CITY OF HASTINGS, NEBRASKA

FINANCIAL REPORT

SEPTEMBER 30, 2007

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McDERMOTT & MILLER
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Hastings
Hastings, Nebraska

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, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Hastings's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2008 on our consideration of the City of Hastings' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 53 through 73 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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 combining and individual nonmajor fund financial statements and other schedules (pages 49 through 52), listed in the Table of Contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards (pages 74 and 75) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audit of States and Local Governments, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McDermott & Miller, P.C.

Hastings, Nebraska
February 9, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF HASTINGS, NEBRASKA

As management of the City of Hastings, Nebraska ("the City") we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City's primary government for the fiscal year ended September 30, 2007. The operations of the Utilities System, a component unit of the City of Hastings, has been audited separately and its financial report and management discussion and analysis can be obtained from the Office of the Finance Director, Hastings Utilities, 1228 North Denver Avenue, Hastings, Nebraska 68901.

Financial Highlights

- The assets of the City's primary government exceeded its liabilities at the close of the most recent fiscal year by $38,651,547 (*net assets*).
- As of the close of the current fiscal year, the City's primary government governmental funds reported combined ending fund balances of $11,077,764, a decrease of $1,447,838 in comparison with the prior year. Of this total amount, $11,077,764 is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was $4,373,982, or 39% of total general fund expenditures.
- The City added $20,355,252 of infrastructure costs, net of accumulated depreciation, to its capital assets, in accordance with GASB Statement #34.
- The City's primary government long-term debt decreased by $3,288,501 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's 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 other 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's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 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 include general government, public safety, public works, streets, and culture and recreation. The business-type activities of the City include a landfill operation.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a separate Utility System for which the City 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 8-10 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, 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 can be divided into three categories: governmental funds, proprietary funds, and fiduciary fund.

Governmental funds. *Governmental funds* are used to account for essentially the 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 resour*ces, 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 maintains nineteen 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, street, museum, BAN/street construction fund, and debt service funds, all of which are considered to be major funds. Data from the other thirteen 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 adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11-15 of this report.

Proprietary funds. The City maintains three 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 uses an enterprise fund to account for its landfill operations.

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 and airport funds which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 16-18 of this report.

Trust and Agency funds. Trust and agency funds are used to account for resources held for the benefit of parties outside the government. Trust and agency funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for trust and agency funds is much like that used for proprietary funds.

The basic trust and agency fund financial statements can be found on pages 19-20 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 21-48 of this report.

Other information. Combining and individual fund statements and schedules can be found on pages 49-52 of this report.

Government-wide Financial Analysis

By far the largest portion of the City's total assets (71%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

City of Hastings, Nebraska's Net Assets

	Governmental Activities	Business-type Activities	Total
Current and other assets	$ 15,350,307	$ 5,197,263	$ 20,547,570
Capital assets	36,608,742	4,782,077	41,390,819
Total Assets	$ 51,959,049	$ 9,979,340	$ 61,938,389
Long-term liabilities	$ 18,344,012	$ 2,999,416	$ 21,343,428
Other liabilities	1,913,977	29,437	1,943,414
Total Liabilities	$ 20,257,989	$ 3,028,853	$ 23,286,842
Net Assets	$ 31,701,060	$ 6,950,487	$ 38,651,547

The government's net assets increased by $400,520 during the current fiscal year.

Governmental activities. Governmental activities increased the City's net assets by $281,578 thereby accounting for over 71% of the total growth in the net assets of the City.

Business-type activities. Business-type activities increased the City's net assets by $118,942, accounting for a 29% increase in the government's business-type net assets.

Financial Analysis of the Government's Funds

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

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

Expenses and Program Revenues – Governmental Funds:

	Revenues	Expenditures	Other Financing Sources	Excess (Deficit) Revenues and Other Financing Sources Over Expenditures
2007	$ 20,699,877	$ 22,502,018	$ 354,303	$ (1,447,838)

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was $4,373,982, while the total governmental fund balance reached $11,077,764.

Current year expenditures include capital outlay of $4,120,681 compared to $3,316,743 for the prior year, an increase of $803,938. Debt service payments for the current year were $4,048,884 compared to $6,415,195 for the prior year, but include early redemptions of $575,000.

Other financing sources include transfers from the Utility System of $2,278,342.

Expenses and Program Revenues - Business-type Activities

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

2007	Landfill Fund	Airport Fund
Operating income	$1,676,543	$ 153,028
Operating expense	(1,523,218)	(187,411)
Operating Income (Loss)	$ 153,325	$ (34,383)

Unrestricted net assets of the Landfill Fund at the end of the year amounted to $945,049. The total increase in net assets for this fund was $153,325.

Unrestricted net assets of the Airport Fund at the end of the year amounted to $279,284. The total decrease to net assets for this fund was $34,383.

Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of September 30, 2007, amounts to $41,390,819 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, equipment, and infrastructure. In adopting Governmental Accounting Standards Statement GASB #34, the City added $45,108,844 of infrastructure assets, net of $25,931,090 accumulated depreciation to its capital assets this year. Infrastructure relates to roads, bridges, streets and sidewalks.

Additional information on the City's capital assets can be found in Note 8 on page 41 of this report.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of $17,919,122.

City of Hastings, Nebraska's Outstanding Debt

General Obligation Bonds	$ 15,480,000
Tax Increment Bonds	110,000
Notes Payable – Community Redevelopment Authority	974,222
Notes and Installment Contracts	1,354,900
	$ 17,919,122

The City's total debt decreased by $3,288,501 during the current fiscal year.

Additional information on the City's long-term debt can be found in Note 7 on pages 33-40.

Requests for Information

This financial report is designed to provide a general overview of the City's primary government 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 Office of the City Treasurer, City of Hastings, Nebraska, 220 N. Hastings Avenue, Hastings, NE 68901.

CITY OF HASTINGS, NEBRASKA

STATEMENT OF NET ASSETS
September 30, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Utility System
ASSETS				
Cash and cash equivalents	$ 10,447,613	$ 3,479,056	$ 13,926,669	$ 13,528,945
Cash with County Treasurer	1,024,612	--	1,024,612	--
Cash and investments with fiscal agent	3,000	--	3,000	--
Investments	--	--	--	40,144,092
Deposit fund	5,000	--	5,000	--
Receivables	2,409,848	150,423	2,560,271	9,096,077
Prepaid expenses	--	--	--	226,100
Inventory	525,972	--	525,972	5,428,453
Due from other funds	13,706	--	13,706	--
Notes receivable	920,556	--	920,556	--
Deferred charges	--	--	--	257,023
Restricted assets:				
Cash and investments	--	--	--	12,709,805
Landfill closure costs	--	1,567,784	1,567,784	--
Capital assets, net	36,608,742	4,782,077	41,390,819	132,535,092
Total assets	$ 51,959,049	$ 9,979,340	$ 61,938,389	$213,925,587
LIABILITIES				
Excess of checks outstanding over bank balance	$ 1,264,948	$ --	$ 1,264,948	$ --
Accounts payable	479,348	23,546	502,894	9,058,483
Accrued liabilities	150,975	5,891	156,866	323,563
Deferred revenue	5,000	--	5,000	--
Customer deposits	--	--	--	235,735
Due to other funds	13,706	--	13,706	--
Noncurrent liabilities:				
Accrued compensated absences	1,048,597	42,174	1,090,771	1,745,292
Landfill closure payable	--	2,333,535	2,333,535	--
Other	--	--	--	491,518
Long-term debt:				
Due within one year	1,955,976	172,293	2,128,269	3,317,575
Due in more than one year	15,339,439	451,414	15,790,853	57,184,109
Total liabilities	$ 20,257,989	$ 3,028,853	$ 23,286,842	$ 72,356,275
NET ASSETS				
Investment in capital assets, net of related debt	$ 20,287,549	$ 4,158,370	$ 24,445,919	$ 61,257,457
Restricted	--	1,567,784	1,567,784	12,709,804
Unrestricted	11,413,511	1,224,333	12,637,844	67,602,051
Total net assets	$ 31,701,060	$ 6,950,487	$ 38,651,547	$141,569,312

See Notes to Financial Statements

CITY OF HASTINGS, NEBRASKA

STATEMENT OF ACTIVITIES
Year Ended September 30, 2007

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Primary Government				
Governmental activities:				
General government	$13,877,311	$ 183,013	$ 2,618,241	$ --
Public safety	42,765	600	42,632	--
Public works	67,278	--	66,762	--
Culture and recreation	1,219,410	748,777	124,357	--
Streets	5,776,746	155,452	2,207,170	--
Interest on long-term debt	737,755	--	--	--
Total governmental activities	$21,721,265	$ 1,087,842	$ 5,059,162	$ --
Business-type activities:				
Landfill	$ 1,523,218	$ 1,444,540	$ --	$ --
Airport	187,411	93,662	30,157	--
Total business-type activities	$ 1,710,629	$ 1,538,202	$ 30,157	$ --
Total primary government	$23,431,894	$ 2,626,044	$ 5,089,319	$ --
Component units:				
Utility System	$46,842,704	$45,055,353	$ --	$ --
Total component units	$46,842,704	$45,055,353	$ --	$ --

General revenue
Taxes
Special assessments
Tax increment financing
License and permits
Interest income
Transfers from other funds
Miscellaneous
Total general revenues and special items
Change in net assets

Net assets - beginning (restated)
Net assets - ending

See Notes to Financial Statements

Net (Disbursement) Receipt and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
$ (11,076,057)	$ --	$ (11,076,057)	$ --
467	--	467	--
(516)	--	(516)	--
(346,276)	--	(346,276)	--
(3,414,124)	--	(3,414,124)	--
(737,755)	--	(737,755)	--
$ (15,574,261)	$ --	$ (15,574,261)	$ --
$ --	$ (78,678)	$ (78,678)	$ --
--	(63,592)	(63,592)	--
$ --	$ (142,270)	$ (142,270)	$ --
$ (15,574,261)	$ (142,270)	$ (15,716,531)	$ --
			$ (1,787,351)
			$ (1,787,351)
$ 9,928,850	$ --	$ 9,928,850	$ --
602,467	--	602,467	--
819,403	--	819,403	--
419,783	--	419,783	--
325,945	234,975	560,920	1,328,222
2,278,342	--	2,278,342	--
1,481,049	26,237	1,507,286	6,014,385
$ 15,855,839	$ 261,212	$ 16,117,051	$ 7,342,607
$ 281,578	$ 118,942	$ 400,520	$ 5,555,256
31,419,482	6,831,545	38,251,027	136,014,056
$ 31,701,060	$ 6,950,487	$ 38,651,547	$ 141,569,312

See Notes to Financial Statements

CITY OF HASTINGS, NEBRASKA

FUND BALANCE SHEETS
GOVERNMENTAL FUNDS
September 30, 2007

	General Fund	Streets Fund	Museum Fund	BAN/Street Construction Fund
ASSETS				
Cash	$ 3,393,494	$ 656,571	$ 1,580	$ 951,687
Cash with County Treasurer	452,805	22,156	134,955	--
Cash and investments with fiscal agent	--	--	--	--
Deposit fund	5,000	--	--	--
Receivables	807,755	3,087	39,141	--
Due from other funds	--	--	--	--
Inventories	--	16,888	--	--
TOTAL ASSETS	$ 4,659,054	$ 698,702	$ 175,676	$ 951,687
LIABILITIES				
Liabilities:				
Excess of checks outstanding over bank balance	$ --	$ --	$ 1,264,917	$ --
Accounts payable	161,693	35,647	40,652	214,121
Accrued liabilities	118,379	19,187	10,726	--
Due to other funds	--	--	--	--
Deferred revenues	5,000	--	--	--
Total liabilities	$ 285,072	$ 54,834	$ 1,316,295	$ 214,121
FUND BALANCES				
Unrestricted				
Total fund balances	$ 4,373,982	$ 643,868	$ (1,140,619)	$ 737,566
TOTAL LIABILITIES AND FUND BALANCES	$ 4,659,054	$ 698,702	$ 175,676	$ 951,687

Total Fund Balances

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Notes and property tax receivables that are not available to pay for current-period expenditures are not reported in the funds.

Deferred revenue is not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.

Net assets of governmental activities

See Notes to Financial Statements

Debt Service Fund	Other Governmental Funds	Total
$ 2,190,121	$ 3,254,160	$ 10,447,613
233,949	180,747	1,024,612
3,000	--	3,000
--	--	5,000
1,257,233	87,438	2,194,654
13,706	--	13,706
--	509,084	525,972
$ 3,698,009	$ 4,031,429	$ 14,214,557
$ --	$ 31	$ 1,264,948
--	27,235	479,348
--	2,683	150,975
--	13,706	13,706
1,222,816	--	1,227,816
$ 1,222,816	$ 43,655	$ 3,136,793
$ 2,475,193	$ 3,987,774	$ 11,077,764
$ 3,698,009	$ 4,031,429	$ 14,214,557
		$ 11,077,764
		36,608,742
		1,135,750
		1,222,816
		(18,344,012)
		$ 31,701,060

See Notes to Financial Statements

CITY OF HASTINGS, NEBRASKA

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2007

	General Fund	Streets Fund	Museum Fund
REVENUES			
Taxes	$ 6,413,721	$ 310,659	$ 891,927
Special assessments	--	--	--
Licenses and permits	419,783	--	--
Intergovernmental	3,709,281	2,207,170	12,915
Charges for services	168,763	155,452	318,820
Fines and forfeitures	14,250	--	--
Park and recreation fees	429,957	--	--
Interest income	24,688	16,998	--
Miscellaneous	196,888	12,484	77,709
Total revenues	$ 11,377,331	$ 2,702,763	$ 1,301,371
EXPENDITURES			
Current operating:			
General government	$ 10,830,704	$ --	$ --
Public safety	--	--	--
Public works	--	--	--
Culture and recreation	--	--	1,179,742
Streets	--	2,168,610	--
Debt service:			
Principal	--	--	--
Interest and other charges	--	--	--
Capital outlay:	369,777	425,542	35,205
Total expenditures	$ 11,200,481	$ 2,594,152	$ 1,214,947
Excess (deficiency) of revenues over expenditures	$ 176,850	$ 108,611	$ 86,424
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	$ 121,700	$ 86,083	$ --
Transfers to other funds	--	--	--
Tax increment financing and note proceeds	--	--	--
Tax increment related note financing	--	--	--
General obligation bond proceeds	--	--	--
General obligation bond redemption	--	--	--
Total other financing sources (uses)	$ 121,700	$ 86,083	$ --
Excess (deficiency) of revenues and other sources over expenditures and other uses	$ 298,550	$ 194,694	$ 86,424
Fund balances at beginning of year	4,075,432	449,174	(1,227,043)
FUND BALANCES AT END OF YEAR	$ 4,373,982	$ 643,868	$ (1,140,619)

See Notes to Financial Statements

BAN/Street Construction Fund	Debt Service Fund	Other Governmental Funds	Total
$ --	$ 1,358,467	$ 965,564	$ 9,940,338
--	217,306	--	217,306
--	--	--	419,783
452,146	1,166	954,836	7,337,514
--	--	600	643,635
--	--	--	14,250
--	--	--	429,957
66,877	114,071	103,311	325,945
97,083	--	986,985	1,371,149
$ 616,106	$ 1,691,010	$ 3,011,296	$ 20,699,877
$ --	$ 3,600	$ 610,291	$ 11,444,595
--	--	42,765	42,765
--	--	67,278	67,278
--	--	4,463	1,184,205
--	--	--	2,168,610
--	1,120,000	1,616,129	2,736,129
86,500	522,761	128,494	737,755
2,005,096	--	1,285,061	4,120,681
$ 2,091,596	$ 1,646,361	$ 3,754,481	$ 22,502,018
$ (1,475,490)	$ 44,649	$ (743,185)	$ (1,802,141)
$ --	$ 300,000	$ --	$ 507,783
(86,083)	(300,000)	(11,800)	(397,883)
--	--	1,045,679	1,045,679
--	--	(226,276)	(226,276)
--	--	--	--
--	--	(575,000)	(575,000)
$ (86,083)	$ --	$ 232,603	$ 354,303
$ (1,561,573)	$ 44,649	$ (510,582)	$ (1,447,838)
2,299,139	2,430,544	4,498,356	12,525,602
$ 737,566	$ 2,475,193	$ 3,987,774	$ 11,077,764

See Notes to Financial Statements

CITY OF HASTINGS, NEBRASKA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2007

Net change in fund balances - total government funds	$ (1,447,838)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount of depreciation expense in the current period in excess of current year capital outlay.	(2,014,978)
Governmental funds report note receivable outlays as expenditures while governmental activities record these as additions to assets in the Statement of Net Assets.	45,643
Governmental funds do not record changes in deferred revenues and property tax receivables in the Statement of Revenues, Expenditures, and Changes in Fund Balances, while the increase/(decrease) is reflected in the Statement of Activities.	373,673
Governmental funds do not record changes in accrued compensated absences in the Statement of Revenues, Expenditures, and Changes in Fund Balances, while the (increase)/decrease is reflected in the Statement of Activities.	(66,950)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	3,392,028
	$ 281,578

See Notes to Financial Statements

CITY OF HASTINGS, NEBRASKA

FUND BALANCE SHEET
PROPRIETARY FUNDS
September 30, 2007

	Business-type Activities Enterprise Funds				Governmental Activities
	Primary Government			Component Unit	
ASSETS	Landfill	Airport	Total	Utility System	Self-Insured Health
CURRENT ASSETS					
Cash and cash equivalents	$ 3,192,629	$ 286,427	$ 3,479,056	$ 13,528,945	$ 2,149,048
Investments	--	--	--	40,144,092	--
Receivables	145,148	5,275	150,423	9,096,077	628
Prepaid expenses	--	--	--	226,100	
Inventory	--	--	--	5,428,453	--
Deferred charges	--	--	--	257,023	--
Total current assets	$ 3,337,777	$ 291,702	$ 3,629,479	$ 68,680,690	$ 2,149,676
PROPERTY, PLANT AND EQUIPMENT					
Land, buildings and improvements	$ 4,249,784	$ 125,545	$ 4,375,329	$ --	$ --
Machinery and equipment	2,310,152	--	2,310,152	--	--
Utility system	--	--	--	238,335,081	--
	$ 6,559,936	$ 125,545	6,685,481	$ 238,335,081	$ --
Less accumulated depreciation	(1,897,911)	(5,493)	(1,903,404)	(105,799,989)	--
Total property, plant and equipment	$ 4,662,025	$ 120,052	$ 4,782,077	$ 132,535,092	$ --
RESTRICTED ASSETS					
Cash and cash equivalents	$ --	$ --	$ --	$ 6,337,250	$ --
Investments	--	--	--	6,372,555	--
Landfill closure costs	1,567,784	--	1,567,784	--	--
Total restricted assets	$ 1,567,784	$ --	$ 1,567,784	$ 12,709,805	$ --
TOTAL ASSETS	$ 9,567,586	$ 411,754	$ 9,979,340	$ 213,925,587	$ 2,149,676
LIABILITIES AND RETAINED EARNINGS					
CURRENT LIABILITIES					
Accounts payable	$ 11,128	$ 12,418	$ 23,546	$ 9,058,483	$ 264,629
Accrued liabilities	5,891	--	5,891	323,563	--
Landfill closure payable	2,333,535	--	2,333,535	--	--
Customer deposits	--	--	--	235,735	--
Current portion of long-term debt	172,293	--	172,293	3,317,575	--
Total current liabilities	$ 2,522,847	$ 12,418	$ 2,535,265	$ 12,935,356	$ 264,629
OTHER LIABILITIES					
Long-term debt, net of current portion	$ 451,414	$ --	$ 451,414	$ 57,184,109	$ --
Deferred credits	42,174	--	42,174	2,236,810	--
Total other liabilities	$ 493,588	$ --	$ 493,588	$ 59,420,919	$ --
Total liabilities	$ 3,016,435	$ 12,418	$ 3,028,853	$ 72,356,275	$ 264,629
NET ASSETS					
Investment in capital assets, net of related debt	$ 4,038,318	$ 120,052	$ 4,158,370	$ 61,257,457	$ --
Restricted	1,567,784	--	1,567,784	12,709,804	--
Unrestricted	945,049	279,284	1,224,333	67,602,051	1,885,047
Total net assets	$ 6,551,151	$ 399,336	$ 6,950,487	$ 141,569,312	$ 1,885,047
TOTAL LIABILITIES AND NET ASSETS	$ 9,567,586	$ 411,754	$ 9,979,340	$ 213,925,587	$ 2,149,676
Net Assets, Proprietary Funds	$ 6,551,151	$ 399,336	$ 6,950,487	$ 141,569,312	
Net Assets, Proprietary Activities	$ 6,551,151	$ 399,336	$ 6,950,487	$ 141,569,312	

See Notes to Financial Statements

CITY OF HASTINGS, NEBRASKA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUNDS
For the Year Ended September 30, 2007

	Business-type Activities Enterprise Funds				Governmental Activities
	Primary Government			Component Unit	
	Landfill	Airport	Total	Utility System	Self-insured Health
OPERATING REVENUES					
Charges for services	$ 1,444,540	$ 93,662	$ 1,538,202	$ 45,055,353	$ 2,244,504
OPERATING EXPENSE					
Personal services	$ 415,174	$ --	$ 415,174	$ --	$ 15,749
Professional services	31,521	30,977	62,498	--	--
Repairs and maintenance	82,338	78,073	160,411	--	--
Depreciation	356,370	5,493	361,863	5,901,042	--
Fuel and oil	79,725	1,097	80,822	--	--
State disposal fee	41,581	--	41,581	--	--
Insurance claims expense	--	--	--	--	1,878,044
Insurance expense	31,261	15,202	46,463	--	222,530
Closure and postclosure care costs	271,789	--	271,789	--	--
Administrative reimbursement	53,658	--	53,658	--	153,951
FBO expense	--	35,000	35,000	--	--
Other operating	25,948	21,569	47,517	--	5,420
Production expense	--	--	--	24,530,796	--
Transmission and distribution expense	--	--	--	2,947,382	--
General and administrative expense	--	--	--	7,247,378	--
Total operating expense	$ 1,389,365	$ 187,411	$ 1,576,776	$ 40,626,598	$ 2,275,694
Operating income (loss)	$ 55,175	$ (93,749)	$ (38,574)	$ 4,428,755	$ (31,190)
NONOPERATING REVENUES (EXPENSES)					
Interest income	$ 223,423	$ 11,552	$ 234,975	$ 1,416,752	$ 86,318
MEAN and NPPD agreements	--	--	--	1,716,671	--
Grants	--	30,157	30,157	--	
Other income	8,580	17,657	26,237	4,209,184	70,184
Interest expense	(23,953)	--	(23,953)	(3,065,768)	--
Other expense	--	--	--	(869,086)	--
Total nonoperating revenues (expenses)	$ 208,050	$ 59,366	$ 267,416	$ 3,407,753	$ 156,502
Net income (loss)	$ 263,225	$ (34,383)	$ 228,842	$ 7,836,508	$ 125,312
OTHER					
Transfers to other funds	(109,900)	--	(109,900)	(2,281,252)	--
Net change in retained earnings	$ 153,325	$ (34,383)	$ 118,942	$ 5,555,256	$ 125,312
Retained earnings, beginning of period	6,397,826	433,719	6,831,545	136,014,056	1,759,735
RETAINED EARNINGS, END OF PERIOD	$ 6,551,151	$ 399,336	$ 6,950,487	$ 141,569,312	$ 1,885,047
Reconciliation of the Statement of Revenues, Expenditures and Changes in Retained Earnings of Proprietary Funds to the Statement of Activities:					
Net change in retained earnings - total proprietary funds	$ 153,325	$ (34,383)	$ 118,942	$ 5,555,256	
Net change in net assets - Statement of Activities	$ 153,325	$ (34,383)	$ 118,942	$ 5,555,256	

See Notes to Financial Statements

CITY OF HASTINGS, NEBRASKA

COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2007

	Business-type Activities Enterprise Funds				Governmental Activities
	Primary Government			Component Unit	
	Landfill	Airport	Total	Utility System	Self-Insured Health
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	$ 263,225	$ (34,383)	$ 228,842	$ 8,880,872	$ 125,312
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	356,370	5,493	361,863	6,235,242	--
Change in assets and liabilities:					
(Increase) decrease in trade receivables	5,636	(5,275)	361	(665,020)	(628)
(Increase) decrease in inventory	--	--	--	(795,406)	--
Increase (decrease) in accounts payable and accrued expenses	(2,857)	9,723	6,866	(92,110)	102,433
Other prepaids, deferrals and accruals, net	271,789	--	271,789	--	--
Net cash provided by (used in) operating activities	$ 894,163	$ (24,442)	$ 869,721	$ 13,563,578	$ 227,117
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers	$ (109,900)	$ --	$ (109,900)	$ (2,281,252)	$ --
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of property and equipment	$ (1,119,442)	$ (2,000)	$ (1,121,442)	$ (10,467,714)	$ --
Capital contributions	--	--	--	604,652	--
Sale of assets	--	--	--	2,982	--
Proceeds from bond issue	--	--	--	5,812,515	--
NPPD Agreement payments	--	--	--	(26,209)	--
Proceeds from notes issued	392,034	--	392,034	--	--
Payments on equipment and land contracts and bonds:					
Principal	(288,507)	--	(288,507)	(2,870,000)	--
Interest, amortization and bond expenses	--	--	--	(2,735,104)	--
Net cash used for capital and related financing activities	$ (1,015,915)	$ (2,000)	$ (1,017,915)	$ (9,678,878)	$ --
CASH FLOWS FROM INVESTING ACTIVITIES					
Increase in investments	$ --	$ --	$ --	$ 2,188,654	$ --
Interest income	--	--	--	1,328,222	--
Net cash (used) by investing activities	$ --	$ --	$ --	$ 3,516,876	$ --
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (231,652)	$ (26,442)	$ (258,094)	$ 5,120,324	$ 227,117
CASH AND CASH EQUIVALENTS					
Beginning: Restricted	$ 1,434,947	$ --	$ 1,434,947	$ 2,318,891	$ --
General	3,557,118	312,869	3,869,987	12,426,980	1,921,931
Total beginning	$ 4,992,065	$ 312,869	$ 5,304,934	$ 14,745,871	$ 1,921,931
Ending: Restricted	$ 1,567,784	$ --	$ 1,567,784	$ 6,337,250	$ --
General	3,192,629	286,427	3,479,056	13,528,945	2,149,048
TOTAL ENDING	$ 4,760,413	$ 286,427	$ 5,046,840	$ 19,866,195	$ 2,149,048

See Notes to Financial Statements

CITY OF HASTINGS, NEBRASKA

COMBINING STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
TRUST AND AGENCY FUNDS
September 30, 2007

	Trust Fund	Agency Funds			
	Cemetery Perp. Care	Perpetual Housing Rehab	Economic Development Revolving Loan	Payroll Imprest	Total
ASSETS					
Cash	$ 83,475	$ 61,190	$ 251,813	$ 25	$ 396,503
TOTAL ASSETS	$ 83,475	$ 61,190	$ 251,813	$ 25	$ 396,503
LIABILITIES					
Accounts payable	$ --	$ --	$ --	$ 25	$ 25
FUND BALANCES					
Unreserved, undesignated	$ 83,475	$ 61,190	$ 251,813	$ --	$ 396,478
TOTAL LIABILITIES AND FUND BALANCES	$ 83,475	$ 61,190	$ 251,813	$ 25	$ 396,503

See Notes to Financial Statements

CITY OF HASTINGS, NEBRASKA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TRUST AND AGENCY FUNDS
For the Year Ended September 30, 2007

	Trust Fund	Agency Funds		
	Cemetery Perp. Care Fund	Perpetual Housing Rehab Fund	Economic Development Revolving Loan Fund	Total
REVENUES				
Interest income	$ 5,480	$ --	$ --	$ 5,480
Miscellaneous	18,828	34,529	197,727	251,084
Total revenues	$ 24,308	$ 34,529	$ 197,727	$ 256,564
EXPENDITURES				
General	$ --	$ 109,000	$ 39,686	$ 148,686
Capital outlay	15,198	--	16,000	31,198
Total expenditures	$ 15,198	$ 109,000	$ 55,686	$ 179,884
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 9,110	$ (74,471)	$ 142,041	$ 76,680
Fund balance, beginning of year	74,365	135,661	109,772	319,798
FUND BALANCE AT END OF YEAR	$ 83,475	$ 61,190	$ 251,813	$ 396,478

See Notes to Financial Statements

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION:

The City of Hastings, Nebraska, was incorporated April 21, 1874, under the provisions of chapter 53 of the Revised Statutes of the State of Nebraska. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police, fire and civil defense), highways and streets, health, planning and zoning, culture-recreation, parks, auditorium and general administrative services. The City, under direction of the City Council, through its Board of Public Works, also owns and operates electric, gas, water, and pollution control/waste water treatment utilities ("Utilities System").

REPORTING ENTITY:

The City, for financial purposes, includes all of the funds and account groups relevant to the operation of the City of Hastings. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City of Hastings primary government and Utilities System.

The operations of the Utilities System, an enterprise fund of the City of Hastings, are reported on separately at December 31 each year, although controlled by the City of Hastings primary government. The Utilities System's audited financial statements for the period ending December 31, 2006, for the year immediately preceding the date of these financial statements have been summarized in a separate column under "Utilities System."

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION:

Government-Wide and Fund Financial Statements – The City government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of Governmental and Business-Type activities for the City accompanied by a total column. Trust and agency activities of the City are not included in these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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

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

The government-wide financial statements are presented on an *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all of the City's assets and liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund – This is the City's primary operating fund. It accounts for all activities of the general government, except those required to be accounted for in another fund.

Street Fund – This fund accounts for the activities of the street maintenance and betterment.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Museum Fund – This fund accounts for the activities of the Hastings Museum.

Various Purpose Fund – This fund accounts for the receipt of bond issue proceeds and bond principal and interest payments.

Special Assessment Fund – This fund accounts for special assessments of the City for betterment of property paid for by specific beneficiaries of the improvements.

BAN/Street Construction Fund – This fund accounts for the City's street improvement projects and various other infrastructure projects.

Proprietary funds are accounted for using the *economic* resources *measurement focus* and the *accrual basis of accounting*. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following major proprietary funds:

Landfill and Airport Funds – These funds account for all activities necessary for the provision of landfill and airport services to City residents.

Additionally, the City reports the following fund types:

Internal Service Funds – These funds account for the services provided to other departments, on a cost-reimbursement basis.

Trust and Agency Funds – These funds account for the City of Hastings Cemetery Perpetual Care Fund, Perpetual Housing Rehabilitation Fund, Economic Development Revolving Loan Fund, and Payroll Imprest Fund.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The City applies all applicable FASB pronouncements issued on or before November 30, 1989, to the business-type activities, unless those pronouncements conflict with or contradict GASB pronouncements.

Amounts reported as program revenues include 1) charges to customers for goods or services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Reconciliation of the Fund financial statements to the Government-Wide financial statements is provided in the financial statements to explain the differences created by the integrated approach of GASB Statement No. 34.

FIXED ASSETS:

Government-Wide Financial Statements

Fixed assets held by governmental and business-type activities funds are stated at cost or estimated historical cost if actual historical cost is not available. Contributed fixed assets are recorded at fair market value on the date received. Depreciation is provided over their estimated useful lives using the straight-line method, as follows:

Buildings	20-40 Years
Machinery and equipment	5-10 Years
Infrastructure	25 Years

Expenditures which significantly extend the life of an asset are capitalized. All other repairs and maintenance expenditures are charged to expense as incurred.

The City has completed compiling prior infrastructure costs and has recorded these costs this year in accordance with GASB Statement #34. Infrastructure (public domain) fixed assets of the City consists of roads, streets and sidewalks and are capitalized as a separate category.

Government Fund Statements

Fixed assets used in governmental fund type operations are accounted for by expensing the asset in the governmental funds. No depreciation has been provided on such assets.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

FIXED ASSETS (Continued):

PROPERTY, PLANT AND EQUIPMENT - PROPRIETARY FUNDS:

Property, plant and equipment are stated at cost. Contributed fixed assets are recorded at fair market value on the date received. Depreciation is provided over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	20-40 Years
Machinery and equipment	5-10 Years

Expenditures which significantly extend the life of an asset are capitalized. All other repairs and maintenance expenditures are charged to expense as incurred.

FIXED ASSETS - UTILITIES SYSTEM:

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 fixed 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 Statement #33.

The Utilities 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.

Depreciation, amortization, and maintenance:

The provision for depreciation is computed at an overall straight-line composite rate of approximately 2.6% for 2006.

The Utilities 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 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

BUDGET AND BUDGETARY ACCOUNTING:

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

a. The City Administrator submits to the City Council a proposed operating budget for the upcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.

b. Public hearings are conducted to obtain citizen and taxpayer comments.

c. Prior to September 20, the budget is legally enacted through passage of an ordinance.

d. The Mayor and/or City Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

e. Formal budgetary integration is employed as a management control device during the year for all reported funds.

f. City expenditures are limited to budgeted amounts by fund total. Budgeted appropriations lapse at year-end. The City must hold a public hearing to authorize expenditures in excess of budget. Said hearing was conducted prior to year-end.

g. The budgetary data is prepared on the cash basis of accounting. The comparative budget versus actual financial statements are reported on this basis also.

CASH AND CASH EQUIVALENTS:

Cash includes the summarization of demand deposit NOW accounts, money market savings accounts and each fund's share of a general securities pool account as well as short-term investments with a maturity date within three months of the date acquired by the City and Utilities System.

Investments are stated at market value. Income from investments held by the individual funds is recorded in the respective fund.

For purposes of reporting the statements of cash flows, the City's primary government considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Utilities System considers all highly liquid investments and similar instruments purchased with original maturities of three months or less to be cash and cash equivalents.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVENTORY:

The City's primary government values inventory at the lower of cost or market. Cost is determined using the FIFO (First-In, First-Out) method. Inventory in the special revenue fund type consists of expendable street supplies and materials held for consumption. The Utilities System inventories are valued at cost or weighted average cost.

ACCUMULATED LEAVE BENEFITS:

City and Utilities System employees earn vacation and compensation time based upon the established City policy. Upon separation, employees are reimbursed for accumulated vacation and compensation time.

On August 1, 1990 and November 2, 1990, the City and Utilities System respectively adopted a policy to compensate employees for 25% of accumulated sick leave upon termination, provided that the employee had been employed by the City and Utilities System for a period of not less than ten continuous years and is not terminated for cause.

The City and Utilities System also adopted a policy to pay 25% of unused sick pay in excess of 120 days on an annual basis. This is effective for years beginning after January 1, 1991.

In Governmental Fund Types and Trust and Agency Fund Types, the cost of accrued leave benefits are recognized when payments are made to employees. A long-term liability of accrued leave benefits at September 30, 2007 has been recorded in the Statement of Net Assets, representing the City's commitment to fund such costs from future operations.

Proprietary Fund Types accrue leave benefits in the period they are earned.

BOND DISCOUNTS / ISSUANCE COSTS:

In governmental fund types, bond discounts and issuance costs are recognized in the current period.

USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2. PROPERTY TAXES:

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 15, and payable in two installments on May 1 and September 1. The County bills and collects property taxes and remits to the City monthly.

The 2006 levy for the 2006-2007 fiscal year was $4,573,065 or $.511086 per $100 of assessed valuation.

Property taxes levied for 2006-2007 are recorded as receivables when due or past due and when expected to be collected within 60 days after September 30, 2007, in the governmental funds. Prior year levies were recorded using these same principles, and remaining receivables are evaluated annually. An additional amount of $215,194 of property taxes receivable has been accrued in the Statement of Net Assets to recognize the full property tax receivable at September 30, 2007.

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits (cash and certificates of deposit) are carried at cost which approximates market value. State Statute authorizes the City and Utilities Systems' board to invest excess funds of the City and Utilities System in the following: bonds and debentures issued by any of the twelve federal land banks, the twelve intermediate credit banks, or the thirteen banks for cooperatives under the supervision of the Farm Credit Administration, or in interest bearing bonds or the obligations of the United States.

All of the funds of the City and Utilities are invested in allowable investments and are held at various banking institutions. These institutions have pledged assets or provided insurance contracts in addition to FDIC coverage to adequately secure the investments.

Investments at September 30, 2007 and December 31, 2006 were as follows:

	Cash and Cash Equivalents	Investments
City	$ 14,237,505	$ --
Utility System	19,866,195	46,516,648
	$ 34,103,700	$ 46,516,648

NOTE 4. RECEIVABLES

Receivables at September 30, 2007 consist of the following:

Fund	Taxes	Accounts	Special Assessments	Total
Governmental Funds	$ 352,950	$ 838,886	$1,218,012	$ 2,409,848
Proprietary Funds	--	150,423	--	150,423
Component Unit	--	9,096,077	--	9,096,077
	$ 352,950	$10,085,386	$1,218,012	$ 11,656,348

NOTE 5. RESTRICTED AND SPECIAL FUNDS

Utilities System:

Electric System:

Under the terms of the revenue bond ordinance, all income and revenue of the Electric System may be used only for specified purposes as provided in the bond ordinance in the priority indicated by the order of the following:

1) Electric Revenue Fund

   In each month there shall be reserved in the Electric Revenue Fund such amount as may be necessary to pay the operating expenses during the ensuing month, which amounts so reserved shall be used for and applied to such payments in such month or, to the extent not so applied in succeeding months.

2) Debt Service Account

   Specific monthly deposits to the account are required in the amount of 1/12 of the principal of all bonds maturing on or before the following January 1, plus 1/6 of the interest becoming due on the next succeeding interest payment date on all outstanding bonds until the full amount of the net requirements have been accumulated in each fiscal year.

3) Bond Reserve Fund

   There shall be deposited to the Reserve Account, an amount equal to the maximum amount required to be paid into the Debt Service Account from revenues in any fiscal year. The maximum amount, as computed, of $5,390,670 was on deposit at December 31, 2006.

4) Capital Improvement Fund

   There shall be deposited monthly into the Capital Improvement Fund an amount at least equal to 1/12 of 10% of the average annual operating revenues for the preceding three fiscal years after deducting therefrom "fuel" expense and the energy related components of "purchased power" expense. Amounts deposited in the fund shall be expended for replacements, enlargements, extensions, and betterments of the System, or if not so expended within two years of the date of deposit thereon, shall be used as soon as reasonably possible for the purchase or cancellation or redemption of bonds in advance of maturity. Capital Improvement Fund requirements were $1,695,744 for 2006.

NOTE 5. RESTRICTED AND SPECIAL FUNDS (Continued)

Utilities System (Continued):

Electric System (Continued):

The Electric System also maintains the following special accounts:

1) Insurance Fund:

A special electric insurance fund was established in 1986 in the amount of $500,000, increased to $1,000,000 in 1987, increased to $1,500,000 in 1988 and increased to $2,000,000 in 1990 and increased to $2,010,000 in 1997 for the sole and exclusive purpose of insuring property which otherwise would have been insured under lower deductible amounts in the building and contents insurance policy and boiler and machine insurance policy. This electric insurance fund can be used only in the event of a loss in the electric department which would otherwise have been paid by an insurance carrier had there been no deductible or a deductible of a lesser amount and only with the approval of the Board of Public Works of Hastings Utilities and the concurrent approval of the City Council of the City of Hastings.

2) Rate Stabilization Fund

The Utilities established a rate stabilization fund in March of 1996. The funds above those needed to meet current reserve requirements as determined by the Board of Public Works will be accumulated and used to pay a portion of the costs of anticipated major capital facilities or as otherwise directed by the Board.

3) Closure/Post Closure Care Account

In 2001, the Utilities entered into an agreement with the Nebraska Department of Environmental quality to establish a Closure/Post Closure Care Account. The purpose of this account is to accumulate sufficient monies to fund all related costs of closure and post closure 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 $245,014 at December 31, 2006. The amount on deposit in the Closure/Post Closure Care Account was $400,074 at December 31, 2006.

NOTE 5. RESTRICTED AND SPECIAL FUNDS (Continued)

Utilities System (Continued):

Combined System:

Under the terms of the revenue bond ordinance, the revenues and earnings of the Combined Utility System are pledged for the payment of principal and interest on the Series 2001, 2003 and 2006 bonds and the following special accounts are required:

1) Bond Payment Fund

   Specific monthly deposits to the account are required in the amount of 1/6 of the next maturing semiannual interest payment, plus an amount equal to 1/12 of the next maturing principal payment.

2) Debt Service Reserve Fund

   The 2001 bonds require that $353,000 be maintained in this fund. The Series 2003 bonds require that $177,500 be maintained in this fund. The Series 2006 bonds require that $450,389 be maintained in this fund. At December 31, 2006 the required amounts were in this fund.

3) Construction Fund

   Under the terms of the revenue bond ordinance for the Series 2006 bonds, the net proceeds of the Series 2006 bonds were deposited in a special fund with the City Treasurer and designated as the Combined Utility 2006 Construction Fund. Monies held in this Fund shall be withdrawn for payments made for additions to or improvements to the Combined Utility System. Any funds remaining in the 2006 Construction Fund on May 15, 2009 shall be applied to the redemption of the Series 2006 Bonds at the earliest permissible redemption date.

The Combined System maintains other special accounts for the following purposes:

1) Customer Deposits
   To account for refundable customer security deposits.

2) Insurance Fund
   A special combined insurance fund was established in 1986 in the amount of $250,000, increased to $500,000 in 1987, increased to $750,000 in 1988 and increased to $1,000,000 in 1990 for the sole and exclusive purpose of insuring property which otherwise would have been insured under lower deductible amounts in the building and contents insurance policy fund. This special combined insurance fund can be used only in the event of a loss in the gas, water or pollution control departments which would otherwise have been paid by an insurance carrier had there been no deductible or a deductible of a lesser amount and only with the approval of the Board of Public Works of Hastings Utilities and the concurrent approval of the City Council of the City of Hastings.

NOTE 5. RESTRICTED AND SPECIAL FUNDS (Continued)

Utilities System (Continued):

Combined System (Continued):

3) Rate Stabilization Fund

The Utilities established a rate stabilization fund in November of 1995. The funds above those needed to meet current reserve requirements as determined by the Board of Public Works will be accumulated and used to pay a portion of the costs of major capital facilities or as otherwise directed by the Board.

Landfill Fund:

Restricted assets of the landfill fund as of September 30, 2007 consist of the following:

Closure Account - New Construction	$1,017,204
Post Maintenance Closure Account - New Construction	527,358
Post Maintenance Closure Account - Existing Landfill	23,222
	$1,567,784

NOTE 6. SELF-INSURED HEALTH FUND

The City of Hastings' 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 $80,000 per claimant, as well as an aggregate stop loss at 125% of total projected paid claims during the fiscal year. The City pays the claims first up to the $80,000 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, 2007 the City had not exceeded its aggregate stop loss for the year. Claims incurred prior to year end but not paid, are not covered by the fiscal year aggregate and remain the liability of the City. Known and reserved claims paid subsequent to year-end totaled $264,629, which are booked as accounts payable in the Self-Insured Health Fund at September 30, 2007. There were individual claims incurred in excess of $80,000 per claimant at September 30, 2007, but the amount could not be determined with any accuracy at this time, and as such, no receivable has been booked as of September 30, 2007.

NOTE 7. LONG-TERM DEBT

Long-Term Debt: City - Primary Government

General Obligation Bonds

General obligation bonds payable at September 30, 2007 are comprised of the following issues:

	Interest Rate	Final Maturity Date	Optional Call Date	9/30/07 Outstanding
General Obligation Refunding Bonds Series 2003	2.95-3.60%	8/15/10	2/15/07	$ 590,000
General Obligation Refunding Bonds Series 2003B	2.90-4.35%	7/01/15	7/01/07	2,845,000
Various Purpose Refunding Bonds 2002 Series	4.10-4.75%	6/15/12	12/15/06	1,035,000
Various Purpose Bonds 2002 Series	3.60-5.10%	7/01/20	7/01/06	1,830,000
SID #1 General Obligation Bonds 2003 Series	3.00-5.00%	11/15/17	11/15/07	530,000
SID #3 General Obligation Bonds 2003 Series	5.00%	06/15/23	10/15/08	470,000
Various Purpose Refunding Bonds Series 2004	2.60-4.45%	11/15/19	11/15/09	1,675,000
Various Purpose Bonds 2006 Series	3.60-4.45%	09/01/21	03/01/11	1,250,000
Various Purpose Refunding Bonds Series 2006	3.55-4.20%	10/01/16	10/01/10	1,955,000
Bond Anticipation Notes 2006 Series	3.75%	04/15/09	10/15/07	3,300,000
				$ 15,480,000

The various bond indentures contain a number of covenants to which the City's compliance is required.

Tax Increment Bonds:

	Interest Rate	Final Maturity Date	Optional Call Date	9/30/07 Outstanding
Series 1994 A	6.20-6.30%	12/15/08	12/15/97	$ 40,000
Series 1993	9.00%	12/15/07	12/15/97	70,000

NOTE 7. LONG-TERM DEBT (Continued)

Long-Term Debt: City - Primary Government (Continued)

Tax Increment Bonds (Continued):

The bonds are special obligations of the Community Redevelopment Authority, payable as to principal and interest from and secured by Tax Increment Revenues and by a pledge of a levy of a portion of the Authority's maximum tax levy.

The Bonds shall not in any event be a debt of the Community Redevelopment Authority or the City except to the extent of the pledge of the Tax Increment Revenues, the Redevelopment Tax Revenues, and other moneys and securities pledged under the Bond resolution.

Notes Payable - Other:

Notes payable - other consists of multiple notes on behalf of the Community Redevelopment Authority, the majority of which are held by local banking institutions. Interest rates range from 5.50% to 9.50%. Most of the notes require semi-annual payments of principle and interest, with balloon payments due at maturity. Amount outstanding at September 30, 2007 is $974,222.

Installments Contracts and Judgements:

Installments contracts and judgements are comprised of the following at September 30, 2007:

Governmental Activities:

Lease purchase contract payable for the purchase of a street sweeper; due June 30, 2009; payable $53,269 annually, including interest at 5.1%; secured by equipment.	$ 98,853
Lease purchase contract payable for the purchase of an asphalt patch truck; due February 1, 2008; payable $28,734 annually, including interest at 3.94%; secured by equipment.	27,645
Judgement payable (civil lawsuit); due October 15, 2012; payable in annual installments of $116,653, including interest at 5.0%.	592,097
Commercial installment loan for the purchase of a surveillance system; due December 30, 2009; payable in monthly installments of $512.19, including interest at 7.95%.	12,598
	$ 731,193

NOTE 7. LONG-TERM DEBT (Continued)

Long-Term Debt: City - Primary Government (Continued)

Installments Contracts and Judgements:

Landfill Fund:

Lease purchase contract payable for the purchase of a compactor; due July 20, 2011; payable $84,742 annually, including interest at 5.5%; secured by equipment.	$ 297,034
Lease purchase contract payable for the purchase of a horizontal wood grinder; due January 5, 2010; payable $119,405 annually, including interest at 4.75%; secured by equipment.	326,673
	$ 623,707

Maturity requirements on City primary government long-term debt are as follows:

Year Ending Sept. 30	Serial Bonds	Contracts	Notes Payable Other	Tax Allocation Bonds	Total
2008	$ 1,245,000	$ 340,511	$ 452,758	$ 90,000	$ 2,128,269
2009	4,620,000	328,803	82,505	20,000	5,051,308
2010	1,390,000	287,585	33,144	--	1,710,729
2011	1,205,000	181,095	212,217	--	1,598,312
2012-2016	5,055,000	216,906	27,355	--	5,299,261
2017-2021	1,905,000	--	166,243	--	2,071,243
2022-2026	60,000	--	--	--	60,000
	$ 15,480,000	$ 1,354,900	$ 974,222	$ 110,000	$ 17,919,122

Changes in long-term debt are as follows:

	Balance 9/30/06	Additions	Retirements	Balance 9/30/07
Serial Bonds	$ 18,325,000	$ --	$ (2,845,000)	$ 15,480,000
Contracts	1,392,272	408,403	(445,775)	1,354,900
Notes Payable - Other	1,300,351	60,000	(386,129)	974,222
Tax Allocation Bonds	190,000	--	(80,000)	110,000
	$ 21,207,623	$ 468,403	$ (3,756,904)	$ 17,919,122

NOTE 7. LONG-TERM DEBT (Continued)

Long-Term Debt: Utilities System

ELECTRIC SYSTEM	2006
Revenue Bonds - 2001 Issue	
Serial Bonds:	
3.30% - 5.00%, due 2002-2019	$ 15,340,000
Term Bonds:	
5.00%, due 2012-2013	1,765,000
5.00%, due 2017-2019	13,155,000
Unamortized Bond Discount	(271,129)
Deferred amount from Advanced Refunding	(1,363,087)
	$ 28,625,784
Revenue Bonds - 2004 Issue	
Serial Bonds:	
1.60% - 4.00%, due 2005-2013	$ 14,225,000
Unamortized Bond Discount	(183,339)
Deferred amount from Advanced Refunding	(286,576)
	$ 13,755,085
Revenue Bonds - 2005 Issue	
Serial Bonds:	
2.85% - 4.75%, due 2007-2035	$ 7,600,000
Unamortized Bond Discount	(300,615)
	$ 7,299,385
Total Electric System	$ 49,680,254
Less current portion	2,745,000
	$ 46,935,254
NPPD Agreement	119,222
Less current portion	27,575
Net long-term debt Electric System	$ 47,026,901

The 2001 bonds are subject to redemption prior to maturity on or after May 1, 2011, in whole or in part, at par plus accrued interest on the principal amount redeemed to the date fixed for redemption. The 2004 bonds are not subject to redemption prior to maturity. The 2005 bonds are subject to redemption prior to maturity after January 1, 2015. Interest on all the bonds is payable on January 1, and July 1 of each year.

On March 26, 2001 the City of Hastings passed ordinance No. 3801 authorizing and providing for the issuance of Electric Utility Revenue Refunding Bonds, Series 2001. The bonds were issued for $33,330,000, with an average interest rate of 4.92% to advance refund $31,580,000 of outstanding 1992 Electric Utility Revenue Refunding Bonds with an average interest rate of 6.24%. The net proceeds of $32,862,258 (after receipt of $232,877 of Original Issue Premium, less $391,627

NOTE 7. LONG-TERM DEBT (Continued)

Long-Term Debt: Utilities System (Continued)

underwriting discount fees, $46,832 Original Issue Discount, $164,262 insurance premium, and $97,898 for issuance costs) plus $139,000 transferred from the Electric Debt Reserve Account and $803,947 transferred from the Electric Debt Service Account were used to purchase $33,805,205 of U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1992 Electric Utility Revenue Refunding bonds. As a result, the 1992 Electric Utility Revenue Refunding Bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $2,301,041. This difference reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2018 using the effective interest method. The Utilities completed the advance refunding to reduce its total debt service payments over the next 17 years by $3,211,594 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $2,067,043.

On June 14, 2004 the City of Hastings passed ordinance No. 3957 authorizing and providing for the issuance of Electric Utility Revenue Refunding Bonds, Series 2004. The bonds were issued for $16,185,000, with an average interest rate of 3.62% to advance refund $15,955,000 of outstanding 2001 Electric Utility Revenue Refunding Bonds with an average interest rate of 5.16%. The net proceeds of $15,921.377 (after receipt of $7,738 of Original Issue Premium, less $55,031 Original Issue Discount, less $151,330 underwriting discount, less $65,000 insurance premium) plus $782,500 transferred from the Electric Debt Service Account and $1,215,455 transferred from the Electric Revenue Fund were deposited with the 1993 bond Trustee and used to payoff the bonds, accrued interest and call premium on the bonds redeemed on July 20, 2004 and the remaining funds held to pay the principal and accrued interest due January 1, 2005.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $508,821. This difference reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2012 using the effective interest method. The Utilities completed the advance refunding to reduce its total debt service payments over the next eight years by $1,547,663 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $1,281,203.

NOTE 7. LONG-TERM DEBT (Continued)

Long-Term Debt: Utilities System (Continued)

On March 28, 2005 the City of Hastings passed ordinance No. 4010 authorizing and directing the issuance of Electric System Revenue Bonds, Series 2005. The bonds were issued for $7,600,000, with an average interest rate of 4.577%. The bonds were issued for the purpose of paying for a portion of the cost of certain capital improvements to the city's electric system. The net proceeds of $6,832,594 ($7,600,000 less original issue discount in the amount of $129,326, bond insurance premium $60,000, underwriters discount $97,660, and transfer to bond reserve fund of $480,420) was transferred to the Construction fund.

NPPD Agreement:

On March 1, 2001 the Utilities entered into an agreement with Nebraska Public Power District to obtain distribution facilities that serve the Central Community College at Hastings. The agreement sets a price of $271,916 at the rate of 5.21% to be paid over nine years beginning March 1, 2001.

COMBINED SYSTEM	2006
Bonds - 2001 Issue:	
Serial Bonds:	
2.50%-5.00%, due 2002-2016	$ 2,155,000
Term Bonds:	
5.00%, due 2017-2021	1,525,000
Unamortized Bond Discount	(73,595)
	$ 3,606,405
Bonds - 2003 Issue:	
Serial Bonds:	
1.25%-4.15%, due 2004-2014	$ 1,335,000
Unamortized Bond Discount	(16,149)
Deferred amount from advance refunding	(43,779)
	$ 1,275,072
Bonds - 2006 Issue:	
Serial Bonds:	
3.55% - 4.50%, due 2007-2021	$ 3,990,000
Term Bonds:	
4.50% due 2022-2026	2,010,000
Unamortized Bond Discount	(179,269)
	$ 5,820,731
Total Combined System	$10,702,208
Less current portion	(545,000)
Net long-term debt Combined System	$10,157,208

NOTE 7. LONG-TERM DEBT (Continued)

Long-Term Debt: Utilities System (Continued)

The 2001 Bonds are subject to redemption, in whole or in part, prior to maturity at any time on or after October 15, 2011. The Utilities may select the Series 2001 Bonds to be redeemed in its sole discretion. The Series 2003 Combined Utility Revenue Refunding Bonds are subject to redemption prior to maturing anytime on or after October 15, 2008. The Series 2006 Combined Utility Revenue Refunding Bonds are subject to redemption prior to maturing anytime on or after April 15, 2016.

On October 13, 2003 the City of Hastings passed ordinance No. 3928 authorizing and providing for the issuance of Combined Utility Revenue Refunding Bonds, Series 2003. The bonds were issued for $1,775,000, with an average interest rate of 3.45% to advance refund $1,795,000 of outstanding 1998 Combined Utility Revenue Refunding Bonds with an average interest rate of 4.93%. The net proceeds of $1,751,925 (principal amount of bonds less $23,075 underwriter's discount) plus $39,935 transferred from the Combined Bond Reserve Account and $11,161 transferred from the Combined Bond Payment Account were used to payoff $1,795,000 of 1998 bonds and $8,021 of accrued interest. The 1998 bonds were called as of November 19, 2003.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $75,474. This difference reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2014 using the effective interest method. The Utilities completed the refunding to reduce its total debt service payments over the next 11 years by $146,448 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $105,414.

On April 24, 2006 the City of Hastings passed ordinance No. 4080 authorizing and directing the issuance of Combined Utility Revenue Bonds, Series 2006. The bonds were issued in the principal amount of $6,000,000, with an average interest rate of 4.33%. The bonds were issued for the purpose of paying for a portion of the cost of certain capital improvements to the City's combined utility system. The net proceeds of $5,834,415 ($6,000,000 less original issue discount in the amount of $31,350, bond insurance premium of $62,000, underwriters discount of $75,000, plus original issue premium of $2,765) was transferred to the Construction fund.

NOTE 7. LONG-TERM DEBT (Continued)

Long-Term Debt: Utilities System (Continued)

Maturity requirements on long-term debt are as follows:

Bonds

Year Ending	Electric Bonds Principal	Interest	Total
2007	$ 2,830,000	$ 2,228,950	$ 5,058,950
2008	2,925,000	2,135,725	5,060,725
2009	3,015,000	2,032,380	5,047,380
2010	3,175,000	1,918,550	5,093,550
2011	3,305,000	1,794,325	5,099,325
2012-2016	19,395,000	6,587,800	25,982,800
2017-2021	10,135,000	1,904,600	12,039,600
2022-2026	1,445,000	943,475	2,388,475
2027-2031	1,810,000	574,650	2,384,650
2032-2034	1,305,000	125,875	1,430,875
	$ 49,340,000	$ 20,246,330	$ 69,586,330

Year Ending	Combined Bonds Principal	Interest	Total
2007	$ 545,000	$ 465,730	$ 1,010,730
2008	555,000	448,293	1,003,293
2009	565,000	429,383	994,383
2010	595,000	409,150	1,004,150
2011	600,000	386,845	986,845
2012-2016	3,020,000	1,553,713	4,573,713
2017-2021	3,125,000	902,170	4,027,170
2022-2026	2,010,000	279,900	2,289,900
	$ 11,015,000	$ 4,875,184	$ 15,890,184

Contracts

Year Ending	NPPD Principal	Interest	Total
2007	$ 27,575	$ 6,211	$ 33,786
2008	29,011	4,775	33,786
2009	30,523	3,263	33,786
2010	32,113	1,673	33,786
	$ 119,222	$ 15,922	$ 135,144

NOTE 8. CAPITAL ASSETS – PRIMARY GOVERNMENT

The following is a summary of changes in the capital assets during the fiscal year:

	Balance September 30, 2006	Additions	Retirements	Balance September 30, 2007
Governmental Funds:				
Land, buildings and improvements	$ 22,151,872	$ 159,844	$ --	$ 22,311,716
Machinery and equipment	9,494,904	278,310	--	9,773,214
Infrastructure	44,829,449	279,395	--	45,108,844
Total capital assets	$ 76,476,225	$ 717,549	$ --	$ 77,193,774
Accumulated depreciation	(38,131,900)	(2,453,132)	--	(40,585,032)
Net assets	$ 38,344,325	$ (1,735,583)	$ --	$ 36,608,742
Proprietary Funds:				
Building and improvements	$ 3,658,014	$ 1,207,736	$ (490,421)	$ 4,375,329
Machinery and equipment	2,256,326	53,826	--	2,310,152
Total capital assets	$ 5,914,340	$ 1,261,562	$ (490,421)	$ 6,685,481
Accumulated depreciation	(1,891,842)	(361,863)	350,301	(1,903,404)
Net assets	$ 4,022,498	$ 899,699	$ (140,120)	$ 4,782,077

Governmental fund balances as of September 30, 2006 have been restated to include infrastructure costs as of the beginning of the year, as per GASB Statement #34.

NOTE 9. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS PAYABLE AND PRIOR PERIOD ADJUSTMENT

In accordance with the State of Nebraska Title 132 Solid Waste Regulations, the City of Hastings must project the total estimated closing costs of its open landfill site as well as the estimated post-closure care costs on the existing site for a period of 30 years from date of closure. Based upon the information available at September 30, 2007, the projected closure and postclosure care costs totaled $3,578,479. The liability to be recognized at September 30, 2007 is based upon the capacity of the landfill and the amount utilized to date, which is approximately 65%, or $2,333,535. This leaves a balance of $1,244,944 of costs to be recognized in future periods. The projected remaining life of the open landfill is 2 years. Funding of the total projected costs has been computed in accordance with State Regulations, and will be appropriated annually over a period of 16 years for the closure costs and 17 years for the post-closure maintenance costs. Funds appropriated during the fiscal period ending September 30, 2007 equaled $87,174, which, with interest, brings the total funds reserved to finance closure and postclosure costs at $1,567,784. These funds are presented on the City's balance sheet as "reserved for landfill closure costs" in the Landfill Fund. Funds of $92,376 were appropriated for reserve for the fiscal year ending September 30, 2008 and deposited into the reserve account October 1, 2007.

NOTE 10. EMPLOYEE RETIREMENT PLANS

The employees of the City and Utilities System are covered by several retirement plans. A summary of the plans follows:

Fire and Police Department:

The Fire and Police Department employees are covered by a state-imposed, City-administered retirement system. This retirement system consists of two retirement plans, the first being a defined benefit retirement plan covering employees of record before January 1, 1984.

The other is a money-purchase plan covering employees of record on and after January 1, 1984. During 2006-07 the money purchase plan for the Firemen required the City to contribute 13% of pay while the employees contributed 6.5% of pay. The money purchase plan for the Police required the City to contribute 6% of pay while the employees contributed 6% of pay. The City's annual contribution was $146,757 to the Firemen's plan and $108,571 to the Police plan.

Employees who are covered by both the defined benefit and money purchase retirement plans will first receive benefits from the money-purchase plan. The total plan assets for the money purchase plan as of September 30, 2007 for the Fire Pension and Police Pension were $3,689,214 and $4,348,060, respectively.

NOTE 10. EMPLOYEE RETIREMENT PLANS

Fire and Police Department (Continued):

The City's policy for the defined benefit plan is to fund pension costs accrued. Actuarial present values of accumulated plan benefits as of January 1, 2003, the latest actuarial valuation for the Fire Pension and Police Pension, respectively are:

	Fire Pension	Police Pension
Total accumulated plan benefits January 1, 2003	$ 182,968	$ 782,690
Net plan assets September 30, 2007	496,617	284,477
Excess (deficit) funds September 30, 2007	$ 313,649	$(498,213)

The assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 7% compounded annually for both the Police and Fire pension plans.

All Other City and Utilities System Employees:

All other City employees and employees of the Utilities System are required to contribute to a defined contribution plan after they have been employed one year and are at least 21 years of age. Each participating employee is required to contribute 4.0% of the first $20,000 of compensation to the Plan, and 8.0% of any compensation over and above $20,000. The City and Utilities System then matches the employees contribution. The City's annual contribution for 2006-07 was $232,418. The Utilities total pension expense for 2006 was $600,371.

Deferred Compensation:

The City and Utilities System offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City and Utilities System employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. No contributions are made to the plan by the City or Utility System.

As of January 1, 2002 those 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, 2000 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 City and Utilities System has no apparent liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

NOTE 11. COMMITMENTS AND CONTINGENCIES

Grants:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Litigation:

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City attorney the resolution of these matters will not have a material adverse effect on the financial condition of the government.

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 has been named as a potentially responsible party 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 $150,000 and $200,000 per year, although much of such costs will be satisfied by in-kind services provided by City staff. The City has also been joined as a Third-Party Defendant in litigation pertaining to the Colorado Avenue Subsite, where the City has reached a settlement of a one-time payment of $20,000, and in-kind services to be performed over a ten-year period. Additional liabilities related to this investigation cannot be projected at this time.

Construction Commitments:

As of September 30, 2007 the City had various projects in progress summarized as follows:

Total Unfulfilled Construction Contracts	$4,471,021
Less:	
Progress Billings	(2,084,169)
Balance of commitments on uncompleted projects	$2,386,852

NOTE 11. COMMITMENTS AND CONTINGENCIES (Continued)

Construction Commitments (Continued):

For financial statement purposes, the City records expenditures on contractual obligations during the period that the materials are furnished and the work is performed and accepted by the City. Unfulfilled commitments are not recorded as liabilities as they are contingent upon future performance by the various contractors.

NOTE 12. LONG-TERM CONTRACTS - UTILITIES SYSTEM

Utilities System MEAN Participation Agreement:

As of February 23, 1983, the Utility entered into a Participation Power Sales Agreement with the Municipal Energy Agency of Nebraska (MEAN). MEAN may purchase up to 6.95% of the power generated by the Utilities 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 the Whelan Energy Center #1 (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% 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.

Utilities System Capacity and Energy Sales Agreement:

As of December 16, 1988 the Utilities entered into a System Capacity and Energy Sales agreement with the Municipal Energy Agency of Nebraska (MEAN). This agreement became operative May 1, 1989 and remained in effect until April 30, 2000. The agreement provided for MEAN to pay a capacity charge on 5 MW for the period May 1, 1989 through April 30, 1991 and 10 MW for the period May 1, 1991 through April 30, 2000. An amendment to this agreement was made on October 18, 1991 that is effective May 1, 1994 through April 30, 2005; that provides for MEAN to pay a capacity charge on an additional 10 MW. This agreement was further amended on December 16, 2004 to extend the capacity charge on the additional 10MW until April 30, 2007. This agreement was further amended on May 22, 2006 to extend the capacity charge on the additional 10MW until April 30, 2009 with a provision to automatically renew in terms of one year thereafter unless the agreement is terminated by either party with a one year notice requirement.

NOTE 12. LONG-TERM CONTRACTS - UTILITIES SYSTEM (CONTINUED)

Coal Contracts:

Caballo Coal Company

The Utilities entered into an agreement with Caballo Coal Company for the purchase of coal for the period of January 1, 2003 through December 31, 2003. The agreement estimates purchase of 300,000 tons. This agreement was extended through December 31, 2004 and 2005. The agreement has been further extended until December 31, 2006.

Foundation Coal West, Inc.

On July 6, 2006, the Utilities entered into an agreement with Foundation Coal West, Inc. for the purchase of coal for the period of January 1, 2007 through December 31, 2007. The agreement estimates purchase of 350,000 tons.

The Burlington Northern and Santa Fe Railway Company

On November 27, 2001, the Utilities entered into a long-term coal transportation contract with The Burlington Northern and Santa Fe Railway Company. The contract obligates the Utilities for the period of January 1, 2003 through December 31, 2006, with a minimum annual tonnage requirement of 200,000 tons.

On September 25, 2006, the Utilities entered into an agreement with The BNSF Railway Company for the transportation of coal for the period of January 1, 2007 through December 31, 2007. The agreement has a minimum annual tonnage requirement of 250,000 tons.

NOTE 13. REBATE (ARBITRAGE) PAYMENT REQUIREMENTS

The Utility is subject to a potential rebate payment on investment earnings in excess of an allowable amount under Internal Revenue Code Section 148. The accounts subject to this potential rebate are the Electric Funds - Debt Service Account and Reserve Bond Fund. At the present time, no accruals have been made as any amounts have been determined to be immaterial.

NOTE 14. TRANSFERS TO CITY'S GENERAL FUND

Electric Fund

Revenue Transfers:

The Bond ordinance provides that if sufficient moneys remain after meeting the deposits required, the City shall next have the right to withdraw monthly from the Electric Revenue Fund for payment to the General Fund of the City an amount equal to 1/12 of 4% of operating revenues for the preceding years. Revenue transfers from the Electric Fund were $963,948 in 2006.

NOTE 14. TRANSFERS TO CITY'S GENERAL FUND (CONTINUED)

Combined Fund

Revenue Transfers:

The City withdraws monthly from the Combined Fund for payment to the General Fund of the City an amount equal to 1/12 of 4% of operating revenues for the preceding years, except as of April 1, 1996 the water department was changed to 1/12 of 5.14% of operating revenues for the preceding years. Revenue transfers from the Combined Fund were $851,872 in 2006.

Resolution #1344:

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 Fund to the City's General Fund 2½% of the total revenues of the previous calendar year. This amount will be in addition to the current revenue transfers. The payments were $461,817 in 2006.

NOTE 15. BUDGET COMPARISONS

Budget versus actual comparisons are presented in accordance with generally accepted accounting principles for the Governmental Fund Types. The budget is prepared on the cash basis of accounting, whereas the Governmental Fund Types are prepared on the modified accrual basis of accounting. For comparison to budget, revenues and expenditures have been adjusted to cash basis.

NOTE 16. FUND DEFICITS

The Museum and Pioneer Spirit – Phase II funds were showing deficit fund balances at September 30, 2007.

NOTE 17. BUDGET AMENDMENTS

An authorized budget amendment was approved for the Community Development Fund to provide additional expenditure authority of $434,481 prior to year-end, thereby increasing the originally budgeted expenditures from $349,519 to $784,000.

NOTE 18. NET ASSETS RESTATEMENT

The net assets of the Governmental Activities at the beginning of the year have been restated in the Statement of Activities to reflect the addition of net infrastructure costs of $20,355,252 as per GASB Statement #34.

NOTE 19. FINANCIAL COMMITMENT AGREEMENT

On November 2, 2001 the Utilities entered into an agreement to be one of the participants in the cost of determining the feasibility of the construction, financing and operation of a new 220 megawatt (MW) coal-fired electric generating plant to be located at the existing Whelan Energy Center. Each participant is to contribute a pro-rata share of the costs based on the MW they subscribe to. On March 30, 2004 the Nebraska Department of Environmental Quality (NDEQ) issued the air permit necessary to allow for the construction of the new power plant. The Nebraska Power Review Board (NPRB) approved the construction of the new power plant on December 3, 2004. During 2005, the City Council of the City of Hastings and the Board of Public Works approved the Interlocal Agreement, Participation Agreement and the Bylaws of the Public Power Generation Agency (PPGA), the entity that will construct and operate Whelan Energy Center #2. The Participation Agreement entitles Hastings Utilities to 35 MW of capacity (or 15.9%) of the estimated 220 MW capacity of the new power plant. The Participation Agreement also stipulates that construction on the new power plant could not commence until the power plant has been fully subscribed. During February of 2006, the power plant became fully subscribed. The completion of the power plant is scheduled to be in 2011. On April 18, 2006 the Adams County Board issued a Conditional Use Permit and on August 2, 2006 the County Board issued a Building Permit to build the facility.

CITY OF HASTINGS, NEBRASKA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
September 30, 2007

	Business Improvement District Fund	Community Development Fund	S. Landfill Cap Fund	Library Grant Fund	Parks Grant Fund	Aquatics Center Fund
ASSETS						
Cash	$ 19,948	$ 13,063	$ 60,224	$ 20,207	$ 125,442	$ 1,008,807
Cash with County Treasurer	--	--	--	--	--	--
Receivables	--	--	--	--	--	--
Inventories	--	--	--	--	--	--
TOTAL ASSETS	$ 19,948	$ 13,063	$ 60,224	$ 20,207	$ 125,442	$ 1,008,807
LIABILITIES AND FUND BALANCES						
Liabilities:						
Excess of outstanding checks over bank balance	$ --	$ --	$ --	$ --	$ --	$ --
Accounts payable	1,081	--	--	--	2,159	--
Accrued liabilities	--	--	--	--	--	--
Due to other funds	--	--	--	--	--	--
Total liabilities	$ 1,081	$ --	$ --	$ --	$ 2,159	$ --
Fund Balances:						
Unreserved, undesignated	$ 18,867	$ 13,063	$ 60,224	$ 20,207	$ 123,283	$ 1,008,807
Total fund balances	$ 18,867	$ 13,063	$ 60,224	$ 20,207	$ 123,283	$ 1,008,807
TOTAL LIABILITIES AND FUND BALANCES	$ 19,948	$ 13,063	$ 60,224	$ 20,207	$ 125,442	$ 1,008,807

Police Dept. Equipment Sinking Fund	Public Safety Fund	Municipal Infrastructure Redevelopment Fund	Natural Disaster Fund	Diversion Program Fund	Keno Betterment Fund	Pioneer Spirit - Phase II Fund	Community Redevelopment Fund	Totals
$ 663,668	$ 13,032	$ 1,047	$ 127,866	$ 16,642	$ 499,327	$ --	$ 684,887	$ 3,254,160
--	--	--	--	--	--	--	180,747	180,747
--	--	--	8,143	--	79,295	--	--	87,438
--	--	--	--	--	--	--	509,084	509,084
$ 663,668	$ 13,032	$ 1,047	$ 136,009	$ 16,642	$ 578,622	$ --	$ 1,374,718	$ 4,031,429
$ --	$ --	$ --	$ --	$ --	$ --	$ 31	$ --	$ 31
587	2,694	--	--	--	20,714	--	--	27,235
--	--	--	--	--	--	--	2,683	2,683
--	--	--	--	--	--	--	13,706	13,706
$ 587	$ 2,694	$ --	$ --	$ --	$ 20,714	$ 31	$ 16,389	$ 43,655
$ 663,081	$ 10,338	$ 1,047	$ 136,009	$ 16,642	$ 557,908	$ (31)	$ 1,358,329	$ 3,987,774
$ 663,081	$ 10,338	$ 1,047	$ 136,009	$ 16,642	$ 557,908	$ (31)	$ 1,358,329	$ 3,987,774
$ 663,668	$ 13,032	$ 1,047	$ 136,009	$ 16,642	$ 578,622	$ --	$ 1,374,718	$ 4,031,429

CITY OF HASTINGS, NEBRASKA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2007

	Business Improvement District Fund	Community Development Fund	S. Landfill Cap Fund	Library Grant Fund	Parks Grant Fund	Aquatics Center Fund
REVENUES						
Taxes	$ --	$ --	$ --	$ --	$ --	$ 750,144
Special assessments	--	--	--	--	--	--
Intergovernmental	--	734,000	--	11,442	100,000	--
Charges for services	--	--	--	--	--	--
Fines and forfeitures	--	--	--	--	--	--
Interest income	1,637	--	1,238	758	2,566	37,592
Miscellaneous	54,991	49,519	23,093	--	250,500	11,725
Total revenues	$ 56,628	$ 783,519	$ 24,331	$ 12,200	$ 353,066	$ 799,461
EXPENDITURES						
Current operating:						
General government	$ 50,584	$ --	$ 32,926	$ --	$ --	$ --
Public safety	--	--	--	--	--	--
Public works	--	--	--	--	--	--
Culture and recreation	--	--	--	3,963	--	500
Debt service:						
Principal	--	--	--	--	--	1,150,000
Interest and other charges	--	--	--	--	--	26,450
Capital outlay:	--	783,519	--	3,097	250,922	10,500
Total expenditures	$ 50,584	$ 783,519	$ 32,926	$ 7,060	$ 250,922	$ 1,187,450
Excess (deficiency) of revenues over expenditures	$ 6,044	$ --	$ (8,595)	$ 5,140	$ 102,144	$ (387,989)
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	$ --	$ --	$ --	$ --	$ --	$ --
Transfers to other funds	--	--	--	--	--	--
General obligation bond redemption	--	--	--	--	--	(575,000)
Tax increment financing and note proceeds	--	--	--	--	--	--
Tax increment related note financing	--	--	--	--	--	--
Total other financing sources (uses)	$ --	$ --	$ --	$ --	$ --	$ (575,000)
Excess (deficiency) of revenues and other sources over expenditures and other uses	$ 6,044	$ --	$ (8,595)	$ 5,140	$ 102,144	$ (962,989)
Fund balances at beginning of year	12,823	13,063	68,819	15,067	21,139	1,971,796
FUND BALANCES AT END OF YEAR	$ 18,867	$ 13,063	$ 60,224	$ 20,207	$ 123,283	$ 1,008,807

Police Dept. Equipment Sinking Fund	Public Safety Fund	Municipal Infrastructure Redevelopment Fund	Natural Disaster Fund	Diversion Program Fund	Keno Betterment Fund	Pioneer Spirit - Phase II Fund	Community Redevelopment Fund	Totals
$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ 215,420	$ 965,564
--	--	--	--	--	--	--	--	--
--	42,632	--	66,762	--	--	--	--	954,836
--	--	--	--	600	--	--	--	600
--	--	--	--	--	--	--	--	--
33,791	--	132	--	511	14,153	--	10,933	103,311
--	5,004	--	--	8,724	432,284	--	151,145	986,985
$ 33,791	$ 47,636	$ 132	$ 66,762	$ 9,835	$ 446,437	$ --	$ 377,498	$ 3,011,296
$ --	$ --		$ --	$ --	$ 158,629	$ --	$ 368,152	$ 610,291
--	42,765	--	--	--	--	--	--	42,765
--	--	--	67,278	--	--	--	--	67,278
--	--	--	--	--	--	--	--	4,463
--	--	--	--	--	--	--	466,129	1,616,129
--	--	--	--	--	--	--	102,044	128,494
30,099	6,042	3,935	--	--	95,347	27	101,573	1,285,061
$ 30,099	$ 48,807	$ 3,935	$ 67,278	$ --	$ 253,976	$ 27	$ 1,037,898	$ 3,754,481
$ 3,692	$ (1,171)	$ (3,803)	$ (516)	$ 9,835	$ 192,461	$ (27)	$ (660,400)	$ (743,185)
$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
--	--	--	--	--	(11,800)	--	--	(11,800)
--	--	--	--	--	--	--	--	(575,000)
--	--	--	--	--	--	--	1,045,679	1,045,679
--	--	--	--	--	--	--	(226,276)	(226,276)
$ --	$ --	$ --	$ --	$ --	$ (11,800)	$ --	$ 819,403	$ 232,603
$ 3,692	$ (1,171)	$ (3,803)	$ (516)	$ 9,835	$ 180,661	$ (27)	$ 159,003	$ (510,582)
659,389	11,509	4,850	136,525	6,807	377,247	(4)	1,199,326	4,498,356
$ 663,081	$ 10,338	$ 1,047	$ 136,009	$ 16,642	$ 557,908	$ (31)	$ 1,358,329	$ 3,987,774

CITY OF HASTINGS, NEBRASKA

GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-GAAP)
For the Year Ended September 30, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
TAXES			
Property tax	$ 2,400,000	$ 2,418,543	$ 18,543
Telephone tax	295,000	407,000	112,000
Occupation tax	30,000	34,721	4,721
Sales tax	3,200,000	3,194,894	(5,106)
Fireworks occupation tax	1,500	1,400	(100)
Motor vehicle tax	200,000	215,625	15,625
Total taxes	$ 6,126,500	$ 6,272,183	$ 145,683
LICENSES AND PERMITS			
Amusement licenses	$ 150	$ 140	$ (10)
Alcoholic beverage	27,000	27,440	440
Fire burn permits	3,000	3,130	130
Cable TV franchise	135,000	160,175	25,175
Cat and dog license	18,000	14,098	(3,902)
Boat license	2,500	3,094	594
Cemetery permits	2,000	1,965	(35)
Inspection permits and fees	105,000	205,745	100,745
Administrative permit license	400	1,100	700
Zoning fees	14,000	10,586	(3,414)
Total licenses and permits	$ 307,050	$ 427,473	$ 120,423
INTERGOVERNMENTAL REVENUES			
Municipal Equalization Fund	$ 775,000	$ 767,997	$ (7,003)
State DEQ Storm Water	--	52,570	52,570
State aid	212,500	212,666	166
State of Nebraska Grant	--	5,919	5,919
Federal grant - police	--	1,226	1,226
Homestead exemption	--	192,858	192,858
School guard reimbursement	1,265	--	(1,265)
Police overtime reimbursement	4,000	10,935	6,935
AC library interlocal	122,000	119,248	(2,752)
Drug Task Force - county	20,000	19,036	(964)
State food inspections	12,500	10,575	(1,925)
Utility Cont. - Civil Service	34,421	32,261	(2,160)
Utility Revenue Transfer 4%	1,853,682	1,824,550	(29,132)
Utility Revenue Transfer 2.5%	469,177	453,792	(15,385)
Total intergovernmental	$ 3,504,545	$ 3,703,633	$ 199,088
CHARGES FOR SERVICES			
Blood alcohol test fees	$ 6,250	$ 2,926	$ (3,324)
Rural fire district	43,200	44,101	901
Alarm fees	30,000	30,933	933
Cemetery burial fees	70,000	61,300	(8,700)
Library fines and fees	24,000	25,012	1,012
Library memberships	4,000	3,541	(459)
Republican Valley library fees	950	950	--
Total charges for services	$ 178,400	$ 168,763	$ (9,637)

CITY OF HASTINGS, NEBRASKA

GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-GAAP)
For the Year Ended September 30, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
FINES			
Parking citations	$ 15,000	$ 9,886	$ (5,114)
Animal shelter	3,000	4,365	1,365
Total fines	$ 18,000	$ 14,251	$ (3,749)
PARK AND RECREATION FEES			
Parks - rental income	$ 15,000	$ 15,790	$ 790
Park Concessions	--	1,441	1,441
Auditorium rent	25,000	25,435	435
Pool admission - AquaCourt	140,000	125,805	(14,195)
Pool scholarships	--	1,520	1,520
Pool concessions - AquaCourt	70,000	68,958	(1,042)
Pool passes	100,000	95,107	(4,893)
Pool facility rentals	3,000	5,992	2,992
Pool merchandise	1,000	1,366	366
Recreation program fees	86,000	67,225	(18,775)
NSA reimbursement	7,500	13,241	5,741
Swim lessons	6,000	8,076	2,076
Total park and recreation fees	$ 453,500	$ 429,956	$ (23,544)
OTHER INCOME			
Investment interest	$ 30,000	$ 24,687	$ (5,313)
Cemetery lot sales	40,000	35,960	(4,040)
Out of district sewer and water	2,000	4,310	2,310
Sale of property	4,000	67,198	63,198
Sale of unclaimed property	4,000	--	(4,000)
Finance miscellaneous revenue	5,000	30,847	25,847
Police miscellaneous revenue	7,000	10,138	3,138
EOC miscellaneous revenue	250	--	(250)
Parks miscellaneous revenue	5,000	8,871	3,871
Engineering miscellaneous revenue	200	270	70
Engineering - sale of prints	3,000	2,288	(712)
Prints Tax Exempt	10	6	(4)
Museum projector loan payment	25,000	25,000	--
Fire miscellaneous income	240	597	357
Police fingerprint fees	500	810	310
Vol. Fire Res. Activities	--	11,563	11,563
Police rental income	16,200	17,030	830
Total other income	$ 142,400	$ 239,575	$ 97,175
TOTAL REVENUE	$ 10,730,395	$ 11,255,834	$ 525,439
TRANSFERS			
From other funds	121,700	121,700	--
TOTAL REVENUE AND TRANSFERS	$ 10,852,095	$ 11,377,534	$ 525,439

CITY OF HASTINGS, NEBRASKA

GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-GAAP)
For the Year Ended September 30, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT			
City Administration:			
Personal services	$ 184,585	$ 184,568	$ 17
Operating expenses	19,600	16,238	3,362
Supplies	2,100	1,636	464
Civil Service:			
Personal services	59,692	59,679	13
Operating expenses	8,750	8,372	378
Supplies	500	392	108
City Attorney:			
Operating expenses	77,800	54,496	23,304
Supplies	400	--	400
Finance:			
Personal services	265,785	238,287	27,498
Operating expenses	64,900	65,799	(899)
Supplies	22,130	21,584	546
Capital outlay	3,868	3,069	799
Mayor and Council:			
Personal services	41,338	41,337	1
Operating expenses	17,150	24,957	(7,807)
Supplies	450	68	382
EPA Mandates:			
Personal services	59,595	59,243	352
Operating expenses	113,330	156,219	(42,889)
Supplies	3,250	1,290	1,960
Capital outlay	39,750	2,740	37,010
EPA 2nd Street Subsite			
Contractual Services	25,039	16,940	8,099
Supplies	1,300	117	1,183
Storm Water Management			
Personal services	--	3,550	(3,550)
Operating expenses	--	4,015	(4,015)
Supplies	--	2,943	(2,943)
Other General and Administrative:			
Operating expenses	1,283,448	908,720	374,728
Capital outlay	559,528	349,228	210,300
Total general government	$ 2,854,288	$ 2,225,487	$ 628,801

CITY OF HASTINGS, NEBRASKA

GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-GAAP)
For the Year Ended September 30, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
PUBLIC SAFETY			
Police:			
Personal services	$ 2,671,355	$ 2,582,780	$ 88,575
Operating expenses	213,300	312,068	(98,768)
Supplies	88,750	106,374	(17,624)
Fire Department:			
Personal services	1,716,258	1,683,019	33,239
Operating expenses	109,838	145,339	(35,501)
Supplies	64,750	68,144	(3,394)
Capital outlay	14,000	--	14,000
Emergency Communication Center:			
Personal services	418,503	420,838	(2,335)
Operating expenses	68,950	63,951	4,999
Supplies	1,600	2,339	(739)
Total public safety	$ 5,367,304	$ 5,384,852	$ (17,548)
ECONOMIC AND PHYSICAL DEVELOPMENT			
Development Services:			
Personal services	$ 683,735	$ 614,258	$ 69,477
Operating expenses	22,080	25,006	(2,926)
Supplies	12,200	23,672	(11,472)
Capital outlay	400	4,457	(4,057)
Total economic and physical development	$ 718,415	$ 667,393	$ 51,022
CULTURE AND RECREATION			
Parks:			
Personal services	$ 883,516	$ 896,585	$ (13,069)
Operating expenses	158,900	157,990	910
Supplies	86,500	90,264	(3,764)
Auditorium:			
Personal services	64,561	65,272	(711)
Operating expenses	39,700	43,060	(3,360)
Supplies	3,800	6,576	(2,776)
Recreation Programming:			
Personal services	15,508	24,111	(8,603)
Operating expenses	51,700	35,663	16,037
Supplies	12,000	11,952	48

CITY OF HASTINGS, NEBRASKA

GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-GAAP)
For the Year Ended September 30, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Cemetery:			
Personal services	$ 219,724	$ 212,466	$ 7,258
Operating expenses	21,640	16,599	5,041
Supplies	18,575	18,252	323
Swimming Pools:			
Personal services	193,770	167,105	26,665
Operating expenses	55,300	71,012	(15,712)
Supplies	68,300	69,835	(1,535)
Library:			
Personal services	753,777	737,457	16,320
Operating expenses	117,015	111,207	5,808
Supplies	118,000	125,020	(7,020)
Total culture and recreation	$ 2,882,286	$ 2,860,426	$ 21,860
TOTAL EXPENDITURES	$ 11,822,293	$ 11,138,158	$ 684,135
TRANSFERS	--	--	--
TOTAL EXPENDITURES AND TRANSFERS	$ 11,822,293	$ 11,138,158	$ 684,135

CITY OF HASTINGS, NEBRASKA

SCHEDULES OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET (NON-GAAP) - SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2007

	Street Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	$ 300,000	$ 310,659	$ 10,659
Intergovernmental	2,405,434	2,207,170	(198,264)
Charges for services	189,680	155,452	(34,228)
Interest income	6,000	16,998	10,998
Miscellaneous	--	12,484	12,484
Total revenues	$ 2,901,114	$ 2,702,763	$ (198,351)
EXPENDITURES			
General government	$ --	$ --	$ --
Streets	2,266,095	2,173,246	92,849
Debt service:			
Principal	--	--	--
Interest and fiscal charges	--	--	--
Capital outlay	647,754	425,542	222,212
Total expenditures	$ 2,913,849	$ 2,598,788	$ 315,061
Excess (deficiency) of revenues over expenditures	$ (12,735)	$ 103,975	$ 116,710
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	$ 173,235	$ 86,083	$ (87,152)
Transfers to other funds	--		--
Tax increment financing and note proceeds	--	--	--
Tax increment related note financing	--	--	--
General obligation bond proceeds	--	--	--
Total other financing sources (uses)	$ 173,235	$ 86,083	$ (87,152)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	$ 160,500	$ 190,058	$ 29,558

Community Redevelopment			Museum		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$ 215,562	$ 215,420	$ (142)	$ 840,400	$ 883,841	$ 43,441
--	--	--	16,000	12,915	(3,085)
--	--	--	381,260	318,820	(62,440)
2,730	10,933	8,203	--	--	--
169,921	151,145	(18,776)	89,050	77,709	(11,341)
$ 388,213	$ 377,498	$ (10,715)	$ 1,326,710	$ 1,293,285	$ (33,425)
$ 679,262	$ 372,117	$ 307,145	$ 1,258,086	$ 1,175,454	$ 82,632
--	--	--	--	--	--
512,388	466,129	46,259	--	--	--
112,171	102,044	10,127	--	--	--
2,936,000	165,892	2,770,108	35,205	35,205	--
$ 4,239,821	$ 1,106,182	$ 3,133,639	$ 1,293,291	$ 1,210,659	$ 82,632
$ (3,851,608)	$ (728,684)	$ 3,122,924	$ 33,419	$ 82,626	$ 49,207
$ --	$ --	$ --	$ --	$ --	$ --
--	--	--	--	--	--
3,527,451	1,045,679	(2,481,772)	--	--	--
--	(226,276)	(226,276)	--	--	--
--	--	--	--	--	--
$ 3,527,451	$ 819,403	$ (2,708,048)	$ --	$ --	$ --
$ (324,157)	$ 90,719	$ 414,876	$ 33,419	$ 82,626	$ 49,207

CITY OF HASTINGS, NEBRASKA

SCHEDULES OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET (NON-GAAP) - SPECIAL REVENUE FUNDS (CONTINUED)
For the Year Ended September 30, 2007

	Community Development		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	$ --	$ --	$ --
Intergovernmental	300,000	734,000	434,000
Charges for services	--	--	--
Interest income	--	--	--
Miscellaneous	50,550	49,519	(1,031)
Total revenues	$ 350,550	$ 783,519	$ 432,969
EXPENDITURES			
General government		$ --	$ --
Streets	--	--	--
Debt service:			
Principal	--	--	--
Interest and fiscal charges	--	--	--
Capital outlay	784,000	783,519	481
Total expenditures	$ 784,000	$ 783,519	$ 481
Excess (deficiency) of revenues over expenditures	$ (433,450)	$ --	$ 433,450
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	$ --	$ --	$ --
Transfers to other funds	--	--	--
Tax increment bond and note proceeds	--	--	--
Tax increment related note financing	--	--	--
General obligation bond proceeds	--	--	--
Total other financing sources (uses)	$ --	$ --	$ --
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	$ (433,450)	$ --	$ 433,450

BID Fund			Municipal Infrastructure Redevelopment Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$ --	$ --	$ --	$ --	$ --	$ --
--	--	--	--	--	--
--	--	--	--	--	--
600	1,637	1,037	100	132	32
54,500	54,991	491	--	--	--
$ 55,100	$ 56,628	$ 1,528	$ 100	$ 132	$ 32
$ 54,500	$ 52,521	$ 1,979	$ --	$ --	$ --
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	4,000	3,935	65
$ 54,500	$ 52,521	$ 1,979	$ 4,000	$ 3,935	$ 65
$ 600	$ 4,107	$ 3,507	$ (3,900)	$ (3,803)	$ 97
$ --	$ --	$ --	$ --	$ --	$ --
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
$ --	$ --	$ --	$ --	$ --	$ --
$ 600	$ 4,107	$ 3,507	$ (3,900)	$ (3,803)	$ 97

CITY OF HASTINGS, NEBRASKA

SCHEDULES OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET (NON-GAAP) - SPECIAL REVENUE FUNDS (CONTINUED)
For the Year Ended September 30, 2007

	Library Grant Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	$ --	$ --	$ --
Intergovernmental	110,000	11,442	(98,558)
Charges for services	--	--	--
Interest income	400	758	358
Miscellaneous	--	--	--
Total revenues	$ 110,400	$ 12,200	$ (98,200)
EXPENDITURES			
General government	$ 55,000	$ 3,963	$ 51,037
Streets	--	--	--
Debt service:			
Principal	--	--	--
Interest and fiscal charges	--	--	--
Capital outlay	50,000	3,097	46,903
Total expenditures	$ 105,000	$ 7,060	$ 97,940
Excess (deficiency) of revenues over expenditures	$ 5,400	$ 5,140	$ (260)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	$ --	$ --	$ --
Transfers to other funds	--	--	--
Tax increment bond and note proceeds	--	--	--
Tax increment related note financing	--	--	--
General obligation bond proceeds	--	--	--
Total other financing sources (uses)	$ --	$ --	$ --
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	$ 5,400	$ 5,140	$ (260)

Natural Disaster Fund			Keno Community Betterment Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$ --	$ --	$ --	$ --	$ --	$ --
19,383	58,619	39,236	--	--	--
--	--	--	--	--	--
--	--	--	7,000	14,153	7,153
--	--	--	292,880	373,042	80,162
$ 19,383	$ 58,619	$ 39,236	$ 299,880	$ 387,195	$ 87,315
$ 105,000	$ 67,278	$ 37,722	$ 145,000	$ 156,065	$ (11,065)
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	361,345	95,347	265,998
$ 105,000	$ 67,278	$ 37,722	$ 506,345	$ 251,412	$ 254,933
$ (85,617)	$ (8,659)	$ 76,958	$ (206,465)	$ 135,783	$ 342,248
$ --	$ --	$ --	$ --	$ --	$ --
--	--	--	(11,800)	(11,800)	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
$ --	$ --	$ --	$ (11,800)	$ (11,800)	$ --
$ (85,617)	$ (8,659)	$ 76,958	$ (218,265)	$ 123,983	$ 342,248

CITY OF HASTINGS, NEBRASKA

SCHEDULES OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET (NON-GAAP) - SPECIAL REVENUE FUNDS (CONTINUED)
For the Year Ended September 30, 2007

	Public Safety Grant Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	$ --	$ --	$ --
Intergovernmental	773,824	203,427	(570,397)
Charges for services	--	--	--
Interest income	--	--	--
Miscellaneous	6,000	5,004	(996)
Total revenues	$ 779,824	$ 208,431	$ (571,393)
EXPENDITURES			
General government	$ 49,028	$ 41,114	$ 7,914
Streets	--	--	--
Debt service:			
Principal	--	--	--
Interest and fiscal charges	--	--	--
Capital outlay	733,796	166,838	566,958
Total expenditures	$ 782,824	$ 207,952	$ 574,872
Excess (deficiency) of revenues over expenditures	$ (3,000)	$ 479	$ 3,479
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	$ --	$ --	$ --
Transfers to other funds	--	--	--
Tax increment bond and note proceeds	--	--	--
Tax increment related note financing	--	--	--
General obligation bond proceeds	--	--	--
Total other financing sources (uses)	$ --	$ --	$ --
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	$ (3,000)	$ 479	$ 3,479

Park Grant Fund			Pioneer Spirit Trail Grant Fund Phase II		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$ --	$ --	$ --	$ --	$ --	$ --
370,000	100,000	(270,000)	243,372	--	(243,372)
--	--	--	--	--	--
--	2,566	2,566	--	--	--
--	250,500	250,500	--	--	--
$ 370,000	$ 353,066	$ (16,934)	$ 243,372	$ --	$ (243,372)
$ --	$ --	$ --	$ --	$ --	$ --
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
370,000	248,763	121,237	243,368	26	243,342
$ 370,000	$ 248,763	$ 121,237	$ 243,368	$ 26	$ 243,342
$ --	$ 104,303	$ 104,303	$ 4	$ (26)	$ (30)
$ --	$ --	$ --	$ --	$ --	$ --
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
$ --	$ --	$ --	$ --	$ --	$ --
$ --	$ 104,303	$ 104,303	$ 4	$ (26)	$ (30)

CITY OF HASTINGS, NEBRASKA

SCHEDULES OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET (NON-GAAP) - SPECIAL REVENUE FUNDS (CONTINUED)
For the Year Ended September 30, 2007

	Police Department Equipment Sinking Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	$ --	$ --	$ --
Intergovernmental	11,700	--	(11,700)
Charges for services	--	--	--
Interest income	32,000	33,791	1,791
Miscellaneous	--	--	--
Total revenues	$ 43,700	$ 33,791	$ (9,909)
EXPENDITURES			
General government	$ --	$ --	$ --
Streets	--	--	--
Debt service:			
Principal	--	--	--
Interest and fiscal charges	--	--	--
Capital outlay	679,734	29,513	650,221
Total expenditures	$ 679,734	$ 29,513	$ 650,221
Excess (deficiency) of revenues over expenditures	$ (636,034)	$ 4,278	$ 640,312
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	$ --	$ --	$ --
Transfers to other funds	--	--	--
Tax increment bond and note proceeds	--	--	--
Tax increment related note financing	--	--	--
General obligation bond proceeds	--	--	--
Total other financing sources (uses)	$ --	$ --	$ --
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	$ (636,034)	$ 4,278	$ 640,312

Aquatic Center			Diversion Program		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$ 1,125,000	$ 1,012,951	$ (112,049)	$ --	$ --	$ --
--	--	--	--	--	--
--	--	--	--	600	600
15,000	37,592	22,592	100	511	411
--	11,725	11,725	4,000	8,724	4,724
$ 1,140,000	$ 1,062,268	$ (77,732)	$ 4,100	$ 9,835	$ 5,735
$ 1,000	$ 500	$ 500	$ 15,000	$ --	$ 15,000
--	--	--	--	--	--
1,725,000	1,725,000	--	--	--	--
26,450	26,450	--	--	--	--
10,000	10,500	(500)	--	--	--
$ 1,762,450	$ 1,762,450	$ --	$ 15,000	$ --	$ 15,000
$ (622,450)	$ (700,182)	$ (77,732)	$ (10,900)	$ 9,835	$ 20,735
$ --	$ --	$ --	$ --	$ --	$ --
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
$ --	$ --	$ --	$ --	$ --	$ --
$ (622,450)	$ (700,182)	$ (77,732)	$ (10,900)	$ 9,835	$ 20,735

CITY OF HASTINGS, NEBRASKA

SCHEDULES OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET (NON-GAAP) - SPECIAL REVENUE FUNDS (CONTINUED)
For the Year Ended September 30, 2007

	BAN/Street Construction Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	$ --	$ --	$ --
Intergovernmental	--	452,146	452,146
Charges for services	--	--	--
Interest income	175,000	66,877	(108,123)
Miscellaneous	1,050,000	97,083	(952,917)
Total revenues	$ 1,225,000	$ 616,106	$ (608,894)
EXPENDITURES			
General government	$ --	$ --	$ --
Streets	--	--	--
Debt service:			
Principal	--	--	--
Interest and fiscal charges	145,000	86,500	58,500
Capital outlay	3,714,968	1,796,467	1,918,501
Total expenditures	$ 3,859,968	$ 1,882,967	$ 1,977,001
Excess (deficiency) of revenues over expenditures	$ (2,634,968)	$ (1,266,861)	$ 1,368,107
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	$ --	$ --	$ --
Transfers to other funds	--	(86,083)	(86,083)
Tax increment bond and note proceeds	--	--	--
Tax increment related note financing	--	--	--
General obligation bond proceeds	--	--	--
Total other financing sources (uses)	$ --	$ (86,083)	$ (86,083)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	$ (2,634,968)	$ (1,352,944)	$ 1,282,024

South Landfill Cap Fund

Budget	Actual	Variance Favorable (Unfavorable)
$ --	$ --	$ --
--	--	--
--	--	--
1,400	1,238	(162)
--	23,093	23,093
$ 1,400	$ 24,331	$ 22,931
$ 40,000	$ 32,926	$ 7,074
--	--	--
--	--	--
--	--	--
--	--	--
$ 40,000	$ 32,926	$ 7,074
$ (38,600)	$ (8,595)	$ 30,005
$ --	$ --	$ --
--	--	--
--	--	--
--	--	--
--	--	--
$ --	$ --	$ --
$ (38,600)	$ (8,595)	$ 30,005

CITY OF HASTINGS, NEBRASKA

SCHEDULES OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET (NON-GAAP) - DEBT SERVICE FUNDS
For the Year Ended September 30, 2007

	Special Assessment Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	$ --	$ --	$ --
Special assessments	100,000	217,306	117,306
Intergovernmental	--	--	--
Charges for services	--	--	--
Interest income	60,000	70,396	10,396
Miscellaneous	--	--	--
Total revenues	$ 160,000	$ 287,702	$ 127,702
EXPENDITURES			
General government	$ --	$ --	$ --
Streets	--	--	--
Debt service:			
Principal	--	--	--
Interest and fiscal charges	--	--	--
Capital outlay	--	--	--
Total expenditures	$ --	$ --	$ --
Excess (deficiency) of revenues over expenditures	$ 160,000	$ 287,702	$ 127,702
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	$ --	$ --	$ --
Transfers to other funds	(300,000)	(300,000)	--
General obligation bond proceeds	--	--	--
Total other financing sources (uses)	$ (300,000)	$ (300,000)	$ --
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	$ (140,000)	$ (12,298)	$ 127,702

Various Purpose Fund

Budget	Actual	Variance Favorable (Unfavorable)
$ 1,340,000	$ 1,359,756	$ 19,756
--	--	--
5,142	5,142	--
--	--	--
20,000	43,676	23,676
--	--	--
$ 1,365,142	$ 1,408,574	$ 43,432
$ 223,235	$ 3,600	$ 219,635
--	--	--
1,120,000	1,120,000	--
522,764	522,761	3
--	--	--
$ 1,865,999	$ 1,646,361	$ 219,638
$ (500,857)	$ (237,787)	$ 263,070
$ 300,000	$ 300,000	$ --
--	--	--
--	--	--
$ 300,000	$ 300,000	$ --
$ (200,857)	$ 62,213	$ 263,070

CITY OF HASTINGS, NEBRASKA

SCHEDULES OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET (NON-GAAP) - TRUST AND AGENCY FUNDS
For the Year Ended September 30, 2007

	Cemetery Perpetual Care		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental	$ --	$ --	$ --
Interest income	1,470	5,480	4,010
Miscellaneous	18,000	18,829	829
Total revenues	$ 19,470	$ 24,309	$ 4,839
EXPENDITURES			
General	$ --	$ --	$ --
Capital outlay	68,562	15,198	53,364
Total expenditures	$ 68,562	$ 15,198	$ 53,364
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (49,092)	$ 9,111	$ 58,203

Perpetual Housing Rehabilitation			Economic Development Revolving Loan Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$ --	$ --	$ --	$ --	$ --	$ --
--	--	--	--	--	--
1,130	34,528	33,398	190,000	197,727	7,727
$ 1,130	$ 34,528	$ 33,398	$ 190,000	$ 197,727	$ 7,727
$ 109,000	$ 109,000	$ --	$ 41,000	$ 39,686	$ 1,314
--	--	--	160,000	16,000	144,000
$ 109,000	$ 109,000	$ --	$ 201,000	$ 55,686	$ 145,314
$ (107,870)	$ (74,472)	$ 33,398	$ (11,000)	$ 142,041	$ 153,041

CITY OF HASTINGS, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant Number
U.S. Department of Justice		
Gang Resistance Education and Training	16.737	2007JVFX0165
Total U.S. Department of Justice		
U.S. Department of Homeland Security		
Assistance fo Firefighters Grant Program	97.044	EMW-2005-FG-20624
Passed throught Nebraska Emergency Management Agency:		
Public Assistance Disaster Grant	97.036	FEMA-1590-DR-NE
Public Assistance Disaster Grant	97.036	FEMA-1674-DR-NE
Total U.S. Department of Homeland Security		
U.S. Department of Housing and Urban Development		
Passed through Nebraska Department of Economic Development:		
Community Development Block Grant	14.228	05-ED-010
Community Development Block Grant	14.228	05-ED-013
Total U.S. Department of Housing and Urban Development		
U.S. Department of Transportation		
Passed through Nebraska Department of Aeronautics:		
Airport Layout Plan	20.106	3-31-0400-07-2005
Fence and Gates Installation	20.106	3-31-0040-08-2005
Rehabilitate Taxiway Lights	20.106	3-31-0040-09-2007
Passed through Nebraska Office of Highway Safety:		
Alcohol Traffic Safety and Drunk Driving Protection	20.601	Mini grants
Occupant Protection Grants	20.602	Mini grants
Passed through Nebraska Department of Roads:		
Comprehensive Plan Assistance Program	20.205	SPR-PL-I(43)
Federal-Aid Highway Program	20.205	STPAA-5519(4)
Federal-Aid Highway Program	20.205	STPAA-5515(2)
Total U.S. Department of Transportation		
TOTAL FEDERAL FINANCIAL ASSISTANCE		

Basis of Accounting - Accrual

Program or Award Amount	Receivable (Payable) 10/01/06	Receipts	Disbursements Expenditures	Receivable (Payable) 9/30/07
$ 1,226	$ --	$ 1,226	$ 1,226	$ --
	$ --	$ 1,226	$ 1,226	$ --
$ 199,763	$ --	$ 160,795	$ 160,795	$ --
7,005	--	--	7,005	7,005
50,522	--	50,522	50,522	--
	$ --	$ 211,317	$ 218,322	$ 7,005
$ 238,000	$ --	$ 234,000	$ 234,000	$ --
504,000	--	500,000	500,000	--
	$ --	$ 734,000	$ 734,000	$ --
$ 66,500	$ --	$ 3,142	$ 8,417	$ 5,275
137,602	--	4,809	4,809	--
208,000	--	16,931	16,931	--
5,933	--	5,933	5,933	--
8,394	--	8,394	8,394	--
75,000	--	--	53,912	53,912
235,960	--	269,674	269,674	--
627,102	--	412,088	412,088	--
	$ --	$ 720,971	$ 780,158	$ 59,187
	$ --	$ 1,667,514	$ 1,733,706	$ 66,192

McDERMOTT & MILLER
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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*

Honorable Mayor and City Council
City of Hastings
Hastings, Nebraska

We have audited the financial statements of the City of Hastings, Nebraska as of and for the year ended September 30, 2007, and have issued our report thereon dated February 9, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Hastings, Nebraska's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Hastings, Nebraska's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Hastings, Nebraska's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

This report is intended solely for the information and use of the mayor and city council, management, federal awarding agencies, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McDermott & Miller, P.C.

Hastings, Nebraska
February 9, 2008

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and City Council
City of Hastings
Hastings, Nebraska

Compliance

We have audited the compliance of the City of Hastings, Nebraska, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2007. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Hastings, Nebraska's management. Our responsibility is to express an opinion on the City of Hastings, Nebraska's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Hastings, Nebraska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Hastings, Nebraska's compliance with those requirements.

In our opinion, the City of Hastings, Nebraska, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2007.

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Internal Control Over Compliance

The management of the City of Hastings, Nebraska, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Hastings, Nebraska's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we not express an opinion on the effectiveness of the City of Hastings, Nebraska's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the mayor and city council, management, federal awarding agencies, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McDermott & Miller, P.C.

McDermott & Miller, P.C.
February 9, 2008

CITY OF HASTINGS, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2007

I. SUMMARY OF AUDITOR'S RESULTS
Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiencies identified that are not considered to be material weaknesses ____ Yes __X__ None Reported

Noncompliance material to financial statements noted? ____ Yes __X__ No

Federal *Awards*

Internal control over major programs:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiencies identified that are not considered to be material weakness(es) ____ Yes __X__ None Reported

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

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ____ Yes __X__ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.228	Community Development Block Grant
20.205	Federal-Aid Highway Program

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

Auditee qualified as low-risk auditee? __X__ Yes ____ No

II. FINANCIAL STATEMENT FINDINGS

None

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None