

**CITY OF HASTINGS, NEBRASKA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**September 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council  
City of 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

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and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, 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, 2019, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note A, the financial statements referred to above include only the primary government of the City of Hastings, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. These financial statements also include the Hastings Community Redevelopment Authority, a discretely presented component unit, of the City of Hastings, Nebraska. These financial statements do not include financial data for two of the City's legally separate component units (the Hastings Library Foundation, Inc. and the Hastings Museum Foundation, Inc.), which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, the accompanying financial statements do not purport to, and do not present fairly the financial position of the reporting entity of the City of Hastings, as of September 30, 2019, the changes in its financial position or, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the reporting entity of the Hastings Library Foundation, Inc., as of and for the year ended December 31, 2018, and our report thereon, dated March 19, 2019, expressed an unmodified opinion on those financial statements.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the reporting entity of the Hastings Museum Foundation, Inc., as of and for the year ended December 31, 2018, and our report thereon, dated April 30, 2019, expressed an unmodified opinion on those financial statements.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress – public safety employees retirement system on pages 6-14 and 85-91 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hastings, Nebraska's financial statements. The nonmajor governmental funds combining statements are not a required part of the basic financial statements.

The nonmajor governmental funds combining statements and the internal service funds combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information described in the first sentence of this paragraph is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2020, on our consideration of the City of Hastings, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and

the results of that testing, and not to provide an opinion on the effectiveness of the City of Hastings's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hastings, Nebraska's internal control over financial reporting and compliance.

AMGL. P. 2

Grand Island, Nebraska  
February 13, 2020

**CITY OF HASTINGS, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2019**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Hastings, we offer readers of the City of Hastings financial statements this narrative overview and analysis of the financial activities of the City of Hastings for the fiscal year ended September 30, 2019.

**Financial Highlights**

- The assets of the City of Hastings exceeded its liabilities at the close of the most recent fiscal year by \$324,719,670 (*net position*). Of this amount, \$89,975,714 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Hastings governmental funds reported combined ending net position of \$94,348,050. Approximately 24.7 percent of this total amount, \$23,283,704 is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$17,486,712, or 109.2 percent of total General Fund expenditures.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Hastings's basic financial statements. The City of Hastings'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 required and supplementary information in addition to the basic financial statements themselves.

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

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

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

**CITY OF HASTINGS, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2019**

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

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

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

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

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

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

The City of Hastings maintains 28 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Street Fund, the Museum Fund, and the Debt Service Fund all of which are considered to be major funds. Data from the other 24 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.



**CITY OF HASTINGS, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2019**

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

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

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

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

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

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

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

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

**CITY OF HASTINGS, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
For The Year Ended September 30, 2019**

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Hastings, assets exceeded liabilities by \$324,719,670 at the close of the most recent fiscal year.

**Summary Statements of Net Position**

	September 30, 2019			September 30, 2018		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 39,818,325	\$ 85,608,393	\$ 125,426,718	\$ 33,309,221	\$ 89,512,071	\$ 122,821,292
Capital Assets	64,318,959	178,197,760	242,516,719	57,880,469	175,930,685	233,811,154
Total Assets	104,137,284	263,806,153	367,943,437	91,189,690	265,442,756	356,632,446
Long-term Liabilities	5,276,673	24,501,632	29,778,305	5,239,115	25,986,776	31,225,891
Other Liabilities	4,512,561	8,932,901	13,445,462	4,151,025	11,812,507	15,963,532
Total Liabilities	9,789,234	33,434,533	43,223,767	9,390,140	37,799,283	47,189,423
Net Position:						
Net Investment in						
Capital Assets	60,145,561	159,568,217	219,713,778	53,396,895	140,348,106	193,745,001
Restricted	10,918,785	4,111,393	15,030,178	9,523,180	8,617,103	18,140,283
Unrestricted	23,283,704	66,692,010	89,975,714	18,879,475	78,678,264	97,557,739
Total Net Position	\$ 94,348,050	\$ 230,371,620	\$ 324,719,670	\$ 81,799,550	\$ 227,643,473	\$ 309,443,023

By far, the largest portion of the City of Hastings's net position (67.7 percent) reflects its investment in capital assets (land, infrastructure, buildings, machinery, vehicles, and equipment), net of any related debt used to acquire those assets that is still outstanding. The City of Hastings uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Hastings's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Hastings's net position (4.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$89,975,714) may be used to meet the government's ongoing obligations to citizens and creditors.

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

**CITY OF HASTINGS, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2019**

**Expenses and Program Revenues - Governmental Activities**

<u>Function</u>	<u>Year Ended September 30, 2019</u>		<u>Year Ended September 30, 2018</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 1,713,091	\$ 4,438,818	\$ 115,436	\$ 2,909,110
Public Safety	1,158,037	7,811,906	1,374,929	7,677,235
Public Works	6,038,693	3,595,361	1,188,378	2,692,025
Environment & Leisure	1,886,193	5,262,239	1,985,986	5,165,363
Economic Development	-	134,556	-	385,000
Interest and Bond Fees	-	87,200	-	92,389
Depreciation	-	3,509,036	-	3,322,928
Total	<u>\$ 10,796,014</u>	<u>\$ 24,839,116</u>	<u>\$ 4,664,729</u>	<u>\$ 22,244,050</u>

**Revenues by Source - Governmental Activities**

	<u>Year Ended September 30, 2019</u>		<u>Year Ended September 30, 2018</u>	
Charges for Services	\$ 4,200,805	11.24 %	\$ 2,663,494	9.80 %
Operating Grants & Contributions	606,816	1.62	904,239	3.33
Capital Grants & Contributions	5,988,393	16.02	1,096,996	4.04
Property Taxes	6,130,573	16.40	5,930,114	21.82
Motor Vehicle Taxes	534,530	1.43	507,824	1.87
Wheel Tax	371,546	0.99	358,373	1.32
Payments in Lieu of Taxes	3,692,091	9.87	3,442,025	12.66
Occupation Taxes	267,651	0.72	264,236	0.97
Sales Tax	6,655,597	17.80	6,328,464	23.28
Franchise Taxes	576,201	1.54	594,110	2.19
State Allocation	4,134,284	11.06	3,898,642	14.34
Keno	282,269	0.75	262,200	0.96
Special Assessments	682,604	1.83	258,849	0.95
Miscellaneous	350,038	0.94	115,158	0.42
Interest	464,421	1.24	253,740	0.93
Gain on Sale of Assets	171,031	0.46	249,365	0.92
Self Insurance Funding	2,271,266	6.07	-	-
Interfund Transfers	7,500	0.02	55,000	0.20
Total	<u>\$ 37,387,616</u>	<u>100.00 %</u>	<u>\$ 27,182,829</u>	<u>100.00 %</u>

Net position increased \$12,548,500 in the governmental funds during the year ended September 30, 2019.

**CITY OF HASTINGS, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2019**

**Business-type activities.** Business-type activities increased the City of Hastings's net position by \$2,728,147, accounting for 17.9 percent of the total growth in the government's net position for the year ended September 30, 2019. Key elements of this increase are as follows:

**Expenses and Program Revenues - Business-type Activities**

<u>Function</u>	<u>Year Ended September 30, 2019</u>		<u>Year Ended September 30, 2018</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Landfill	\$ 2,310,750	\$ 1,757,628	\$ 1,991,329	\$ 1,648,931
Electric	43,891,209	43,259,757	50,024,094	50,405,329
Combined System Utilities	22,805,271	20,862,169	23,086,597	20,008,079
Subtotal	<u>69,007,230</u>	<u>65,879,554</u>	<u>75,102,020</u>	<u>72,062,339</u>
Self Insurance Funding	-	2,271,266	-	-
Interfund Transfers	-	55,000	-	55,000
Total	<u>\$ 69,007,230</u>	<u>\$ 68,205,820</u>	<u>\$ 75,102,020</u>	<u>\$ 72,117,339</u>

**Revenues by Source - Business-type Activities**

	<u>Year Ended September 30, 2019</u>		<u>Year Ended September 30, 2018</u>	
Charges for Services	\$ 69,196,855	97.55 %	\$ 73,400,796	95.31 %
Capital Grants & Contributions	(189,625)	(0.27)	1,701,224	2.21
Miscellaneous	791,256	1.12	1,484,271	1.93
Interest	<u>1,135,481</u>	<u>1.60</u>	<u>426,928</u>	<u>0.55</u>
Total	<u>\$ 70,933,967</u>	<u>100.00 %</u>	<u>\$ 77,013,219</u>	<u>100.00 %</u>

**Financial Analysis of the Government's Funds**

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

**Governmental Funds.** The focus of the City of Hastings'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 of Hastings's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Hastings's governmental funds reported combined ending fund balances of \$31,151,590. Approximately 56.5 percent of this total amount (\$17,595,164) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balances is not available for new spending because it has already been 1) placed in a nonspendable endowment for cemetery perpetual care (\$83,970), 2) restricted for street improvements (\$6,756,640), 3) restricted for capital projects (\$873,389), 4)

**CITY OF HASTINGS, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2019**

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restricted for debt service (\$1,609,261), 5) restricted for economic development (\$98,492), 6) restricted for the Aquatic Center (\$985,292), 7) restricted for museum projects (\$176,172), 8) restricted for community betterment (\$309,788), 9) restricted for other purposes (\$25,781), 10) assigned for budgetary stabilization (\$1,672,399), 11) assigned for equipment replacement (\$254,079), or 12) assigned for a variety of other purposes (\$711,163).

The General Fund is the chief operating fund of the City of Hastings. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$17,486,712, while total fund balance reached \$19,159,111. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 109.2 percent of total General Fund expenditures, while total fund balance represents 119.6 percent of that same amount.

The fund balance of the City of Hastings's General Fund increased by \$2,638,758 during the current fiscal year.

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

Unrestricted net position of the proprietary funds at the end of the year were as follows: Landfill Fund - \$4,649,280, Electric Fund - \$27,456,952, and Combined System Utilities Fund - \$34,585,778. The change in net position for the proprietary funds was as follows: Landfill Fund - \$695,330, Electric Fund - \$1,471,120, and Combined System Utilities Fund - \$561,697. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of Hastings's business-type activities.

### **Budgetary Highlights**

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

**Capital Assets.** The City of Hastings's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounts to \$242,516,719 (net of accumulated depreciation). This investment in capital assets includes land, building and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. Major capital asset projects during the year ended September 30, 2019, included:

- 2019 compactor - \$557,866
- Compact storage shelving - \$158,216
- Final costs on Duncan Field turf project - \$228,426
- Caterpillar 938M loader - \$247,535
- Construction in progress on airport hangar door project - \$116,000
- Final construction costs on project 2017-3 North Park Commons - \$567,790
- Construction in progress paid by Federal and State grants on project 42432 - \$4,465,128
- Final construction costs on project R-2018 - \$471,836
- Construction in progress on Brickyard amphitheater - \$97,143
- Construction in progress on project R-2019 arterial - \$681,610

**CITY OF HASTINGS, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2019**

- Construction in progress on project R-2019 residential - \$758,881
- Construction in progress on project 2019-1 Utecht Circle - \$136,752
- Construction in progress on project 2019-1 Utecht Avenue - \$307,468
- Construction in progress on Osborne View Estates - \$510,175
- Project costs in progress on Dell hardware/software conversion - \$313,138
- Construction in progress on solar farm - \$2,000,302
- WECl switchgear replacement – \$4,430,770
- Conversion of street lights to LED - \$1,305,796

**City of Hastings's Capital Assets**  
**(net of depreciation)**

	<u>Year Ended September 30, 2019</u>			<u>Year Ended September 30, 2018</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Land	\$ -	\$ 6,265,168	\$ 6,265,168	\$ -	\$ 6,262,668	\$ 6,262,668
Construction						
in Progress	7,803,128	13,617,966	21,421,094	2,310,356	15,116,542	17,426,898
Infrastructure	31,297,634	-	31,297,634	30,602,460	-	30,602,460
Buildings & Equipment	25,218,197	-	25,218,197	24,967,653	-	24,967,653
Landfill	-	5,744,815	5,744,815	-	5,561,125	5,561,125
Electric	-	62,683,154	62,683,154	-	64,465,250	64,465,250
Electric Non-Utility						
Plant	-	9,701,126	9,701,126	-	10,393,898	10,393,898
Gas	-	3,518,516	3,518,516	-	4,539,321	4,539,321
Water	-	39,600,870	39,600,870	-	33,550,713	33,550,713
Pollution Control	-	33,278,440	33,278,440	-	34,541,353	34,541,353
Street Lighting	-	3,682,843	3,682,843	-	1,424,863	1,424,863
Administrative	-	104,862	104,862	-	74,952	74,952
Total	<u>\$ 64,318,959</u>	<u>\$ 178,197,760</u>	<u>\$ 242,516,719</u>	<u>\$ 57,880,469</u>	<u>\$ 175,930,685</u>	<u>\$ 233,811,154</u>

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

**Long-term debt.** At the end of the current fiscal year, the City of Hastings had total long-term debt outstanding of \$22,559,531. Of this amount, \$3,661,560 comprises debt backed by the full faith and credit of the government. The remainder of the City of Hastings's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) and capital lease obligations.

**CITY OF HASTINGS, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
For The Year Ended September 30, 2019**

	<u>Year Ended September 30, 2019</u>			<u>Year Ended September 30, 2018</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General Obligation						
Bonds	\$ 3,335,000	\$ -	\$ 3,335,000	\$ 3,845,000	\$ -	\$ 3,845,000
Revenue Bonds	-	14,925,000	14,925,000	-	20,160,000	20,160,000
Note Payable	326,560	2,658,694	2,985,254	364,240	2,781,130	3,145,370
Capital Lease	511,838	802,439	1,314,277	274,334	566,253	840,587
Total	<u>\$ 4,173,398</u>	<u>\$ 18,386,133</u>	<u>\$ 22,559,531</u>	<u>\$ 4,483,574</u>	<u>\$ 23,507,383</u>	<u>\$ 27,990,957</u>

The City of Hastings's total debt decreased by \$5,431,426 (19.4 percent) during the current fiscal year due to scheduled principal payments.

Additional information on the City of Hastings's long-term debt can be found in Note C6 on pages 54-64 of this report.

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

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

- Property tax asking for the year ending September 30, 2020 of \$6,542,750 is \$347,638 (5.6 percent) higher than the prior year. The property valuation also increased 5.6 percent over the prior year.
- At September 30, 2019, the City had contractual commitments totaling \$2,572,200 on 13 different capital projects, all but one of which are expected to be completed during the next fiscal year.

All of these factors were considered in preparing the City of Hastings's budget for the 2020 fiscal year.

**Request for Information**

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

**CITY OF HASTINGS, NEBRASKA**  
**STATEMENT OF NET POSITION**

**September 30, 2019**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 17,332,281	\$ 56,565,567	\$ 73,897,848	\$ 1,032,306
Certificates of deposit	3,684,460	10,620,689	14,305,149	25,000
County treasurer cash	380,790	-	380,790	27,459
Receivables:				
Accounts, net of allowance for doubtful accounts	867,328	8,990,808	9,858,136	-
Special assessments	1,558,638	-	1,558,638	-
Current portion of note receivable	-	-	-	365,000
Current portion of TIF receivables	-	-	-	447,954
Interest	-	57,207	57,207	-
Property tax	272,819	-	272,819	15,770
Due from (to) other funds	3,823,700	(3,823,700)	-	-
Due from other governments	1,239,076	-	1,239,076	-
Prepaid expenses	-	15,054	15,054	-
Inventory	40,257	5,163,257	5,203,514	-
Total current assets	<u>29,199,349</u>	<u>77,588,882</u>	<u>106,788,231</u>	<u>1,913,489</u>
Noncurrent assets:				
Restricted cash and cash equivalents	7,363,914	2,461,658	9,825,572	135,489
Restricted certificates of deposit	3,255,062	5,557,853	8,812,915	-
Noncurrent portion of note receivable	-	-	-	1,174,898
Noncurrent portion of TIF receivables	-	-	-	4,099,409
Property held for resale	-	-	-	1,218,432
Capital assets:				
Construction in progress	7,803,128	13,617,966	21,421,094	-
Other capital assets, net of depreciation	56,515,831	164,579,794	221,095,625	115,435
Net capital assets	<u>64,318,959</u>	<u>178,197,760</u>	<u>242,516,719</u>	<u>115,435</u>
Total noncurrent assets	<u>74,937,935</u>	<u>186,217,271</u>	<u>261,155,206</u>	<u>6,743,663</u>
<b>Total assets</b>	<u>104,137,284</u>	<u>263,806,153</u>	<u>367,943,437</u>	<u>8,657,152</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	506,533	5,467,328	5,973,861	31,452
EPA liability	635,595	-	635,595	-
Accrued wages	552,053	885,362	1,437,415	-
Accrued interest	25,356	277,357	302,713	-
Sales tax payable	-	241,656	241,656	-
Customer deposits	5,424	445,720	451,144	-
Claims incurred not paid	425,332	-	425,332	-
Unavailable property tax and assessments	1,765,321	-	1,765,321	11,947
Current portion of TIF payables	-	-	-	378,650
Current portion of long-term obligations	596,947	1,615,478	2,212,425	167,507
Total current liabilities	<u>4,512,561</u>	<u>8,932,901</u>	<u>13,445,462</u>	<u>589,556</u>
Noncurrent liabilities:				
Compensated absences - noncurrent	1,700,222	3,348,372	5,048,594	-
Closure/post-closure liability	-	4,095,514	4,095,514	-
Noncurrent portion of TIF payables	-	-	-	3,823,064
Noncurrent portion of long-term obligations	3,576,451	16,770,655	20,347,106	130,573
Other	-	43,681	43,681	-
Unamortized bond premiums	-	243,410	243,410	-
Total noncurrent liabilities	<u>5,276,673</u>	<u>24,501,632</u>	<u>29,778,305</u>	<u>3,953,637</u>
<b>Total liabilities</b>	<u>9,789,234</u>	<u>33,434,533</u>	<u>43,223,767</u>	<u>4,543,193</u>
<b>NET POSITION</b>				
Net investment in capital assets	60,145,561	159,568,217	219,713,778	115,435
Restricted for:				
Debt service	1,609,261	3,183,193	4,792,454	-
Landfill closure/post-closure costs	-	928,200	928,200	-
Perpetual care - permanent	83,970	-	83,970	-
Street improvements	6,756,640	-	6,756,640	-
Capital projects	873,389	-	873,389	-
Economic development	98,492	-	98,492	135,489
Aquatic Center	985,292	-	985,292	-
Museum projects	176,172	-	176,172	-
Community betterment	309,788	-	309,788	-
Other purposes	25,781	-	25,781	-
Unrestricted	23,283,704	66,692,010	89,975,714	3,863,035
<b>Total net position</b>	<u>\$ 94,348,050</u>	<u>\$ 230,371,620</u>	<u>\$ 324,719,670</u>	<u>\$ 4,113,959</u>

See notes to financial statements.



**CITY OF HASTINGS, NEBRASKA**

**STATEMENT OF ACTIVITIES**

**For the year ended September 30, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
<b>Primary government:</b>			
<b>Governmental activities:</b>			
General government	\$ 4,438,818	\$ 1,676,823	\$ 36,268
Public safety	7,811,906	793,271	358,180
Public works	3,595,361	621,712	-
Environment and leisure	5,262,239	1,108,999	212,368
Economic development	134,556	-	-
Interest and fees on long-term debt	87,200	-	-
Depreciation	3,509,036	-	-
Total governmental activities	24,839,116	4,200,805	606,816
<b>Business-type activities:</b>			
Landfill	1,757,628	2,310,750	-
Electric	43,259,757	43,883,639	-
Combined System Utilities	20,862,169	23,002,466	-
Total business-type activities	65,879,554	69,196,855	-
<b>Total primary government</b>	<b>\$ 90,718,670</b>	<b>\$ 73,397,660</b>	<b>\$ 606,816</b>
<b>Component unit:</b>			
Community Redevelopment Authority	\$ 536,960	\$ 64,078	\$ 128,515

See notes to financial statements.

Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position			Component Unit
	Governmental Activities	Business-type Activities	Total	
\$ -	\$ (2,725,727)		\$ (2,725,727)	
6,586	(6,653,869)		(6,653,869)	
5,416,981	2,443,332		2,443,332	
564,826	(3,376,046)		(3,376,046)	
-	(134,556)		(134,556)	
-	(87,200)		(87,200)	
-	(3,509,036)		(3,509,036)	
<u>5,988,393</u>	<u>(14,043,102)</u>	<u>\$ -</u>	<u>(14,043,102)</u>	
-	-	553,122	553,122	
7,570	-	631,452	631,452	
(197,195)	-	1,943,102	1,943,102	
<u>(189,625)</u>	<u>-</u>	<u>3,127,676</u>	<u>3,127,676</u>	
<u>\$ 5,798,768</u>	<u>(14,043,102)</u>	<u>3,127,676</u>	<u>(10,915,426)</u>	
<u>\$ -</u>				\$ (344,367)
General revenues:				
Taxes:				
Property	6,130,573	-	6,130,573	351,167
Motor vehicle	534,530	-	534,530	-
Wheel tax	371,546	-	371,546	-
Payments in lieu of taxes	3,692,091	-	3,692,091	-
Occupation	267,651	-	267,651	-
Sales tax	6,655,597	-	6,655,597	-
Franchise	576,201	-	576,201	-
State allocation	4,134,284	-	4,134,284	-
Keno	282,269	-	282,269	-
Special assessments	682,604	-	682,604	-
Miscellaneous	350,038	791,256	1,141,294	20
Interest income	464,421	1,135,481	1,599,902	37,218
Gain on disposal of assets	171,031	-	171,031	20,204
Self insurance funding	2,271,266	(2,271,266)	-	-
Interfund transfers	7,500	(55,000)	(47,500)	47,500
Total general revenues	<u>26,591,602</u>	<u>(399,529)</u>	<u>26,192,073</u>	<u>456,109</u>
Change in net position	12,548,500	2,728,147	15,276,647	111,742
Net position - September 30, 2018	<u>81,799,550</u>	<u>227,643,473</u>	<u>309,443,023</u>	<u>4,002,217</u>
Net position - September 30, 2019	<u>\$ 94,348,050</u>	<u>\$ 230,371,620</u>	<u>\$ 324,719,670</u>	<u>\$ 4,113,959</u>

**CITY OF HASTINGS, NEBRASKA**

**BALANCE SHEET -  
GOVERNMENTAL FUNDS**

**September 30, 2019**

	<u>General Fund</u>	<u>Street Fund</u>	<u>Museum Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 12,016,995	\$ 3,330,261	\$ 76,704	\$ 987,609	\$ 4,026,626	\$ 20,438,195
Certificates of deposit	3,084,460	1,600,000	-	600,000	1,055,062	6,339,522
County treasurer cash	274,742	30,968	54,428	20,652	-	380,790
Receivables:						
Accounts, net of allowance for doubtful accounts	461,580	7,567	22,265	-	20,494	511,906
Special assessments	-	-	-	1,558,638	-	1,558,638
Property tax	209,413	-	38,608	24,798	-	272,819
Due from other funds	3,823,700	-	-	-	-	3,823,700
Due from other governments	837,423	-	-	-	401,653	1,239,076
Inventory	-	-	40,257	-	-	40,257
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total assets</b>	<u><u>\$ 20,708,313</u></u>	<u><u>\$ 4,968,796</u></u>	<u><u>\$ 232,262</u></u>	<u><u>\$ 3,191,697</u></u>	<u><u>\$ 5,503,835</u></u>	<u><u>\$ 34,604,903</u></u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 306,017	\$ 55,109	\$ 60,851	\$ -	\$ 61,871	\$ 483,848
EPA liability	635,595	-	-	-	-	635,595
Accrued wages	443,887	63,024	30,682	-	-	537,593
Accrued interest	-	2,515	-	4,444	18,397	25,356
Sales tax payable	176	-	-	-	-	176
Customer deposits	5,000	-	-	424	-	5,424
Unavailable receivables	158,527	-	29,226	1,577,568	-	1,765,321
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total liabilities</b>	<u><u>1,549,202</u></u>	<u><u>120,648</u></u>	<u><u>120,759</u></u>	<u><u>1,582,436</u></u>	<u><u>80,268</u></u>	<u><u>3,453,313</u></u>
Fund balances:						
Nonspendable:						
Cemetery perpetual care	-	-	-	-	83,970	83,970
Restricted for:						
Street improvements	-	4,848,148	-	-	1,908,492	6,756,640
Capital projects	-	-	-	-	873,389	873,389
Debt service	-	-	-	1,609,261	-	1,609,261
Economic development	-	-	-	-	98,492	98,492
Aquatic Center	-	-	-	-	985,292	985,292
Museum projects	-	-	-	-	176,172	176,172
Community betterment	-	-	-	-	309,788	309,788
Other purposes	-	-	-	-	25,781	25,781
Assigned for:						
Budgetary stabilization	1,672,399	-	-	-	-	1,672,399
Equipment replacement	-	-	-	-	254,079	254,079
Other purposes	-	-	-	-	711,163	711,163
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Unassigned	17,486,712	-	111,503	-	(3,051)	17,595,164
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total fund balances</b>	<u><u>19,159,111</u></u>	<u><u>4,848,148</u></u>	<u><u>111,503</u></u>	<u><u>1,609,261</u></u>	<u><u>5,423,567</u></u>	<u><u>31,151,590</u></u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 20,708,313</u></u>	<u><u>\$ 4,968,796</u></u>	<u><u>\$ 232,262</u></u>	<u><u>\$ 3,191,697</u></u>	<u><u>\$ 5,503,835</u></u>	<u><u>\$ 34,604,903</u></u>

See notes to financial statements.

CITY OF HASTINGS, NEBRASKA

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

September 30, 2019

<b>Total fund balances - governmental funds</b>		\$ 31,151,590
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$128,354,259, and the accumulated depreciation is \$64,035,300.		64,318,959
Internal service funds are used by management to charge the costs of certain activities, such as information technology, fleet services, and insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		4,679,107
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Noncurrent compensated absences	\$ (1,628,208)	
Capital lease obligations	(511,838)	
Note payable	(326,560)	
General obligation bonds payable	<u>(3,335,000)</u>	<u>(5,801,606)</u>
<b>Total net position - governmental activities</b>		<u>\$ 94,348,050</u>

See notes to financial statements.

**CITY OF HASTINGS, NEBRASKA**

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

**For the year ended September 30, 2019**

	<u>General Fund</u>	<u>Street Fund</u>	<u>Museum Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Taxes:						
Property	\$ 4,694,920	\$ 18,503	\$ 910,585	\$ 506,565	\$ -	\$ 6,130,573
Motor vehicle	405,781	-	83,204	45,545	-	534,530
Wheel tax	-	371,546	-	-	-	371,546
Occupation	67,860	-	199,791	-	-	267,651
Sales tax	4,437,067	-	-	-	2,218,530	6,655,597
Franchise	576,201	-	-	-	-	576,201
In lieu of tax	3,692,091	-	-	-	-	3,692,091
Intergovernmental	1,450,470	3,100,572	-	-	-	4,551,042
Keno	-	-	-	-	282,269	282,269
Special assessments	-	-	-	616,301	66,303	682,604
Charges for services	3,010,453	226,270	398,498	-	54,398	3,689,619
Grants	111,261	485,925	33,881	-	163,365	794,432
Contributions	25,000	-	42,777	-	780,464	848,241
Loan collections	-	-	-	-	38,988	38,988
Interest income	181,885	77,779	-	48,165	89,543	397,372
Insurance proceeds	171,031	-	-	-	-	171,031
Other revenue	347,157	2,880	3,763	-	-	353,800
Total revenues	<u>19,171,177</u>	<u>4,283,475</u>	<u>1,672,499</u>	<u>1,216,576</u>	<u>3,693,860</u>	<u>30,037,587</u>
<b>EXPENDITURES</b>						
General government	3,320,531	-	-	-	273,831	3,594,362
Public safety	8,076,669	-	-	-	57,723	8,134,392
Public works	458,558	3,155,198	-	-	79,833	3,693,589
Environment and leisure	3,758,877	-	1,591,837	-	86,795	5,437,509
Economic development	-	-	-	-	5,985	5,985
Capital outlay	360,876	219,304	-	-	4,360,665	4,940,845
Principal payments on debt	37,680	154,206	-	510,000	-	701,886
Interest on long-term debt	-	7,449	-	29,349	49,052	85,850
Bond/loan fees	-	-	-	1,150	200	1,350
Total expenditures	<u>16,013,191</u>	<u>3,536,157</u>	<u>1,591,837</u>	<u>540,499</u>	<u>4,914,084</u>	<u>26,595,768</u>
<b>Excess (deficiency) of revenues over expenditures</b>	3,157,986	747,318	80,662	676,077	(1,220,224)	3,441,819
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	117,800	-	-	-	546,215	664,015
Transfers out	(637,028)	-	(50,000)	(248,056)	(152,459)	(1,087,543)
Net transfers	<u>(519,228)</u>	<u>-</u>	<u>(50,000)</u>	<u>(248,056)</u>	<u>393,756</u>	<u>(423,528)</u>
<b>Net change in fund balances</b>	2,638,758	747,318	30,662	428,021	(826,468)	3,018,291
Fund balances - September 30, 2018	<u>16,520,353</u>	<u>4,100,830</u>	<u>80,841</u>	<u>1,181,240</u>	<u>6,250,035</u>	<u>28,133,299</u>
Fund balances - September 30, 2019	<u>\$ 19,159,111</u>	<u>\$ 4,848,148</u>	<u>\$ 111,503</u>	<u>\$1,609,261</u>	<u>\$ 5,423,567</u>	<u>\$ 31,151,590</u>

See notes to financial statements.

**CITY OF HASTINGS, NEBRASKA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**

**For the year ended September 30, 2019**

<b>Total net change in fund balances - governmental funds</b>	<b>\$ 3,018,291</b>
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay (\$9,947,527) exceeded depreciation expense (\$3,509,037) and new capital lease obligations (\$460,673). (Capital assets of \$4,546,009 were funded directly by grants.)	5,977,817
Collection of loan proceeds on economic development loans is reported as revenue in the governmental funds, but reduces assets in the statement of net position.	(38,988)
Forgiveness of economic development notes receivable does not impact the fund financial statements, but loan forgiveness reduces assets on the statement of net position.	(128,571)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and information technology services, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities in the statement of activities.	3,120,080
The change in noncurrent compensated absences is reported as an expense in the statement of net position. Noncurrent compensated absences are not reported in the governmental funds.	(170,978)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	770,849
<b>Change in net position of governmental activities</b>	<u><u>\$ 12,548,500</u></u>

See notes to financial statements.

**CITY OF HASTINGS, NEBRASKA**  
**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS**  
**September 30, 2019**

	Enterprise Funds			Total	Internal Service Funds
	Landfill Fund	Electric Fund	Combined System Utilities Fund		
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 2,129,577	\$ 23,108,723	\$ 31,327,267	\$ 56,565,567	\$ 4,258,000
Certificates of deposit	2,500,000	5,784,085	2,336,604	10,620,689	600,000
Receivables:					
Accounts receivable	324,739	6,690,885	1,975,184	8,990,808	355,422
Interest	21,826	11,342	24,039	57,207	-
Intercompany	-	(2,859,659)	2,859,659	-	-
Inventory	-	3,292,147	1,871,110	5,163,257	-
Prepaid expenses	-	15,054	-	15,054	-
Total current assets	<u>4,976,142</u>	<u>36,042,577</u>	<u>40,393,863</u>	<u>81,412,582</u>	<u>5,213,422</u>
Noncurrent assets:					
Restricted cash and cash equivalents	-	1,082,465	1,379,193	2,461,658	-
Restricted certificates of deposit	3,753,853	-	1,804,000	5,557,853	-
Capital assets:					
Construction in progress	1,678,776	8,643,236	3,295,954	13,617,966	-
Electric distribution system	-	189,685,677	-	189,685,677	-
Gas distribution system	-	-	34,565,484	34,565,484	-
Water distribution system	-	-	49,970,112	49,970,112	-
Pollution control distribution system	-	-	66,367,190	66,367,190	-
Street lights	-	-	3,924,082	3,924,082	-
Administrative equipment	-	-	809,129	809,129	-
Buildings and equipment	10,900,627	-	-	10,900,627	-
Less accumulated depreciation	(5,155,812)	(124,850,974)	(71,336,847)	(201,343,633)	-
Non-utility plant	-	15,866,333	-	15,866,333	-
Less non-utility accumulated depreciation	-	(6,165,207)	-	(6,165,207)	-
Net capital assets	<u>7,423,591</u>	<u>83,179,065</u>	<u>87,595,104</u>	<u>178,197,760</u>	<u>-</u>
Total noncurrent assets	<u>11,177,444</u>	<u>84,261,530</u>	<u>90,778,297</u>	<u>186,217,271</u>	<u>-</u>
<b>Total assets</b>	<u>16,153,586</u>	<u>120,304,107</u>	<u>131,172,160</u>	<u>267,629,853</u>	<u>5,213,422</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	185,798	4,276,541	1,004,989	5,467,328	22,509
In lieu of tax payable to City	-	2,319,556	1,372,535	3,692,091	-
Due to other funds	-	-	131,609	131,609	-
Accrued wages	25,146	104,044	756,172	885,362	14,460
Accrued interest	12,246	-	265,111	277,357	-
Sales tax payable	-	12,114	229,542	241,656	-
Customer deposits	-	-	445,720	445,720	-
Claims incurred not paid	-	-	-	-	425,332
Current portion of long-term debt	240,729	-	1,374,749	1,615,478	-
Total current liabilities	<u>463,919</u>	<u>6,712,255</u>	<u>5,580,427</u>	<u>12,756,601</u>	<u>462,301</u>
Noncurrent liabilities:					
Compensated absences - noncurrent	103,672	1,685,974	1,558,726	3,348,372	72,014
Closure/post closure liability	2,825,653	1,269,861	-	4,095,514	-
Noncurrent portion of long-term debt	561,710	-	16,208,945	16,770,655	-
Other	-	-	43,681	43,681	-
Unamortized bond premiums	-	-	243,410	243,410	-
Total noncurrent liabilities	<u>3,491,035</u>	<u>2,955,835</u>	<u>18,054,762</u>	<u>24,501,632</u>	<u>72,014</u>
<b>Total liabilities</b>	<u>3,954,954</u>	<u>9,668,090</u>	<u>23,635,189</u>	<u>37,258,233</u>	<u>534,315</u>
<b>NET POSITION</b>					
Net investment in capital assets	6,621,152	83,179,065	69,768,000	159,568,217	-
Restricted for:					
Debt service	-	-	3,183,193	3,183,193	-
Closure/post-closure costs	928,200	-	-	928,200	-
Unrestricted	4,649,280	27,456,952	34,585,778	66,692,010	4,679,107
<b>Total net position</b>	<u>\$ 12,198,632</u>	<u>\$ 110,636,017</u>	<u>\$ 107,536,971</u>	<u>\$ 230,371,620</u>	<u>\$ 4,679,107</u>

See notes to financial statements.

**CITY OF HASTINGS, NEBRASKA**

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

**For the year ended September 30, 2019**

	Enterprise Funds			Total	Internal Service Funds
	Landfill Fund	Electric Fund	Combined System Utilities Fund		
<b>Operating revenues:</b>					
Sales	\$ 2,307,805	\$ 41,420,634	\$ 23,002,466	\$ 66,730,905	\$ -
Health insurance revenue	-	-	-	-	10,706,959
I T charges	-	-	-	-	503,619
Other revenue	2,945	-	-	2,945	-
Total operating revenues	<u>2,310,750</u>	<u>41,420,634</u>	<u>23,002,466</u>	<u>66,733,850</u>	<u>11,210,578</u>
<b>Operating expenses:</b>					
Cost of power	-	14,504,958	115,507	14,620,465	-
Production	-	12,759,320	5,672,723	18,432,043	-
Water and sewer treatment	-	-	1,878,689	1,878,689	-
Transmission and distribution	-	1,670,620	1,881,675	3,552,295	-
Sewer line expenses	-	-	496,335	496,335	-
General and administrative	-	6,054,629	4,743,038	10,797,667	-
Personnel costs	656,053	-	-	656,053	517,502
Utilities	14,245	-	-	14,245	756
Repairs and maintenance	91,602	-	-	91,602	-
Contractual services	143,928	-	-	143,928	-
Supplies	11,976	-	-	11,976	4,609
Professional fees	68,603	-	-	68,603	2,875
Fuel	104,667	-	-	104,667	-
Dues and training	1,636	-	-	1,636	61,261
Insurance	32,794	-	-	32,794	7,544,945
Computer software and equipment	-	-	-	-	456,627
Miscellaneous	3,314	-	-	3,314	-
Closure costs	161,717	-	-	161,717	-
Depreciation	446,477	4,987,218	4,030,098	9,463,793	-
Total operating expenses	<u>1,737,012</u>	<u>39,976,745</u>	<u>18,818,065</u>	<u>60,531,822</u>	<u>8,588,575</u>
Operating income	573,738	1,443,889	4,184,401	6,202,028	2,622,003
<b>Nonoperating revenues (expenses):</b>					
Interest income	197,208	400,367	537,906	1,135,481	67,049
Participation and capacity agreements	-	697,046	-	697,046	-
Interest and amortization expense	(20,616)	(42,923)	(525,182)	(588,721)	-
Loan fees	-	-	(20,942)	(20,942)	-
Non-utility plan depreciation	-	(692,772)	-	(692,772)	-
Payments in lieu of taxes	-	(2,319,556)	(1,372,535)	(3,692,091)	-
Net coal sales	-	1,765,959	-	1,765,959	-
Miscellaneous income	-	439,301	351,955	791,256	-
Miscellaneous expense	-	(227,761)	(125,445)	(353,206)	-
Self insurance funding	-	-	(2,271,266)	(2,271,266)	-
Contributions in aid of construction	-	7,570	(197,195)	(189,625)	-
Total nonoperating revenues (expenses)	<u>176,592</u>	<u>27,231</u>	<u>(3,622,704)</u>	<u>(3,418,881)</u>	<u>67,049</u>
<b>Excess of revenues over expenditures</b>	750,330	1,471,120	561,697	2,783,147	2,689,052
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	(55,000)	-	-	(55,000)	431,028
<b>Change in net position</b>	<u>695,330</u>	<u>1,471,120</u>	<u>561,697</u>	<u>2,728,147</u>	<u>3,120,080</u>
Net position - September 30, 2018	<u>11,503,302</u>	<u>109,164,897</u>	<u>106,975,274</u>	<u>227,643,473</u>	<u>1,559,027</u>
Net position - September 30, 2019	<u>\$ 12,198,632</u>	<u>\$ 110,636,017</u>	<u>\$ 107,536,971</u>	<u>\$ 230,371,620</u>	<u>\$ 4,679,107</u>

See notes to financial statements.



**CITY OF HASTINGS, NEBRASKA**

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS**

**For the year ended September 30, 2019**

	Enterprise Funds	
	Landfill Fund	Electric Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 2,282,563	\$ 51,792,123
Receipts from other funds	-	-
Payments to suppliers	(607,537)	(32,357,415)
Payments to employees	(639,349)	(8,978,073)
Net cash provided by operating activities	1,035,677	10,456,635
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Decrease in due from other funds	-	664,246
Payments in lieu of taxes	-	(2,319,556)
Transfer from (to) General Fund	(55,000)	-
Net cash provided (used) by noncapital financing activities	(55,000)	(1,655,310)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of property and equipment	(1,739,633)	(6,788,362)
Contributions in aid of construction	-	7,570
Principal payments on capital debt	(146,680)	(4,020,000)
Interest paid on capital debt	(16,231)	(76,288)
Loan fees paid	-	-
Increase in closure/post-closure liability	161,717	-
Net cash used by capital and related financing activities	(1,740,827)	(10,877,080)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
(Increase) decrease in certificates of deposit	(207,955)	4,561,214
Interest received	185,898	414,247
Net cash provided (used) by investing activities	(22,057)	4,975,461
Increase (decrease) in cash and cash equivalents	(782,207)	2,899,706
Cash and cash equivalents - beginning of the year	2,911,784	21,291,482
Cash and cash equivalents - end of the year	\$ 2,129,577	\$ 24,191,188
<b>Composition of cash and cash equivalents:</b>		
Cash and cash equivalents	\$ 2,129,577	\$ 23,108,723
Restricted cash and cash equivalents	-	1,082,465
Total cash and cash equivalents	\$ 2,129,577	\$ 24,191,188

See notes to financial statements.

<u>Combined System Utilities Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 24,379,305	\$ 78,453,991	\$ -
-	-	10,855,156
(7,722,321)	(40,687,273)	(7,626,451)
(6,675,398)	(16,292,820)	(431,028)
<u>9,981,586</u>	<u>21,473,898</u>	<u>2,797,677</u>
236,606	900,852	-
(1,372,535)	(3,692,091)	-
(2,271,266)	(2,326,266)	431,028
<u>(3,407,195)</u>	<u>(5,117,505)</u>	<u>431,028</u>
(3,496,039)	(12,024,034)	-
(197,195)	(189,625)	-
(1,337,436)	(5,504,116)	-
(607,939)	(700,458)	-
(20,942)	(20,942)	-
-	161,717	-
<u>(5,659,551)</u>	<u>(18,277,458)</u>	<u>-</u>
(13,220)	4,340,039	-
24,311	624,456	67,049
<u>11,091</u>	<u>4,964,495</u>	<u>67,049</u>
925,931	3,043,430	3,295,754
<u>31,780,529</u>	<u>55,983,795</u>	<u>962,246</u>
<u>\$ 32,706,460</u>	<u>\$ 59,027,225</u>	<u>\$ 4,258,000</u>
\$ 31,327,267	\$ 56,565,567	\$ 4,258,000
1,379,193	2,461,658	-
<u>\$ 32,706,460</u>	<u>\$ 59,027,225</u>	<u>\$ 4,258,000</u>

**CITY OF HASTINGS, NEBRASKA**

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS, Continued**

**For the year ended September 30, 2019**

	Enterprise Funds	
	Landfill Fund	Electric Fund
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 573,738	\$ 1,443,889
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	446,477	5,720,738
Participation and capacity agreements	-	697,046
Miscellaneous income, net of expenses	-	1,284,727
Change in assets and liabilities:		
Accounts receivable	(28,187)	(28,380)
Inventories	-	750,995
Prepaid expenses	-	(15,054)
Accounts payable	26,945	457,724
Claims incurred not paid	-	-
Accrued expenses	16,704	144,950
Customer deposits	-	-
Net cash provided by operating activities	\$ 1,035,677	\$ 10,456,635
<b>Supplemental cash flow information:</b>		
Accounts payable incurred for capital asset purchases	\$ 132,243	\$ -
Equipment financed with capital lease	\$ 382,866	\$ -

See notes to financial statements.

<u>Combined System Utilities Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 4,184,401	\$ 6,202,028	\$ 2,622,003
4,104,853	10,272,068	-
-	697,046	-
725,615	2,010,342	-
651,224	594,657	(355,422)
56,577	807,572	-
-	(15,054)	-
975,378	1,460,047	19,290
-	-	425,332
(762,372)	(600,718)	86,474
45,910	45,910	-
<u>\$ 9,981,586</u>	<u>\$ 21,473,898</u>	<u>\$ 2,797,677</u>
<u>\$ -</u>	<u>\$ 132,243</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 382,866</u>	<u>\$ -</u>

**CITY OF HASTINGS, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**1. Financial Reporting Entity**

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

The City’s financial reporting entity comprises the following:

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

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

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**1. Financial Reporting Entity, continued**

**Blended Component Units**

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

**Discretely Presented Component Units**

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

Brief Description of Activities and Relationship  
To The City:

Hastings Community  
Redevelopment Authority

Created to develop, finance, and maintain certain areas of the City in need of improvement and development. The CRA can borrow money, issue bonds, and request a levy of taxes under the City's overall levy limits. The CRA's annual budget is subject to the City Council's approval.

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**1. Financial Reporting Entity, continued**

**Discretely Presented Component Units, continued**

Brief Description of Activities and Relationship  
To The City:

Hastings Library Foundation, Inc.

Created for the exclusive purpose to raise funds to support the City's library. The entity has a December 31 year end, so their financial results have not been included in the accompanying audited financial statements. The Foundation's audited financial statements for the year ended December 31, 2018 can be obtained by contacting the Foundation treasurer.

Hastings Museum Foundation, Inc.

Created for the exclusive purpose to raise funds to support the City's museum. The entity has a December 31 year end, so their financial results have not been included in the accompanying audited financial statements. The Foundation's audited financial statements for the year ended December 31, 2018 can be obtained by contacting the Foundation treasurer.

**2. Basis of Presentation**

**Government-wide Financial Statements**

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



**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**2. Basis of Presentation, continued**

**Fund Financial Statements**

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

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

The funds of the financial reporting entity are described below:

**Governmental Funds**

*General Fund*

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

*Special Revenue Funds*

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

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**2. Basis of Presentation, continued**

**Governmental Funds, continued**

*Capital Project Funds*

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

*Debt Service Fund*

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

*Permanent Fund*

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

**Proprietary Funds**

*Enterprise Funds*

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

*Internal Service Funds*

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

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**2. Basis of Presentation, continued**

**Major and Nonmajor Funds**

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

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

**CITY OF HASTINGS, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**2. Basis of Presentation, continued**

**Major and Nonmajor Funds, continued**

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

**CITY OF HASTINGS, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**2. Basis of Presentation, continued**

**Major and Nonmajor Funds, continued**

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

**3. Measurement Focus and Basis of Accounting**

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

**Measurement Focus**

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

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

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**3. Measurement Focus and Basis of Accounting, continued**

**Measurement Focus, continued**

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. Fiduciary funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

**Basis of Accounting**

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

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

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

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**4. Assets, Liabilities, and Equity**

**Estimates**

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

**Cash and Investments**

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

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

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

**Receivables**

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

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

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**4. Assets, Liabilities, and Equity, continued**

**Due from Other Governments**

The total due from other governments includes the following amounts:

<u>Fund</u>	<u>Amount</u>	<u>Type</u>
General	\$ 803,306	Sales Tax
General	12,846	School Resource Officer
General	12,410	Adams County library interlocal
General	8,861	Drug Task Force-county
Parks-Rec Sales Tax	100,413	Sales Tax
Museum Sales Tax	40,165	Sales Tax
Street Sales Tax	<u>261,075</u>	Sales Tax
Total governmental funds	\$ <u>1,239,076</u>	

**Inventory**

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

**Restricted Assets**

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



**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**4. Assets, Liabilities, and Equity, continued**

**Capital Assets**

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

*Government-wide Statements*

In the government-wide financial statements, capital assets are capitalized and reported on the Statement of Net Position. The City has a \$5,000 capitalization threshold. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

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

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

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

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**4. Assets, Liabilities, and Equity, continued**

**Capital Assets, continued**

*Electric and Combined System Utilities*

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

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

The provision for depreciation is computed at an overall straight-line composite rate of approximately 3.0 percent for the year ended September 30, 2019. Depreciation expense taken during the year ended September 30, 2019 was \$9,825,591.

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

**CITY OF HASTINGS, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**4. Assets, Liabilities, and Equity, continued**

**Capital Assets, continued**

*Fund Financial Statements*

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

**Unamortized Bond Premiums/Deferred Charges**

Bond premiums for the Electric and Sewer Funds were amortized over the life of the bonds using the effective interest method. The deferred charges of various plant maintenance costs for the Electric Fund are being amortized over the life of the scheduled maintenance repair life.

**Unavailable Property Tax**

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

**Compensated Absences**

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

**Long-term Debt**

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

*Government-wide Statements*

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

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**4. Assets, Liabilities, and Equity, continued**

**Long-term Debt, continued**

*Fund Financial Statements*

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

**Equity Classifications**

*Government-wide Statements*

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

See Note C8 for additional disclosures.

*Fund Financial Statements*

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

CITY OF HASTINGS, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

*Fund Financial Statements, continued*

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

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

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

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

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

**Unassigned**—All amounts not included in other spendable classifications.

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

**CITY OF HASTINGS, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**5. Revenues, Expenditures, and Expenses**

**Sales and Use Tax**

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

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

**Property Taxes**

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

The tax levies for all political subdivisions in Adams County are certified by the County Board on or before October 15. Real estate taxes are due on December 31 and attach as an enforceable lien and become delinquent in two equal installments on May 1 and September 1. Personal property taxes are due in the same manner as real estate taxes. Delinquent taxes bear 14 percent interest.

Property taxes levied for 2018-2019 are recorded as revenue when expected to be collected within 60 days after September 30, 2019. Prior-year levies were recorded using these same principles, and remaining receivables are re-evaluated annually. Property taxes expected to be collected after 60 days are recorded as deferred revenue on the fund balance sheets.

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**5. Revenues, Expenditures, and Expenses, continued**

**In Lieu of Tax Payment**

The transfer to the General Fund for the year ending September 30, 2020 is calculated as five and six/tenths percent (5.6%) of the retail revenues of the Electric System for the year ended September 30, 2019. This amount is calculated to be \$2,319,556.

The City withdraws monthly from Combined Funds for payment to the General Fund an amount equal to 1/12 of 5.14% of operating revenues for the preceding year. For the year ending September 30, 2020 the total amount of in lieu of tax payments are calculated to be \$973,938 based on the operating revenues for the year ended September 30, 2019.

On July 22, 1991 resolution #1344 was passed by the City Council to transfer from the Gas Department and the Water Department of the Combined System to the General Fund 2.5% of the total revenues of the previous year. This amount will be in addition to the current in lieu of tax payments. The payment for the year ended September 30, 2019 is \$398,597.

**Operating Revenues and Expenses**

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

**Expenditures/Expenses**

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

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

Governmental Funds – by Character and Function

Proprietary Fund – by Operating and Nonoperating

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

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**5. Revenues, Expenditures, and Expenses, continued**

**Contributions in Aid of Construction**

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

**Interfund Transfers**

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

**NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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

**1. Fund Accounting Requirements**

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

**2. Deposit Laws and Regulations**

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



**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued**

**2. Deposit Laws and Regulations, continued**

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

**3. Revenue Restrictions**

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

**4. Debt Restrictions and Covenants**

*Bonds Payable*

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

**5. Budgetary Data**

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

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued**

**5. Budgetary Data, continued**

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

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

- a. On or before August 1, the City prepares a budget for the fiscal year commencing October 1. The budget includes proposed expenditures and resources available.
- b. The budget is published with subsequent public hearings to obtain taxpayer comments.
- c. Prior to September 20, the City Council adopts the budget, which is then filed with the appropriate state and county officials.
- d. Total expenditures may not legally exceed total appropriations. Appropriations lapse at year end and any revisions require board approval.
- e. The County Clerk certifies a preliminary property tax levy for each fund of the City which levied property taxes in the county the previous year based on the combined valuation and amount required for the City the prior year. The preliminary levy becomes the final levy unless the governing board passes, by a majority vote, a resolution setting the levy at a different amount.
- f. The property tax requirements resulting from the budget process are utilized by the County Assessor to establish the tax levy. Taxes are levied annually on or before October 15. Real property taxes and personal property taxes are due December 31 with the first half delinquent May 1 and the second half delinquent September 1.
- g. Appropriations lapse at the end of the fiscal year, except for capital improvement appropriations and certain encumbrances against operating budgets.
- h. The City of Hastings adopts a budget by resolution for all fund types.

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

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

**1. Cash and Certificates of Deposit**

**Deposits**

The City’s policies regarding deposits of cash are discussed in Note A4. The table presented below is designed to disclose how its deposits were insured or secured with collateral at September 30, 2019. The categories of collateral are defined as follows:

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

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

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

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Cash and investments	\$ 107,903,912	\$ 18,835,986	\$ 89,030,977	\$ 36,949	\$ <u>108,034,279</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –

Unrestricted cash and cash equivalents	\$ 73,897,848
Unrestricted certificates of deposit	14,305,149
Restricted cash and cash equivalents	9,825,572
Restricted certificates of deposit	8,812,915

Component Units –

Unrestricted cash and cash equivalents	1,032,306
Unrestricted certificate of deposit	25,000
Restricted cash and cash equivalents	<u>135,489</u>
	<u>\$ 108,034,279</u>

**CITY OF HASTINGS, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

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

**2. Restricted Assets**

The restricted assets as of September 30, 2019, are as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>type</u> <u>Activities</u>	<u>Total</u> <u>Primary</u> <u>Government</u>	<u>Component</u> <u>Units</u>
Type of Restricted Assets:				
Cash and cash equivalents	\$ 7,363,914	\$ 2,461,658	\$ 9,825,572	\$ 135,489
Certificates of deposit	<u>3,255,062</u>	<u>5,557,853</u>	<u>8,812,915</u>	<u>-</u>
	<u>\$ 10,618,976</u>	<u>\$ 8,019,511</u>	<u>\$ 18,638,487</u>	<u>\$ 135,489</u>

Governmental restricted cash and certificates of deposit consist of the following at September 30, 2019:

Street Fund - restricted for street improvements	\$ 4,930,261
Debt Service Fund - restricted for debt service	1,587,609
Cemetery Perpetual Care Fund - restricted for perpetual care	83,970
Museum Sales Tax Fund - restricted for capital projects	136,007
Library Grant Fund - restricted for library expenses	16,362
Parks Grant Fund - restricted for capital projects	84,494
Duncan Park Sales Tax Fund - restricted for capital projects	41,283
Aquatics Center Fund - restricted for aquatics	996,345
Public Safety Grant Fund - restricted for public safety expenses	12,721
Street Sales Tax Fund - restricted for street improvements	1,647,417
Parks-Rec Sales Tax Fund - restricted for capital projects	615,263
Keno Betterment Fund - restricted for community betterment	307,629
ED Revolving Loan Fund - restricted for economic development	98,492
Capital Projects Fund - restricted for capital projects	<u>61,123</u>
Total governmental activities restricted cash and CD's	<u>\$ 10,618,976</u>

Business-type activities restricted cash and certificates of deposit consist of the following at September 30, 2019:

Landfill Fund - restricted for closure/post-closure costs	\$ 3,753,853
Electric Fund - restricted for ash disposal closure/post closure costs	1,082,465
Combined System - restricted for debt service	<u>3,183,193</u>
Total business-type activities restricted cash and CD's	<u>\$ 8,019,511</u>

Component unit restricted cash consists of \$135,489 restricted for economic development at September 30, 2019.

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

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

**3. Accounts and Notes Receivable**

Accounts receivable of the business-type activities consist of utilities receivables. Accounts receivable of the governmental activities consist of telephone and cable franchise tax (18.7 percent), ambulance (32.8 percent), insurance settlement (33.4 percent), and other (15.1 percent) receivables. Receivables detail at September 30, 2019, is as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Accounts receivable	\$ 941,328	\$ 9,073,808	\$ 10,015,136	\$ -
Allowance for doubtful accounts	<u>(74,000)</u>	<u>(83,000)</u>	<u>(157,000)</u>	<u>-</u>
Net accounts receivable	<u>\$ 867,328</u>	<u>\$ 8,990,808</u>	<u>\$ 9,858,136</u>	<u>\$ -</u>

Notes receivable for the CRA consist of the following at September 30, 2019:

<u>Note Held By:</u>	<u>Due From</u>	<u>Note Balance at September 30, 2019</u>	<u>Terms</u>
<u>CRA:</u>			
TIF loan	The Listening Room	\$ 62,615	TIF proceeds pledged on loan
Revolving Loan	Tom & Rosemary Peterson	5,994	Maturity date was 11/5/09
Revolving Loan	Double S Properties	20,154	Maturity date was 4/3/12
Revolving Loan	JKJ Holdings, LLC	54,486	Matures 6/30/24
Revolving Loan	Back Alley Bakery, LLC	1,319	Matures 8/5/19
Revolving Loan	Brandt Rentals, LLC	42,500	Matures 10/5/26
Revolving Loan	Shabri, LLC	315,000	Matures 5/9/26
Revolving Loan	Jacobi Carpet One	11,514	Matures 4/1/22
Revolving Loan	The Listening Room	220,000	Matures 7/1/18
Revolving Loan	Uptown Experience	150,000	Matures 9/30/29
Revolving Loan	1st Street Brewing	194,224	Matures 9/1/23
Revolving Loan	THOAR, LLC	64,000	Matures 10/1/21
Revolving Loan	Bert's Building, LLC	11,500	Matures 9/1/21
Revolving Loan	KJEM, LLC	<u>25,875</u>	Matures 1/30/22
		1,116,566	

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

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

**3. Accounts and Notes Receivable, continued**

<u>Note Held By:</u>	<u>Due From</u>	Note Balance at September 30, <u>2019</u>	<u>Terms</u>
NMPF Loan	Rosey Nails	2,910	Maturity date was 6/1/14
NMPF Loan	Tim Maul	35,000	Matures 7/1/28
NMPF Loan	Marcy Maley	8,190	Matures 7/18/19
NMPF Loan	No Coast Brewing, LLC	40,000	Matures 1/1/25
NMPF Loan	No Coast Brewing, LLC	48,556	Matures 9/1/23
NMPF Loan	Scot DeWitt	15,972	Matures 11/1/21
NMPF Loan	K-T Heating/JHJB Partners	21,892	Matures 10/15/21
NMPF Loan	Steeple Brewing Company	49,201	Matures 2/1/24
		<u>221,721</u>	
Real Estate Loan	Dally's Deli	151,296	
		1,552,198	
Less Allowance for Uncollectible Notes		<u>(12,300)</u>	
		<u>\$ 1,539,898</u>	
Current portion		\$ 365,000	
Long-term portion		<u>1,174,898</u>	
Total CRA notes receivable		<u><u>\$ 1,539,898</u></u>	

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

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

**4. Capital Assets**

Capital asset activity for the year ended September 30, 2019, was as follows:

	Balance at October 1, <u>2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2019</u>
<b><u>Governmental Activities:</u></b>					
Capital assets not being depreciated:					
Construction in progress	\$ 2,310,356	\$ 8,956,192	\$ -	\$ (3,463,420)	\$ 7,803,128
Other capital assets being depreciated:					
Infrastructure	69,170,459	-	-	2,563,032	71,733,491
Buildings, machinery & equipment	46,959,402	991,335	(33,485)	900,388	48,817,640
Total other capital assets at historical cost	116,129,861	991,335	(33,485)	3,463,420	120,551,131
Less accumulated depreciation for:					
Infrastructure	(38,567,999)	(1,867,858)	-	-	(40,435,857)
Buildings, machinery & equipment	(21,991,749)	(1,641,179)	33,485	-	(23,599,443)
Total accumulated depreciation	(60,559,748)	(3,509,037) *	33,485	-	(64,035,300)
Other capital assets, net	55,570,113	(2,517,702)	-	3,463,420	56,515,831
Governmental activities capital assets, net	<u>\$ 57,880,469</u>	<u>\$ 6,438,490</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,318,959</u>

\* Depreciation expense was charged to governmental activities as follows:

**CITY OF HASTINGS, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

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

**4. Capital Assets, continued**

**Governmental Activities, continued:**

General Fund:

General government:

General	\$ 803,493
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Public safety:

Police	79,679
Public safety	<u>9,090</u>
Total public safety	88,769

Public works:

Cemetery	2,200
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Environment and leisure:

Library	129,041
Parks	6,529
Duncan Park	115,600
Aquatics	3,861
Pioneer Trail	9,232
Airport	<u>59,014</u>
Total environment and leisure	<u>323,277</u>

Total General Fund	1,217,739
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Special Revenue Funds:

Street	2,079,268
Museum	89,052
Wireless E911	13,037
Natural Disaster	4,394
Business Improvement District	287
Keno	<u>105,260</u>
Total Special Revenue Funds	<u>2,291,298</u>

Total governmental activities depreciation expense	\$ <u>3,509,037</u>
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Construction in progress at September 30, 2019, consists of \$139,290 of costs incurred on the airport hangar door project; \$250,000 of costs incurred on state project #S 6-4; \$4,465,128 of costs incurred on state project #42432; \$80,881 of costs incurred on state project US-6 & US-34; \$17,465 of costs incurred on the water park aqua court; \$17,465 of costs incurred on the water park aqua court; \$97,143 of costs incurred on the Brickyard amphitheater project; \$30,907 of costs incurred on the wireless 911 system; \$681,610 of costs incurred on project R-2019 arterial; \$758,881 of costs incurred on project R-2019 residential; \$136,752 of costs incurred on the Utecht Circle project; \$307,468 of costs incurred on the Utecht Avenue project; \$510,175 of costs incurred on the Osborne View Estates project; \$14,290 of costs incurred on the Central Station receiver project; and \$313,138 of costs incurred on the Dell hardware/software ERP project.



**CITY OF HASTINGS, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

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

**4. Capital Assets, continued**

	Balance at October 1, <u>2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2019</u>
<b><u>Business-type Activities:</u></b>					
Capital assets not being depreciated:					
Land	\$ 6,262,668	\$ 2,500	\$ -	\$ -	\$ 6,265,168
Construction in progress	15,116,542	5,417,704	-	(6,916,280)	13,617,966
Total capital assets not being depreciated	21,379,210	5,420,204	-	(6,916,280)	19,883,134
Other capital assets being depreciated:					
Landfill	10,604,386	630,167	(333,926)	-	10,900,627
Electric	184,288,258	3,245,870	-	-	187,534,128
Electric non-utility plant	15,866,333	-	-	-	15,866,333
Gas	33,690,876	503,445	-	-	34,194,321
Water	42,141,235	2,018,416	(181,311)	4,680,911	48,659,251
Pollution control	63,324,206	434,854	-	176,537	63,935,597
Street lighting	1,633,630	232,316	(697)	2,058,832	3,924,081
Administrative	755,257	53,871	-	-	809,128
Total other capital assets at historical cost	352,304,181	7,118,939	(515,934)	6,916,280	365,823,466
Less accumulated depreciation for:					
Landfill	(5,043,261)	(446,477)	333,926	-	(5,155,812)
Electric	(119,823,008)	(5,027,966)	-	-	(124,850,974)
Electric non-utility plant	(5,472,435)	(692,772)	-	-	(6,165,207)
Gas	(29,151,555)	(1,524,250)	-	-	(30,675,805)
Water	(8,590,522)	(649,170)	181,311	-	(9,058,381)
Pollution control	(28,782,853)	(1,874,304)	-	-	(30,657,157)
Street lighting	(208,767)	(33,168)	697	-	(241,238)
Administrative	(680,305)	(23,961)	-	-	(704,266)
Total accumulated depreciation	(197,752,706)	(10,272,068) *	515,934	-	(207,508,840)
Other capital assets, net	154,551,475	(3,153,129)	-	6,916,280	158,314,626
Business-type capital assets, net	<u>\$ 175,930,685</u>	<u>\$ 2,267,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,197,760</u>

\* Depreciation expense was charged to functions as follows:

Landfill	\$ 446,477
Electric	5,720,738
Combined System Utilities	<u>4,104,853</u>
Total business-type activities depreciation expense	<u>\$ 10,272,068</u>

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

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

**4. Capital Assets, continued**

	Balance at October 1, <u>2018</u>	<u>Additions</u>	<u>Disposals</u>	Balance at September 30, <u>2019</u>
<u>Community Redevelopment Authority:</u>				
Capital assets being depreciated:				
Land improvements	\$ 230,870	\$ -	\$ -	\$ 230,870
Less accumulated depreciation:				
Land improvements	<u>(103,891)</u>	<u>(11,544)</u>	<u>-</u>	<u>(115,435)</u>
Community Redevelopment Authority, net	<u>\$ 126,979</u>	<u>\$ (11,544)</u>	<u>\$ -</u>	<u>\$ 115,435</u>
 <u>Community Redevelopment Authority:</u>				
Capital assets not being depreciated:				
Land held for redevelopment	<u>\$ 1,159,128</u>	<u>\$ 235,900</u>	<u>\$ (176,596)</u>	<u>\$ 1,218,432</u>

**5. Accounts Payable**

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

**6. Long-term Debt**

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

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

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

**6. Long-term Debt, continued**

**Changes in Long-term Debt**

The following is a summary of changes in long-term debt for the year ended September 30, 2019:

<u>Type of Debt</u>	Balance October 1, <u>2018</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>2019</u>	Amounts Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds payable	\$ 3,845,000	\$ -	\$ (510,000)	\$ 3,335,000	\$ 360,000
Note payable	364,240	-	(37,680)	326,560	37,680
Capital leases	274,334	460,673	(223,169)	511,838	199,267
	<u>\$ 4,483,574</u>	<u>\$ 460,673</u>	<u>\$ (770,849)</u>	<u>\$ 4,173,398</u>	<u>\$ 596,947</u>
<b>Business-type Activities:</b>					
Bonds payable	\$ 20,160,000	\$ -	\$ (5,235,000)	\$ 14,925,000	\$ 1,250,000
Note payable	2,781,130	-	(122,436)	2,658,694	124,749
Capital leases	566,253	382,866	(146,680)	802,439	240,729
	<u>\$ 23,507,383</u>	<u>\$ 382,866</u>	<u>\$ (5,504,116)</u>	<u>\$ 18,386,133</u>	<u>\$ 1,615,478</u>
<b>Community Redevelopment Authority:</b>					
Notes payable	<u>\$ 316,809</u>	<u>\$ -</u>	<u>\$ (18,729)</u>	<u>\$ 298,080</u>	<u>\$ 167,507</u>

**Governmental Activities**

As of September 30, 2019, the governmental long-term liabilities consisted of the following:

Bonds payable:

Series 2018 bond anticipation notes dated May 27, 2018, with original issue amount of \$2,230,000, bearing interest of 2.20 percent and maturing May 15, 2021. \$ 2,230,000

General obligation refunding bonds dated October 17, 2013, with original issue amount of \$1,500,000. Interest ranges from 0.40 to 2.45 percent with final maturity December 15, 2020. 600,000

CITY OF HASTINGS, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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

6. Long-term Debt, continued

Governmental Activities, continued

Bonds payable, continued:

General obligation various purpose bonds dated May 30, 2017, with original issue amount of \$625,000. Interest ranges from 1.25 to 2.60 percent with final maturity September 15, 2027.

Total bonds payable

505,000  
3,335,000

Note payable:

Note payable to the Nebraska Department of Aeronautics dated March 23, 2017 with an original issue amount of \$376,424 to finance the 6-place T hangar project. The note is non-interest bearing and will be repaid over 120 monthly installments of \$3,140, with final maturity May 2028.

326,560

Capital leases:

Capital lease obligation due to Dell Financial Services dated January 2019, with original issue amount of \$313,138 to finance a Dell computer hardware and software for the City's ERP project. The lease bears interest of 5.064 percent and is due in five annual principal and interest payments of \$68,962, commencing August 26, 2019 through August 26, 2023.

244,175

Capital lease obligation due to Caterpillar Financial dated June 15, 2019, with original issue amount of \$147,535 to finance a 938M Caterpillar loader. The lease bears interest of 3.80 percent and is due in two annual principal and interest payments of \$77,998, commencing June 15, 2020 through June 15, 2021.

147,535

CITY OF HASTINGS, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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

6. Long-term Debt, continued

Governmental Activities, continued

Capital Lease, continued:

Capital lease obligation due to Caterpillar Financial dated May 9, 2016, with original issue amount of \$85,425 to finance 430RT Caterpillar backhoe. The lease bears interest of 2.49 percent and is due in four annual principal and interest payments of \$22,698, commencing May 9, 2017 through May 9, 2020.

22,327

Capital lease obligation due to Mercedes-Benz Financial Services dated July 26, 2017, with original issue amount of \$188,282 to finance two 2018 Freightliners. The lease bears interest of 3.97 percent and is due in four annual principal and interest payments of \$51,828, commencing July 26, 2018 through July 26, 2021.

97,801

Total capital lease obligations

511,838

Total governmental activities long-term obligations

\$ 4,173,398

Current portion

\$ 596,947

Noncurrent portion

3,576,451

Total

\$ 4,173,398

The Debt Service Fund is making the principal and interest payments on the bonds, the General Fund will pay the note payable, and the Street Fund is paying the Caterpillar Financial and Mercedes-Benz Financial capital lease obligations and the IT Fund is paying the Dell Financial Services capital lease obligation.

CITY OF HASTINGS, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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

6. Long-term Debt, continued

Business-type Activities

As of September 30, 2019, the long-term debt payable from proprietary fund resources consisted of the following:

Capital leases:

Capital lease obligation due to US Bancorp dated April 1, 2018, with original issue amount of \$435,000 to finance a Komptech Terminator shredder. The lease bears interest of 3.03 percent and is due in four annual principal and interest payments of \$117,111, commencing April 1, 2019 through April 1, 2022. The Landfill Fund is making these lease payments. \$ 331,070

Capital lease obligation due to Merchants Bank dated April 21, 2017, with original issue amount of \$248,032 to finance a Caterpillar excavator. The lease bears interest of 2.30 percent. An initial \$75,000 downpayment was made on April 21, 2017, with the balance due in four annual principal and interest payments of \$45,801, commencing April 21, 2018 through April 21, 2021. The Landfill Fund is making these lease payments. 88,503

Capital lease obligation due to Caterpillar Financial dated May 8, 2019, with original issue amount of \$382,866 to finance a Caterpillar 826K compactor. The lease bears interest of 4.19 percent and is due in four annual principal and interest payments of \$105,948, commencing May 8, 2020 through May 8, 2023. The Landfill Fund is making these lease payments. 382,866

Total capital lease obligations 802,439

CITY OF HASTINGS, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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

6. Long-term Debt, continued

Business-type Activities, continued

Bonds and notes payable:

Electric system revenue refunding bonds dated June 1, 2011, with original issue amount of \$24,960,000. Interest ranges from 0.70 to 5.0 percent with final maturity on January 1, 2019.

-

Note payable to Nebraska Department of Environmental Quality with original issue amount of \$2,781,130 issued to finance the aquifer storage and restoration project. The note bears interest of 1.25 percent and is due over 20 years with semi-annual principal and interest payments of \$78,797 due December 15, 2018 through June 15, 2038. Annual administrative fees of 1.0 percent are also due on this note.

2,658,694

Combined system revenue bonds dated May 25, 2006, with original issue amount of \$6,000,000. Interest ranges from 3.55 to 4.50 percent with final maturity on October 15, 2026.

3,005,000

Combined system revenue bonds dated May 25, 2006, with original issue amount of \$6,000,000. Interest ranges from 3.55 to 4.50 percent with final maturity on October 15, 2026.

11,920,000

Total bonds and notes payable

17,583,694

Total business-type activity long-term debt

\$ 18,386,133

Current portion

\$ 1,615,478

Noncurrent portion

16,770,655

Total

\$ 18,386,133

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

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

**6. Long-term Debt, continued**

**Component Units**

CRA notes payable:

On September 11, 2015, the CRA borrowed \$150,000 from the Nebraska Enterprise Fund to provide capital to make micro business loans. The loan bears interest of 3.59 percent and matures September 30, 2020. This loan may be renewed for an additional five years. \$ 150,000

On June 1, 2016, the CRA borrowed \$100,000 from the Nebraska Enterprise Fund to provide capital to make micro business loans. The loan bears interest of 3.38 percent and matures May 31, 2021. This loan may be renewed for an additional five years. 100,000

The CRA borrowed \$39,740 from Heartland Bank on December 23, 2013, to finance the Cicada Dwelling redevelopment project. The note is collateralized by a promissory note from the redeveloper and a deed of trust on the real estate included in the project, and the incremental tax revenue increase by the redeveloped property will be used for payment of the note. The note bears interest of 5.75 percent and payments are due semi-annually beginning June 15, 2014, through December 15, 2020. 8,859



CITY OF HASTINGS, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

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

6. Long-term Debt, continued

Component Units, continued

CRA notes payable, continued:

The CRA borrowed \$45,000 from Heartland Bank on May 19, 2015, to finance the CI Property redevelopment project. The note is collateralized by a promissory note from the redeveloper and a deed of trust on the real estate included in the project, and the incremental tax revenue increase by the redeveloped property will be used for payment of the note. The note bears interest of 4.50 percent and payments are due semi-annually beginning January 15, 2016, through July 15, 2019. 20,811

The CRA borrowed \$40,000 from Heartland Bank on May 19, 2015, to finance the Smitty's Enterprises redevelopment project. The note is collateralized by a promissory note from the redeveloper and a deed of trust on the real estate included in the project, and the incremental tax revenue increase by the redeveloped property will be used for payment of the note. The note bears interest of 4.50 percent and payments are due semi-annually beginning January 15, 2016, through July 15, 2019. 18,410

Total CRA notes payable \$ 298,080

Current portion \$ 167,507

Noncurrent portion 130,573

Total \$ 298,080

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

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

**6. Long-term Debt, continued**

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2019, are as follows:

Year Ending September 30,	Governmental Activities			
	Other Debt Issues		Direct Placement	
	Principal	Interest	Principal	Interest
2020	\$ 360,000	\$ 70,675	\$ 236,947	\$ 22,299
2021	2,590,000	62,860	222,138	14,331
2022	60,000	9,135	100,155	6,487
2023	60,000	7,785	103,318	3,324
2024	65,000	6,435	37,680	-
2025-2029	200,000	10,303	138,160	-
	<u>\$ 3,335,000</u>	<u>\$ 167,193</u>	<u>\$ 838,398</u>	<u>\$ 46,441</u>

Year Ending September 30,	Other Debt Issues		Direct Placement			Direct Placement	
	Principal	Interest	Principal	Interest	Fees	Principal	Interest
2020	\$ 1,250,000	\$ 541,175	\$ 365,478	\$ 60,975	\$ 26,276	\$ 167,507	\$ 10,823
2021	1,145,000	501,688	375,071	51,383	25,025	113,613	4,649
2022	1,285,000	451,725	339,162	41,491	23,758	11,895	682
2023	1,050,000	403,237	231,188	32,354	22,475	5,065	140
2024	1,090,000	358,575	131,124	26,469	21,175	-	-
2025-2029	5,235,000	1,134,438	680,701	107,268	85,815	-	-
2030-2034	3,870,000	277,625	724,462	63,508	50,806	-	-
2035-2039	-	-	613,947	17,414	13,931	-	-
	<u>\$ 14,925,000</u>	<u>\$ 3,668,463</u>	<u>\$ 3,461,133</u>	<u>\$ 400,862</u>	<u>\$ 269,261</u>	<u>\$ 298,080</u>	<u>\$ 16,294</u>

**Closure and Post-closure Care Costs**

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

The City entered into an agreement with the Nebraska Department of 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 a clean closure, removal of all coal combustion residuals (CCR) and decontamination of the ash disposal area at the Whelan Energy Center. Monies are deposited into this account at a rate \$2.50 per ton of ash put into the disposal area. The calculated amount of the Closure/Post-Closure liability was \$1,225,043 at September 30, 2019, which is based on 114,704 tons of undisposed pond ash in the ash disposal area. It is

**CITY OF HASTINGS, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

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

**6. Long-term Debt, continued**

**Closure and Post-closure Care Costs, continued**

estimated that an additional \$16,276 will be recognized as post-closure expenses between the date of the balance sheet and the date Whelan Energy Center is expected to be closed. The estimated total current cost of the ash disposal closure and post-closure care, \$1,130,813, is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the ash disposal area were acquired as of September 30, 2019. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

At September 30, 2019, funds of \$1,082,465 are restricted to finance closure and post-closure of the City's ash disposal area. These funds are presented on the City's statement of net position as "restricted for ash disposal closure costs." It is anticipated that future inflation costs will be financed in part from earnings on funds reserved by the City. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in post-closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future users, taxpayers, or both.

State and federal laws and regulations require that the City of Hastings place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and post-closure care costs has a balance of \$2,825,653 as of September 30, 2019, which is based on 51.02 percent usage (filled) of the landfill. It is estimated that an additional \$2,560,755 will be recognized as closure and post-closure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and post-closure care, \$5,386,409, is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2019. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

At September 30, 2019, funds of \$3,753,853 are restricted to finance closure and post-closure of the City's landfill. These funds are presented on the City's statement of net position as

**CITY OF HASTINGS, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

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

**6. Long-term Debt, continued**

**Closure and Post-closure Care Costs, continued**

“restricted for landfill closure costs.” It is anticipated that future inflation costs will be financed in part from earnings on funds reserved by the City. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in post-closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

**7. Interfund Transactions and Balances**

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Museum	\$ 50,000	\$ -
Keno Betterment	12,800	-
Bookmobile Replacement	-	6,000
IT Fund	-	431,028
Fire Equipment Sinking	-	200,000
Landfill	<u>55,000</u>	<u>-</u>
Total General Fund	117,800	637,028
Museum		
General	-	50,000
Debt Service:		
Capital Projects	-	248,056
Nonmajor Funds	546,215	152,459
Landfill Fund	-	55,000
IT Fund	431,028	-
CRA	<u>47,500</u>	<u>-</u>
Total Operating Transfers	\$ <u>1,142,543</u>	\$ <u>1,142,543</u>

At September 30, 2019, the Combined System Utilities Fund owed \$131,609 to the General Fund for payroll costs and owed \$1,372,535 to the General Fund for in-lieu of tax. Also, the Electric Fund owed \$2,319,556 to the General Fund for in-lieu of tax. These balances are expected to be transferred during the year ending September 30, 2020.

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

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

**8. Fund Equity**

Restricted net position for other purposes consists of the following:

Library Grant	\$ 13,060
Public Safety Grant	<u>12,721</u>
	<u>\$ 25,781</u>

**9. TIF Receivables and Payables**

<u>TIF #</u>	<u>Description</u>	9/30/2019	
		<u>TIF</u> <u>Receivable</u>	<u>TIF</u> <u>Payable</u>
14	Pathways Plaza Project	\$ 10,854	\$ 10,854
17	Cicada Properties LLC	8,859	-
18	Midland Corp	53,047	53,047
20	Hastings Village Gardens	408,265	408,265
21	Southwood Estates	120,974	120,974
23	Smitty's Electric Inc	18,410	-
24	Uptown Experience, LLC	117,490	-
25	CI Properties LLC Burlington	20,812	-
27	B & R Stores Inc	1,832,938	1,832,938
28	Diecker Construction Inc	57,752	57,752
33	801 Building Condominiums	127,323	-
34	Emerson Estates LLC	164,417	164,417
37	Thoar, LLC	85,122	85,122
38	On Top, LLC	46,097	46,097
39	Steve Johnson Redevelopment	24,575	-
40	Dietrich/Stein Brothers Building, LLC	260,640	260,640
41	Furrow Plumbing, LLC	28,180	-
42	Redline Properties, LLC	468,062	468,062
43	Eastside Estates, LLC	223,473	223,473
48	DJ&R Investments, LLC	347,799	347,799
49	Thoar, LLC-723 W 11 <sup>th</sup> St	<u>122,274</u>	<u>122,274</u>
		<u>\$ 4,547,363</u>	<u>\$ 4,201,714</u>

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE D – OTHER NOTES**

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

The City participates in five employee pension plans as follows:

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

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

**Police and Firefighters Plan (Pre-1984)**

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

- (1) Employees who were hired prior to January 1, 1984, the date at which the Police and Firefighters Plans were amended from defined benefit plans to their current status as defined contribution plans, were assured of receiving retirement benefits under the new plan at least as great as those under the old defined benefit plan.
- (2) Employees hired after January 1, 1984, are covered by the defined contribution plan, which is administered by a third party.

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE D – OTHER NOTES, continued**

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

**Police and Firefighters Plan (Pre-1984), continued**

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

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

**Police Plan**

*Plan Description*

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

For the year ended September 30, 2019, the City's payroll total and covered under the Plan was \$2,331,191 and \$2,331,191, respectively.

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE D – OTHER NOTES, continued**

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

**Police Plan, continued**

*Plan Description, continued*

As of June 1, 2016, the date of the last actuarial valuation of the defined benefit plan, there were three active employees in the Police Plan.

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

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

*Funding Status of Defined Benefit Plan*

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

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

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



CITY OF HASTINGS, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

Police Plan, continued

*Funding Status of Defined Benefit Plan, continued*

Fair value of plan assets at June 1, 2016	\$ 845,137
Benefit obligation estimated at June 1, 2016	<u>1,200,742</u>
Funded Status	\$ ( <u>355,605</u> )

*Contribution Required and Made*

The actuarially determined recommended contribution under the defined benefit plan was \$219,203, and contributions of \$0 were made for the year ended September 30, 2019, as the City calculates they now have excess funding on their remaining benefit obligations.

Contributions made under the defined contribution portion of the Police Plan for the year ended September 30, 2019, were as follows:

		Amount as a Percentage <u>of Covered Payroll</u>
Employer	\$ 163,183	7.0%
Employee	<u>163,183</u>	7.0%
Total	\$ <u>326,366</u>	

**Firefighters Plan**

*Plan Description*

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

For the year ended September 30, 2019, the City's payroll total and covered under the Plan was \$1,790,700 and \$1,598,867, respectively.

CITY OF HASTINGS, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2019

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

**Firefighters Plan, continued**

*Plan Description, continued*

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

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

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

*Funding Status of Defined Benefit Plan*

The projected retirement benefits at September 30, 2019, were determined through a valuation calculation. The valuation was performed using a present value calculation, which determines the total cost of the projected pension benefits to all employees combined. This total cost is then spread over the future remaining years to retirement for the employees. The cost is spread as a level percentage of compensation.

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

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

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

**CITY OF HASTINGS, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

**NOTE D – OTHER NOTES, continued**

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

**Firefighters Plan, continued**

*Contribution Required and Made*

The actuarially determined recommended contribution under the defined benefit plan was zero, and no contributions were made for the year ended September 30, 2019.

Contributions made under the defined contribution portion of the Firefighters Plan for the year ended September 30, 2019, were as follows:

		<u>Amount as a Percentage of Covered Payroll</u>
Employer	\$ 207,853	13.0%
Employee	<u>103,926</u>	6.5%
Total	<u>\$ 311,779</u>	

**All Other City and Utilities System Employees**

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

Benefit terms, including contribution requirements for the Plan are established and may be amended by the City of Hastings Retirement Board. All employees not in the Police and Fire Department are required to contribute to the Plan after they have been employed one year and are at least 21 years of age. The Plan has a six month vesting period. Any non-vested money in an account is sent back to the employer as a forfeiture once the terminated employee takes a distribution out of the account. At that time, the City uses the forfeitures to offset the employer's contributions. Total forfeitures used during the year ended September 30, 2019 was \$0.

Each participating employee is required to contribute 4.0% of the first \$25,000 of compensation to the Plan, and 8.0% of any compensation over and above \$25,000. The City and Utilities System then matches the employee's contribution. The City's annual contribution for the year ended September 30, 2019 was \$398,172. The Utilities System total pension expense was \$1,123,999 for the year ended September 30, 2019.

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE D – OTHER NOTES, continued**

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

**Deferred Compensation Plan**

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

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

**2. Risk Management**

**Insurance**

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

The City’s Self-Insurance Fund does not assume the full risk of loss related to claims filed under the insurance provided. The City has purchased insurance to cover individual claims in excess of \$100,000 per claimant, as well as an aggregate stop loss of \$7,219,624. The City pays the claims first up to the \$1000,000 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, 2019 the City had exceeded its aggregate stop loss for the year. Claims incurred prior to year-end but not paid are covered by the fiscal year aggregate and will be paid by the City, but later reimbursed. Claims incurred but not paid until subsequent to year-end totaled \$425,332, are recorded as a liability in the Self-Insured Health Fund at September 30, 2019. The Self-Insurance Health Fund also had reinsurance receivable of \$355,422 at September 30, 2019.

**CITY OF HASTINGS, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

**NOTE D – OTHER NOTES, continued**

**2. Risk Management, continued**

**Deposits and Investments**

***Custodial Credit Risk.*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City’s investments at September 30, 2019, are held by the counterparties not in the name of the City. The underlying securities consist of cash, direct obligations of or guaranteed by the full faith and credit of the U.S. Government, and other similar obligations of the U.S. Government or its agencies.

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

	INVESTMENT MATURITIES (IN YEARS)				Total
	<1	1-5	5-10	10+	
City:					
CDs	\$ 6,939,522	\$ -	\$ -	\$ -	\$ 6,939,522
Utilities:					
CDs	\$ 15,032,853	\$ -	\$ -	\$ -	\$ 15,032,853
Money Market	1,020,775	-	-	-	1,020,775
GNMA	-	-	-	124,914	124,914
	\$ 16,053,628	\$ -	\$ -	\$ 124,914	\$ 16,178,542

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

**CITY OF HASTINGS, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE D – OTHER NOTES, continued**

**2. Risk Management, continued**

**Deposits and Investments, continued**

*Concentration of Credit Risk.* The City’s investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2019, the City’s investments in certificates of deposit and investments consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Five Points Bank	\$ 6,959,915
Great Western Bank	4,637,460
Pinnacle Bank	5,615,000
Wells Fargo	500,000
Heartland Bank	750,000
Home Federal	3,510,000
Oakeson Steiner – TD Ameritrade	<u>1,145,689</u>
	<b>\$ <u>23,118,064</u></b>

*Foreign Currency Risk.* This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The City’s investments had no exposure to foreign currency risk and the City held no investments denominated in foreign currency at September 30, 2019.

**3. Commitments and Contingencies**

**Construction**

The City is a party to numerous contracts relating to construction projects of the governmental funds. The City intends to fund the construction through operations or long-term financing.

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/2019</u>	<u>Obligation Pending</u>	<u>Estimated Completion</u>
Airport hangar door-contractor	\$ 111,351	\$ 101,887	\$ 9,464	12/31/2019
Airport apron-engineer	31,789	-	31,789	7/31/2020
Airport apron-contractor	78,889	-	78,889	7/31/2020
Brickyard amphitheater	287,497	-	287,497	3/31/2020
Wireless 911 system	123,626	30,906	92,720	2/28/2020
Project R-2019 arterial	743,641	681,610	62,031	3/31/2020
Project R-2019 residential	1,245,717	758,881	486,836	3/31/2020
Utecht Circle project 2019-1	427,644	136,752	290,892	1/31/2020
Utecht Avenue project 2019-1	807,639	307,468	500,171	1/31/2020
Osborne View Estates	591,752	510,175	81,577	12/31/2019
Central Station receiver	28,580	14,290	14,290	12/31/2019
Landfill Phase 6-engineering	73,420	45,174	28,246	2/28/2020
Landfill Phase 6-contractor	1,905,211	1,554,373	350,838	2/28/2020
Solar farm-Phase 1	2,407,742	2,165,038	242,704	11/30/2019
NDS administration building-engineer	71,280	57,024	14,256	1/31/2021
Total commitments	<u>\$ 8,935,778</u>	<u>\$ 6,363,578</u>	<u>\$ 2,572,200</u>	

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE D – OTHER NOTES, continued**

**3. Commitments and Contingencies, continued**

**Lease Commitments**

<u>Lessor</u>	<u>Leased Property</u>	<u>Term</u>	<u>Amount</u>
Mail Finance	Mailing System	8/22/17 – 11/22/22	\$130/month
	Postage Machine	12/1/16 – 3/1/22	\$870/month
Eakes	Copiers	3/28/19 – 3/28/23	\$1,719/month
	Copiers	8/25/18 – 8/25/23	\$2,539/month
	Copiers	10/25/18 – 6/25/23	\$73/month

Lease commitments as of September 30, 2019, are as follows:

<u>Year ending September 30,</u>	<u>Commitment</u>
2020	\$ 63,979
2021	63,979
2022	63,979
2023	<u>44,962</u>
	\$ <u>236,899</u>

**Letter of Credit**

The City has a \$2,784,460 standby letter of credit available through Great Western Bank, with the Environmental Protection Agency as the beneficiary to satisfy the Performance Guarantee obligations related to the Hastings Groundwater Contamination Site. As of September 30, 2019, nothing had been drawn on this letter of credit, which expires September 24, 2020.

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE D – OTHER NOTES, continued**

**4. Additional Utility Contracts**

**MEAN Participation Agreement**

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

**City of Superior Agreement**

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

**Coal Supply Agreements**

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



**CITY OF HASTINGS, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

**NOTE D – OTHER NOTES, continued**

**4. Additional Utility Contracts, continued**

**Coal Contracts**

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

**Peabody COALSALES, LLC**

On October 1, 2016, the Utilities entered into an agreement with Peabody COALSALES, LLC (Peabody) for the purchase of coal for the period beginning January 1, 2017 through December 31, 2018. The agreement included the purchase 600,000 tons in 2018. On July 11, 2018, the Utilities entered into an agreement with Peabody for the purchase of coal for the period July 11, 2018 through December 31, 2021. The agreement provides up to 400,000 tons in 2018 and a minimum of 600,000 and a maximum of 1,000,000 tons each for calendar years 2019 through 2021. Peabody has first right to supply any excess over the maximum under terms of the agreement.

**The Burlington Northern and Santa Fe Railway Company**

On September 25, 2006, the Utilities entered into an agreement with The BNSF Railway Company for the transportation of coal. On March 8, 2013, the agreement was extended through December 31, 2018 and set a minimum annual tonnage requirement of 600,000 tons. On February 21, 2018, the Utilities entered into an agreement with BNSF for transportation of coal for the period of February 22, 2018 through December 31, 2021. The agreement has a minimum annual tonnage requirement of 600,000 tons.

**CITY OF HASTINGS, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

**NOTE D – OTHER NOTES, continued**

**4. Additional Utility Contracts, continued**

**Natural Gas Contracts**

Central Plains Energy Project

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

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

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

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

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE D – OTHER NOTES, continued**

**4. Additional Utility Contracts, continued**

**Natural Gas Contracts, continued**

Trailblazer Pipeline Company LLC

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

Tall Grass Interstate Gas Transmission LLC

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

**Power Purchase Agreement**

CCC-Hastings Renewable Energy, LLC

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

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE D – OTHER NOTES, continued**

**4. Additional Utility Contracts, continued**

**Wind Power Purchase Agreement**

Central Community College

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

**Public Power Generation Agency Financial Commitment**

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

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE D – OTHER NOTES, continued**

**5. Environmental Remediation**

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

The City's obligation on one sub-site, Operable Units 12 and 20 of the 2nd Street Sub-site, in which the City had been designated the only potentially responsible party, has been settled by a consent decree in the amount of \$14,130,572. However, upon receipt of a cash settlement of \$1,000,000, in-kind services in the amount of \$1,700,000, and 49.6% of any insurance recovery, the City will be deemed to have met this obligation. The cash obligation and insurance recovery have been paid. The City and the Utilities have provided approximately \$641,000 of in-kind services. On June 4, 2017, the State took over the groundwater (down-gradient) operable unit (OU20) and the City will no longer provide in-kind services on OU20. The EPA is continuing to monitor/operate source control operable unit (OU12) and informed the City to cease all in-kind services on June 30, 2017; nevertheless, the City is willing to continue to provide any additional in-kind services as requested by the EPA in order to reduce the expected remaining liability of \$953,392 pursuant to the Consent Decree. During the year ended September 30, 2019, the City paid an installment of one-third of the balance due to the EPA (\$317,797). After this payment, the General Fund had a remaining liability balance of \$635,595 at September 30, 2019.

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE D – OTHER NOTES, continued**

**6. Interlocal Agreements**

The City is a party to 23 interlocal agreements in effect as of September 30, 2019. The City Clerk maintains a complete list of the interlocal agreements in effect.

**7. Tax Abatements**

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

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

Information relevant to the abatements granted by the CRA for the year ended September 30, 2019 is as follows:

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE D – OTHER NOTES, continued**

**7. Tax Abatements, continued**

<u>TIF Project:</u>	Years Remaining on TIF <u>Agreements</u>	2019 TIF <u>Valuation</u>	2019 TIF Excess Tax <u>Levied</u>
Pathways Plaza Project	2	\$ 242,535	\$ 5,427
Cicada Properties LLC	3	384,234	8,597
Midland Corp	5	474,170	10,610
Carmichael Ltd, LLC	6	461,815	10,333
Hastings Village Gardens	8	2,280,825	51,033
Southwood Estates Redevelopment	8	675,830	15,122
Smitty's Electric Inc	9	373,190	8,350
Uptown Experience, LLC	9	583,440	13,054
CI Properties LLC Burlington	9	335,870	7,515
Listening Room	10	303,290	6,786
B & R Stores Inc	11	7,447,220	166,631
Diecker Construction Inc	11	234,645	5,250
801 Building Condominiums	12	474,200	10,610
Emerson Estates LLC	12	612,365	13,701
Thoar, LLC	13	292,639	6,548
On Top, LLC	13	158,475	3,546
Steve Johnson Redevelopment	13	84,485	1,890
Dietrich/Stein Brothers Building, LLC	13	896,060	20,049
Furrow Plumbing, LLC	13	96,880	2,168
Redline Properties, LLC	14	1,494,220	33,433
Eastside Estates, LLC	14	713,405	15,962
DJ&R Investments, LLC	15	1,036,730	23,187
Thoar, LLC-723 W 11th St	15	364,316	8,152
			<u>\$447,954</u>

**CITY OF HASTINGS, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2019**

**NOTE D – OTHER NOTES, continued**

**8. Subsequent Events**

Management has evaluated subsequent events through February 13, 2020, the date on which the financial statements were available for issue.

On November 25, 2019, City Council approved a \$179,745 bid to Outdoor Recreation Products for the purchase and installation of a playground at Brickyard Park. A \$15,000 grant from Little Blue NRD will be applied to this purchase.

On November 25, 2019, City Council approved a \$927,415 bid for a 2019 Model 6400XT heavy duty industrial horizontal wood waste grinder from Morbark, LLC, less a trade-in allowance of \$115,000 for a 2005 Morbark, for a net bid of \$812,415. The City expects to pay \$150,000 on delivery with \$662,415 to be financed.

On November 25, 2019, City Council approved a \$458,800 bid for a 2020 waste handler dozer, less a trade-in allowance of \$106,750 for a 2008 dozer/ripper, plus \$32,917 for a lubrication and maintenance agreement, for a net bid of \$384,967. The City expects to pay \$100,000 on delivery with \$284,967 to be financed.

On December 9, 2019, City Council approved a \$200,000 forgivable CDBG loan to Brant Rentals, LLC for downtown revitalization.



**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF HASTINGS, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
GENERAL FUND**

**Year ended September 30, 2019**

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
<b>RESOURCES (INFLOWS)</b>			
Taxes:			
Property	\$ 4,660,334	\$ 4,693,206	\$ 32,872
Motor vehicle	350,000	402,071	52,071
Occupation	380,000	397,505	17,505
Sales tax	3,900,000	4,371,034	471,034
Franchise	225,000	238,654	13,654
In lieu of tax	3,400,000	3,441,572	41,572
Intergovernmental	1,556,357	1,338,658	(217,699)
Charges for services	105,250	3,019,565	2,914,315
Grants	2,415,000	101,714	(2,313,286)
Interest income	150,000	181,885	31,885
Contributions	89,000	-	(89,000)
Loan proceeds	1,000,000	-	(1,000,000)
Other	50,036	52,658	2,622
	<hr/>	<hr/>	<hr/>
Total resources	18,280,977	18,238,522	(42,455)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
General government:			
City Administrator's office	1,594,325	1,487,117	(107,208)
Human resources	342,426	288,762	(53,664)
City attorney	158,680	141,383	(17,297)
Mayor and Council	67,325	54,899	(12,426)
Other governmental	3,046,667	1,447,659	(1,599,008)
Development services	579,831	554,110	(25,721)
Total general government	<hr/>	<hr/>	<hr/>
	5,789,254	3,973,930	(1,815,324)
Public safety:			
911 Center	835,845	731,993	(103,852)
Fire and rescue	3,428,417	2,925,552	(502,865)
Ambulance service	520,250	183,824	(336,426)
Police	4,533,081	4,288,870	(244,211)
Total public safety	<hr/>	<hr/>	<hr/>
	9,317,593	8,130,239	(1,187,354)

**CITY OF HASTINGS, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
GENERAL FUND, Continued**

**Year ended September 30, 2019**

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS), continued</b>			
Public works:			
Cemetery	325,025	288,960	(36,065)
EPA mandates	152,096	122,609	(29,487)
EPA 2nd Street subsite	355,000	325,940	(29,060)
Storm water management	50,000	46,047	(3,953)
Total public works	<u>882,121</u>	<u>783,556</u>	<u>(98,565)</u>
Environment and leisure:			
Auditorium	154,057	161,976	7,919
Parks	1,689,346	1,645,297	(44,049)
Water park	368,548	342,655	(25,893)
Recreation programming	155,786	163,909	8,123
Library	1,280,380	1,244,579	(35,801)
Airport	423,608	204,077	(219,531)
Total environment and leisure	<u>4,071,725</u>	<u>3,762,493</u>	<u>(309,232)</u>
Total charges to appropriations	<u>20,060,693</u>	<u>16,650,218</u>	<u>(3,410,475)</u>
Resources over (under) charges to appropriations	(1,779,716)	1,588,304	3,368,020
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	117,800	117,800	-
Transfers out	<u>(641,647)</u>	<u>(637,028)</u>	4,619
Net transfers	<u>(523,847)</u>	<u>(519,228)</u>	4,619
<b>RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u>\$ (2,303,563)</u>	<u>\$ 1,069,076</u>	<u>\$ 3,372,639</u>

**CITY OF HASTINGS, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
STREET FUND**

**Year ended September 30, 2019**

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
<b>RESOURCES (INFLOWS)</b>			
Property tax	\$ -	\$ -	\$ -
Wheel tax	350,000	368,302	18,302
Intergovernmental	3,080,124	3,183,913	103,789
Charges for services	155,000	161,224	6,224
Grants	460,000	485,925	25,925
Interest income	72,961	77,779	4,818
Other revenue	-	2,880	2,880
	<hr/>	<hr/>	<hr/>
Total resources	4,118,085	4,280,023	161,938
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Public works	3,167,160	2,687,722	(479,438)
Capital outlay	505,000	702,760	197,760
Principal payments	290,000	154,206	(135,794)
Interest expense	12,214	8,009	(4,205)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	3,974,374	3,552,697	(421,677)
Resources over charges to appropriations	143,711	727,326	583,615
<b>OTHER FINANCING SOURCES</b>			
Transfers in	65,046	-	(65,046)
	<hr/>	<hr/>	<hr/>
<b>RESOURCES OVER CHARGES TO APPROPRIATIONS</b>	<b>\$ 208,757</b>	<b>\$ 727,326</b>	<b>\$ 518,569</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CITY OF HASTINGS, NEBRASKA**  
**BUDGETARY COMPARISON SCHEDULE -**  
**MUSEUM FUND**

**Year ended September 30, 2019**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Property tax	\$ 954,807	\$ 912,176	\$ (42,631)
Motor vehicle tax	72,000	82,678	10,678
Occupation tax	200,000	199,679	(321)
Charges for services	428,800	400,190	(28,610)
Grants	18,000	43,424	25,424
Contributions	30,000	31,959	1,959
Other income	-	3,812	3,812
	<hr/>	<hr/>	<hr/>
Total resources	1,703,607	1,673,918	(29,689)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Environment and leisure	1,637,562	1,576,679	(60,883)
Capital outlay	21,309	193	(21,116)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	1,658,871	1,576,872	(81,999)
Resources over charges to appropriations	44,736	97,046	52,310
<b>OTHER FINANCING USES</b>			
Transfers out	(50,000)	(50,000)	-
	<hr/>	<hr/>	<hr/>
<b>RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u>\$ (5,264)</u>	<u>\$ 47,046</u>	<u>\$ 52,310</u>

**CITY OF HASTINGS, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
DEBT SERVICE FUND**

**Year ended September 30, 2019**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Property tax	\$ 535,634	\$ 518,737	\$ (16,897)
Motor vehicle tax	60,000	46,381	(13,619)
Special assessments	94,500	621,166	526,666
Interest income	<u>3,000</u>	<u>48,166</u>	<u>45,166</u>
Total resources	693,134	1,234,450	541,316
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Principal payments	510,000	510,000	-
Interest expense	30,990	30,990	-
Bond fees	10,000	1,150	(8,850)
Other expenses	<u>38,817</u>	<u>4,866</u>	<u>(33,951)</u>
Total charges to appropriations	<u>589,807</u>	<u>547,006</u>	<u>(42,801)</u>
Resources over charges to appropriations	103,327	687,444	584,117
<b>OTHER FINANCING USES</b>			
Transfers out	<u>-</u>	<u>(248,056)</u>	<u>(248,056)</u>
<b>RESOURCES OVER CHARGES TO APPROPRIATIONS AND OTHER FINANCING USES</b>	<u>\$ 103,327</u>	<u>\$ 439,388</u>	<u>\$ 336,061</u>

**CITY OF HASTINGS, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULES -  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**Year ended September 30, 2019**

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

	<u>General Fund</u>	<u>Street Fund</u>	<u>Museum Fund</u>	<u>Debt Service Fund</u>
<b>Sources/inflows of resources:</b>				
Actual amounts of resources (budgetary basis from the budgetary comparison schedules)	\$ 18,238,522	\$ 4,280,023	\$ 1,673,918	\$ 1,234,450
Differences - budget to GAAP:				
Cash to accrual adjustments	<u>932,655</u>	<u>3,452</u>	<u>(1,419)</u>	<u>(17,874)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 19,171,177</u></u>	<u><u>\$ 4,283,475</u></u>	<u><u>\$ 1,672,499</u></u>	<u><u>\$ 1,216,576</u></u>
<b>Uses/outflows of resources:</b>				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedules	\$ 16,650,218	\$ 3,552,697	\$ 1,576,872	\$ 547,006
Differences - budget to GAAP:				
Cash to accrual adjustments	<u>(637,027)</u>	<u>(16,540)</u>	<u>14,965</u>	<u>(6,507)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>\$ 16,013,191</u></u>	<u><u>\$ 3,536,157</u></u>	<u><u>\$ 1,591,837</u></u>	<u><u>\$ 540,499</u></u>
<b>Net transfers:</b>				
Actual amounts (budgetary basis) from the budgetary comparison schedules	\$ (519,228)	\$ -	\$ (50,000)	\$ (248,056)
Differences - budget to GAAP:				
Cash to accrual adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net transfers as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ (519,228)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (50,000)</u></u>	<u><u>\$ (248,056)</u></u>

**CITY OF HASTINGS, NEBRASKA**

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

**Year ended September 30, 2019**

<u>Valuation Date</u>	<u>Fair Value of Assets</u>	<u>Accrued Liability</u>	<u>Unfunded Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as a Percentage of Covered Payroll</u>
<u>Police:</u>						
6/1/2016	\$ 845,137	\$ 1,200,742	\$ 355,605	70.4%	\$ 314,045	113.2%
<u>Fire:</u>						
9/30/2017	\$ 460,028	\$ 539,247	\$ 79,219	85.3%	n/a	n/a



## **SUPPLEMENTARY INFORMATION**

**CITY OF HASTINGS, NEBRASKA**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**

**September 30, 2019**

	Permanent	Special Revenue Funds			
	Cemetery Perpetual Care	BID Fund	Community Development	Museum Sales Tax Fund	S Landfill Cap Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 28,908	\$ 213	\$ 8,364	\$ 136,007	\$ 22,908
Certificates of deposit	55,062	-	-	-	-
Receivables:					
Accounts receivable	-	-	-	-	-
Due from other governments	-	-	-	40,165	-
<b>Total assets</b>	<u>\$ 83,970</u>	<u>\$ 213</u>	<u>\$ 8,364</u>	<u>\$ 176,172</u>	<u>\$ 22,908</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ 3,264	\$ -	\$ -	\$ -
Accrued interest	-	-	-	-	-
Total liabilities	-	3,264	-	-	-
Fund balances:					
Nonspendable:					
Cemetery perpetual care	83,970	-	-	-	-
Restricted for:					
Economic development	-	-	-	-	-
Street improvements	-	-	-	-	-
Capital projects	-	-	-	-	-
Aquatic Center	-	-	-	-	-
Museum projects	-	-	-	176,172	-
Community betterment	-	-	-	-	-
Other purposes	-	-	-	-	-
Assigned for:					
Equipment replacement	-	-	-	-	-
Other purposes	-	-	8,364	-	22,908
Unassigned	-	(3,051)	-	-	-
Total fund balances	<u>83,970</u>	<u>(3,051)</u>	<u>8,364</u>	<u>176,172</u>	<u>22,908</u>
<b>Total liabilities and fund balances</b>	<u>\$ 83,970</u>	<u>\$ 213</u>	<u>\$ 8,364</u>	<u>\$ 176,172</u>	<u>\$ 22,908</u>

<u>Library Grant Fund</u>	<u>Fire Equipment Sinking Fund</u>	<u>Bookmobile Replacement</u>	<u>Parks Grant Fund</u>	<u>Duncan Park Sales Tax</u>	<u>Aquatics Center Fund</u>	<u>Police Equipment Sinking Fund</u>
\$ 16,362	\$ 200,000	\$ 18,245	\$ 84,494	\$ 41,283	\$ (3,655)	\$ 54,079
-	-	-	-	-	1,000,000	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 16,362</u>	<u>\$ 200,000</u>	<u>\$ 18,245</u>	<u>\$ 84,494</u>	<u>\$ 41,283</u>	<u>\$ 996,345</u>	<u>\$ 54,079</u>
\$ 3,302	\$ -	\$ -	\$ 10,790	\$ -	\$ 11,053	\$ -
-	-	-	-	-	-	-
<u>3,302</u>	<u>-</u>	<u>-</u>	<u>10,790</u>	<u>-</u>	<u>11,053</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	73,704	41,283	-	-
-	-	-	-	-	985,292	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
13,060	-	-	-	-	-	-
-	200,000	-	-	-	-	54,079
-	-	18,245	-	-	-	-
-	-	-	-	-	-	-
<u>13,060</u>	<u>200,000</u>	<u>18,245</u>	<u>73,704</u>	<u>41,283</u>	<u>985,292</u>	<u>54,079</u>
<u>\$ 16,362</u>	<u>\$ 200,000</u>	<u>\$ 18,245</u>	<u>\$ 84,494</u>	<u>\$ 41,283</u>	<u>\$ 996,345</u>	<u>\$ 54,079</u>

**CITY OF HASTINGS, NEBRASKA**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS, Continued**

**September 30, 2019**

	Special Revenue Funds				
	CANDO Fund	Public Safety Grant Fund	Wireless E911 Fund	Landline E911 Fund	Street Sales Tax Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 85,655	\$ 12,721	\$ 221,077	\$ 297,900	\$ 1,647,417
Certificates of deposit	-	-	-	-	-
Receivables:					
Accounts receivable	-	-	-	2,867	-
Due from other governments	-	-	-	-	261,075
<b>Total assets</b>	<b>\$ 85,655</b>	<b>\$ 12,721</b>	<b>\$ 221,077</b>	<b>\$ 300,767</b>	<b>\$ 1,908,492</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 187	\$ -	\$ -	\$ -	\$ -
Accrued interest	-	-	-	-	-
Total liabilities	187	-	-	-	-
Fund balances:					
Nonspendable:					
Cemetery perpetual care	-	-	-	-	-
Restricted for:					
Economic development	-	-	-	-	-
Street improvements	-	-	-	-	1,908,492
Capital projects	-	-	-	-	-
Aquatic Center	-	-	-	-	-
Museum projects	-	-	-	-	-
Community betterment	-	-	-	-	-
Other purposes	-	12,721	-	-	-
Assigned for:					
Equipment replacement	-	-	-	-	-
Other purposes	85,468	-	221,077	300,767	-
Unassigned	-	-	-	-	-
Total fund balances	85,468	12,721	221,077	300,767	1,908,492
<b>Total liabilities and fund balances</b>	<b>\$ 85,655</b>	<b>\$ 12,721</b>	<b>\$ 221,077</b>	<b>\$ 300,767</b>	<b>\$ 1,908,492</b>

Special Revenue Funds						Capital	Total Nonmajor
Natural	Scales	Diversion	Parks-Rec	Keno	ED Revolving	Projects	Governmental
<u>Disaster Fund</u>	<u>Fund</u>	<u>Program</u>	<u>Sales Tax Fund</u>	<u>Betterment</u>	<u>Loan Fund</u>	<u>Fund</u>	<u>Funds</u>
\$ 23,180	\$ 11,970	\$ 36,991	\$ 615,263	\$ 307,629	\$ 98,492	\$ 61,123	\$ 4,026,626
-	-	-	-	-	-	-	1,055,062
-	-	-	-	17,627	-	-	20,494
-	-	-	100,413	-	-	-	401,653
<u>\$ 23,180</u>	<u>\$ 11,970</u>	<u>\$ 36,991</u>	<u>\$ 715,676</u>	<u>\$ 325,256</u>	<u>\$ 98,492</u>	<u>\$ 61,123</u>	<u>\$ 5,503,835</u>
\$ 442	\$ -	\$ 17,365	\$ -	\$ 15,468	\$ -	\$ -	\$ 61,871
-	-	-	-	-	-	18,397	18,397
<u>442</u>	<u>-</u>	<u>17,365</u>	<u>-</u>	<u>15,468</u>	<u>-</u>	<u>18,397</u>	<u>80,268</u>
-	-	-	-	-	-	-	83,970
-	-	-	-	-	98,492	-	98,492
-	-	-	-	-	-	-	1,908,492
-	-	-	715,676	-	-	42,726	873,389
-	-	-	-	-	-	-	985,292
-	-	-	-	-	-	-	176,172
-	-	-	-	309,788	-	-	309,788
-	-	-	-	-	-	-	25,781
-	-	-	-	-	-	-	254,079
22,738	11,970	19,626	-	-	-	-	711,163
-	-	-	-	-	-	-	(3,051)
<u>22,738</u>	<u>11,970</u>	<u>19,626</u>	<u>715,676</u>	<u>309,788</u>	<u>98,492</u>	<u>42,726</u>	<u>5,423,567</u>
<u>\$ 23,180</u>	<u>\$ 11,970</u>	<u>\$ 36,991</u>	<u>\$ 715,676</u>	<u>\$ 325,256</u>	<u>\$ 98,492</u>	<u>\$ 61,123</u>	<u>\$ 5,503,835</u>

**CITY OF HASTINGS, NEBRASKA**

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

**For the year ended September 30, 2019**

	<u>Permanent</u>	<u>Special Revenue Funds</u>			
	<u>Cemetery Perpetual Care</u>	<u>BID Fund</u>	<u>Community Development</u>	<u>Museum Sales Tax Fund</u>	<u>S Landfill Cap Fund</u>
<b>REVENUES</b>					
Sales tax	\$ -	\$ -	\$ -	\$ 221,851	\$ -
Keno	-	-	-	-	-
Loan collections	-	-	-	-	-
Special assessments	-	66,303	-	-	-
Charges for services	-	-	-	-	-
Grants	-	-	36,268	-	-
Interest income	972	1,375	-	1,935	342
Contributions	-	-	-	-	-
<b>Total revenues</b>	<u>972</u>	<u>67,678</u>	<u>36,268</u>	<u>223,786</u>	<u>342</u>
<b>EXPENDITURES</b>					
General government	-	96,718	40,287	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	2,033
Environment and leisure	-	-	-	-	-
Economic development	-	-	-	-	-
Capital outlay	-	5,739	-	158,216	-
Interest expense	-	-	-	-	-
Bond fees	-	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>102,457</u>	<u>40,287</u>	<u>158,216</u>	<u>2,033</u>
<b>Excess (deficiency) of     revenues over expenditures</b>	972	(34,779)	(4,019)	65,570	(1,691)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	(47,500)	-	-	-
<b>Net transfers</b>	<u>-</u>	<u>(47,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	972	(82,279)	(4,019)	65,570	(1,691)
Fund balances - September 30, 2018	<u>82,998</u>	<u>79,228</u>	<u>12,383</u>	<u>110,602</u>	<u>24,599</u>
Fund balances - September 30, 2019	<u>\$ 83,970</u>	<u>\$ (3,051)</u>	<u>\$ 8,364</u>	<u>\$ 176,172</u>	<u>\$ 22,908</u>

<u>Library Grant Fund</u>	<u>Fire Equipment Sinking Fund</u>	<u>Bookmobile Replacement</u>	<u>Parks Grant Fund</u>	<u>Duncan Park Sales Tax</u>	<u>Aquatic Center Fund</u>	<u>Police Equipment Sinking Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
31,522	-	-	-	-	-	-
118	-	195	1,032	847	22,834	919
-	-	-	60,497	344,521	-	-
<u>31,640</u>	<u>-</u>	<u>195</u>	<u>61,529</u>	<u>345,368</u>	<u>22,834</u>	<u>919</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
22,223	-	-	38,802	-	24,697	-
-	-	-	-	-	-	-
-	-	-	15,000	234,852	17,465	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>22,223</u>	<u>-</u>	<u>-</u>	<u>53,802</u>	<u>234,852</u>	<u>42,162</u>	<u>-</u>
9,417	-	195	7,727	110,516	(19,328)	919
-	200,000	6,000	-	-	-	-
-	-	-	-	(92,159)	-	-
<u>-</u>	<u>200,000</u>	<u>6,000</u>	<u>-</u>	<u>(92,159)</u>	<u>-</u>	<u>-</u>
9,417	200,000	6,195	7,727	18,357	(19,328)	919
3,643	-	12,050	65,977	22,926	1,004,620	53,160
<u>\$ 13,060</u>	<u>\$ 200,000</u>	<u>\$ 18,245</u>	<u>\$ 73,704</u>	<u>\$ 41,283</u>	<u>\$ 985,292</u>	<u>\$ 54,079</u>

**CITY OF HASTINGS, NEBRASKA**

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

**For the year ended September 30, 2019**

	Special Revenue Funds				
	CANDO <u>Fund</u>	Public Safety <u>Grant Fund</u>	Wireless <u>E911 Fund</u>	Landline <u>E911 Fund</u>	Street Sales <u>Tax Fund</u>
<b>REVENUES</b>					
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ 1,442,048
Keno	-	-	-	-	-
Loan collections	-	-	-	-	-
Special assessments	-	-	-	-	-
Charges for services	-	-	(1,132)	54,840	-
Grants	-	5,136	86,925	-	-
Interest income	695	-	-	-	36,680
Contributions	3,000	1,450	-	-	-
Total revenues	<u>3,695</u>	<u>6,586</u>	<u>85,793</u>	<u>54,840</u>	<u>1,478,728</u>
<b>EXPENDITURES</b>					
General government	10,204	-	-	-	-
Public safety	-	2,242	21,408	21,053	-
Public works	-	-	-	-	75,180
Environment and leisure	-	-	-	-	-
Economic development	-	-	-	-	-
Capital outlay	-	-	30,907	-	1,912,326
Interest expense	-	-	-	-	-
Bond fees	-	-	-	-	-
Total expenditures	<u>10,204</u>	<u>2,242</u>	<u>52,315</u>	<u>21,053</u>	<u>1,987,506</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(6,509)	4,344	33,478	33,787	(508,778)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Net transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	(6,509)	4,344	33,478	33,787	(508,778)
Fund balances - September 30, 2018	<u>91,977</u>	<u>8,377</u>	<u>187,599</u>	<u>266,980</u>	<u>2,417,270</u>
Fund balances - September 30, 2019	<u>\$ 85,468</u>	<u>\$ 12,721</u>	<u>\$ 221,077</u>	<u>\$ 300,767</u>	<u>\$ 1,908,492</u>



Special Revenue Funds						Capital	Total Nonmajor
<u>Natural</u>	<u>Scales</u>	<u>Diversion</u>	<u>Parks-Rec</u>	<u>Keno</u>	<u>ED Revolving</u>	<u>Projects</u>	<u>Governmental</u>
<u>Disaster Fund</u>	<u>Fund</u>	<u>Program</u>	<u>Sales Tax Fund</u>	<u>Betterment</u>	<u>Loan Fund</u>	<u>Fund</u>	<u>Funds</u>
\$ -	\$ -	\$ -	\$ 554,631	\$ -	\$ -	\$ -	\$ 2,218,530
-	-	-	-	282,269	-	-	282,269
-	-	-	-	-	38,988	-	38,988
-	-	-	-	-	-	-	66,303
-	-	690	-	-	-	-	54,398
-	-	-	-	-	-	3,514	163,365
-	38	751	6,155	4,351	-	10,304	89,543
-	24,952	-	-	-	-	346,044	780,464
-	24,990	1,441	560,786	286,620	38,988	359,862	3,693,860
442	-	36,105	-	90,075	-	-	273,831
-	13,020	-	-	-	-	-	57,723
-	-	-	-	1,210	-	1,410	79,833
-	-	-	-	1,073	-	-	86,795
-	-	-	-	-	5,985	-	5,985
13,595	-	-	121,624	170,454	-	1,680,487	4,360,665
-	-	-	-	-	-	49,052	49,052
-	-	-	-	-	-	200	200
14,037	13,020	36,105	121,624	262,812	5,985	1,731,149	4,914,084
(14,037)	11,970	(34,664)	439,162	23,808	33,003	(1,371,287)	(1,220,224)
-	-	-	92,159	-	-	248,056	546,215
-	-	-	-	(12,800)	-	-	(152,459)
-	-	-	92,159	(12,800)	-	248,056	393,756
(14,037)	11,970	(34,664)	531,321	11,008	33,003	(1,123,231)	(826,468)
36,775	-	54,290	184,355	298,780	65,489	1,165,957	6,250,035
\$ 22,738	\$ 11,970	\$ 19,626	\$ 715,676	\$ 309,788	\$ 98,492	\$ 42,726	\$ 5,423,567

**CITY OF HASTINGS, NEBRASKA**  
**COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS**

**September 30, 2019**

	Health Insurance <u>Fund</u>	I T <u>Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 4,258,000	\$ -	\$ 4,258,000
Certificates of deposit	600,000	-	600,000
Accounts receivable	355,422	-	355,422
Total current assets	<u>5,213,422</u>	<u>-</u>	<u>5,213,422</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	-	22,509	22,509
Claims incurred not paid	425,332	-	425,332
Accrued wages	-	14,460	14,460
Total current liabilities	<u>425,332</u>	<u>36,969</u>	<u>462,301</u>
Noncurrent liabilities:			
Compensated absences - noncurrent	-	72,014	72,014
<b>Total liabilities</b>	<u>425,332</u>	<u>108,983</u>	<u>534,315</u>
<b>NET POSITION</b>			
Unrestricted	<u>\$ 4,788,090</u>	<u>\$ (108,983)</u>	<u>\$ 4,679,107</u>

See notes to financial statements.

**CITY OF HASTINGS, NEBRASKA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION - INTERNAL SERVICE FUNDS**

**For the year ended September 30, 2019**

	Health Insurance <u>Fund</u>	I T <u>Fund</u>	<u>Total</u>
<b>Operating revenues:</b>			
Interdepartmental charges	\$ -	\$ 503,619	\$ 503,619
Health insurance funding-interdepartmental	8,696,188	-	8,696,188
Employee premiums	1,077,073	-	1,077,073
Reinsurance receipts	933,698	-	933,698
Total operating revenues	<u>10,706,959</u>	<u>503,619</u>	<u>11,210,578</u>
<b>Operating expenses:</b>			
Personnel costs	-	517,502	517,502
Utilities	-	756	756
Supplies	-	4,609	4,609
Professional fees	-	2,875	2,875
Dues and training	-	61,261	61,261
Software	-	294,121	294,121
Computer equipment	-	162,506	162,506
Insurance claims and health premiums	7,544,945	-	7,544,945
Total operating expenses	<u>7,544,945</u>	<u>1,043,630</u>	<u>8,588,575</u>
Operating income (loss)	3,162,014	(540,011)	2,622,003
<b>Nonoperating revenues (expenses):</b>			
Interest income	67,049	-	67,049
<b>Excess (deficiency) of revenues     over expenditures</b>	3,229,063	(540,011)	2,689,052
<b>OTHER FINANCING SOURCES</b>			
Transfers in	-	431,028	431,028
<b>Change in net position</b>	3,229,063	(108,983)	3,120,080
Net position - September 30, 2018	<u>1,559,027</u>	<u>-</u>	<u>1,559,027</u>
Net position - September 30, 2019	<u>\$ 4,788,090</u>	<u>\$ (108,983)</u>	<u>\$ 4,679,107</u>

See notes to financial statements.

**CITY OF HASTINGS, NEBRASKA**  
**COMBINING STATEMENT OF CASH FLOWS -**  
**INTERNAL SERVICE FUNDS**

**For the year ended September 30, 2019**

	Health Insurance Fund	I T Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from other funds	\$ 10,351,537	\$ 503,619	\$ 10,855,156
Payments to suppliers	(7,122,832)	(503,619)	(7,626,451)
Payments to employees	-	(431,028)	(431,028)
Net cash provided (used) by operating activities	<u>3,228,705</u>	<u>(431,028)</u>	<u>2,797,677</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfer from General Fund	-	431,028	431,028
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	<u>67,049</u>	<u>-</u>	<u>67,049</u>
Increase in cash and cash equivalents	3,295,754	-	3,295,754
Cash and cash equivalents - beginning of the year	<u>962,246</u>	<u>-</u>	<u>962,246</u>
Cash and cash equivalents - end of the year	<u>\$ 4,258,000</u>	<u>\$ -</u>	<u>\$ 4,258,000</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 3,162,014	\$ (540,011)	\$ 2,622,003
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Change in assets and liabilities:			
Accounts receivable	(355,422)	-	(355,422)
Accounts payable	(3,219)	22,509	19,290
Claims incurred not paid	425,332	-	425,332
Accrued expenses	-	86,474	86,474
Net cash provided (used) by operating activities	<u>\$ 3,228,705</u>	<u>\$ (431,028)</u>	<u>\$ 2,797,677</u>

See notes to financial statements.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and the fiduciary funds of the City of Hastings, Nebraska, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated February 13, 2020.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or

**SHAREHOLDERS:**

Robert D. Almquist  
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A PROFESSIONAL  
CORPORATION

significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described below that we consider to be significant deficiencies.

#### Segregation of Duties

Due to limited number of personnel, there is not adequate segregation of duties to ensure internal control over cash receipts, disbursements, and recording of transactions.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Hastings'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 the following instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

- At September 30, 2019, bank balances at one financial institution exceeded FDIC coverage by a total of \$36,949.

#### **City of Hastings' Response to Findings**

The City of Hastings' response to the findings identified in our audit is that due to the small size of the City, it is impractical to further segregate duties. Also, the City will monitor FDIC and pledged security coverage for all bank deposits and request the financial institutions to assign additional collateral if necessary. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### **Purpose of this Report**

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

AMGL, P.C.

Grand Island, Nebraska  
February 13, 2020