assets, being depreciated				
Buildings	116,550,500	32,351,963	-	148,902,463
Machinery, equipment and vehicles	19,538,653	1,073,218	-	20,611,871
Total capital assets, being depreciated	<u>136,089,153</u>	<u>33,425,181</u>	<u>-</u>	<u>169,514,334</u>
Less accumulated depreciation for				
Buildings	(41,731,985)	(4,285,454)	-	(46,017,439)
Machinery, equipment and vehicles	(12,584,334)	(1,779,260)	-	(14,363,594)
Total accumulated depreciation	<u>(54,316,319)</u>	<u>(6,064,714)</u>	<u>-</u>	<u>(60,381,033)</u>
Total capital assets, being depreciated, net	<u>81,772,834</u>	<u>27,360,467</u>	<u>-</u>	<u>109,133,301</u>
Governmental activities capital assets, net	<u>\$ 117,182,564</u>	<u>\$ 31,706,781</u>	<u>\$ (23,270,685)</u>	<u>\$ 125,618,660</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets, not being depreciated				
Land	\$ 709,058	\$ -	\$ -	\$ 709,058
Construction in progress	10,849,730	-	(9,732,416)	1,117,314
Total capital assets, not being depreciated	<u>11,558,788</u>	<u>-</u>	<u>(9,732,416)</u>	<u>1,826,372</u>
Capital assets, being depreciated				
Land improvements and buildings	110,296,289	12,237,570	-	122,533,859
Equipment	9,713,347	41,710	-	9,755,057
Total capital assets, being depreciated	<u>120,009,636</u>	<u>12,279,280</u>	<u>-</u>	<u>132,288,916</u>
Total accumulated depreciation	<u>(47,323,048)</u>	<u>(3,584,007)</u>	<u>-</u>	<u>(50,907,055)</u>
Total capital assets, being depreciated, net	<u>72,686,588</u>	<u>8,695,273</u>	<u>-</u>	<u>81,381,861</u>
Business-type activities capital assets, net	<u>\$ 84,245,376</u>	<u>\$ 8,695,273</u>	<u>\$ (9,732,416)</u>	<u>\$ 83,208,233</u>

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 5: Capital Assets – Continued

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

Governmental Activities

General government	\$ 785,913
Public safety	1,237,069
Public works	2,480,639
Cultural and recreation	1,553,285
Community development	7,808
	<u>7,808</u>
Total depreciation expense – governmental activities	<u><u>\$ 6,064,714</u></u>

Business-Type Activities

Water	\$ 924,366
Sewer	1,878,141
Electric	163,665
Storm water	388,453
Solid waste	229,382
	<u>229,382</u>
Total depreciation expense – business-type activities	<u><u>\$ 3,584,007</u></u>

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 6: Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended September 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 2,120,000	\$ 6,175,000	\$ (565,000)	\$ 7,730,000	\$ 565,000
Sales tax revenue bonds	14,760,000	10,000,000	(570,000)	24,190,000	600,000
Certificates of participation	-	6,540,000	-	6,540,000	345,000
Unamortized bond premiums	146,507	1,071,249	(20,432)	1,197,324	-
	<u>17,026,507</u>	<u>23,786,249</u>	<u>(1,155,432)</u>	<u>39,657,324</u>	<u>1,510,000</u>
Compensated absences	1,289,184	-	(14,729)	1,274,455	125,000
Total governmental activities	<u>18,315,691</u>	<u>23,786,249</u>	<u>(1,170,161)</u>	<u>40,931,779</u>	<u>1,635,000</u>
Business-type activities					
Certificates of participation	1,345,000	-	(220,000)	1,125,000	220,000
Bonds payable	40,380,000	-	(2,025,000)	38,355,000	1,790,000
Unamortized bond premiums	5,056,675	-	(529,175)	4,527,500	-
	<u>46,781,675</u>	<u>-</u>	<u>(2,774,175)</u>	<u>44,007,500</u>	<u>2,010,000</u>
Compensated absences	307,143	-	(35,122)	272,021	25,000
Total business-type activities	<u>47,088,818</u>	<u>-</u>	<u>(2,809,297)</u>	<u>44,279,521</u>	<u>2,035,000</u>
Total primary government	<u>\$ 65,404,509</u>	<u>\$ 23,786,249</u>	<u>\$ (3,979,458)</u>	<u>\$ 85,211,300</u>	<u>\$ 3,670,000</u>

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 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, 2021, is \$75,000.

On December 27, 2013, the City issued General Obligation Flood Control Refunding Bonds in the amount of \$4,750,000. This note was refinanced in the fiscal year ending September 30, 2020. The new issue bears interest from 0.72 to 0.87%. Final payment is due on November 15, 2023. The outstanding balance as of September 30, 2021, is \$1,480,000.

On September 1, 2021, the City issued General Obligation Highway Allocation Fund Pledge Bonds in the amount of \$6,175,000. The issue bears interest at 3.00%. Final payment is due on December 15, 2036. The outstanding balance as of September 30, 2021, is \$6,175,000.

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 6: Long-term Liabilities – Continued

The City has received bond premiums in governmental funds totaling \$1,234,791. The City is amortizing the bond premiums using the straight-line method over the life of the various bond issues as a reduction of interest expense. Amortization for the year ended September 30, 2021, totaled \$20,432. The unamortized premium balance at September 30, 2021, is \$1,197,324 and is reported as an addition to long-term debt.

On September 25, 2018 the City issued Public Safety Sales Tax bonds in the amount of \$15,840,000. The issue bears interest from 3.625 to 5.00%. Final payment is due on September 30, 2038. The outstanding balance at September 30, 2021 is \$14,190,000.

On April 15, 2021, the City issued Sales Tax Revenue Bond Anticipation Notes (Community Building Project) in the amount of \$10,000,000. The issue bears interest of 0.85%. Final payment is June 15, 2024. The outstanding balance at September 30, 2021 is \$10,000,000.

On June 30, 2021, the City issued Certificates of Participation in the amount of \$6,540,000. The issue bears interest from 3.00 to 4.00%. Final payment is due on June 15, 2036. The outstanding balance at September 30, 2021 is \$6,540,000.

Annual debt service requirement to maturity, including principal and interest, for long-term debt as of September 30, 2021, are as follows:

Year Ending September 30,	Governmental Activities					
	General Obligation Bonds		Sales Tax Revenue Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 565,000	\$ 157,688	\$ 600,000	\$ 627,804	\$ 345,000	\$ 205,610
2023	495,000	191,586	630,000	585,638	350,000	200,750
2024	515,000	187,103	10,660,000	552,138	365,000	186,750
2025	75,000	183,525	690,000	413,138	380,000	172,150
2026	135,000	180,375	715,000	413,138	395,000	156,950
2027-2031	1,660,000	788,250	4,015,000	1,637,188	2,180,000	578,700
2032-2036	3,595,000	396,675	4,740,000	904,950	2,525,000	231,750
2037-2041	690,000	10,350	2,140,000	117,088	-	-
Totals	<u>\$ 7,730,000</u>	<u>\$ 2,095,552</u>	<u>\$ 24,190,000</u>	<u>\$ 5,251,082</u>	<u>\$ 6,540,000</u>	<u>\$ 1,732,660</u>

Business-Type Activity Debt

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, 2021, is \$1,125,000.

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 was due on June 15, 2027. 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 was due on June 15, 2030.

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 6: Long-term Liabilities – Continued

Business-Type Activity Debt - Continued

On August 26, 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 was due on June 15, 2035. These 3 bonds were refinanced into one bond on August 19, 2020. This issue bears interest from 4 – 5% and final payment is due on June 15, 2035. The outstanding balance at September 30, 2021, is \$12,705,000.

On December 3, 2015, the City issued Series 2015C Combined Revenue Refunding Bonds in the amount of \$8,530,000. The issue bears interest from 0.60 to 2.05%. Final payment is due on December 15, 2023. The outstanding balance at September 30, 2021, is \$2,915,000.

On September 30, 2016, the City issued Series 2016 Combined Revenue Refunding Bonds in the amount of \$13,760,000. The issue bears interest from 2.00 to 4.00%. Final payment is due on December 15, 2036. The outstanding balance at September 30, 2021, is \$12,355,000.

On December 27, 2018, the City issued Series 2018 Combined Revenue Bonds in the amount of \$10,380,000. The issue bears interest from 4.00 to 5.00%. Final payment is due on June 15, 2038. The outstanding balance at September 30, 2021, is \$10,380,000.

The City has received bond premiums totaling \$5,534,939. The City is amortizing the bond premiums using the straight-line method over the life of the various bond issues as a reduction of interest expense. Amortization for the year ended September 30, 2021, totaled \$529,175. The unamortized premium balance at September 30, 2021, is \$4,527,500 and is reported as an addition to long-term debt.

Annual debt service requirement to maturity, including principal and interest, for long-term debt as of September 30, 2021, are as follows:

Year Ending September 30,	Business-Type Activities			
	Certificates of Participation		Bonds Payable	
	Principal	Interest	Principal	Interest
2022	\$ 220,000	\$ 11,433	\$ 1,790,000	\$ 1,490,353
2023	220,000	9,519	1,810,000	1,462,053
2024	225,000	7,495	1,815,000	1,415,414
2025	230,000	5,290	1,965,000	1,374,524
2026	230,000	2,806	2,020,000	1,282,024
2027-2031	-	-	11,620,000	4,924,025
2032-2036	-	-	13,685,000	2,119,462
2037-2041	-	-	3,650,000	141,050
Totals	\$ 1,125,000	\$ 36,543	\$ 38,355,000	\$ 14,208,905

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 7: Defined Contribution Retirement Plans

The City has multiple defined contribution plans.

Employees' Pension Plan

All regular full-time civilian employees of the City are covered by a voluntary defined contribution plan. Contributions made by the City equal 6% of the participants' compensation. Participants also contribute 6% of their earnings. Vesting of employer contributions occurs over seven years of employment. The amount of employer and employee contributions to this plan during the fiscal year was \$505,424 and \$505,424, respectively. There were no forfeitures used to offset employer contributions for the year ended September 30, 2021. The Plan is administered by a trustee independent of the City and is, therefore, not included in these financial statements.

Fire Retirement Plan

All regular full-time fire fighters of the City are covered by a defined contribution plan. Certain fire fighters are also covered by a single-employer defined benefit pension plan (see Note 8). Participants are required to contribute 6.50% of their earnings but may contribute up to the maximum amount allowed under the Internal Revenue Code. Contributions made by the City equal 13% of the participants' contributions. Vesting of employer contributions occurs between four and seven years of employment. Forfeitures shall be allocated to the Unallocated Employer Account and if the Unallocated Employer Account is sufficient to meet Plan liabilities, then forfeitures shall first be used to pay expenses of administration and then to reduce City contributions. The plan members and the City contributed \$73,327 and \$146,655, respectively, to the plan in fiscal 2021. The Plan is administered by a trustee independent of the City and is, therefore, not included in these financial statements.

Police Retirement Plan

All regular full-time sworn officers of the City are covered by a defined contribution plan. Certain sworn officers are also covered by a single-employer defined benefit pension plan (see Note 8). Participants are required to contribute 7.0% of their earnings but may contribute up to the maximum amount allowed under the Internal Revenue Code. Contributions made by the City equal 7.0% of the participants' contributions. Vesting of employer contributions occurs between two and seven years of employment. Forfeitures shall be allocated to the Unallocated Employer Account and if the Unallocated Employer Account is sufficient to meet Plan liabilities, then forfeitures shall first be used to pay expenses of administration and then to reduce City contributions. The plan members and the City contributed \$185,514 and \$185,514, respectively, to the plan in fiscal 2021. The Plan is administered by a trustee independent of the City and is, therefore, not included in these financial statements.

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 8: Defined Benefit Pension Plans

Police Plan

Employees who were hired prior to January 1, 1984, the date at which the Police Plan was amended from a defined benefit plan to the current status as a defined contribution plan, were assured of receiving retirement benefits under the new plan at least as great as those under the old defined benefit plan. During the year ended September 30, 2021, the City's only police officer who was eligible for the pre-1984 benefit retired.

Fire Plan

Employees who were hired prior to January 1, 1984, the date at which the Fire Plan was amended from a defined benefit plan to the current status as a defined contribution plan, were assured of receiving retirement benefits under the new plan at least as great as those under the old defined benefit plan.

Plan Description

The City has a single-employer defined benefit pension plan covering fire fighters hired on or before December 31, 1983. The plan is closed to new employees. The terms of the plan, including contribution rates and minimum pension benefits are established through State Statute. The City does not issue a separate report that includes financial statements and required supplementary information for the fire pension plan.

Summary of Benefit Provisions

Contribution rates are described for the defined contribution plan in Note 7. The accumulated value of the employee and employer account including contributions and investment earnings is the Retirement Account Value. In the event that a participant's retirement account value will not provide for the minimum pension benefits of the plan, the City will be required to contribute an additional amount to fund the minimum pension benefits specified in Statute. Participants must have been employed on January 1, 1984 and continuously employed by the City through retirement date after attaining age 55 and completing 25 years of service. Minimum pension benefit equals 40% of regular pay for commencement between ages 55 and 60; 50% of regular pay for commencement at age 60 or later offset by the State Statute Actuarial Equivalence of the Retirement Account Value.

Plan Membership

As of September 30, 2021, plan membership consists of 1 inactive member entitled to but not yet receiving benefits and 1 inactive member currently receiving benefits.

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 8: Defined Benefit Pension Plans – Continued

Fire Plan - Continued

Contributions and Funding Policy

The City's contributions for the additional amount to fund minimum pension benefits are limited to amounts paid to retirees during the fiscal year. Contributions made by the City for the year ended September 30, 2021, were \$16,452.

Actuarial Methods and Assumptions and Pension Liability

Actuarially determined contribution rates are calculated as the City's contributions paid to retirees during the fiscal year to fund the minimum pension benefits of the plan. Valuations were determined using the following actuarial assumptions:

Valuation Date	December 31, 2020
Measurement Date	September 30, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	1.00%
Mortality Table	Pub-2010 Public Safety Retiree and Public Safety Contingent Annuitant Median Mortality Table (Amount-Weighted), both with fully generational projection of mortality improvements using Scale MP-2020

The City's obligation is unfunded at September 30, 2021. The City has assigned an allocation of certificates of deposit totaling \$93,414 for pension benefits as of September 30, 2021, but these assets are not held in trust. The actuarial present value of future benefits at December 31, 2020, the most recent actuarial valuation date, was \$125,423. After deducting the actuarial value of the assets allocated by the City of \$100,877, the remaining balance of \$24,546 has been deemed immaterial by management and is not recorded in the governmental activities financial statements.

Note 9: 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.

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 9: Commitments and Contingencies – Continued

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 to State of Nebraska for any claims paid on behalf of the City. As of September 30, 2021, 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.

The City had construction project commitments of \$7,238,571 as of September 30, 2021 as outlined below:

- The SID 185, SID 186, and SID 187 had contract price of \$3,403,102. As of September 30, 2021, \$940,013 had been paid. The remaining commitment is \$2,463,089
- The Lift Station Replacement had a contract price of \$1,428,637. As of September 30, 2021, \$648,099 had been paid. The remaining commitment is \$780,538.
- The Community Building had a contract price of \$4,783,122. As of September 30, 2021, \$1,005,863 had been paid. The remaining commitment is \$3,777,259.
- The Quail Run Golf Course had a contract price of \$1,396,089. As of September 30, 2021, \$1,255,152 had been paid. The remaining commitment is \$140,937.
- The Wastewater Treatment Facility Phase 4 had a contract price of \$8,927,434. As of September 30, 2021, \$8,850,686 had been paid. The remaining commitment is \$76,748.

Note 10: Major Customers

The City received approximately 16% of the total water revenues and approximately 5% of total sewer revenues from one major customer in the year ended September 30, 2021.

Note 11: Self-Insurance Plan

The City's health insurance coverage is a partially self-insured 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 \$75,000 and aggregate claims that are over \$3,444,646 or 100% of the expected annual claims, whichever is greater.

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 12: 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 13: Interfund Balances and Transfers

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 began September 15, 2014, and principal payments begin September 15, 2027. Final payment is due September 15, 2034.

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

Due From	Due To		Total
	Electric Fund	General Fund	
Sales Tax Fund	\$ -	\$ 39,561	\$ 39,561
1/2 Cent Sales Tax Fund	-	749,808	749,808
Nonmajor Governmental Funds	-	622,751	622,751
Sewer Fund	-	279,074	279,074
Water Fund	-	4,419	4,419
Health Insurance Fund	-	9,092	9,092
Solid Waste Fund	2,362,040	-	2,362,040
Total	\$ 2,362,040	\$ 1,704,705	\$ 4,066,745

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 13: Interfund Balances and Transfers – Continued

Transfers between funds are to cover operational expenses for the funds and to move assets to the appropriate funds.

Transfer To	Transfer from								Total
	General	Sales Tax	1/2 Cent Sales Tax	Nonmajor Governmental	Water	Sewer	Electric	Solid Waste	
General	\$ -	\$ 2,041,240	\$ 2,479,183	\$ 654,069	\$ 120,000	\$ 120,000	\$ 3,951,440	\$ 49,000	\$ 9,414,932
Streets/Engineering	340,000	2,039,924	-	6,600,975	-	-	-	-	8,980,899
Sales Tax	4,679	-	-	-	-	-	-	-	4,679
Nonmajor Governmental	198,001	21,725	-	487,949	-	-	-	-	707,675
Sewer	1,045	-	-	-	-	-	-	-	1,045
Electric	-	-	-	-	-	-	-	64,956	64,956
Total	\$ 543,725	\$ 4,102,889	\$ 2,479,183	\$ 7,742,993	\$ 120,000	\$ 120,000	\$ 3,951,440	\$ 113,956	\$ 19,174,186

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

Note 14: Sales Tax

The City has received voter approval ten times since 1995 for a one percent or one-half percent City sales tax. Currently, the local sales tax rate is a total of one and one-half percent (1.50%). Through March of 2027, the 1% may be used for capital improvements, including street and drainage projects and to repay debt for the same type of projects, and to fund the operation of Pawnee Plunge Water Park and Columbus Aquatic Center.

The one-half percent tax was reauthorized at the May 10, 2016, election. The one-half percent is for funding Police and Fire facilities and a Library/Cultural Arts Center. This tax will cease upon the later of the completion of such projects, voter rejection of bond elections for such projects or the date on which there are no outstanding bonds.

Note 15: Tax Abatements

The City provides tax abatements through three programs: Tax Increment Financing (TIF) program, Employment and Investment Growth Act, and Nebraska Advantage Act.

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.

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 15: Tax Abatements – Continued

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.

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.

The Tax Increment Financing Law allows for the increased property taxes generated by the improvement of blighted property to be used to pay for financing of community redevelopment projects. The City declares the area as substandard, blighted and in need of redevelopment and is required to prepare a redevelopment plan. TIF bonds may be issued for the acquisition of property, site preparation, and public improvements. An agreement is entered into between the City and the Developer and a base valuation is established. The base property valuation remains assessable to all taxing entities. Any increase in value and the resulting property taxes are used to pay off debt incurred for the redevelopment project within a 15- year period.

Information relevant to the TIF abatements granted by the City for the year ended September 30, 2021 follows:

Project	Years Remaining on Agreement	2020 TIF Valuation	Proceeds Paid During Y/E 9-30-21
NBC Capital (Ramada)	8	\$3,110,775	\$87,411
Westgate Center Redevelopment Project (Slumberland)	5	1,333,680	\$33,211
Westgate Center Redevelopment Project (Hobby Lobby)	9	1,627,965	\$31,175

The Employment and Investment Growth Act and the Nebraska Advantage Act provide benefits in the form of sales tax rebates for businesses which invest and/or increase employment by specified amounts. Businesses that qualify must be involved in research, data processing, finance or businesses transporting, wholesaling, storing, or selling products, but not retailers who do not make their own products. Businesses must propose a qualifying project and be approved by the State of Nebraska Department of Revenue. The obligations of each party are set out in a contract with the State. If the project qualifies for benefits, but later falls below the required levels of jobs or investment, the company receives no benefits for that year and one-seventh of the benefits already received are recaptured for each year the company fails to qualify.

City of Columbus, Nebraska
Notes to Financial Statements
September 30, 2021

Note 15: Tax Abatements – Continued

For the year ended September 30, 2021, the State of Nebraska on behalf of the City abated approximately \$99,000 in sales tax revenue under these two programs.

Note 16: Fund Balances

As of September 30, 2021, governmental fund balances are classified as follows:

	General Fund	Streets/ Engineering Fund	Sales Tax Fund	1/2 Cent Sales Tax Fund	Other Governmental Funds	Total
Fund Balances						
Nonspendable:						
Gerrard Park Trust	\$ -	\$ -	\$ -	\$ -	\$ 157,277	\$ 157,277
Total nonspendable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,277</u>	<u>157,277</u>
Restricted for:						
Debt service	-	-	-	14,145,578	7,884,628	22,030,206
Public safety	-	-	-	-	383,871	383,871
Airport	-	-	-	-	850,039	850,039
Capital improvements	-	5,216,139	10,604,833	-	-	15,820,972
Housing	-	-	-	-	67,181	67,181
Economic Development	-	-	-	-	2,257,673	2,257,673
Library	-	-	-	-	3,408,223	3,408,223
Total restricted	<u>-</u>	<u>5,216,139</u>	<u>10,604,833</u>	<u>14,145,578</u>	<u>14,851,615</u>	<u>44,818,165</u>
Committed to:						
Library Endowment	-	-	-	-	2,075,751	2,075,751
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,075,751</u>	<u>2,075,751</u>
Assigned to:						
Pension benefits	93,414	-	-	-	-	93,414
Library	79,259	-	-	-	-	79,259
Total assigned	<u>172,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,673</u>
Unassigned	<u>8,445,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,445,690</u>
Total fund balances	<u>\$ 8,618,363</u>	<u>\$ 5,216,139</u>	<u>\$ 10,604,833</u>	<u>\$ 14,145,578</u>	<u>\$ 17,084,643</u>	<u>\$ 55,669,556</u>

Note 17: Related Party

The City uses the vendor ARL Credit Services, Inc. which is owned by a related party. During the year ending September 30, 2021, the City paid \$8,021 to ARL Credit Services, Inc.

Required Supplementary Information

City of Columbus, Nebraska
Schedule of Receipts, Disbursements and Changes in Fund Balances –
Budget to Actual – Cash Basis – General Fund
For the Year Ended September 30, 2021

	Budgeted Amount Original and Final	Actual	Variance With Final Positive (Negative)
Revenues			
Property taxes	\$ 5,166,520	\$ 5,250,632	\$ 84,112
Fees, taxes, permits, and licenses	496,350	562,227	65,877
Sales tax	1,351,400	1,347,458	(3,942)
Donations	4,200	91,410	87,210
Charges for services	2,119,610	1,871,090	(248,520)
Grants	1,885,250	664,245	(1,221,005)
Other local revenues	9,300	1,470,157	1,460,857
Investment income	105,000	87,659	(17,341)
	<u>11,137,630</u>	<u>11,344,878</u>	<u>207,248</u>
Expenditures			
General government	5,375,140	3,559,664	1,815,476
Public safety	9,047,460	8,571,672	475,788
Parks and recreation	16,599,430	10,677,942	5,921,488
Community development	582,760	640,770	(58,010)
	<u>31,604,790</u>	<u>23,450,048</u>	<u>8,154,742</u>
Deficiency of Revenues Under Expenditures	<u>(20,467,160)</u>	<u>(12,105,170)</u>	<u>8,361,990</u>
Other Financing Sources			
Proceeds from issuance of bonds and notes	5,275,000	-	(5,275,000)
Proceeds from sale of capital asset	107,500	184,051	76,551
Transfers in (out), net	12,788,640	8,921,110	(3,867,530)
	<u>18,171,140</u>	<u>9,105,161</u>	<u>(9,065,979)</u>
Change in Fund Balance	<u>\$ (2,296,020)</u>	<u>\$ (3,000,009)</u>	<u>\$ (703,989)</u>

City of Columbus, Nebraska
Schedule of Receipts, Disbursements and Changes in Fund Balances –
Budget to Actual – Cash Basis – Streets/Engineering Fund
For the Year Ended September 30, 2021

	Budgeted Amount Original and Final	Actual	Variance With Final Positive (Negative)
Revenues			
Grants	\$ 1,641,860	\$ 3,281,693	\$ 1,639,833
Fees, taxes, permits, and licenses	2,605,490	3,210,799	605,309
Charges for services	77,520	63,446	(14,074)
Other revenues	46,500	814,413	767,913
Investment income	14,000	13,797	(203)
	<u>4,385,370</u>	<u>7,384,148</u>	<u>2,998,778</u>
Expenditures			
Public works	3,269,740	8,992,452	(5,722,712)
Capital outlay	9,495,000	9,765,915	(270,915)
Other	1,000	9,237	(8,237)
	<u>12,765,740</u>	<u>18,767,604</u>	<u>(6,001,864)</u>
Deficiency of Revenues Under Expenditures	<u>(8,380,370)</u>	<u>(11,383,456)</u>	<u>(3,003,086)</u>
Other Financing Sources			
Proceeds from issuance of bonds and notes	-	-	-
Transfers in (out), net	4,640,000	8,980,898	4,340,898
	<u>4,640,000</u>	<u>8,980,898</u>	<u>4,340,898</u>
Change in Fund Balance	<u>\$ (3,740,370)</u>	<u>\$ (2,402,558)</u>	<u>\$ 1,337,812</u>

City of Columbus, Nebraska
Schedule of Receipts, Disbursements and Changes in Fund Balances –
Budget to Actual – Cash Basis – Sales Tax Fund
For the Year Ended September 30, 2021

	Budgeted Amount Original and Final	Actual	Variance With Final Positive (Negative)
Revenues			
Sales tax	\$ 4,308,330	\$ 5,806,031	\$ 1,497,701
Investment income	130,000	88,884	(41,116)
Total revenues	<u>4,438,330</u>	<u>5,894,915</u>	<u>1,456,585</u>
Expenditures			
Other expenses	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Deficiency of Revenues Under Expenditures	<u>4,438,330</u>	<u>5,894,915</u>	<u>1,456,585</u>
Other Financing Sources			
Transfers in (out), net	<u>(7,044,490)</u>	<u>(4,098,210)</u>	<u>2,946,280</u>
Total other financing sources	<u>(7,044,490)</u>	<u>(4,098,210)</u>	<u>2,946,280</u>
Change in Fund Balance	<u><u>\$ (2,606,160)</u></u>	<u><u>\$ 1,796,705</u></u>	<u><u>\$ 4,402,865</u></u>

City of Columbus, Nebraska
Schedule of Receipts, Disbursements and Changes in Fund Balances –
Budget to Actual – Cash Basis – ½ Cent Sales Tax Fund
For the Year Ended September 30, 2021

	Budgeted Amount Original and Final	Actual	Variance With Final Positive (Negative)
Revenues			
Sales taxes	\$ 2,366,670	\$ 2,582,071	\$ 215,401
Investment income	100,000	29,801	(70,199)
Total revenues	<u>2,466,670</u>	<u>2,611,872</u>	<u>145,202</u>
Expenditures			
Capital	500,000	513,353	(13,353)
Principal	570,000	-	570,000
Other	557,140	584,049	(26,909)
Total expenditures	<u>1,627,140</u>	<u>1,097,402</u>	<u>529,738</u>
Deficiency of Revenues Under Expenditures	<u>839,530</u>	<u>1,514,470</u>	<u>674,940</u>
Other Financing Sources			
Proceeds from issuance of bonds and notes	-	8,177	8,177
Transfers in (out), net	(5,675,000)	(2,479,183)	3,195,817
Total other financing sources	<u>(5,675,000)</u>	<u>(2,471,006)</u>	<u>3,203,994</u>
Change in Fund Balance	<u>\$ (4,835,470)</u>	<u>\$ (956,536)</u>	<u>\$ 3,878,934</u>

City of Columbus, Nebraska
Note to Required Supplementary Information
For the Year Ended September 30, 2021

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.

Amounts presented on a non-GAAP budget basis of accounting differ from those presented in accordance with GAAP due to the treatment afforded accruals, encumbrances, and funds for which legally adopted annual budgets are established. A reconciliation for the year ended September 30, 2021, which discloses the nature and amount of the adjustments necessary to convert the actual GAAP data to the budgetary basis, is presented below:

	General Fund	Streets/ Engineering Fund	Sales Tax Fund	1/2 Cent Tax Fund
Net change in fund balances:				
Balance on a GAAP basis	\$ (125,041)	\$ 5,889,270	\$ 1,818,710	\$ 8,492,192
Basis differences (accruals) occur because the cash basis of accounting used for budgeting differs from the modified accrual basis of accounting prescribed for governmental funds	(2,912,556)	(8,291,828)	(22,005)	(9,448,728)
Perspective differences occur because of the structure of funds used for budgeting differs from financial statement fund types	37,588	-	-	-
	<u>\$ (3,000,009)</u>	<u>\$ (2,402,558)</u>	<u>\$ 1,796,705</u>	<u>\$ (956,536)</u>

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

Independent Auditor's Report

The Honorable Mayor and City Council
City of Columbus, Nebraska

We have audited, in accordance with the 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, each major fund and the aggregate remaining fund information of the City of Columbus, Nebraska (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 4, 2022, which contained "Emphasis of Matters" paragraphs regarding a change in accounting principle and correction of errors.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2021-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2021-002 to be a significant deficiency.

Compliance and Other Matters

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

The City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

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.

BKD, LLP

Omaha, Nebraska
May 4, 2022

City of Columbus, Nebraska
Schedule of Findings and Responses
Year Ended September 30, 2021

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
2021-001	<p>Audit Adjustments Proposed and Restatement of Beginning Balances</p> <p><i>Criteria</i> – Management is responsible for the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.</p> <p><i>Condition</i> – Audit adjustments were proposed to properly report various areas of financial reporting, including restatements of beginning net position and fund balances.</p> <p><i>Effect</i> – Current year adjustments were identified through assistance from the auditor.</p> <p><i>Cause</i> – Procedures were not maintained throughout the year that allowed for the proper evaluation of potential adjustments that, individually or in the aggregate, had a significant effect on the financial statements.</p> <p><i>Recommendation</i> – Management should consider modification to procedures to ensure controls and resources are in place to allow for preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America.</p> <p><i>View of responsible officials and planned corrective action</i> – Management has reviewed the adjustments and will implement procedures to identify and record any necessary entries in the future.</p>

City of Columbus, Nebraska
Schedule of Findings and Responses – Continued
Year Ended September 30, 2021

Reference Number	Finding
2021-002	<p>Segregation of Duties</p> <p><i>Criteria</i> – Management is responsible for the proper segregation of duties to mitigate the risk of loss, theft or misuse of City funds.</p> <p><i>Condition</i> – Due to the limited number of City personnel, the City’s financial recording, access, and reconciling duties are concentrated with a few individuals.</p> <p><i>Effect</i> – Certain City personnel can handle all aspects of processing a transaction from start to finish with no oversight.</p> <p><i>Cause</i> – Due to the limited number of City personnel, segregation of duties is not possible.</p> <p><i>Recommendation</i> – Management should consider the necessity of hiring additional City personnel, while considering the benefits associated with the increase in costs. In addition, the City should consider strengthening existing compensating controls or further separating duties to existing personnel.</p> <p><i>View of responsible officials and planned corrective action</i> – 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.</p>

3. Adjournment.