CITY OF HASTINGS, NEBRASKA

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

September 30, 2022

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AMGL
CPAs & Advisors

SHAREHOLDERS:

Robert D. Almquist
Phillip D. Maltzahn
Marcy J. Luth
Heidi A. Ashby
Christine R. Shenk
Michael E. Hoback
Joseph P. Stump
Kyle R. Overturf
Tracy A. Cannon

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Hastings, Nebraska

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hastings, Nebraska, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hastings, Nebraska, as of September 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Hastings, Nebraska, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note A, the financial statements referred to above include only the primary government of the City of Hastings, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. These financial statements also include the Hastings Community Redevelopment Authority, a discretely presented component unit, of the City of Hastings, Nebraska.

These financial statements do not include financial data for two of the City's legally separate component units (the Hastings Library Foundation, Inc. and the Hastings Museum Foundation, Inc.), which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As

1203 W 2nd Street
P.O. Box 1407
Grand Island, NE 68802
P 308-381-1810
F 308-381-4824
EMAIL cpa@gicpas.com

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a result, the accompanying financial statements do not purport to, and do not present fairly the financial position of the reporting entity of the City of Hastings, as of September 30, 2022, the changes in its financial position or, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the reporting entity of the Hastings Library Foundation, Inc., as of and for the year ended December 31, 2021, and our report thereon, dated June 30, 2022, expressed an unmodified opinion on those financial statements.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the reporting entity of the Hastings Museum Foundation, Inc., as of and for the year ended December 31, 2021, and our report thereon, dated March 4, 2022, expressed an unmodified opinion on those financial statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Hastings, Nebraska’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Hastings, Nebraska's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Hastings, Nebraska's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress – public safety employees retirement system on pages 6-14 and 85-91 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hastings, Nebraska's basic financial statements. The nonmajor governmental funds combining statements, the internal service funds combining statements, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the supplementary information described in the second sentence of this paragraph and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2023, on our consideration of the City of Hastings, Nebraska'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 of Hastings'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 of Hastings, Nebraska's internal control over financial reporting and compliance.

AMGL, P.C.

Grand Island, Nebraska
February 15, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Hastings, we offer readers of the City of Hastings financial statements this narrative overview and analysis of the financial activities of the City of Hastings for the fiscal year ended September 30, 2022.

Financial Highlights

- The assets of the City of Hastings exceeded its liabilities at the close of the most recent fiscal year by $372,337,855 (*net position*). Of this amount, $116,719,427 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Hastings governmental funds reported combined ending net position of $121,835,986. Approximately 28.3 percent of this total amount, $34,468,289 is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $19,124,799, or 93.4 percent of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Hastings that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Hastings include general government, public safety, highways and streets, sanitation, economic development, and cultural activities and recreation. The business-type activities of the City of Hastings include the Landfill, Electric, and Combined System Utilities Fund (which provides gas, water, and sewer services).

The government-wide financial statements include not only the City of Hastings itself (known as the *primary government*), but also the legally separate Community Redevelopment Authority for which the City of Hastings is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 15 and 16 of this report.

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

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

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

The City of Hastings maintains 29 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Street Fund, the Museum Fund, and the Debt Service Fund all of which are considered to be major funds. Data from the other 25 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 17-20 of this report.

Proprietary funds. The City of Hastings maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Hastings uses enterprise funds to account for its Landfill, Electric and Combined System Utilities Funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Hastings' various functions. The City of Hastings uses internal service funds to account for its employee health insurance and IT services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Landfill, Electric, and Combined System Utilities Funds, all of which are considered to be major funds of the City of Hastings.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-84 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Hastings' budgetary comparison schedules and schedule of funding progress for the public safety retirement system. Required supplementary information can be found on pages 85-91 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining fund statements can be found on pages 92-98 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Hastings, assets exceeded liabilities by $372,337,855 at the close of the most recent fiscal year.

Summary Statements of Net Position

	September 30, 2022			September 30, 2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	$ 56,419,875	$ 99,786,060	$ 156,205,935	$ 52,538,206	$ 99,238,072	$ 151,776,278
Capital Assets	76,555,204	178,235,330	254,790,534	75,619,006	176,732,008	252,351,014
Total Assets	132,975,079	278,021,390	410,996,469	128,157,212	275,970,080	404,127,292
Long-term Liabilities	6,267,287	18,478,199	24,745,486	6,683,621	19,505,136	26,188,757
Other Liabilities	4,871,806	9,041,322	13,913,128	6,530,780	10,101,023	16,631,803
Total Liabilities	11,139,093	27,519,521	38,658,614	13,214,401	29,606,159	42,820,560
Net Position:						
Net Investment in Capital Assets	71,291,730	167,746,652	239,038,382	69,892,865	164,966,788	234,859,653
Restricted	16,075,967	504,079	16,580,046	12,370,458	385,336	12,755,794
Unrestricted	34,468,289	82,251,138	116,719,427	32,679,488	81,011,797	113,691,285
Total Net Position	$ 121,835,986	$ 250,501,869	$ 372,337,855	$ 114,942,811	$ 246,363,921	$ 361,306,732

By far, the largest portion of the City of Hastings' net position (64.2 percent) reflects its investment in capital assets (land, infrastructure, buildings, machinery, vehicles, and equipment), net of any related debt used to acquire those assets that is still outstanding. The City of Hastings uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Hastings' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Hastings' net position (4.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* ($116,719,427) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Expenses and Program Revenues - Governmental Activities

	Year Ended September 30, 2022		Year Ended September 30, 2021	
Function	**Program Revenues**	**Program Expenses**	**Program Revenues**	**Program Expenses**
General Government	$ 3,720,228	$ 6,721,289	$ 2,611,185	$ 5,726,305
Public Safety	1,096,336	9,257,467	1,384,585	8,365,774
Public Works	3,672,891	5,613,260	7,587,380	3,375,797
Environment & Leisure	2,350,152	5,941,197	1,714,617	5,164,885
Economic Development	-	99,735	1,050	1,050
Interest and Bond Fees	-	78,184	-	86,267
Depreciation	-	4,541,139	-	4,185,017
Total	$ 10,839,607	$ 32,252,271	$ 13,298,817	$ 26,905,095

Revenues by Source - Governmental Activities

	Year Ended September 30, 2022		Year Ended September 30, 2021	
Charges for Services	$ 5,776,534	14.76 %	$ 4,720,282	11.93 %
Operating Grants & Contributions	1,142,258	2.92	1,146,777	2.90
Capital Grants & Contributions	3,920,815	10.02	7,431,758	18.77
Property Taxes	7,190,987	18.37	6,912,033	17.46
Motor Vehicle Taxes	583,778	1.49	588,983	1.49
Wheel Tax	383,685	0.98	385,795	0.97
Payments in Lieu of Taxes	4,032,702	10.30	4,626,984	11.69
Occupation Taxes	309,758	0.79	273,334	0.69
Sales Tax	8,555,991	21.86	7,809,641	19.73
Franchise Taxes	418,538	1.07	428,406	1.08
State Allocation	4,763,692	12.17	4,820,991	12.18
Keno	295,049	0.75	217,653	0.55
Special Assessments	1,209,373	3.09	43,506	0.11
Miscellaneous	129,323	0.33	26,124	0.07
Interest	284,818	0.73	169,194	0.43
Gain (Loss) on Sale of Assets	148,145	0.38	(18,134)	(0.05)
Total	$ 39,145,446	100.00 %	$ 39,583,327	100.00 %

Net position increased $6,893,175 in the governmental funds during the year ended September 30, 2022.

Business-type activities. Business-type activities increased the City of Hastings' net position by $4,137,948, accounting for 37.5 percent of the total growth in the government's net position for the year ended September 30, 2022. Key elements of this increase are as follows:

Expenses and Program Revenues - Business-type Activities

	Year Ended September 30, 2022		Year Ended September 30, 2021	
Function	Program Revenues	Program Expenses	Program Revenues	Program Expenses
Landfill	$ 2,592,018	$ 2,177,634	$ 2,540,138	$ 2,312,214
Electric	65,334,182	63,770,525	57,211,831	45,580,858
Combined System Utilities	24,658,912	23,638,740	27,286,784	27,682,190
Total	$ 92,585,112	$ 89,586,899	$ 87,038,753	$ 75,575,262

Revenues by Source - Business-type Activities

	Year Ended September 30, 2022		Year Ended September 30, 2021	
Charges for Services	$ 92,267,283	98.44 %	$ 85,405,869	96.97 %
Capital Grants & Contributions	317,829	0.34	1,632,884	1.86
Miscellaneous	856,306	0.91	884,152	1.00
Interest	307,444	0.33	149,943	0.17
Loss on Disposal of Assets	(24,015)	(0.02)	-	-
Total	$ 93,724,847	100.00 %	$ 88,072,848	100.00 %

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the City of Hastings' *governmental* funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Hastings' financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Hastings' governmental funds reported combined ending fund balances of $42,469,517. Approximately 40.3 percent of this total amount ($19,124,313) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balances is not available for new spending because it has already been 1) placed in a nonspendable endowment for cemetery perpetual care ($85,850), 2) restricted for street improvements ($6,943,045), 3) restricted for federal programs ($4,380,764), 4) restricted for capital projects ($1,379,640), 5) restricted for debt service ($1,715,866), 6) restricted for the Aquatic Center ($276,447), 7) restricted for museum projects ($959,809), 8) restricted for community betterment ($273,934), 9) restricted for other purposes ($60,612), 10) assigned for budgetary stabilization ($5,437,569), 11) assigned for equipment replacement ($239,996), or 12) assigned for a variety of other purposes ($1,591,672).

The General Fund is the chief operating fund of the City of Hastings. At the end of the current fiscal year, unassigned fund balance of the General Fund was $19,124,799, while total fund balance reached $24,562,368. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 93.4 percent of total General Fund expenditures, while total fund balance represents 119.9 percent of that same amount.

The fund balance of the City of Hastings' General Fund decreased by $103,625 during the current fiscal year.

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

Unrestricted net position of the proprietary funds at the end of the year were as follows: Landfill Fund - $5,219,826, Electric Fund - $44,850,545, and Combined System Utilities Fund – $32,180,767. The change in net position for the proprietary funds was as follows: Landfill Fund - $422,510, Electric Fund - $2,326,981, and Combined System Utilities Fund – $1,388,457. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of Hastings' business-type activities.

Budgetary Highlights

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

Capital Assets. The City of Hastings' investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounts to $254,790,534 (net of accumulated depreciation). This investment in capital assets includes land, building and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. Major capital asset projects during the year ended September 30, 2022, included:

- 938M wheel loader for landfill - $241,230
- 926M wheel loader - $172,114
- Construction costs on airport snow removal equipment building - $684,625
- Final construction costs on fire station #1 remodeling - $262,609
- Final construction costs on museum patio project - $172,383
- Crosier Park restrooms - $174,432
- Recreation fields lighting - $294,000
- Street sweeper - $331,645
- Construction in progress on sidewalk improvements - $292,487
- Final construction costs on US-6 and US-34 - $1,179,654
- Final construction costs paid by NDOT on S 6-4 Hastings-Lochland project - $248,634

- Construction in progress on Parkview Cemetery paving project - $219,272
- Construction in progress on Unit 4 turbine overhaul - $507,105
- Construction in progress on Unit 5 turbine overhaul - $481,679
- Construction in progress on WEC distribution system switchgear project - $260,566
- Replace Don Henry sub transformer - $286,707
- Construction in progress on primary digester improvements - $422,410
- Construction in progress to demo two bays to modify RBC building - $264,454
- Yost building purchase - $901,041
- Construction in progress on Yost building modifications - $405,632
- Construction in progress on substation garage at North Denver Station - $728,749
- AMI project phase one costs - $910,983

City of Hastings' Capital Assets
(net of depreciation)

	Year Ended September 30, 2022			Year Ended September 30, 2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	$ -	$ 6,265,168	$ 6,265,168	$ -	$ 6,265,168	$ 6,265,168
Construction in Progress	1,144,936	12,246,188	13,391,124	12,280,915	9,682,430	21,963,345
Infrastructure	46,730,069	-	46,730,069	36,662,607	-	36,662,607
Buildings & Equipment	28,680,199	-	28,680,199	26,675,484	-	26,675,484
Landfill	-	7,769,398	7,769,398	-	7,932,658	7,932,658
Electric	-	65,324,815	65,324,815	-	66,391,313	66,391,313
Electric Non-Utility Plant	-	7,788,482	7,788,482	-	8,398,418	8,398,418
Gas	-	800,496	800,496	-	1,532,162	1,532,162
Water	-	44,811,259	44,811,259	-	44,199,567	44,199,567
Pollution Control	-	30,130,008	30,130,008	-	31,689,259	31,689,259
Administrative	-	3,099,516	3,099,516	-	641,033	641,033
Total	$ 76,555,204	$ 178,235,330	$ 254,790,534	$ 75,619,006	$ 176,732,008	$ 252,351,014

Additional information on the City of Hastings' capital assets can be found in Note C4 on pages 51-54 of this report.

Long-term debt. At the end of the current fiscal year, the City of Hastings had total long-term debt outstanding of $15,752,152. Of this amount, $4,656,503 comprises debt backed by the full faith and credit of the government. The remainder of the City of Hastings' debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) and financing agreements.

City of Hastings' Outstanding Debt

	Year Ended September 30, 2022			Year Ended September 30, 2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General Obligation Bonds	$ 4,656,503	$ -	$ 4,656,503	$ 5,054,176	$ -	$ 5,054,176
Revenue Bonds	-	7,620,000	7,620,000	-	8,320,000	8,320,000
Note Payable	213,520	2,276,372	2,489,892	251,200	2,409,186	2,660,386
Financing Agreements	393,451	592,306	985,757	420,765	1,036,034	1,456,799
Total	$ 5,263,474	$ 10,488,678	$ 15,752,152	$ 5,726,141	$ 11,765,220	$ 17,491,361

The City of Hastings' total debt decreased by $1,739,209 (9.9 percent) during the current fiscal year due to scheduled principal payments.

Additional information on the City of Hastings' long-term debt can be found in Note C6 on pages 54-63 of this report.

Economic Factors and Next Year's Budgets and Rates

The City's Enterprise Funds maintained strong cash positions and the City has been able to keep up with the increasing costs of operations.

- Property tax asking for the year ending September 30, 2023 of $7,497,280 is $309,093 (4.3 percent) higher than the prior year. The property valuation increased 10.5 percent over the prior year.

- At September 30, 2022, the City had contractual commitments totaling $1,536,693 on 14 different capital projects, nine of which are expected to be completed during the next fiscal year.

All of these factors were considered in preparing the City of Hastings' budget for the 2023 fiscal year.

Request for Information

This financial report is designed to provide a general overview of the City of Hastings' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Treasurer, City of Hastings, 220 N Hastings, Hastings, NE 68901.

CITY OF HASTINGS, NEBRASKA

STATEMENT OF NET POSITION

September 30, 2022

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Current assets:				
Cash and cash equivalents	$ 26,426,426	$ 55,772,361	$ 82,198,787	$ 1,320,607
Certificates of deposit	4,283,460	25,543,575	29,827,035	-
County treasurer cash	346,537	-	346,537	38,059
Receivables:				
Accounts, net of allowance for doubtful accounts	724,133	9,083,866	9,807,999	297,473
Special assessments	2,000,591	-	2,000,591	-
Current portion of note receivable	-	-	-	344,000
Current portion of TIF receivables	-	-	-	953,690
Interest	23,773	50,947	74,720	-
Property tax	225,993	-	225,993	13,066
Due from (to) other funds	4,456,455	(4,456,455)	-	-
Due from other governments	2,069,353	-	2,069,353	-
Inventory	24,295	8,455,532	8,479,827	-
Total current assets	40,581,016	94,449,826	135,030,842	2,966,895
Noncurrent assets:				
Restricted cash and cash equivalents	13,182,797	1,316,446	14,499,243	208,452
Restricted certificates of deposit	2,656,062	4,019,788	6,675,850	-
Noncurrent portion of note receivable	-	-	-	1,371,556
Noncurrent portion of TIF receivables	-	-	-	8,161,262
Property held for resale	-	-	-	780,103
Capital assets:				
Construction in progress	1,144,936	12,246,188	13,391,124	-
Other capital assets, net of depreciation	75,410,268	165,989,142	241,399,410	246,997
Net capital assets	76,555,204	178,235,330	254,790,534	246,997
Total noncurrent assets	92,394,063	183,571,564	275,965,627	10,768,370
Total assets	132,975,079	278,021,390	410,996,469	13,735,265
LIABILITIES				
Current liabilities:				
Accounts payable	1,327,460	7,149,878	8,477,338	89,529
Accrued wages	212,025	606,829	818,854	-
Accrued interest	16,462	12,016	28,478	-
Sales tax payable	-	230,765	230,765	-
Customer deposits	6,877	562,215	569,092	-
Claims incurred not paid	546,377	-	546,377	-
Unavailable property tax and assessments	2,144,275	-	2,144,275	8,311
Current portion of TIF payables	-	-	-	905,555
Current portion of long-term obligations	618,330	479,619	1,097,949	6,392
Total current liabilities	4,871,806	9,041,322	13,913,128	1,009,787
Noncurrent liabilities:				
Compensated absences - noncurrent	1,622,143	3,400,680	5,022,823	-
Closure/post-closure liability	-	5,068,460	5,068,460	-
Noncurrent portion of TIF payables	-	-	-	8,018,318
Noncurrent portion of long-term obligations	4,645,144	10,009,059	14,654,203	100,313
Total noncurrent liabilities	6,267,287	18,478,199	24,745,486	8,118,631
Total liabilities	11,139,093	27,519,521	38,658,614	9,128,418
NET POSITION				
Net investment in capital assets	71,291,730	167,746,652	239,038,382	246,997
Restricted for:				
Debt service	1,715,866	47,471	1,763,337	-
Landfill closure/post-closure costs	-	456,608	456,608	-
Perpetual care - permanent	85,850	-	85,850	-
Street improvements	6,943,045	-	6,943,045	-
Federal programs	4,380,764	-	4,380,764	-
Capital projects	1,379,640	-	1,379,640	-
Economic development	-	-	-	208,452
Aquatic Center	276,447	-	276,447	-
Museum projects	959,809	-	959,809	-
Community betterment	273,934	-	273,934	-
Other purposes	60,612	-	60,612	-
Unrestricted	34,468,289	82,251,138	116,719,427	4,151,398
Total net position	$ 121,835,986	$ 250,501,869	$ 372,337,855	$ 4,606,847

See notes to financial statements.

CITY OF HASTINGS, NEBRASKA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2022

		Program Revenues	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental activities:			
General government	$ 6,721,289	$ 3,161,130	$ 559,098
Public safety	9,257,467	788,417	303,359
Public works	5,613,260	685,135	-
Environment and leisure	5,941,197	1,141,852	279,801
Economic development	99,735	-	-
Interest and fees on long-term debt	78,184	-	-
Depreciation	4,541,139	-	-
Total governmental activities	32,252,271	5,776,534	1,142,258
Business-type activities:			
Landfill	2,177,634	2,592,018	-
Electric	63,770,525	65,131,679	-
Combined System Utilities	23,638,740	24,543,586	-
Total business-type activities	89,586,899	92,267,283	-
Total primary government	$ 121,839,170	$ 98,043,817	$ 1,142,258
Component unit:			
Community Redevelopment Authority	$ 338,976	$ 50,715	$ 31,780

See notes to financial statements.

	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position — Primary Government: Governmental Activities	Business-type Activities	Total	Component Unit
	$ -	$ (3,001,061)		$ (3,001,061)	
	4,560	(8,161,131)		(8,161,131)	
	2,987,756	(1,940,369)		(1,940,369)	
	928,499	(3,591,045)		(3,591,045)	
	-	(99,735)		(99,735)	
	-	(78,184)		(78,184)	
	-	(4,541,139)		(4,541,139)	
	3,920,815	(21,412,664)	$ -	(21,412,664)	
	-	-	414,384	414,384	
	202,503	-	1,563,657	1,563,657	
	115,326	-	1,020,172	1,020,172	
	317,829	-	2,998,213	2,998,213	
	$ 4,238,644	(21,412,664)	2,998,213	(18,414,451)	
	$ -				$ (256,481)
General revenues:					
Taxes:					
Property		7,190,987	-	7,190,987	411,848
Motor vehicle		583,778	-	583,778	-
Wheel tax		383,685	-	383,685	-
Payments in lieu of taxes		4,032,702	-	4,032,702	-
Occupation		309,758	-	309,758	-
Sales tax		8,555,991	-	8,555,991	-
Franchise		418,538	-	418,538	-
State allocation		4,763,692	-	4,763,692	-
Keno		295,049	-	295,049	-
Special assessments		1,209,373	-	1,209,373	-
Miscellaneous		129,323	856,306	985,629	-
Interest income		284,818	307,444	592,262	12,182
Gain (loss) on disposal of assets		148,145	(24,015)	124,130	(6,616)
Total general revenues		28,305,839	1,139,735	29,445,574	417,414
Change in net position		6,893,175	4,137,948	11,031,123	160,933
Net position - September 30, 2021		114,942,811	246,363,921	361,306,732	4,445,914
Net position - September 30, 2022		$ 121,835,986	$ 250,501,869	$ 372,337,855	$ 4,606,847

CITY OF HASTINGS, NEBRASKA

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2022

	General Fund	Street Fund	Museum Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 15,014,675	$ 2,420,156	$ 552,133	$ 1,108,944	$ 10,833,696	$ 29,929,604
Certificates of deposit	3,683,460	1,600,000	-	600,000	456,062	6,339,522
County treasurer cash	247,776	29,565	49,300	19,896	-	346,537
Receivables:						
Accounts, net of allowance for doubtful accounts	601,572	3,603	31,949	-	87,009	724,133
Special assessments	-	-	-	2,000,591	-	2,000,591
Interest	22,622	-	-	-	1,151	23,773
Property tax	178,359	-	32,883	14,751	-	225,993
Due from other funds	4,456,455	-	-	-	-	4,456,455
Due from other governments	1,200,347	-	-	-	869,006	2,069,353
Inventory	-	-	24,295	-	-	24,295
Total assets	$ 25,405,266	$ 4,053,324	$ 690,560	$ 3,744,182	$ 12,246,924	$ 46,140,256
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 557,300	$ 246,542	$ 82,589	$ -	$ 418,581	$ 1,305,012
Accrued wages	167,060	16,244	12,999	-	-	196,303
Accrued interest	-	-	-	16,462	-	16,462
Sales tax payable	145	-	1,665	-	-	1,810
Customer deposits	5,000	-	-	1,877	-	6,877
Unavailable receivables	113,393	-	20,905	2,009,977	-	2,144,275
Total liabilities	842,898	262,786	118,158	2,028,316	418,581	3,670,739
Fund balances:						
Nonspendable:						
Cemetery perpetual care	-	-	-	-	85,850	85,850
Restricted for:						
Street improvements	-	3,790,538	-	-	3,152,507	6,943,045
Federal programs	-	-	-	-	4,380,764	4,380,764
Capital projects	-	-	-	-	1,379,640	1,379,640
Debt service	-	-	-	1,715,866	-	1,715,866
Aquatic Center	-	-	-	-	276,447	276,447
Museum projects	-	-	-	-	959,809	959,809
Community betterment	-	-	-	-	273,934	273,934
Other purposes	-	-	-	-	60,612	60,612
Assigned for:						
Budgetary stabilization	5,437,569	-	-	-	-	5,437,569
Equipment replacement	-	-	-	-	239,996	239,996
Other purposes	-	-	572,402	-	1,019,270	1,591,672
Unassigned	19,124,799	-	-	-	(486)	19,124,313
Total fund balances	24,562,368	3,790,538	572,402	1,715,866	11,828,343	42,469,517
Total liabilities and fund balances	$ 25,405,266	$ 4,053,324	$ 690,560	$ 3,744,182	$ 12,246,924	$ 46,140,256

See notes to financial statements.

CITY OF HASTINGS, NEBRASKA

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

September 30, 2022

Total fund balances - governmental funds		$ 42,469,517
Amounts reported for *governmental activities* in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $152,565,426 and the accumulated depreciation is $76,010,222.		76,555,204
Internal service funds are used by management to charge the costs of certain activities, such as information technology, fleet services, and insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		9,638,383
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Noncurrent compensated absences	$ (1,563,644)	
Financing agreements	(393,451)	
Note payable	(213,520)	
General obligation bonds payable	(4,656,503)	(6,827,118)
Total net position - governmental activities		$ 121,835,986

See notes to financial statements.

CITY OF HASTINGS, NEBRASKA

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

For the year ended September 30, 2022

	General Fund	Street Fund	Museum Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	$ 5,658,127	$ 18,480	$ 1,067,414	$ 446,966	$ -	$ 7,190,987
Motor vehicle	454,993	-	90,867	37,918	-	583,778
Wheel tax	-	383,685	-	-	-	383,685
Occupation	55,955	-	253,803	-	-	309,758
Sales tax	5,703,797	-	-	-	2,852,194	8,555,991
Franchise	418,538	-	-	-	-	418,538
In lieu of tax	4,032,702	-	-	-	-	4,032,702
Intergovernmental	1,778,160	3,342,958	-	-	-	5,121,118
Keno	-	-	-	-	295,049	295,049
Special assessments	-	-	-	1,139,629	69,744	1,209,373
Charges for services	3,644,493	154,046	398,940	-	56,792	4,254,271
Grants	741,171	497,372	117,842	-	2,787,636	4,144,021
Contributions	25,000	-	89,832	-	198,160	312,992
Interest income	92,242	15,538	-	112,978	37,270	258,028
Insurance proceeds	175,378	-	-	-	-	175,378
Other revenue	111,971	13,637	3,714	-	-	129,322
Total revenues	22,892,527	4,425,716	2,022,412	1,737,491	6,296,845	37,374,991
EXPENDITURES						
General government	4,335,305	-	-	-	341,155	4,676,460
Public safety	9,606,215	-	-	-	39,699	9,645,914
Public works	434,065	3,245,390	-	-	2,051,961	5,731,416
Environment and leisure	4,328,145	-	1,675,299	-	132,843	6,136,287
Economic development	-	-	-	-	99,735	99,735
Capital outlay	1,741,235	259,219	264,351	-	2,659,485	4,924,290
Principal payments on debt	37,680	187,952	-	397,672	-	623,304
Interest on long-term debt	-	1,505	-	65,008	-	66,513
Bond/loan fees	-	-	-	800	-	800
Total expenditures	20,482,645	3,694,066	1,939,650	463,480	5,324,878	31,904,719
Excess (deficiency) of revenues over expenditures	2,409,882	731,650	82,762	1,274,011	971,967	5,470,272
OTHER FINANCING SOURCES (USES)						
Transfers in	63,000	-	-	98,871	1,991,000	2,152,871
Transfers out	(2,576,507)	-	(50,000)	(1,000,000)	(111,871)	(3,738,378)
Net transfers	(2,513,507)	-	(50,000)	(901,129)	1,879,129	(1,585,507)
Net change in fund balances	(103,625)	731,650	32,762	372,882	2,851,096	3,884,765
Fund balances - September 30, 2021	24,665,993	3,058,888	539,640	1,342,984	8,977,247	38,584,752
Fund balances - September 30, 2022	$ 24,562,368	$ 3,790,538	$ 572,402	$ 1,715,866	$ 11,828,343	$ 42,469,517

See notes to financial statements.

CITY OF HASTINGS, 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, 2022

Total net change in fund balances - governmental funds	$ 3,884,765
Amounts reported for *governmental activities* in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay ($5,504,570) exceeded depreciation expense ($4,541,139) and a new financing agreement ($331,645). (Capital assets of $248,635 were funded directly by grants.)	631,786
Losses on disposal of capital assets are not shown in the governmental fund financial statements. However, in the statement of activities, the loss is reported as a reduction to asset sales proceeds.	(27,233)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and information technology services, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities in the statement of activities.	1,573,770
The change in noncurrent compensated absences is reported as an expense in the statement of net position. Noncurrent compensated absences are not reported in the governmental funds.	35,775
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	794,312
Change in net position of governmental activities	$ 6,893,175

See notes to financial statements.

CITY OF HASTINGS, NEBRASKA

STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS

September 30, 2022

	Enterprise Funds				Internal
	Landfill Fund	Electric Fund	Combined System Utilities Fund	Total	Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	$ 2,720,758	$ 44,736,001	$ 8,315,602	$ 55,772,361	$ 9,679,619
Certificates of deposit	2,500,000	10,793,954	12,249,621	25,543,575	600,000
Receivables:					
Accounts receivable	198,249	6,229,359	2,656,258	9,083,866	-
Interest	12,807	27,695	10,445	50,947	-
Intercompany	-	(12,993,681)	12,993,681	-	-
Inventory	-	6,022,057	2,433,475	8,455,532	-
Total current assets	5,431,814	54,815,385	38,659,082	98,906,281	10,279,619
Noncurrent assets:					
Restricted cash and cash equivalents	-	1,268,975	47,471	1,316,446	-
Restricted certificates of deposit	4,019,788	-	-	4,019,788	-
Capital assets:					
Construction in progress	-	4,121,614	8,124,574	12,246,188	-
Electric distribution system	-	208,964,121	-	208,964,121	-
Gas distribution system	-	-	36,611,265	36,611,265	-
Water distribution system	-	-	57,316,138	57,316,138	-
Pollution control distribution system	-	-	68,974,297	68,974,297	-
Administrative equipment	-	-	3,904,399	3,904,399	-
Buildings and equipment	13,029,085	-	-	13,029,085	-
Less accumulated depreciation	(5,259,687)	(141,487,757)	(83,851,201)	(230,598,645)	-
Non-utility plant	-	15,866,333	-	15,866,333	-
Less non-utility accumulated depreciation	-	(8,077,851)	-	(8,077,851)	-
Net capital assets	7,769,398	79,386,460	91,079,472	178,235,330	-
Total noncurrent assets	11,789,186	80,655,435	91,126,943	183,571,564	-
Total assets	17,221,000	135,470,820	129,786,025	282,477,845	10,279,619
LIABILITIES					
Current liabilities:					
Accounts payable	75,452	4,982,986	2,091,440	7,149,878	20,638
In lieu of tax payable to City	-	2,846,271	1,610,184	4,456,455	-
Accrued wages	9,187	284,148	313,494	606,829	15,722
Accrued interest	13,477	-	(1,461)	12,016	-
Sales tax payable	-	7,697	223,068	230,765	-
Customer deposits	-	-	562,215	562,215	-
Claims incurred not paid	-	-	-	-	546,377
Current portion of long-term debt	342,612	-	137,007	479,619	-
Total current liabilities	440,728	8,121,102	4,935,947	13,497,777	582,737
Noncurrent liabilities:					
Compensated absences - noncurrent	113,872	1,607,433	1,679,375	3,400,680	58,499
Closure/post closure liability	3,563,180	1,505,280	-	5,068,460	-
Noncurrent portion of long-term debt	249,694	-	9,759,365	10,009,059	-
Total noncurrent liabilities	3,926,746	3,112,713	11,438,740	18,478,199	58,499
Total liabilities	4,367,474	11,233,815	16,374,687	31,975,976	641,236
NET POSITION					
Net investment in capital assets	7,177,092	79,386,460	81,183,100	167,746,652	-
Restricted for:					
Debt service	-	-	47,471	47,471	-
Closure/post-closure costs	456,608	-	-	456,608	-
Unrestricted	5,219,826	44,850,545	32,180,767	82,251,138	9,638,383
Total net position	$ 12,853,526	$ 124,237,005	$ 113,411,338	$ 250,501,869	$ 9,638,383

See notes to financial statements.

CITY OF HASTINGS, NEBRASKA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS

For the year ended September 30, 2022

	Enterprise Funds				
	Landfill Fund	Electric Fund	Combined System Utilities Fund	Total	Internal Service Funds
Operating revenues:					
Sales	$ 2,572,974	$ 62,662,440	$ 24,543,586	$ 89,779,000	$ -
Health insurance revenue	-	-	-	-	9,939,369
I T charges	-	-	-	-	1,522,262
Other revenue	19,044	-	-	19,044	-
Total operating revenues	2,592,018	62,662,440	24,543,586	89,798,044	11,461,631
Operating expenses:					
Cost of power	-	32,009,886	-	32,009,886	-
Production	-	12,751,893	7,109,463	19,861,356	-
Water and sewer treatment	-	-	2,140,993	2,140,993	-
Transmission and distribution	-	1,704,542	2,211,766	3,916,308	-
Sewer line expenses	-	-	516,108	516,108	-
General and administrative	-	8,221,097	5,391,386	13,612,483	-
Personnel costs	862,147	-	-	862,147	1,180,057
Utilities	11,678	-	-	11,678	620
Repairs and maintenance	162,583	-	-	162,583	-
Contractual services	134,943	-	-	134,943	-
Supplies	11,126	-	-	11,126	1,153
Professional fees	108,261	-	-	108,261	-
Fuel	163,383	-	-	163,383	-
Dues and training	2,494	-	-	2,494	4,773
Insurance	34,518	-	-	34,518	8,987,788
Computer software and equipment	-	-	-	-	1,314,895
Bad debts expense (recovery)	(15,681)	-	-	(15,681)	-
Miscellaneous	11,332	-	-	11,332	-
Depreciation	661,659	5,693,616	4,552,888	10,908,163	-
Total operating expenses	2,148,443	60,381,034	21,922,604	84,452,081	11,489,286
Operating income	443,575	2,281,406	2,620,982	5,345,963	(27,655)
Nonoperating revenues (expenses):					
Interest income	32,141	197,084	78,219	307,444	26,790
Participation and capacity agreements	-	665,627	-	665,627	-
Interest expense	(29,191)	-	(131,070)	(160,261)	(10,872)
Non-utility plan depreciation	-	(609,936)	-	(609,936)	-
Payments in lieu of taxes	-	(2,534,343)	(1,498,359)	(4,032,702)	-
Net coal sales	-	1,803,612	-	1,803,612	-
Loss on disposal of capital assets	(24,015)	-	-	(24,015)	-
Miscellaneous income	-	566,240	290,066	856,306	-
Miscellaneous expense	-	(245,212)	(86,707)	(331,919)	-
Contributions in aid of construction	-	202,503	115,326	317,829	-
Total nonoperating revenues (expenses)	(21,065)	45,575	(1,232,525)	(1,208,015)	15,918
Excess (deficiency) of revenues over expenditures	422,510	2,326,981	1,388,457	4,137,948	(11,737)
OTHER FINANCING SOURCES					
Transfers in	-	-	-	-	1,585,507
Change in net position	422,510	2,326,981	1,388,457	4,137,948	1,573,770
Net position - September 30, 2021	12,431,016	121,910,024	112,022,881	246,363,921	8,064,613
Net position - September 30, 2022	$ 12,853,526	$ 124,237,005	$ 113,411,338	$ 250,501,869	$ 9,638,383

See notes to financial statements.

CITY OF HASTINGS, NEBRASKA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the year ended September 30, 2022

	Enterprise Funds	
	Landfill Fund	Electric Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	$ 2,721,866	$ 74,132,142
Receipts from other funds	-	-
Payments to suppliers	(598,343)	(57,106,433)
Payments to employees	(869,514)	(9,234,268)
Net cash provided by operating activities	1,254,009	7,791,441
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Increase in interfund loans	-	2,235,885
Payments in lieu of taxes	-	(2,534,343)
Transfer from General Fund	-	-
Net cash provided (used) by noncapital financing activities	-	(298,458)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(521,977)	(4,450,494)
Contributions in aid of construction	-	202,503
Sales proceeds on capital assets	25,794	-
Principal payments on capital debt	(443,728)	-
Interest paid on capital debt	(38,116)	-
Net cash used by capital and related financing activities	(978,027)	(4,247,991)
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) decrease in certificates of deposit	-	1,955
Increase in restricted certificates of deposit	(74,093)	-
Interest received	21,617	174,522
Net cash provided (used) by investing activities	(52,476)	176,477
Increase (decrease) in cash and cash equivalents	223,506	3,421,469
Cash and cash equivalents - beginning of the year	2,497,252	42,583,507
Cash and cash equivalents - end of the year	$ 2,720,758	$ 46,004,976
Composition of cash and cash equivalents:		
Cash and cash equivalents	$ 2,720,758	$ 44,736,001
Restricted cash and cash equivalents	-	1,268,975
Total cash and cash equivalents	$ 2,720,758	$ 46,004,976

See notes to financial statements.

Combined System Utilities Fund	Total	Internal Service Funds
$ 25,852,300	$ 102,706,308	$ -
-	-	11,461,631
(9,606,829)	(67,311,605)	(9,813,099)
(8,441,162)	(18,544,944)	(1,185,506)
7,804,309	16,849,759	463,026
(2,235,885)	-	-
(1,498,359)	(4,032,702)	-
-	-	1,585,507
(3,734,244)	(4,032,702)	1,585,507
(8,247,579)	(13,220,050)	-
115,326	317,829	-
-	25,794	-
(832,814)	(1,276,542)	-
(156,167)	(194,283)	(10,872)
(9,121,234)	(14,347,252)	(10,872)
(8,296,744)	(8,294,789)	-
-	(74,093)	-
(4,434)	191,705	26,790
(8,301,178)	(8,177,177)	26,790
(13,352,347)	(9,707,372)	2,064,451
21,715,420	66,796,179	7,615,168
$ 8,363,073	$ 57,088,807	$ 9,679,619
$ 8,315,602	$ 55,772,361	$ 9,679,619
47,471	1,316,446	-
$ 8,363,073	$ 57,088,807	$ 9,679,619

CITY OF HASTINGS, NEBRASKA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS, Continued

For the year ended September 30, 2022

	Enterprise Funds	
	Landfill Fund	Electric Fund
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	$ 443,575	$ 2,281,406
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	661,659	6,331,638
Participation and capacity agreements	-	665,627
Miscellaneous income, net of expenses	-	1,514,704
Change in assets and liabilities:		
Accounts receivable	129,848	251,338
Inventories	-	(2,690,229)
Accounts payable	26,294	(743,634)
Claims incurred not paid	-	-
Accrued expenses	(7,367)	180,591
Customer deposits	-	-
Net cash provided by operating activities	$ 1,254,009	$ 7,791,441

See notes to financial statements.

Combined System Utilities Fund	Total	Internal Service Funds
$ 2,620,982	$ 5,345,963	$ (27,655)
4,673,622	11,666,919	-
-	665,627	-
277,963	1,792,667	-
1,030,751	1,411,937	-
(413,084)	(3,103,313)	-
155,980	(561,360)	(37,204)
-	-	533,334
(517,865)	(344,641)	(5,449)
(24,040)	(24,040)	-
$ 7,804,309	$ 16,849,759	$ 463,026

CITY OF HASTINGS, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

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CITY OF HASTINGS, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Hastings, Nebraska (City) are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

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

1. Financial Reporting Entity

The City of Hastings, Nebraska, was incorporated in 1874. The City operates under a Mayor-Council form of government with an elected part-time chief executive, Mayor, and an elected legislative body, Council, composed of eight members. The administration of the City government is performed under the direction of the Mayor by the City Administrator. Services provided to residents include public safety; highways and streets; planning and zoning; parks; recreation; urban development; electric, water, and sanitary sewer systems; sanitary landfill; and general administrative services.

The City's financial reporting entity comprises the following:

Primary Government:	City of Hastings
Discretely Presented Component Units:	Hastings Community Redevelopment Authority

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 61, and has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable, and, as such, should be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. Additionally, the primary government is required to consider other organizations 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Blended Component Units

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

Discretely Presented Component Units

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

	Brief Description of Activities and Relationship To The City:
Hastings Community Redevelopment Authority	Created to develop, finance, and maintain certain areas of the City in need of improvement and development. The CRA can borrow money, issue bonds, and request a levy of taxes under the City's overall levy limits. The CRA's annual budget is subject to the City Council's approval.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Discretely Presented Component Units, continued

	Brief Description of Activities and Relationship To The City:
Hastings Library Foundation, Inc.	Created for the exclusive purpose to raise funds to support the City's library. The entity has a December 31 year end, so their financial results have not been included in the accompanying audited financial statements. The Foundation's audited financial statements for the year ended December 31, 2021 can be obtained by contacting the Foundation treasurer.
Hastings Museum Foundation, Inc.	Created for the exclusive purpose to raise funds to support the City's museum. The entity has a December 31 year end, so their financial results have not been included in the accompanying audited financial statements. The Foundation's audited financial statements for the year ended December 31, 2021 can be obtained by contacting the Foundation treasurer.

2. Basis of Presentation

Government-wide Financial Statements

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fund Financial Statements

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

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

b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Governmental Funds, continued

Capital Project Funds

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

Debt Service Fund

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

Permanent Fund

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

Proprietary Funds

Enterprise Funds

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

Internal Service Funds

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds

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

Fund	Brief Description
Major:	
Governmental:	
General	See page 29 for description.
Street	Special revenue fund that accounts for street maintenance and betterment.
Museum	Special revenue fund that accounts for the activities of the Hastings Museum.
Debt Service	See page 30 for description.
Proprietary:	
Enterprise:	
Landfill, Electric, and Combined System Utilities	See page 30 for description.
Nonmajor:	
Special Revenue:	
BID	Accounts for downtown improvement projects.
Community Development	Accounts for community development grants and related expenses.
Museum Sales Tax	Accounts for sales tax restricted for the museum.
S Landfill Cap	Accounts for the costs associated with landfill monitoring activities.
Library Grant	Accounts for restricted library grant funds.
Fire Equipment Sinking	Accounts for funds assigned for future fire equipment replacement.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

Fund	Brief Description
Nonmajor, continued:	
Special Revenue, continued:	
Bookmobile Replacement	Accounts for funds assigned for future bookmobile replacement.
Parks Grant	Accounts for restricted park grants.
Duncan Park Sales Tax	Accounts for sales tax restricted for Duncan Field and city parks.
Aquatic Center	Accounts for funds restricted for the Aquatic Center.
Police Equipment Sinking	Accounts for funds assigned for future police equipment replacement.
CANDO	Accounts for the nine county cooperative - Compact for Apprehension of Narcotics Dealers and Offenders.
Public Safety Grant	Accounts for grants restricted for public safety.
ARPA	Accounts for federal ARPA grant proceeds.
Wireless E911	Accounts for E911 funding.
Landline E911	Accounts for E911 funding.
Street Sales Tax	Accounts for sales tax restricted for street improvements.
Natural Disaster	Accounts for funding assigned for expenses related to natural disasters.
Diversion Program	Accounts for fees collected and expenses related to the diversion program.
Parks-Rec Sales Tax	Accounts for sales tax restricted for parks and rec.
Keno	Accounts for the City’s share of the Keno gaming proceeds.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

Fund	Brief Description
Nonmajor, continued:	
Special Revenue, continued:	
Econ Dev Revolving Loan	Accounts for the funds to be used to provide incentives for business recruitment and retention.
Scales	Accounts for contributions received for public safety training.
Capital Projects:	
Capital Projects	Accounts for collections of special assessments for the Debt Service or Capital Projects Fund.
Permanent:	
Cemetery Trust	Accounts for the monies in a permanent care endowment fund for the cemetery.

3. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Measurement Focus, continued

a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. The proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

c. Fiduciary funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

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

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity

Estimates

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

Cash and Investments

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

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

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

Receivables

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

In the fund financial statements, receivables in governmental funds include revenue accruals such as special assessments and property taxes since they are usually both measurable and available. Proprietary fund receivables consist of all revenues earned at year end and not yet received. Utility accounts receivable and special assessments compose the majority of proprietary fund receivables. The General Fund has recognized a $417,000 allowance for uncollectible accounts, the Electric Fund has recognized an $83,000 allowance for uncollectible accounts, and the Landfill Fund has recognized a $164,000 allowance for uncollectible accounts.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Due from Other Governments

The total due from other governments includes the following amounts:

Fund	Amount	Type
General	$ 1,071,278	Sales Tax
General	35,170	School Resource Officer
General	78,234	Federal and State Grants
General	5,066	Adams County library interlocal
General	10,599	Drug Task Force-county
Wireless E911	7,902	State Grants
Community Development	324,462	CDBG Grants
Parks-Rec Sales Tax	133,984	Sales Tax
Museum Sales Tax	53,593	Sales Tax
Library Grant	704	Federal and State Grants
Street Sales Tax	348,361	Sales Tax
Total governmental funds	$ 2,069,353	

Inventory

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

Restricted Assets

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets

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

Government-wide Statements

In the government-wide financial statements, capital assets are capitalized and reported on the Statement of Net Position. The City has a $10,000 capitalization threshold. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

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

Infrastructure	25 years
Buildings	20-40 years
Machinery and Equipment	5-10 years
Utility System	20-40 years

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets, continued

Electric and Combined System Utilities

The basis of the utility plant in service consists of a 1944 appraisal made by Black and Veatch, consulting engineers, for the electric and water systems, a 1954 appraisal made by Henningson, Durham and Richardson, Inc. for the pollution control/waste water treatment system and the book value of assets received in 1954, the time of consolidation for the gas system. Additions since these dates are at cost. In accordance with FERC requirements, contributions in aid of construction have been used to reduce the cost basis of capital assets of the electric and gas systems through December 31, 2000. After January 1, 2001 the contributions in aid of construction are included in the statements of revenue and expenses, as directed by Governmental Accounting Standards Board Statement No. 33.

The Utilities System uses a work order system of accounting for new construction. Under this system, the cost of a project is accumulated in a Construction Work in Progress account. Upon completion of the project, the total cost is transferred to the appropriate Utility Plant in Service account.

The provision for depreciation is computed at an overall straight-line composite rate of approximately 3.0 percent for the year ended September 30, 2022. Depreciation expense taken during the year ended September 30, 2022 was $11,005,260.

The Utilities System charges maintenance and repairs, including the cost of minor renewals of property, to maintenance expense. Replacements of property (except minor replacements) are charged to utility plant accounts. Upon retirement of property, the cost of property is removed from the plant accounts and charged to a reserve for depreciation, and the related salvage, net of removal costs, is credited thereto.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets, continued

Fund Financial Statements

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

Unavailable Property Tax

Unavailable property tax consists of property taxes expected to be collected after 60 days.

Compensated Absences

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

Long-term Debt

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

Government-wide Statements

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Long-term Debt, continued

Fund Financial Statements

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

Equity Classifications

Government-wide Statements

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

a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

See Note C8 for additional disclosures.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

Fund Financial Statements, continued

Effective October 1, 2010, the City adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable−Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted−Amounts that can be spent only for specific purposes because of the City Charter, City Code, state or federal laws or externally imposed conditions by grantors or creditors.

Committed−Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution.

Assigned−Amounts that are designated by the Mayor for a specific purpose but are not spendable until a budget ordinance is passed by the City Council.

Unassigned−All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 17). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the City Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses

Sales and Use Tax

The City presently levies a one-and-one-half percent sales tax on taxable sales within the City. The sales tax is collected by the Nebraska Department of Revenue and remitted to the City in the month following receipt. The Nebraska Department of Revenue receives the sales tax approximately one month after collection by vendors. As of October 1, 2006, sales tax collected on the sale of motor vehicles is restricted for street improvements as required by LB904. The 1.5 percent sales tax is allocated 66.67 percent to General Fund, 21.67 percent to the Street Sales Tax Fund, 8.33 percent to the Parks and Recreation Sales Tax Fund, and 3.33 percent to the Museum Sales Tax Fund.

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

Property Taxes

The City has the power to levy taxes each year sufficient to pay any judgment existing against the City, the interest on bonded debt, and the principal on bonded debt maturing during the fiscal year or within six months thereafter, as well as taxes authorized by state law.

The tax levies for all political subdivisions in Adams County are certified by the County Board on or before October 20. Real estate taxes are due on December 31 and attach as an enforceable lien and become delinquent in two equal installments on May 1 and September 1. Personal property taxes are due in the same manner as real estate taxes. Delinquent taxes bear 14 percent interest.

Property taxes levied for 2021-2022 are recorded as revenue when expected to be collected within 60 days after September 30, 2022. Prior-year levies were recorded using these same principles, and remaining receivables are re-evaluated annually. Property taxes expected to be collected after 60 days are recorded as deferred revenue on the fund balance sheets.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

In Lieu of Tax Payment

The transfer to the General Fund for the year ending September 30, 2021 is calculated as 5.6 percent of the retail revenues of the Electric System for the year ended September 30, 2022. This amount is calculated to be $2,534,343.

The City withdraws monthly from Combined Funds for payment to the General Fund an amount equal to 1/12 of 5.14 percent of operating revenues for the preceding year. For the year ending September 30, 2021 the total amount of in lieu of tax payments are calculated to be $1,067,631 based on the operating revenues for the year ended September 30, 2022.

On July 22, 1991 resolution #1344 was passed by the City Council to transfer from the Gas Department and the Water Department of the Combined System to the General Fund 2.5 percent of the total revenues of the previous year. This amount will be in addition to the current in lieu of tax payments. The payment for the year ended September 30, 2022 is $430,728.

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

Governmental Funds – by Character and Function

Proprietary Fund – by Operating and Nonoperating

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Contributions in Aid of Construction

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

Interfund Transfers

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

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Fund Accounting Requirements

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

2. Deposit Laws and Regulations

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

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

2. Deposit Laws and Regulations, continued

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

3. Revenue Restrictions

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

4. Debt Restrictions and Covenants

Bonds Payable

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

5. Budgetary Data

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

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data, continued

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

The City follows these procedures in establishing the budgetary data reflected in the accompanying financial statements.

a. On or before August 1, the City prepares a budget for the fiscal year commencing October 1. The budget includes proposed expenditures and resources available.

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

c. Prior to September 30, the City Council adopts the budget, which is then filed with the appropriate state and county officials.

d. Total expenditures may not legally exceed total appropriations. Appropriations lapse at year end and any revisions require board approval.

e. The County Clerk certifies a preliminary property tax levy for each fund of the City which levied property taxes in the county the previous year based on the combined valuation and amount required for the City the prior year. The preliminary levy becomes the final levy unless the governing board passes, by a majority vote, a resolution setting the levy at a different amount.

f. The property tax requirements resulting from the budget process are utilized by the County Assessor to establish the tax levy. Taxes are levied annually on or before October 15. Real property taxes and personal property taxes are due December 31 with the first half delinquent May 1 and the second half delinquent September 1.

g. Appropriations lapse at the end of the fiscal year, except for capital improvement appropriations and certain encumbrances against operating budgets.

h. The City of Hastings adopts a budget by resolution for all fund types.

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

1. Cash and Certificates of Deposit

Deposits

The City's policies regarding deposits of cash are discussed in Note A4. The table presented below is designed to disclose how its deposits were insured or secured with collateral at September 30, 2022. The categories of collateral are defined as follows:

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

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

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

Types of Deposits	Total Bank Balance	Category 1	Category 2	Category 3	Total Carrying Value
Cash and investments	$ 137,942,852	$ 12,570,771	$ 125,372,081	$ -	$ 134,729,974

Reconciliation to Government-wide Statement of Net Position:	
Primary Government –	
Unrestricted cash and cash equivalents	$ 82,198,787
Unrestricted certificates of deposit	29,827,035
Restricted cash and cash equivalents	14,499,243
Restricted certificates of deposit	6,675,850
Component Units –	
Unrestricted cash and cash equivalents	1,320,607
Restricted cash and cash equivalents	208,452
	$ 134,729,974

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

2. Restricted Assets

The restricted assets as of September 30, 2022, are as follows:

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
Type of Restricted Assets:				
Cash and cash equivalents	$ 13,182,797	$ 1,316,446	$ 14,499,243	$ 208,452
Certificates of deposit	2,656,062	4,019,788	6,675,850	-
	$ 15,838,859	$ 5,336,234	$ 21,175,093	$ 208,452

Governmental restricted cash and certificates of deposit consist of the following at September 30, 2022:

Street Fund - restricted for street improvements	$ 4,020,156
Debt Service Fund - restricted for debt service	1,708,944
Cemetery Perpetual Care Fund - restricted for perpetual care	85,850
BID Fund - restricted for downtown projects	6,334
Museum Sales Tax Fund - restricted for capital projects	906,216
Library Grant Fund - restricted for library expenses	41,959
Parks Grant Fund - restricted for capital projects	98,711
Duncan Park Sales Tax Fund - restricted for capital projects	44,703
Aquatics Center Fund - restricted for aquatics	284,423
Public Safety Grant Fund - restricted for public safety expenses	19,777
ARPA Fund - restricted for federal programs	4,380,764
Street Sales Tax Fund - restricted for street improvements	2,811,646
Parks-Rec Sales Tax Fund - restricted for capital projects	580,064
Keno Betterment Fund - restricted for community betterment	253,068
Capital Projects Fund - restricted for capital projects	596,244
Total governmental activities restricted cash and CD's	$ 15,838,859

Business-type activities restricted cash and certificates of deposit consist of the following at September 30, 2022:

Landfill Fund - restricted for closure/post-closure costs	$ 4,019,788
Electric Fund - restricted for ash disposal closure/post closure costs	1,268,975
Combined System - restricted for debt service	47,471
Total business-type activities restricted cash and CD's	$ 5,336,234

Component unit restricted cash consists of $208,452 restricted for economic development at September 30, 2022.

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

3. Accounts and Notes Receivable

Accounts receivable of the business-type activities consist of utilities receivables. Accounts receivable of the governmental activities consist of telephone and cable franchise tax (12.4 percent), ambulance (42.7 percent), utility reimbursements (23.4 percent), and other (21.5 percent) receivables. Receivables detail at September 30, 2022, is as follows:

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
Accounts receivable	$ 1,141,133	$ 9,330,866	$ 10,471,999	$ -
Allowance for doubtful accounts	(417,000)	(247,000)	(664,000)	-
Net accounts receivable	$ 724,133	$ 9,083,866	$ 9,807,999	$ -

Notes receivable for the CRA consist of the following at September 30, 2022:

Note Held By:	Due From	Note Balance at September 30, 2022	Terms
CRA:			
TIF loan	The Listening Room	$ 12,269	TIF proceeds pledged on loan
Revolving Loan	JKJ Holdings, LLC	11,250	Matures 6/30/24
Revolving Loan	Back Alley Bakery, LLC	1,319	Maturity date was 8/5/19
Revolving Loan	Brandt Rentals, LLC	24,500	Matures 10/5/26
Revolving Loan	Shabri, LLC	311,063	Matures 5/9/26
Revolving Loan	The Listening Room	220,000	Maturity date was 7/1/18
Revolving Loan	Uptown Experience	106,250	Matures 9/30/29
Revolving Loan	1st Street Brewing	192,064	Matures 9/1/23
Revolving Loan	THOAR, LLC	48,000	Maturity date was 10/1/21
Revolving Loan	ABBC Restorations, LLC	24,035	Matures 3/19/26
Revolving Loan	Optika Curated Eyeware, LLC	45,563	Matures 10/31/25
Revolving Loan	Luckee, LLC	54,669	Matures 8/12/26
Revolving Loan	LincHome, LLC	65,000	Matures 3/10/26
Revolving Loan	Spitz	133,000	Matures 5/25/27
		1,236,713	

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

3. Accounts and Notes Receivable, continued

Note Held By:	Due From	Note Balance at September 30, 2022	Terms
NMPF Loan	Lemon & Co	9,401	Matures 10/1/25
NMPF Loan	Tim Maul	35,000	Matures 7/1/28
NMPF Loan	Marcy Maley	2,712	Maturity date was 10/1/21
NMPF Loan	No Coast Brewing, LLC	40,000	Matures 1/1/25
NMPF Loan	No Coast Brewing, LLC	48,016	Matures 9/1/23
NMPF Loan	Scot DeWitt	1,258	Maturity date was 11/1/21
NMPF Loan	Steeple Brewing Company	20,669	Matures 2/1/24
		157,056	
Real Estate Loan	Dally's Deli	131,818	Matures 6/1/25
Real Estate Loan	ABBC Restoration, LLC	40,000	Matures 5/15/35
Real Estate Loan	THOAR, LLC	150,000	Matures 5/1/26
		321,818	
		1,727,856	
Less Allowance for Uncollectible Notes		(12,300)	
		$ 1,715,556	
Current portion		$ 344,000	
Long-term portion		1,371,556	
Total CRA notes receivable		$ 1,715,556	

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

4. Capital Assets

Capital asset activity for the year ended September 30, 2022, was as follows:

	Balance at October 1, 2021	Additions	Disposals	Reclass	Balance at September 30, 2022
Governmental Activities:					
Capital assets not being depreciated:					
Construction in progress	$ 12,280,915	$ 3,216,889	$ -	$ (14,352,868)	$ 1,144,936
Other capital assets being depreciated:					
Infrastructure	81,262,077	-	-	12,370,995	93,633,072
Buildings, machinery & equipment	53,974,720	2,287,681	(456,856)	1,981,873	57,787,418
Total other capital assets at historical cost	135,236,797	2,287,681	(456,856)	14,352,868	151,420,490
Less accumulated depreciation for:					
Infrastructure	(44,599,470)	(2,303,533)	-	-	(46,903,003)
Buildings, machinery & equipment	(27,299,236)	(2,237,606)	429,623	-	(29,107,219)
Total accumulated depreciation	(71,898,706)	(4,541,139) *	429,623	-	(76,010,222)
Other capital assets, net	63,338,091	(2,253,458)	(27,233)	14,352,868	75,410,268
Governmental activities capital assets, net	$ 75,619,006	$ 963,431	$ (27,233)	$ -	$ 76,555,204

* Depreciation expense was charged to governmental activities as follows:

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

4. Capital Assets, continued

Governmental Activities, continued:

General Fund:	
General government:	
General	$ 784,449
Public safety:	
Police	170,820
Public safety	10,665
Total public safety	181,485
Public works:	
Cemetery	2,200
Environment and leisure:	
Library	130,127
Parks	192,482
Duncan Park	134,595
Aquatics	73,618
Pioneer Trail	9,232
Airport	59,013
Total environment and leisure	599,067
Total General Fund	1,567,201
IT Internal Service Fund	75,971
Special Revenue Funds:	
Street	2,592,416
Museum	104,834
Wireless E911	30,115
Natural Disaster	5,074
Business Improvement District	574
Keno	164,954
Total Special Revenue Funds	2,897,967
Total governmental activities depreciation expense	$ 4,541,139

Construction in progress at September 30, 2022, consists of the following costs incurred: $292,487 on the sidewalk improvement project; $37,915 on the City office remodel; $25,822 on the Hastings Cultural Arts and Civic Center project; $536,576 on state project Hastings Southeast; $32,864 on the museum interior project; and $219,272 on the Parkview Cemetery paving project. See note D3 for additional details on commitments on these project.

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

4. Capital Assets, continued

	Balance at October 1, 2021	Additions	Disposals	Reclass	Balance at September 30, 2022
Business-type Activities:					
Capital assets not being depreciated:					
Land	$ 6,265,168	$ -	$ -	$ -	$ 6,265,168
Construction in progress	9,682,430	2,885,764	-	(322,006)	12,246,188
Total capital assets not being depreciated	15,947,598	2,885,764	-	(322,006)	18,511,356
Other capital assets being depreciated:					
Landfill	13,141,205	521,977	(660,328)	26,231	13,029,085
Electric	202,224,582	4,450,494	(67,214)	204,710	206,812,572
Electric non-utility plant	15,866,333	-	-	-	15,866,333
Gas	35,323,081	852,025	(26,069)	91,065	36,240,102
Water	54,704,324	1,566,730	(265,779)	-	56,005,275
Pollution control	66,152,465	390,239	-	-	66,542,704
Administrative	1,378,962	2,552,821	(27,384)	-	3,904,399
Total other capital assets at historical cost	388,790,952	10,334,286	(1,046,774)	322,006	398,400,470
Less accumulated depreciation for:					
Landfill	(5,208,547)	(661,659)	610,519	-	(5,259,687)
Electric	(135,833,269)	(5,721,702)	67,214	-	(141,487,757)
Electric non-utility plant	(7,467,915)	(609,936)	-	-	(8,077,851)
Gas	(33,790,919)	(1,674,756)	26,069	-	(35,439,606)
Water	(10,504,757)	(955,038)	265,779	-	(11,194,016)
Pollution control	(34,463,206)	(1,949,490)	-	-	(36,412,696)
Administrative	(737,929)	(94,338)	27,384	-	(804,883)
Total accumulated depreciation	(228,006,542)	(11,666,919) *	996,965	-	(238,676,496)
Other capital assets, net	160,784,410	(1,332,633)	(49,809)	322,006	159,723,974
Business-type capital assets, net	$ 176,732,008	$ 1,553,131	$ (49,809)	$ -	$ 178,235,330

* Depreciation expense was charged to functions as follows:

Landfill	$ 661,659
Electric	6,331,638
Combined System Utilities	4,673,622
Total business-type activities depreciation expense	$ 11,666,919

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

4. Capital Assets, continued

	Balance at October 1, 2021	Additions	Disposals	Balance at September 30, 2022
Community Redevelopment Authority:				
Capital assets being depreciated:				
Land improvements	$ 406,726	$ 8,125	$ -	$ 414,851
Less accumulated depreciation:				
Land improvements	(147,315)	(20,539)	-	(167,854)
Community Redevelopment Authority, net	$ 259,411	$ (12,414)	$ -	$ 246,997
Community Redevelopment Authority:				
Capital assets not being depreciated:				
Land held for redevelopment	$ 772,268	$ 130,897	$ (123,062)	$ 780,103

5. Accounts Payable

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

6. Long-term Debt

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

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

6. Long-term Debt, continued

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2022:

Type of Debt	Balance October 1, 2021	Additions	Deductions	Balance September 30, 2022	Amounts Due Within One Year
Governmental Activities:					
Bonds payable	$ 5,054,176	$ -	$ (397,673)	$ 4,656,503	$ 404,309
Note payable	251,200	-	(37,680)	213,520	37,680
Financing agreements	420,765	331,645	(358,959)	393,451	176,341
	$ 5,726,141	$ 331,645	$ (794,312)	$ 5,263,474	$ 618,330
Business-type Activities:					
Bonds payable	$ 8,320,000	$ -	$ (700,000)	$ 7,620,000	$ -
Note payable	2,409,186	-	(132,814)	2,276,372	137,007
Financing agreements	1,036,034	-	(443,728)	592,306	342,612
	$ 11,765,220	$ -	$ (1,276,542)	$ 10,488,678	$ 479,619
Community Redevelopment Authority:					
Notes payable	$ 17,004	$ 120,150	$ (30,449)	$ 106,705	$ 6,392

Governmental Activities

As of September 30, 2022, the governmental long-term liabilities consisted of the following:

Bonds payable:

General obligation bonds dated September 24, 2020, with original issue amount of $4,020,000. Interest ranges from 0.50 to 1.85 percent with final maturity December 15, 2036.	$ 3,770,000

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

6. Long-term Debt, continued

Governmental Activities, continued

Bonds payable, continued:	
Limited tax general obligation public safety bonds dated May 21, 2020, with original issue amount of $734,343, bearing interest of 1.85 percent. Final maturity is December 15, 2027.	561,503
General obligation various purpose bonds dated May 30, 2017, with original issue amount of $625,000. Interest ranges from 1.25 to 2.60 percent with final maturity September 15, 2027.	325,000
Total bonds payable	4,656,503
Note payable:	
Note payable to the Nebraska Department of Aeronautics dated March 23, 2017 with an original issue amount of $376,424 to finance the 6-place T hangar project. The note is non-interest bearing and will be repaid over 120 monthly installments of $3,140, with final maturity May 2028.	213,520
Financing agreements:	
Financing agreement due to Dell Financial Services dated January 2019, with original issue amount of $313,138 to finance a Dell computer hardware and software for the City's ERP project. The loan bears interest of 5.064 percent and is due in five annual principal and interest payments of $68,962, commencing August 26, 2019 through August 26, 2023.	65,638
Financing agreement due to Tymco, Inc. dated September 20, 2022, with original issue amount of $331,645 to finance a Tymco Model 600BAH regenerative air street sweeper. The loan bears interest of 3.65 percent and is due in three annual principal and interest payments of $114,534, commencing October 1, 2022 (this payment was made in September 2022) through October 1, 2024.	217,111

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

6. Long-term Debt, continued

Governmental Activities, continued

Financing agreements, continued:

Financing agreement due to KS StateBank dated February 26, 2020, with original issue amount of $243,208 to finance a 2020 Freightliner pothole patcher truck. The loan bears interest of 3.37 percent and is due in three annual principal and interest payments with $100,000 due June 26, 2020 and $75,892 due both February 26, 2021 and February 26, 2022.	-
Financing agreement due to Dell Financial Services dated August 2021, with original issue amount of $219,233 to finance a Dell computer equipment. The lease bears interest of 2.0 percent and is due in two annual principal and interest payments of $112,916, commencing August 19, 2022 through August 19, 2023.	110,702
Total financing agreements	393,451
Total governmental activities long-term obligations	$ 5,263,474
Current portion	$ 618,330
Noncurrent portion	4,645,144
Total	$ 5,263,474

The Debt Service Fund is making the principal and interest payments on the bonds, the General Fund will pay the note payable, the Street Fund is paying the Tymco, Inc and KS StateBank financing agreements, and the IT Fund is paying the Dell Financial Services financing agreements.

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

6. Long-term Debt, continued

Business-type Activities

As of September 30, 2022, the long-term debt payable from proprietary fund resources consisted of the following:

Financing agreements:	
Financing agreement due to US Bancorp dated April 1, 2018, with original issue amount of $435,000 to finance a Komptech Terminator shredder. The loan bears interest of 3.03 percent and is due in four annual principal and interest payments of $117,111, commencing April 1, 2019 through April 1, 2022. The Landfill Fund is making these loan payments.	$ -
Financing agreement due to Caterpillar Financial dated April 29, 2020, with original issue amount of $284,967 to finance a 2020 waste handler dozer. The loan bears interest of 3.29 percent and is due in four annual principal and interest payments of $77,190, commencing April 29, 2021 through April 29, 2024. The Landfill Fund is making these loan payments.	147,089
Financing agreement due to Lease Servicing Center dated December 27, 2019, with original issue amount of $662,415 to finance a 2019 Morbark Wood Hog. The loan bears interest of 3.79 percent and is due in four annual principal and interest payments of $181,595, commencing December 27, 2020 through December 27, 2023. The Landfill Fund is making these loan payments.	343,529

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

6. Long-term Debt, continued

Business-type Activities, continued

Financing agreements, continued:	
Financing agreement due to Caterpillar Financial dated May 8, 2019, with original issue amount of $382,866 to finance a Caterpillar 826K compactor. The loan bears interest of 4.19 percent and is due in four annual principal and interest payments of $105,948, commencing May 8, 2020 through May 8, 2023. The Landfill Fund is making these loan payments.	101,688
Total financing agreements	592,306
Bonds and notes payable:	
Note payable to Nebraska Department of Environment and Energy with original issue amount of $2,781,130 issued to finance the aquifer storage and restoration project. The note bears interest of 0.5 percent and is due over 20 years with semi-annual principal and interest payments of $74,109 due December 15, 2018 through June 15, 2038. Annual administrative fees of 0.5 percent are also due on this note.	2,276,372
Combined system revenue bonds dated August 5, 2021, with original issue amount of $8,320,000. Interest is 1.46 percent with final maturity on October 15, 2032.	7,620,000
Total bonds and notes payable	9,896,372
Total business-type activity long-term debt	$ 10,488,678
Current portion	$ 479,619
Noncurrent portion	10,009,059
Total	$ 10,488,678

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

6. Long-term Debt, continued

Component Units

CRA notes payable:

On October 5, 2021, the CRA borrowed $120,150 from Five Points Bank to finance downtown parking lot improvements. The loan bears interest of 4.0 percent and is due in semi-annual principal and interest payments of $5,430 through June 15, 2035.	$ 106,705
The CRA borrowed $45,000 from Heartland Bank on May 19, 2015, to finance the CI Property redevelopment project. The note is collateralized by a promissory note from the redeveloper and a deed of trust on the real estate included in the project, and the incremental tax revenue increase by the redeveloped property will be used for payment of the note. The note bears interest of 4.50 percent and payments are due semi-annually beginning January 15, 2016, through December 15, 2022. This note was paid in full during the year ended September 30, 2022.	-
The CRA borrowed $40,000 from Heartland Bank on May 19, 2015, to finance the Smitty's Enterprises redevelopment project. The note is collateralized by a promissory note from the redeveloper and a deed of trust on the real estate included in the project, and the incremental tax revenue increase by the redeveloped property will be used for payment of the note. The note bears interest of 4.50 percent and payments are due semi-annually beginning January 15, 2016, through December 15, 2022. This note was paid in full during the year ended September 30, 2022.	-
Total CRA notes payable	$ 106,705

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

6. Long-term Debt, continued

Component Units, continued

Current portion	$ 6,392
Noncurrent portion	100,313
Total	$ 106,705

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2022, are as follows:

	Governmental Activities			
Year Ending	Other Debt Issues		Direct Placement	
September 30,	Principal	Interest	Principal	Interest
2023	$ 404,309	$ 61,588	$ 214,021	$ 5,538
2024	410,977	57,104	144,289	7,925
2025	412,676	52,349	148,181	4,033
2026	414,407	47,371	37,680	-
2027	426,169	41,857	37,680	-
2028-2032	1,437,965	143,791	25,120	-
2033-2036	1,150,000	41,013	-	-
	$ 4,656,503	$ 445,073	$ 606,971	$ 17,496

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

6. Long-term Debt, continued

	Business-type Activities					Component Units	
Year Ending	Other Debt Issues		Direct Placement			Direct Placement	
September 30,	Principal	Interest	Principal	Interest	Fees	Principal	Interest
2023	$ -	$ 49,530	$ 479,619	$ 33,332	$ 11,211	$ 6,392	$ 4,468
2024	710,000	94,445	387,387	19,616	10,525	6,918	3,942
2025	690,000	85,345	138,382	9,836	9,836	7,197	3,663
2026	730,000	76,115	139,075	9,143	9,143	7,488	3,372
2027	740,000	66,560	139,771	8,447	8,447	7,791	3,070
2028-2032	3,930,000	183,365	709,422	31,666	31,666	43,936	10,366
2033-2037	820,000	5,330	727,358	13,730	13,730	26,983	1,726
2038	-	-	147,664	554	554	-	-
	$ 7,620,000	$ 560,690	$ 2,868,678	$ 126,324	$ 95,112	$ 106,705	$ 30,607

Closure and Post-closure Care Costs

The City of Hastings has chosen to demonstrate financial assurance for the Hastings Regional Solid Waste Landfill and the Whelan Energy Center Temporary Ash Disposal Area by using a financial test mechanism. As required by Nebraska Administrative Code – Title 132 – *Integrated Solid Waste Management* Regulations, the following information is provided.

The City entered into an agreement with the Nebraska Department of Environment and Energy to establish a Closure/Post-Closure Care Account. The purpose of this account is to accumulate sufficient monies to fund all related costs of a clean closure, removal of all coal combustion residuals (CCR) and decontamination of the ash disposal area at the Whelan Energy Center. Monies are deposited into this account at a rate $2.50 per ton of ash put into the disposal area. The calculated amount of the Closure/Post-Closure liability was $1,411,553 at September 30, 2022, which is based on 35,012 tons of undisposed pond ash in the ash disposal area. It is estimated that an additional $215,599 will be recognized as post-closure expenses between the date of the balance sheet and the date Whelan Energy Center is expected to be closed. The estimated total current cost of the ash disposal closure and post-closure care, $1,627,152, is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the ash disposal area were acquired as of September 30, 2022. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

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

6. Long-term Debt, continued

Closure and Post-closure Care Costs, continued

At September 30, 2022, funds of $1,268,975 are restricted to finance closure and post-closure of the City's ash disposal area. These funds are presented on the City's statement of net position as "restricted for ash disposal closure costs." It is anticipated that future inflation costs will be financed in part from earnings on funds reserved by the City. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in post-closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future users, taxpayers, or both.

State and federal laws and regulations require that the City of Hastings place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and post-closure care costs has a balance of $3,563,180 as of September 30, 2022, which is based on 43.99 percent usage (filled) of the landfill. It is estimated that an additional $3,404,811 will be recognized as closure and post-closure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and post-closure care, $6,967,991, is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2022. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

At September 30, 2022, funds of $4,019,788 are restricted to finance closure and post-closure of the City's landfill. These funds are presented on the City's statement of net position as "restricted for landfill closure costs." It is anticipated that future inflation costs will be financed in part from earnings on funds reserved by the City. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in post-closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

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

7. Interfund Transactions and Balances

Operating transfers:

	Transfers In	Transfers Out
General Fund:		
Museum	$ 50,000	$ -
Keno Betterment	13,000	-
Bookmobile Replacement	-	6,000
IT Fund	-	1,185,507
Health Insurance Fund	-	400,000
Fire Equipment Sinking	-	270,000
Capital Projects	-	700,000
Duncan Sales Tax	-	15,000
Total General Fund	63,000	2,576,507
Museum		
General	-	50,000
Debt Service:		
Fire Equipment Sinking	98,871	-
Capital Projects	-	1,000,000
Total Debt Service	98,871	1,000,000
Nonmajor Funds	1,991,000	111,871
Internal Service Funds	1,585,507	-
Total Operating Transfers	$ 3,738,378	$ 3,738,378

At September 30, 2022, the Combined System Utilities Fund owed $1,610,184 to the General Fund for in-lieu of tax. The Electric Fund owed $2,846,271 to the General Fund for in-lieu of tax. Also, the Electric Fund owed $12,993,681 to the Combined Utilities Fund. These balances are expected to be transferred during the year ending September 30, 2023.

8. Fund Equity

Restricted net position for other purposes totaling $60,612 consists of $40,835 in the Library Grant Fund and $19,777 in the Public Safety Grant Fund.

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

9. TIF Receivables and Payables

		9/30/2022	
TIF #	Description	TIF Receivable	TIF Payable
20	Hastings Village Gardens	$ 284,135	$ 284,135
21	Southwood Estates	66,420	66,420
24	Uptown Experience, LLC	89,424	-
28	Diecker Construction Inc	48,105	48,105
33	801 Building Condominiums	101,655	-
34	Emerson Estates LLC	142,944	142,944
37	Thoar, LLC	94,428	94,428
38	On Top, LLC	48,675	48,675
40	Dietrich/Stein Brothers Building, LLC	338,346	338,346
42	Redline Properties, LLC	398,801	398,801
43	Eastside Estates, LLC	245,581	245,581
48	DJ&R Investments, LLC	500,000	500,000
49	Thoar, LLC-723 W 11th St	115,000	115,000
50	Hastings Lodging 2	1,100,000	1,100,000
51	NPC Phase 1	1,800,000	1,800,000
52	Faris Redevelopment Project	66,554	66,554
53	Nebraska Truck Center	115,790	115,790
54	Thoar, LLC-737 W 1st St	155,000	155,000
55	Mesner North Redevelopment Project	258,027	258,027
56	Southern Bell Heartland, LLC	350,816	350,816
58	HEDC West Laux Dr Phase I	79,542	79,542
59	Brant Rentals, LLC	385,000	385,000
60	Mesner North	845,373	845,373
61	Shabri, LLC	55,000	55,000
62	Boys 3 MCP, Inc.	300,000	300,000
63	Abegglen & Hirschfeld	326,000	326,000
64	Brant Rentals, LLC	145,442	145,442
66	Thoar, LLC-Cameron building	160,429	160,429
67	HEDC Trail Ridge Addition-Phase I	255,552	255,552
68	West 2nd Investments, LLC	45,000	45,000
69	Luckee, LLC	45,000	45,000
70	ABBC Restorations	90,000	90,000
71	Theatre District	62,913	62,913
		$ 9,114,952	$ 8,923,873

NOTE D – OTHER NOTES

1. Employee Pension and Other Benefit Plans

The City participates in five employee pension plans as follows:

Name of Plan	Type of Plan
Police and Firefighters Plan (Pre-1984)	Defined Benefit Plan
Police Plan	Defined Contribution Plan
Firefighters Plan	Defined Contribution Plan
Other City and Utility Employees	Defined Contribution Plan
Deferred Compensation Plan	Qualified Deferred Compensation Plan

All plans are administered by outside trustees and are not included in these financial statements.

Police and Firefighters Plan (Pre-1984)

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

(1) Employees who were hired prior to January 1, 1984, the date at which the Police and Firefighters Plans were amended from defined benefit plans to their current status as defined contribution plans, were assured of receiving retirement benefits under the new plan at least as great as those under the old defined benefit plan.

(2) Employees hired after January 1, 1984, are covered by the defined contribution plan, which is administered by a third party.

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

Police and Firefighters Plan (Pre-1984), continued

The employees hired prior to January 1, 1984, participate in both plans and will receive either their benefit from the defined contribution plan or defined benefit plan, whichever is greater. The City has funded their portion of the respective Plan, in addition to the employee's portion, with the assets being held by a third party administrator of the current defined contribution plan. These assets are included in the total plan assets for the Police Retirement Plan and the Firefighters Retirement Plan, when determining the pension benefit obligation.

Based on the actuarial valuation, it is anticipated that the participant accounts and unallocated/forfeiture account are sufficient to provide the minimum defined benefits for the remaining pre-1984 hires. Therefore, it is anticipated that no additional contribution will be required. The respective Defined Benefit Plan is further described in the Police and Firefighters Plan Section.

Police Plan

Plan Description

The Police Plan provisions are covered by City ordinance. The Police Plan covers all employees classified as police officers.

For the year ended September 30, 2022, the City's payroll total and covered under the Plan was $2,811,158 and $2,811,158, respectively.

NOTE D – OTHER NOTES, continued

1. **Employee Pension and Other Benefit Plans, continued**

Police Plan, continued

Plan Description, continued

As of December 31, 2020, the date of the last actuarial valuation of the defined benefit plan, there were two active employees in the Police Plan.

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

Under the Police Plan, normal retirees employed on or before January 1, 1984, would not receive an annuity benefit of less than 50 percent of regular pay. All current employees will receive a benefit based on their defined contribution account. An employee is 100 percent vested in his or her contributions of 7.0 percent of monthly compensation, and vests 40 percent after two years of service, 60 percent after 4 years, 80 percent after 5 years, and is 100 percent vested at 7 years or more in the City's contributions, which is a matching 7.0 percent.

Funding Status of Defined Benefit Plan

The projected retirement benefits at June 1, 2016, were determined through an actuarial valuation. The actuarial valuation was performed using the Aggregate Actuarial Cost Method, which determines the total cost of the projected pension benefits to all employees combined. This total cost is then spread over the average future remaining years to retirement for the employees. The cost is spread as a level percentage of compensation.

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

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

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

Police Plan, continued

Funding Status of Defined Benefit Plan, continued

Fair value of plan assets at December 31, 2020	$ 1,086,138
Benefit obligation estimated at December 31, 2020	623,728
Funded Status	$ 462,410

Contribution Required and Made

The actuarially determined recommended contribution under the defined benefit plan was $0, and contributions of $0 were made for the year ended September 30, 2022, as the City calculates they now have excess funding on their remaining benefit obligations.

Contributions made under the defined contribution portion of the Police Plan for the year ended September 30, 2022, were as follows:

		Amount as a Percentage of Covered Payroll
Employer	$ 196,782	7.0%
Employee	196,782	7.0%
Total	$ 393,564	

Firefighters Plan

Plan Description

The Firefighters Plan provisions are covered by City ordinance. The Firefighters Plan covers all employees classified as Firefighters.

For the year ended September 30, 2022, the City's payroll total and covered under the Plan was $1,987,558 and $1,987,558, respectively.

NOTE D – OTHER NOTES, continued

1. **Employee Pension and Other Benefit Plans, continued**

Firefighters Plan, continued

Plan Description, continued

As of January 1, 2011, the date of the last actuarial valuation of the defined benefit plan, there were two active employees in the Firefighters Plan. Since that time, these two employees have retired and there are no longer any active members; therefore, there is no need for further actuarial reports.

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

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

Funding Status of Defined Benefit Plan

The projected retirement benefits at September 30, 2022, were determined through a valuation calculation. The valuation was performed using a present value calculation, which determines the total cost of the projected pension benefits to all employees combined. This total cost is then spread over the future remaining years to retirement for the employees. The cost is spread as a level percentage of compensation.

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

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

Fair value of plan assets at September 30, 2017	$ 460,028
Benefit obligation estimated at September 30, 2017	539,247
Funded Status	$ (79,219)

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

Firefighters Plan, continued

Contribution Required and Made

The actuarially determined recommended contribution under the defined benefit plan was zero, and no contributions were made for the year ended September 30, 2022.

Contributions made under the defined contribution portion of the Firefighters Plan for the year ended September 30, 2022, were as follows:

		Amount as a Percentage of Covered Payroll
Employer	$ 258,042	13.0%
Employee	129,020	6.5%
Total	$ 387,062	

All Other City and Utilities System Employees

The City and Utilities System contribute to the City of Hastings, Nebraska Retirement Plan (the Plan), a defined contribution pension plan, for all other City employees and employees of the Utilities System. The plan is administered by Empower.

Benefit terms, including contribution requirements for the Plan are established and may be amended by the City of Hastings Retirement Board. All employees not in the Police and Fire Department are required to contribute to the Plan after they have been employed six months and are at least 21 years of age. The Plan has a six month vesting period. Any non-vested money in an account is sent back to the employer as a forfeiture once the terminated employee takes a distribution out of the account. At that time, the City uses the forfeitures to offset the employer's contributions. Total forfeitures used during the year ended September 30, 2022 was $0.

Each participating employee is required to contribute 4.0% of the first $25,000 of compensation to the Plan, and 8.0% of any compensation over and above $25,000. The City and Utilities System then matches the employee's contribution. The City's annual contribution for the year ended September 30, 2022 was $494,284. The Utilities System total pension expense was $1,355,009 for the year ended September 30, 2022.

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

Deferred Compensation Plan

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

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

2. Risk Management

Insurance

The City is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The City purchases insurance and administers funds for its self-insured programs.

The City's Self-Insurance Fund does not assume the full risk of loss related to claims filed under the insurance provided. The City has purchased insurance to cover individual claims in excess of $100,000 per claimant, as well as an aggregate stop loss of $7,229,597. The City pays the claims first up to the $100,000 per individual, and at the end of the policy year, the insurance company computes the amount due, if any, to the City in excess of the insured aggregate. At September 30, 2022 the City had not exceeded its aggregate stop loss for the year. Claims incurred prior to year-end but not paid are covered by the fiscal year aggregate and will be paid by the City, but later reimbursed. Claims incurred but not paid until subsequent to year-end totaled $546,377, are recorded as a liability in the Self-Insured Health Fund at September 30, 2022. The Self-Insurance Health Fund did not have any reinsurance receivable at September 30, 2022.

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City's investments at September 30, 2022, are held by the counterparties not in the name of the City. The underlying securities consist of cash, direct obligations of or guaranteed by the full faith and credit of the U.S. Government, and other similar obligations of the U.S. Government or its agencies.

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

	INVESTMENT MATURITIES (IN YEARS)				
	<1	1-5	5-10	10+	Total
City:					
CDs	$ 6,939,522	$ -	$ -	$ -	$ 6,939,522
Utilities:					
CDs	$ 13,980,288	$ -	$ -	$ -	$ 13,980,288
Money Market	15,510,381	-	-	-	15,510,381
GNMA	-	-	56,768	15,926	72,694
	$ 29,490,669	$ -	$ 56,768	$ 15,926	$ 29,563,363

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

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

Concentration of Credit Risk. The City's investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2022, the City's investments in certificates of deposit consisted of the following:

Financial Institution	Amount
Five Points Bank	$ 7,040,022
Heartland Bank	13,879,788
	$ 20,919,810

Foreign Currency Risk. This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The City's investments had no exposure to foreign currency risk and the City held no investments denominated in foreign currency at September 30, 2022.

3. Commitments

Construction/Capital Assets

The City is a party to numerous contracts relating to construction and other capital asset projects. The City intends to fund the construction through operations or long-term financing.

Project	Contract Amount	Paid Through 9/30/2022	Obligation Pending	Estimated Completion
Sidewalk improvements	$ 544,256	$ 265,274	$ 278,982	6/30/2024
Airport SRE building-engineer	55,248	41,675	13,573	2/28/2023
Museum interior project-engineer	24,800	23,064	1,736	4/30/2023
Parkview Cemetery paving	218,302	156,827	61,475	6/30/2023
13th and Eastside drainage-engineering	15,000	13,950	1,050	12/31/2022
Comprehensive planning	140,000	-	140,000	6/30/2023
16th Street viaduct demolition-engineering	145,800	128,356	17,444	12/31/2022
Sewer aeration basin project	356,672	241,666	115,006	9/30/2024
Sewer primary digester improvements	402,413	349,248	53,165	11/30/2022
Sewer-two power units and control assemblies	49,716	-	49,716	9/30/2023
Electric B Street switchgear	630,231	157,471	472,760	9/30/2024
Electric 2016 Ford F550	95,400	-	95,400	10/31/2023
Electric substation relay panels	178,407	24,321	154,086	9/30/2024
Electric substation garage	707,658	625,358	82,300	12/31/2022
Total commitments	$ 3,563,903	$ 2,027,210	$ 1,536,693	

NOTE D – OTHER NOTES, continued

3. Commitments, continued

Other Commitments

Lessor	Leased Property	Term	Amount
Mail Finance	Mailing System	8/22/17 – 11/22/22	$130/month
	Postage Machine	2/24/22 – 8/24/23	$870/month
John Deere Financial	Skid Steer	8/24/22 – 8/24/25	$9,311/year
Eakes	Copiers	3/28/19 – 3/28/23	$1,719/month
	Copiers	8/25/18 – 8/25/23	$2,539/month
	Copiers	10/25/18 – 6/25/23	$73/month
	Copiers	3/28/21 – 3/28/23	$142/month

The CRA leases office space under a 20-year contract that commenced October 1, 2009 through September 30, 2029. Initial monthly rent of $490 increases 1.5 percent annually.

GASB 87 has not been applied to any of the City's and CRA's leases as the City does not deem the right to use assets and related lease liability obligations to be material to the government-wide and the fund financial statements.

Letter of Credit

The City has a $1,690,305 standby letter of credit available through Five Points Bank, with the Environmental Protection Agency as the beneficiary to satisfy the Performance Guarantee obligations related to the Hastings Groundwater Contamination Site. As of September 30, 2022, nothing had been drawn on this letter of credit, which expires September 24, 2023.

NOTE D – OTHER NOTES, continued

4. Additional Utility Contracts

MEAN Participation Agreement

As of February 23, 1983, the Utilities entered into a Participation Power Sales Agreement with the Municipal Energy Agency of Nebraska (MEAN). MEAN may purchase up to 6.95 percent of the power generated by the Whelan Energy Center #1 (WEC #1) for the longer of: 1) the time until the final maturity date of the debts to construct, improve or add to the component facilities of WEC #1 or, 2) the City removes WEC #1 and the part of the City's transmission system in which MEAN participates. MEAN will pay for all fuel related costs of generating the power it uses plus 6.95 percent of: 1) principal and interest costs of the bonded debt attributable to WEC #1, 2) the capital improvements to WEC #1 and related transmission systems, 3) fixed costs of operating and maintaining WEC #1 and the related transmission system, including taxes, 4) direct and allocated administrative and general costs associated with WEC #1, and 5) costs to prevent or correct unusual loss or damage to the WEC #1 system which are not insured or recovered from a third party.

City of Superior Agreement

On February 16, 2017, the Utilities entered into an agreement with the City of Superior to provide electric capacity and energy starting January 1, 2018 through December 31, 2022. The capacity quantity begins at 2,300 KW in 2018 and increases over the term of the agreement to 6,800 KW in 2022.

Coal Supply Agreements

On December 15, 2006, the Utilities entered into an agreement with AGP Corn Processing, Inc. (AGP) to supply coal to a truck loadout facility built and paid for by AGP on the Whelan Energy Center property. Upon completion of the truck loadout facility, the facility was given to the Utilities, with AGP being responsible for the costs to operate and maintain the facility. The agreement is for a sixteen year period beginning on April 1, 2007. Coal deliveries commenced in August of 2008. AGP is obligated to buy annually not less than 100,000 tons and not to exceed 160,000 tons of coal from the Utilities. As a result of an agreement with AGP entered into on December 23, 2013, the minimum annual coal purchase requirement was reduced to 70,000 tons.

NOTE D – OTHER NOTES, continued

4. Additional Utility Contracts, continued

Coal Contracts

On July 27, 2010, the Utilities entered into an agreement with Chief Ethanol Fuels Inc. (Chief) to supply a minimum of 35,000 tons of coal a year. This coal is to be delivered to the Truck Load Out facility located at WEC. The term of the agreement runs from September 1, 2010 to December 31, 2015, and year to year thereafter. On July 14, 2016, an amendment was made to the agreement reducing the minimum annual coal purchase to 25,000 tons.

Peabody COALSALES, LLC

On July 11, 2018, the Utilities entered into an agreement with Peabody COALSALES, LLC (Peabody) for the purchase of coal for the period July 11, 2018 through December 31, 2021. This agreement was amended May 25, 2021 to extend the contract through December 31, 2022. The agreement provides up to 400,000 tons in 2018 and a minimum of 600,000 and a maximum of 1,000,000 tons each for calendar years 2019 through 2022. Peabody has first right to supply any excess over the maximum under terms of the agreement.

The Burlington Northern and Santa Fe Railway Company

On September 25, 2006, the Utilities entered into an agreement with The BNSF Railway Company for the transportation of coal. On September 16, 2022, the Utilities entered into an agreement with BNSF for transportation of coal for the period of September 16, 2022 through December 31, 2027. The agreement has a minimum annual tonnage requirement of 450,000 tons.

NOTE D – OTHER NOTES, continued

4. Additional Utility Contracts, continued

Natural Gas Contracts

Central Plains Energy Project

On September 25, 2006, the Utilities executed an Interlocal Agreement to enter into the joint entity known as the Central Plains Energy Project (CPEP). CPEP was created between and among public agencies to achieve savings and enhanced reliability, efficiency and supply security through the joint purchase of natural gas and the arrangement of joint services on behalf of its participant members and certain other public agencies. CPEP's members include the Metropolitan Utilities District in Omaha, Nebraska, the Municipal Gas Utility of the City of Cedar Falls, Iowa and the City of Hastings.

On July 1, 2009, the Utilities entered into a 30 year Gas Supply Agreement (GSA) with CPEP Project No. 2 for approximately 25 percent of the Utilities 10 year historical average annual natural gas consumption. To provide the natural gas supply for the GSA, CPEP entered into a 30 year term Prepaid Natural Gas Purchase and Sale Agreement (Agreement) with the Royal Bank of Canada (RBC) for delivery of natural gas to CPEP.

On January 30, 2014, RBC filed a Complaint in the United States District Court for the District of Nebraska (Court) seeking a declaration that RBC be entitled to terminate the Agreement with CPEP as a result of changes in applicable banking and regulatory authorities, which RBC claimed to have a material, adverse effect on the transaction. CPEP disagreed that the regulatory changes RBC cited would result in a material, adverse effect on the transaction, and filed an Answer and Counterclaim with the Court asking for damages from RBC as a result of anticipatory breach of the Agreement.

Prior to the matter being heard by the Court, RBC and CPEP negotiated a settlement where RBC would provide the funds necessary and redeem all outstanding bonds associated with the 2009 issue; issuance of new bonds to effectuate a five year term fixed discount Prepaid Transaction between RBC and CPEP; and certain cash payments to CPEP. CPEP in turn entered into a new GSA with the Utilities for a five year term that shall run from November 1, 2014 through October 31, 2019, and provides for delivery of the same monthly volumes received previously. Prior to the end of the five year term RBC and CPEP may negotiate to extend the Agreement for a mutually agreeable term and fixed discount rate. If these negotiations are unsuccessful, the Agreement will terminate effective October 31, 2019. In the event an extension of the Agreement between RBC and CPEP is negotiated, the Utilities, in its sole discretion, has the option of whether it wishes to extend the term of its GSA with CPEP, incorporating the new term and discount rate, or cease taking deliveries effective October 31, 2019.

NOTE D – OTHER NOTES, continued

4. Additional Utility Contracts, continued

Natural Gas Contracts, continued

Central Plains Energy Project, continued

On November 16, 2018 the Utilities entered into a 30 year Gas Supply Agreement (GSA) with CPEP Project No. 4 for approximately 25 percent of the Utilities 10 year historical average annual natural gas consumption. To provide the natural gas supply for the GSA, CPEP entered into a 30 year term Prepaid Natural Gas Purchase and Sale Agreement (Agreement) with J. Aron & Company LLC, a New York limited liability company ("J.Aron") and a wholly-owned subsidiary of The Goldman Sachs Group, Inc., for the delivery of natural gas to CPEP.

Trailblazer Pipeline Company LLC

The Utilities signed a firm natural gas transportation contract running through September 30, 2025 with the Trailblazer Pipeline Company LLC (Trailblazer). The Maximum Daily quantity (MDQ) under the contract is 14,840 Dth/day.

Tall Grass Interstate Gas Transmission LLC

The Utilities also has a long term firm natural gas transportation contract with Tall Grass Interstate Gas Transmission LLC. The contract originated on October 1, 1993 with the current contract term running through August 31, 2021. The Maximum Daily Quantity (MDQ) is 16,000 Dth/day.

Power Purchase Agreement

CCC-Hastings Renewable Energy, LLC

On August 31, 2016, the Utilities executed a Power Purchase Agreement (PPA) with CCC-Hastings Renewable Energy, LLC (HRE), to purchase the entire output of a 1.7 MW General Electric wind turbine. The PPA has a 25 year term with an option for Utilities to extend thereafter. The wind turbine is located on property owned by the Central Community College and is interconnected to the Utilities electric distribution system. Per the terms of the PPA, HRE was responsible for obtaining all required permits, turbine construction oversight and payment of all costs to construct the turbine and interconnection facilities. HRE will also own, operate and have cost responsibility to maintain the wind turbine and interconnection facilities going forward. The wind turbine began commercial operation on December 29, 2016.

NOTE D – OTHER NOTES, continued

4. Additional Utility Contracts, continued

Wind Power Purchase Agreement

Central Community College

On August 31, 2016, the Utilities executed a Wind Power Purchase Agreement (WPPA) with Central Community College (CCC) which will provide for the Utilities to sell CCC energy purchased by the Utilities from a wind turbine owned by CCC-Hastings Renewable Energy, LLC (HRE). The intent of the WPPA is for the Utilities to provide up to 100 percent of CCC's energy needs at its Hastings' campus with energy produced by the wind turbine. In addition, CCC will receive a portion of the Renewable Energy Credits generated by the wind turbine. The WPPA is to remain in force for a term that coincides with the Power Purchase Agreement between the Utilities and HRE, which is currently 25 years.

Public Power Generation Agency Financial Commitment

On October 25, 2006, the Utilities entered into an Amended and Restated Participation Agreement with the Public Power Generation Agency (PPGA). PPGA was formed under the Interlocal Cooperation Act of the State of Nebraska to construct and operate Whelan Energy Center Unit 2 (WEC 2), a 220 megawatt (MW) coal-fired electric generating plant located at the existing Whelan Energy Center. The Agreement entitles the Utilities to 35 MW of capacity (or 15.9%) of the estimated 220 MW capacity of WEC 2. Under the terms of the Agreement, the Utilities has been selected to be the Project Construction Manager and Project Operating Agent for WEC 2. WEC 2 began commercial operation on May 1, 2011.

NOTE D – OTHER NOTES, continued

5. Environmental Remediation

At present there is an ongoing investigation in the Hastings area of groundwater contamination. The investigation is being conducted by the United States Environmental Protection Agency (EPA). The City of Hastings (the City) has been named as a potentially responsible party (PRP) at three of the seven designated subsites, and has some involvement at the four remaining subsites by virtue of its ownership and operation of public facilities. Additionally, the City and other parties are responsible for what is known as the Area Wide Operable Unit, which is an overlay of six of the seven subsites. The City's liability at three of these subsites, and for the Area Wide Operable Unit, will be in the form of annual maintenance and operating costs of remediation equipment and improvements (such as landfill covers). The cost is projected at somewhere between $100,000 and $150,000 per year, although much of such costs will be satisfied by in-kind services provided by City staff.

The City's obligation on one sub-site, Operable Units 12 and 20 of the 2nd Street Sub-site, in which the City had been designated the only potentially responsible party, has been settled by a consent decree in the amount of $14,130,572. However, upon receipt of a cash settlement of $1,000,000, in-kind services in the amount of $1,700,000, and 49.6% of any insurance recovery, the City will be deemed to have met this obligation. The cash obligation and insurance recovery have been paid. The City and the Utilities have provided approximately $747,000 of in-kind services. On June 4, 2017, the State took over the groundwater (down-gradient) operable unit (OU20) and the City will no longer provide in-kind services on OU20. The EPA is continuing to monitor/operate source control operable unit (OU12) and informed the City to cease all in-kind services on June 30, 2017; nevertheless, the City is willing to continue to provide any additional in-kind services as requested by the EPA in order to reduce the expected remaining liability of $953,392 pursuant to the consent decree. The remaining liability was paid to the EPA in three annual installments of $317,797 during the years ended September 30, 2019 through 2021. The City and EPA entered into a joint stipulation to terminate consent decree which was filed in Federal Court on January 5, 2022 and was approved by the court that same day.

The City is currently in negotiations with the EPA on a solution for the South Landfill Subsite. An evapotranspiration cap was installed as the source control remedy in 2004. The groundwater remedy is currently monitored natural attenuation (MNA). The EPA has indicated it does not believe the report demonstrates that MNA will meet EPA's standards for MNA remedies. The PRP's have submitted a focused feasibility study (FFS) outlining various alternatives for cleanup of the contamination. The FFS outlined several types of remediation, ranging in cost from $1,710,000 to $16,470,000 and was submitted to EPA and NDEE on August 12, 2019. The FFS is still under review and the remediation alternative remains to be approved by the EPA. The City is one of two remaining PRP's on this subsite and expects to incur 50 percent of the cost of whatever solution is ultimately selected.

NOTE D – OTHER NOTES, continued

6. **Interlocal Agreements**

The City is a party to 17 interlocal agreements in effect as of September 30, 2022. The City Clerk maintains a complete list of the interlocal agreements in effect.

7. **Tax Abatements**

The Community Redevelopment Agency (CRA), who is authorized by Nebraska statutes to enter into property tax abatement agreements for the purpose of developing properties in blighted areas, has entered into tax increment financing (TIF) agreements with various redevelopers. The TIF program has the stated purpose of increasing valuation, business activity and employment in the community.

Under the TIF program, redevelopers can apply for TIF financing whereby the property tax they pay on the increased valuation of property under a TIF agreement is returned to the redeveloper by the CRA to finance the project for a period of up to 15 years.

Information relevant to the abatements granted by the CRA for the year ended September 30, 2022 is as follows:

NOTE D – OTHER NOTES, continued

7. Tax Abatements, continued

TIF Project:	Years Remaining on TIF Agreements	2022 TIF Valuation	2022 TIF Excess Tax Levied
Carmichael Ltd, LLC	3	$ 612,488	$ 14,449
Hastings Village Gardens	5	2,408,808	56,827
Southwood Estates Redevelopment	5	563,087	13,284
Uptown Experience, LLC	6	631,760	14,904
Listening Room	7	310,639	7,486
Diecker Construction Inc	8	254,887	6,013
801 Building Condominiums	9	478,775	11,295
Emerson Estates LLC	9	673,236	15,883
Thoar, LLC (Old Market Firearms)	10	400,263	9,443
On Top, LLC	10	206,326	4,867
Dietrich/Stein Brothers Building, LLC	10	1,434,197	33,835
Redline Properties, LLC	11	1,545,250	36,255
Eastside Estates, LLC	11	946,345	22,326
DJ&R Investments, LLC	12	2,339,569	55,226
Thoar, LLC-723 W 11th St	12	514,401	12,135
Hastings Lodging 2	13	4,700,190	110,949
NPC - Phase 1	13	9,125,653	215,414
Faris Redevelopment Project	13	217,009	5,120
Nebraska Truck Center, Inc	13	377,550	8,907
Thoar, LLC (737 W 1st St)	13	845,474	19,946
Mesner North Redevelopment Project	13	1,100,768	19,848
Southern Bell Heartland, LLC	13	1,143,885	26,986
HEDC West Laux Dr - Phase I	14	240,690	5,681
Brant Rentals, LLC	14	1,348,016	31,802
Mesner North	14	3,348,853	60,384
Shabri, LLC	14	455,602	10,748
Boys 3 MCP, Inc.	14	1,013,930	23,934
Abegglen & Hirschfeld	15	1,522,404	35,937
Brandt Rentals, LLC	15	411,003	9,696
Thoar, LLC - Cameron building	15	453,354	10,695
HEDC Trail Ridge Addition Phase 1	15	944,848	17,037
West 2nd Investments, LLC	15	365,847	8,631
Luckee, LLC	15	215,528	5,085
ABBC Restorations	15	358,942	8,468
Theatre District	15	177,784	4,194
			$953,690

NOTE D – OTHER NOTES, continued

8. Subsequent Events

Management has evaluated subsequent events through February 15, 2023, the date on which the financial statements were available for issue.

On November 28, 2022, City Council approved an application for a $217,000 CDBG grant to Pacha Soap Co. to be used on the business' expansion project.

On November 28, 2022, City Council approved an application from Corner Building, LLC for a $100,000 forgivable loan for façade renovation at 701 and 711 West 1st Street as part of the CDBG Downtown Revitalization façade program.

On December 12, 2022, City Council approved a $109,545 contract with A&E Electric, LLC to install trail lights at Lake Hastings.

On December 12, 2022, City Council approved the purchase of $478,458 on in-car, body worn, and interview room video equipment for police from Sector Technology Group.

On January 9, 2023, City Council approved a $303,452 agreement with Van Kirk Brothers Contracting for Lakeview 10th water and sewer additions (project HU 2022-37).

On February 13, 2023, City Council approved an agreement with Philip Carkoski Construction for the coal train pump station project for $433,685.

On February 13, 2023, City Council approved the issuance of a $2,000,000 SRF loan to be used for removal of lead water services. The SRF loan includes a $1,100,000 forgivable grant and a $200,000 grant for lead service inventory activities. The remaining $700,000 loan will bear 0.5 percent interest and a 0.5 percent administrative fee and will be payable over 30 years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HASTINGS, NEBRASKA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended September 30, 2022

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Taxes:			
Property	$ 5,545,580	$ 5,664,104	$ 118,524
Motor vehicle	390,000	454,993	64,993
Occupation	50,000	55,955	5,955
Sales tax	4,200,000	5,703,797	1,503,797
Franchise	400,000	409,396	9,396
In lieu of tax	4,000,000	4,186,669	186,669
Intergovernmental	1,746,773	1,762,001	15,228
Charges for services	3,600,000	3,442,319	(157,681)
Grants	716,000	662,937	(53,063)
Interest income	50,000	69,620	19,620
Contributions	-	25,000	25,000
Insurance proceeds	-	175,378	175,378
Other	734,960	111,971	(622,989)
Total resources	21,433,313	22,724,140	1,290,827
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government:			
City Administrator's office	1,801,403	1,672,637	(128,766)
Human resources	644,630	634,748	(9,882)
City attorney	187,541	195,407	7,866
Finance	-	1,834	1,834
Mayor and Council	109,718	107,986	(1,732)
City clerk	-	25,200	25,200
Other governmental	3,357,800	2,155,419	(1,202,381)
Development services	995,723	793,325	(202,398)
Total general government	7,096,815	5,586,556	(1,510,259)
Public safety:			
911 Center	1,024,696	916,481	(108,215)
Fire and rescue	3,818,350	3,508,112	(310,238)
Ambulance service	-	183,634	183,634
Police	5,513,091	5,269,229	(243,862)
Total public safety	10,356,137	9,877,456	(478,681)

CITY OF HASTINGS, NEBRASKA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND, Continued

Year ended September 30, 2022

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
CHARGES TO APPROPRIATIONS (OUTFLOWS), continued			
Public works:			
Cemetery	443,416	373,317	(70,099)
EPA mandates	124,908	41,272	(83,636)
EPA 2nd Street subsite	-	3,058	3,058
Storm water management	-	28,824	28,824
Total public works	568,324	446,471	(121,853)
Environment and leisure:			
Auditorium	170,891	149,992	(20,899)
Parks	2,055,403	2,043,656	(11,747)
Water park	422,610	371,589	(51,021)
Recreation programming	175,694	175,730	36
Library	1,434,596	1,341,378	(93,218)
Airport	649,510	543,493	(106,017)
Total environment and leisure	4,908,704	4,625,838	(282,866)
Total charges to appropriations	22,929,980	20,536,321	(2,393,659)
Resources over (under) charges to appropriations	(1,496,667)	2,187,819	3,684,486
OTHER FINANCING SOURCES (USES)			
Transfers in	63,000	63,000	-
Transfers out	(1,950,530)	(2,576,507)	(625,977)
Net transfers	(1,887,530)	(2,513,507)	(625,977)
RESOURCES AND OTHER FINANCING SOURCES (USES) UNDER CHARGES TO APPROPRIATIONS	$ (3,384,197)	$ (325,688)	$ 3,058,509

CITY OF HASTINGS, NEBRASKA

BUDGETARY COMPARISON SCHEDULE -
STREET FUND

Year ended September 30, 2022

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Property tax	$ 18,500	$ 18,480	$ (20)
Wheel tax	348,000	383,685	35,685
Intergovernmental	3,083,578	3,339,288	255,710
Charges for services	120,000	154,046	34,046
Grants	594,797	497,372	(97,425)
Interest income	10,000	15,538	5,538
Other revenue	-	13,637	13,637
Total resources	4,174,875	4,422,046	247,171
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	3,876,141	3,202,345	(673,796)
Capital outlay	992,221	259,219	(733,002)
Principal payments	-	187,952	187,952
Interest expense	-	2,474	2,474
Total charges to appropriations	4,868,362	3,651,990	(1,216,372)
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	$ (693,487)	$ 770,056	$ 1,463,543

CITY OF HASTINGS, NEBRASKA

BUDGETARY COMPARISON SCHEDULE - MUSEUM FUND

Year ended September 30, 2022

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Property tax	$ 1,107,863	$ 1,068,516	$ (39,347)
Motor vehicle tax	85,000	90,867	5,867
Occupation tax	225,000	253,375	28,375
Charges for services	375,000	402,900	27,900
Grants	160,000	117,842	(42,158)
Contributions	78,000	89,832	11,832
Other income	365	3,714	3,349
Total resources	2,031,228	2,027,046	(4,182)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Environment and leisure	1,711,545	1,669,542	(42,003)
Capital outlay	299,900	264,351	(35,549)
Total charges to appropriations	2,011,445	1,933,893	(77,552)
Resources over charges to appropriations	19,783	93,153	73,370
OTHER FINANCING USES			
Transfers out	(50,000)	(50,000)	-
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS AND OTHER FINANCING USES	$ (30,217)	$ 43,153	$ 73,370

CITY OF HASTINGS, NEBRASKA

BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND

Year ended September 30, 2022

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Property tax	$ 463,574	$ 448,382	$ (15,192)
Motor vehicle tax	40,000	37,918	(2,082)
Special assessments	264,000	134,635	(129,365)
Interest income	3,000	112,979	109,979
Total resources	770,574	733,914	(36,660)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Principal payments	397,672	397,672	-
Interest expense	65,902	65,901	(1)
Other expenses	20,000	800	(19,200)
Total charges to appropriations	483,574	464,373	(19,201)
Resources over charges to appropriations	287,000	269,541	(17,459)
OTHER FINANCING SOURCES (USES)			
Transfers in	98,871	98,871	-
Transfers out	-	(1,000,000)	(1,000,000)
Net transfers	98,871	(901,129)	(1,000,000)
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	$ 385,871	$ (631,588)	$ (1,017,459)

CITY OF HASTINGS, NEBRASKA

BUDGETARY COMPARISON SCHEDULES - NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

Year ended September 30, 2022

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

	General Fund	Street Fund	Museum Fund	Debt Service Fund
Sources/inflows of resources:				
Actual amounts of resources (budgetary basis from the budgetary comparison schedules	$ 22,724,140	$ 4,422,046	$ 2,027,046	$ 733,914
Differences - budget to GAAP:				
Cash to accrual adjustments	168,387	3,670	(4,634)	1,003,577
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 22,892,527	$ 4,425,716	$ 2,022,412	$ 1,737,491
Uses/outflows of resources:				
Actual amounts (budgetary basis) "total charges to appropriations" from the bugetary comparison schedules	$ 20,536,321	$ 3,651,990	$ 1,933,893	$ 464,373
Differences - budget to GAAP:				
Cash to accrual adjustments	(53,676)	42,076	5,757	(893)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	$ 20,482,645	$ 3,694,066	$ 1,939,650	$ 463,480
Net transfers:				
Actual amounts (budgetary basis) from the budgetary comparison schedules	$ (2,513,507)	$ -	$ (50,000)	$ (901,129)
Differences - budget to GAAP:				
Cash to accrual adjustments	-	-	-	-
Total net transfers as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ (2,513,507)	$ -	$ (50,000)	$ (901,129)

CITY OF HASTINGS, NEBRASKA

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

Year ended September 30, 2022

Valuation Date	Fair Value of Assets	Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
Police:						
12/31/2020	$ 1,086,138	$ 623,728	$ (462,410)	174.1%	$ 314,045	n/a *
Fire:						
9/30/2017	$ 460,028	$ 539,247	$ 79,219	85.3%	n/a	n/a

* Fair value of assets exceeds the accrued liability, so calculation of unfunded liability as a percentage of covered payroll is not applicable.

SUPPLEMENTARY INFORMATION

CITY OF HASTINGS, NEBRASKA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

September 30, 2022

	Permanent	Special Revenue Funds			
	Cemetery Perpetual Care	BID Fund	Community Development	Museum Sales Tax Fund	S Landfill Cap Fund
ASSETS					
Cash and cash equivalents	$ 30,788	$ 6,334	$ (10,112)	$ 906,216	$ 23,144
Certificates of deposit	55,062	-	-	-	-
Receivables:					
Accounts receivable	-	-	61,081	-	-
Interest	-	-	-	-	-
Due from other governments	-	-	324,462	53,593	-
Total assets	$ 85,850	$ 6,334	$ 375,431	$ 959,809	$ 23,144
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ -	$ 6,820	$ 317,207	$ -	$ -
Fund balances:					
Nonspendable:					
Cemetery perpetual care	85,850	-	-	-	-
Restricted for:					
Street improvements	-	-	-	-	-
Federal programs	-	-	-	-	-
Capital projects	-	-	-	-	-
Aquatic Center	-	-	-	-	-
Museum projects	-	-	-	959,809	-
Community betterment	-	-	-	-	-
Other purposes	-	-	-	-	-
Assigned for:					
Equipment replacement	-	-	-	-	-
Other purposes	-	-	58,224	-	23,144
Unassigned	-	(486)	-	-	-
Total fund balances	85,850	(486)	58,224	959,809	23,144
Total liabilities and fund balances	$ 85,850	$ 6,334	$ 375,431	$ 959,809	$ 23,144

Library Grant Fund	Fire Equipment Sinking Fund	Bookmobile Replacement	Parks Grant Fund	Duncan Park Sales Tax	Aquatics Center Fund	Police Equipment Sinking Fund
$ 41,959	$ 232,692	$ 122,613	$ 98,711	$ 44,703	$ (116,577)	$ 7,304
-	-	-	-	-	401,000	-
-	-	-	-	-	-	-
-	-	-	-	-	1,151	-
704	-	-	-	-	-	-
$ 42,663	$ 232,692	$ 122,613	$ 98,711	$ 44,703	$ 285,574	$ 7,304
$ 1,828	$ -	$ -	$ -	$ -	$ 9,127	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	98,711	44,703	-	-
-	-	-	-	-	276,447	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
40,835	-	-	-	-	-	-
-	232,692	-	-	-	-	7,304
-	-	122,613	-	-	-	-
-	-	-	-	-	-	-
40,835	232,692	122,613	98,711	44,703	276,447	7,304
$ 42,663	$ 232,692	$ 122,613	$ 98,711	$ 44,703	$ 285,574	$ 7,304

CITY OF HASTINGS, NEBRASKA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS, Continued

September 30, 2022

	Special Revenue Funds					
	CANDO Fund	Public Safety Grant Fund	ARPA Fund	Wireless E911 Fund	Landline E911 Fund	Street Sales Tax Fund
ASSETS						
Cash and cash equivalents	$ 113,955	$ 19,777	$ 4,380,764	$ 270,794	$ 353,143	$ 2,811,646
Certificates of deposit	-	-	-	-	-	-
Receivables:						
Accounts receivable	-	-	-	-	5,062	-
Interest	-	-	-	-	-	-
Due from other governments	-	-	-	7,902	-	348,361
Total assets	$ 113,955	$ 19,777	$ 4,380,764	$ 278,696	$ 358,205	$ 3,160,007
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ -	$ -	$ -	$ 1,667	$ 366	$ 7,500
Fund balances:						
Nonspendable:						
Cemetery perpetual care	-	-	-	-	-	-
Restricted for:						
Street improvements	-	-	-	-	-	3,152,507
Federal programs	-	-	4,380,764	-	-	-
Capital projects	-	-	-	-	-	-
Aquatic Center	-	-	-	-	-	-
Museum projects	-	-	-	-	-	-
Community betterment	-	-	-	-	-	-
Other purposes	-	19,777	-	-	-	-
Assigned for:						
Equipment replacement	-	-	-	-	-	-
Other purposes	113,955	-	-	277,029	357,839	-
Unassigned	-	-	-	-	-	-
Total fund balances	113,955	19,777	4,380,764	277,029	357,839	3,152,507
Total liabilities and fund balances	$ 113,955	$ 19,777	$ 4,380,764	$ 278,696	$ 358,205	$ 3,160,007

Special Revenue Funds						Capital	Total Nonmajor
Natural Disaster Fund	Scales Fund	Diversion Program	Parks-Rec Sales Tax Fund	Keno Betterment	ED Revolving Loan Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
$ 22,949	$ 29,290	$ 14,227	$ 580,064	$ 253,068	$ -	$ 596,244	$ 10,833,696
-	-	-	-	-	-	-	456,062
-	-	-	-	20,866	-	-	87,009
-	-	-	-	-	-	-	1,151
-	-	-	133,984	-	-	-	869,006
$ 22,949	$ 29,290	$ 14,227	$ 714,048	$ 273,934	$ -	$ 596,244	$ 12,246,924
$ -	$ -	$ -	$ 117	$ -	$ -	$ 73,949	$ 418,581
-	-	-	-	-	-	-	85,850
-	-	-	-	-	-	-	3,152,507
-	-	-	-	-		-	4,380,764
-	-	-	713,931	-	-	522,295	1,379,640
-	-	-	-	-	-	-	276,447
-	-	-	-	-	-	-	959,809
-	-	-	-	273,934	-	-	273,934
-	-	-	-	-	-	-	60,612
-	-	-	-	-	-	-	239,996
22,949	29,290	14,227	-	-	-	-	1,019,270
-	-	-	-	-	-	-	(486)
22,949	29,290	14,227	713,931	273,934	-	522,295	11,828,343
$ 22,949	$ 29,290	$ 14,227	$ 714,048	$ 273,934	$ -	$ 596,244	$ 12,246,924

CITY OF HASTINGS, NEBRASKA

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

For the year ended September 30, 2022

	Permanent	Special Revenue Funds			
	Cemetery Perpetual Care	BID Fund	Community Development	Museum Sales Tax Fund	S Landfill Cap Fund
REVENUES					
Sales tax	$ -	$ -	$ -	$ 285,217	$ -
Keno	-	-	-	-	-
Special assessments	-	69,744	-	-	-
Charges for services	-	-	-	-	-
Grants	-	-	445,569	-	-
Interest income	356	212	-	2,354	121
Contributions	-	-	113,528	-	-
Total revenues	356	69,956	559,097	287,571	121
EXPENDITURES					
General government	-	73,876	214,627	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Environment and leisure	-	-	-	566	-
Economic development	-	-	-	-	-
Capital outlay	-	-	292,487	-	-
Total expenditures	-	73,876	507,114	566	-
Excess (deficiency) of revenues over expenditures	356	(3,920)	51,983	287,005	121
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Net transfers	-	-	-	-	-
Net change in fund balances	356	(3,920)	51,983	287,005	121
Fund balances - September 30, 2021	85,494	3,434	6,241	672,804	23,023
Fund balances - September 30, 2022	$ 85,850	$ (486)	$ 58,224	$ 959,809	$ 23,144

Library	Fire Equipment	Bookmobile	Parks	Duncan Park	Aquatic	Police Equipment
Grant Fund	Sinking Fund	Replacement	Grant Fund	Sales Tax	Center Fund	Sinking Fund
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
54,376	-	12,903	-	-	-	-
262	581	568	483	215	1,376	-
-	-	-	32,249	-	-	-
54,638	581	13,471	32,732	215	1,376	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
46,725	-	-	24,989	7,408	25,509	-
-	-	-	-	-	-	-
-	-	-	-	-	100,475	-
46,725	-	-	24,989	7,408	125,984	-
7,913	581	13,471	7,743	(7,193)	(124,608)	-
-	270,000	6,000	-	15,000	-	-
-	(98,871)	-	-	-	-	-
-	171,129	6,000	-	15,000	-	-
7,913	171,710	19,471	7,743	7,807	(124,608)	-
32,922	60,982	103,142	90,968	36,896	401,055	7,304
$ 40,835	$ 232,692	$ 122,613	$ 98,711	$ 44,703	$ 276,447	$ 7,304

CITY OF HASTINGS, NEBRASKA

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

For the year ended September 30, 2022

	Special Revenue Funds					
	CANDO Fund	Public Safety Grant Fund	ARPA Fund	Wireless E911 Fund	Landline E911 Fund	Street Sales Tax Fund
REVENUES						
Sales tax	$ -	$ -	$ -	$ -	$ -	$ 1,853,931
Keno	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Charges for services	-	-	-	-	54,556	-
Grants	-	2,773	2,185,090	86,925	-	-
Interest income	194	-	10,583	1,345	1,842	8,530
Contributions	-	1,788	-	-	-	-
Total revenues	194	4,561	2,195,673	88,270	56,398	1,862,461
EXPENDITURES						
General government	11,070	-	-	-	-	-
Public safety	-	4,894	-	19,223	5,400	-
Public works	-	-	-	-	-	675,123
Environment and leisure	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Capital outlay	-	-	-	27,279	83,709	30,098
Total expenditures	11,070	4,894	-	46,502	89,109	705,221
Excess (deficiency) of revenues over expenditures	(10,876)	(333)	2,195,673	41,768	(32,711)	1,157,240
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Net transfers	-	-	-	-	-	-
Net change in fund balances	(10,876)	(333)	2,195,673	41,768	(32,711)	1,157,240
Fund balances - September 30, 2021	124,831	20,110	2,185,091	235,261	390,550	1,995,267
Fund balances - September 30, 2022	$ 113,955	$ 19,777	$ 4,380,764	$ 277,029	$ 357,839	$ 3,152,507

Special Revenue Funds							
Natural Disaster Fund	Scales Fund	Diversion Program	Parks-Rec Sales Tax Fund	Keno Betterment	ED Revolving Loan Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ 713,046	$ -	$ -	$ -	$ 2,852,194
-	-	-	-	295,049	-	-	295,049
-	-	-	-	-	-	-	69,744
-	-	2,236	-	-	-	-	56,792
-	-	-	-	-	-	-	2,787,636
-	20	65	3,767	1,260	-	3,136	37,270
-	17,000	-	27,602	5,993	-	-	198,160
-	17,020	2,301	744,415	302,302	-	3,136	6,296,845
-	-	-	-	41,582	-	-	341,155
-	10,182	-	-	-	-	-	39,699
-	-	-	-	-	-	1,376,838	2,051,961
-	-	-	26,912	734	-	-	132,843
-	-	-	-	-	99,735	-	99,735
-	-	-	772,956	161,777	-	1,190,704	2,659,485
-	10,182	-	799,868	204,093	99,735	2,567,542	5,324,878
-	6,838	2,301	(55,453)	98,209	(99,735)	(2,564,406)	971,967
-	-	-	-	-	-	1,700,000	1,991,000
-	-	-	-	(13,000)	-	-	(111,871)
-	-	-	-	(13,000)	-	1,700,000	1,879,129
-	6,838	2,301	(55,453)	85,209	(99,735)	(864,406)	2,851,096
22,949	22,452	11,926	769,384	188,725	99,735	1,386,701	8,977,247
$ 22,949	$ 29,290	$ 14,227	$ 713,931	$ 273,934	$ -	$ 522,295	$ 11,828,343

CITY OF HASTINGS, NEBRASKA

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS

September 30, 2022

	Health Insurance Fund	I T Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 9,516,285	$ 163,334	$ 9,679,619
Certificates of deposit	600,000	-	600,000
Total current assets	10,116,285	163,334	10,279,619
LIABILITIES			
Current liabilities:			
Accounts payable	5,178	15,460	20,638
Claims incurred not paid	546,377	-	546,377
Accrued wages	-	15,722	15,722
Total current liabilities	551,555	31,182	582,737
Noncurrent liabilities:			
Compensated absences - noncurrent	-	58,499	58,499
Total liabilities	551,555	89,681	641,236
NET POSITION			
Unrestricted	$ 9,564,730	$ 73,653	$ 9,638,383

See notes to financial statements.

CITY OF HASTINGS, NEBRASKA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - INTERNAL SERVICE FUNDS

For the year ended September 30, 2022

	Health Insurance Fund	I T Fund	Total
Operating revenues:			
Interdepartmental charges	$ -	$ 1,522,262	$ 1,522,262
Health insurance funding-interdepartmental	7,474,716	-	7,474,716
Employee premiums	1,409,857	-	1,409,857
Reinsurance receipts	1,054,796	-	1,054,796
Total operating revenues	9,939,369	1,522,262	11,461,631
Operating expenses:			
Personnel costs	-	1,180,057	1,180,057
Utilities	-	620	620
Supplies	-	1,153	1,153
Dues and training	-	4,773	4,773
Software	-	672,753	672,753
Computer equipment	-	642,142	642,142
Insurance claims and health premiums	8,987,788	-	8,987,788
Total operating expenses	8,987,788	2,501,498	11,489,286
Operating income (loss)	951,581	(979,236)	(27,655)
Nonoperating revenues (expenses):			
Interest income	26,790	-	26,790
Interest expense	-	(10,872)	(10,872)
Total nonoperating revenues (expenses)	26,790	(10,872)	15,918
Excess (deficiency) of revenues over expenditures	978,371	(990,108)	(11,737)
OTHER FINANCING SOURCES			
Transfers in	400,000	1,185,507	1,585,507
Change in net position	1,378,371	195,399	1,573,770
Net position - September 30, 2021	8,186,359	(121,746)	8,064,613
Net position - September 30, 2022	$ 9,564,730	$ 73,653	$ 9,638,383

See notes to financial statements.

CITY OF HASTINGS, NEBRASKA

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS

For the year ended September 30, 2022

	Health Insurance Fund	I T Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from other funds	$ 9,939,369	$ 1,522,262	$ 11,461,631
Payments to suppliers	(8,465,042)	(1,348,057)	(9,813,099)
Payments to employees	-	(1,185,506)	(1,185,506)
Net cash provided (used) by operating activities	1,474,327	(1,011,301)	463,026
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfer from General Fund	400,000	1,185,507	1,585,507
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Interest paid	-	(10,872)	(10,872)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	26,790	-	26,790
Increase in cash and cash equivalents	1,901,117	163,334	2,064,451
Cash and cash equivalents - beginning of the year	7,615,168	-	7,615,168
Cash and cash equivalents - end of the year	$ 9,516,285	$ 163,334	$ 9,679,619
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ 951,581	$ (979,236)	$ (27,655)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Change in assets and liabilities:			
Accounts payable	(10,588)	(26,616)	(37,204)
Claims incurred not paid	533,334	-	533,334
Accrued expenses	-	(5,449)	(5,449)
Net cash provided (used) by operating activities	$ 1,474,327	$ (1,011,301)	$ 463,026

See notes to financial statements.

SINGLE AUDIT REPORTS

CITY OF HASTINGS, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2022

Federal Grantor and Program Title	Federal AL Number	Pass-Through Identifying Number	Expenditures	
Department of Homeland Security:				
Direct Program:				
Assistance to Firefighters	97.044	n/a	$ 948	
Department of Transportation:				
Passed through Nebraska Department of Transportation:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	47-6006221	4,168	
National Priority Safety Programs	20.616	47-6006221	5,993	
Total Highway Safety Cluster			10,161	
Airport Improvement Program	20.106	3-31-0040-018	623,089	*
COVID-19 - Airport Improvement Program	20.106	3-31-0040-018	32,000	*
Total AL #20.106			655,089	
Total Department of Transportation/Total Passed through Nebraska Department of Transportation			665,250	
Small Business Administration				
Direct Program:				
COVID-19 - Shuttered Venue Operators Grant	59.075	n/a	72,980	
Department of Housing and Urban Development:				
Passed through Nebraska Department of Economic Development:				
Community Development Block Grant	14.228	47-6006221	449,070	
National Endowment for the Humanities:				
Passed through American Library Association:				
COVID-19 - Promotion of the Humanities Public Programs	45.164	47-6006221	10,000	
Passed through Nebraska Library Commission:				
COVID-19 - Grants to States	45.310	47-6006221	20,781	
Total National Endowment for the Humanities			30,781	
Total Expenditures of Federal Awards			$ 1,219,029	

*Major Program

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Hastings, Nebraska, and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

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

The City has not elected to use the 10 percent deminimis cost rate.

AMGL
CPAs & Advisors

SHAREHOLDERS:
Robert D. Almquist
Phillip D. Maltzahn
Marcy J. Luth
Heidi A. Ashby
Christine R. Shenk
Michael E. Hoback
Joseph P. Stump
Kyle R. Overturf
Tracy A. Cannon

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

To the Honorable Mayor and Members of the City Council
City of Hastings, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hastings, Nebraska, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Hastings, Nebraska'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.

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

1203 W 2nd Street
P.O. Box 1407
Grand Island, NE 68802
P 308-381-1810
F 308-381-4824
EMAIL cpa@gicpas.com

A PROFESSIONAL CORPORATION

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

City of Hastings's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Hastings, Nebraska's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

AMGL, P.C.

Grand Island, Nebraska
February 15, 2023

AMGL
CPAs & Advisors

SHAREHOLDERS:
Robert D. Almquist
Phillip D. Maltzahn
Marcy J. Luth
Heidi A. Ashby
Christine R. Shenk
Michael E. Hoback
Joseph P. Stump
Kyle R. Overturf
Tracy A. Cannon

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and Members of the City Council
City of Hastings, Nebraska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Hastings, Nebraska's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2022. The City of Hastings, Nebraska's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Hastings, Nebraska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Hastings, Nebraska and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Hastings, Nebraska's compliance with the compliance requirements referred to above.

1203 W 2nd Street
P.O. Box 1407
Grand Island, NE 68802
P 308-381-1810
F 308-381-4824
EMAIL cpa@gicpas.com

A PROFESSIONAL CORPORATION

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statues, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Hastings, Nebraska's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Hastings, Nebraska's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Hastings, Nebraska's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Hastings, Nebraska's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City of Hastings, Nebraska's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Hastings, Nebraska's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

AMGL, P.C.

Grand Island, Nebraska
February 15, 2023

CITY OF HASTINGS, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2022

1. A summary of auditor's results:

   (i) Unmodified opinions were issued on all opinion units of the City of Hastings, Nebraska, as of September 30, 2022.

   (ii) One significant deficiency disclosed during the audit of the financial statements is reported in the "Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*." The deficiency is not reported as a material weakness.

   (iii) The audit disclosed no instances of noncompliance which are material to the financial statements of the City of Hastings, Nebraska.

   (iv) The audit did not disclose any significant deficiencies in the internal control over major programs for the City of Hastings, Nebraska.

   (v) An unmodified opinion was issued on compliance for major programs.

   (vi) The audit did not disclose any audit findings which are required to be reported under 2 CFR section 200.516(a).

   (vii) Major Program: AL #20.106 – Airport Improvement Program and COVID 19 – Airport Improvement Program.

   (viii) The dollar threshold used to distinguish between Type A and Type B programs was $750,000.

   (ix) The City of Hastings, Nebraska, did not qualify as a low-risk auditee.

2. Findings relating to the financial statements which are required to be reported in accordance with GAGAS.

   2022-001

   Condition: There is not adequate segregation of duties.

   Criteria: Adequate segregation of duties should be in place to ensure internal control over cash receipts, disbursements, and recording of transactions.

   Cause: There are a limited number of accounting personnel.

   Effect: Because of the lack of segregation, the same employees may participate in multiple facets of a transaction.

   Recommendation: Management should remain aware of this lack of segregation and continue diligence in oversight and review of transactions.

   Views of Responsible Officials and Planned Corrective Actions: It is impractical to further segregate duties due to the limited number of accounting personnel. However, management will continue to review/oversight of transactions.

3. Findings and questioned costs for Federal awards which shall include audit findings as defined in 2 CFR section 200.516(a).

   None

CITY OF HASTINGS, NEBRASKA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended September 30, 2022

There were no prior audit findings for the year ended September 30, 2021.