

CITY OF HOLDREGE, NEBRASKA

FINANCIAL REPORT

(Audited)

SEPTEMBER 30, 2024

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR’S REPORT	1 – 3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4 – 11
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
Statement of Net Position.....	12
Statement of Activities	13
FUND FINANCIAL STATEMENTS:	
Balance Sheet—Governmental Funds	14
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds.....	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net Position—Proprietary Funds	17
Statement of Revenues, Expenses, and Changes in Net Position—Proprietary Funds	18
Statement of Cash Flows—Proprietary Funds	19
Statement of Fiduciary Net Position—Fiduciary Funds	20
Statement of Changes in Fiduciary Net Position—Fiduciary Funds	21
NOTES TO FINANCIAL STATEMENTS	22 – 50
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Receipts and Disbursements—Cash Basis Actual Compared to Budget—Primary Governmental Funds	51
Notes to Required Supplementary Information	52
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 <i>Government Auditing Standards</i>	53 and 54
Schedule of Findings and Responses	55



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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Holdrege, Nebraska

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Holdrege, Nebraska, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Holdrege's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Holdrege, Nebraska, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Holdrege and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Holdrege's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Holdrege's ability to continue as a going concern for a reasonable period of time.

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

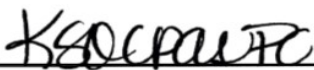
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated February 17, 2025, on our consideration of the City of Holdrege’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Holdrege’s internal control over financial reporting and compliance.

KSO CPA’s, P.C.



Kearney, Nebraska
February 17, 2025

MANAGEMENT'S DISCUSSION & ANALYSIS

As management of the City of Holdrege, we offer readers of the City of Holdrege's financial statements this narrative overview and analysis of the financial activities of the City of Holdrege for the fiscal year ended September 30, 2024.

Financial Highlights

- The assets of the City of Holdrege exceeded its liabilities at the close of the most recent fiscal year by \$34,094,380 (net position). Of this amount, \$7,231,788 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City of Holdrege's total net position increased by \$2,298,078 in comparison with the prior year decrease of \$163,145.
- As of the close of the current fiscal year, the City of Holdrege's governmental funds reported combined ending fund balances of \$4,325,364.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$849,549, or 154 percent of total general fund expenditures.
- The City of Holdrege's total debt increased by \$817,082 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Holdrege's basic financial statements. The City of Holdrege's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

The statement of net position presents information on all of the City of Holdrege'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 Holdrege is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of Holdrege 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 Holdrege include general government, fire, health and sanitation, community development, public buildings, auditorium, park, pool, library, emergency communications, police, street, bond, equipment maintenance, special assessments, ARPA, and community redevelopment. The business-type activities of the City of Holdrege include landfill, electric, water, and sewer.

The government-wide financial statements include not only the City of Holdrege itself (known as the primary government), but also a legally separate Holdrege Airport Authority for which the City of Holdrege 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 12 & 13 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 Holdrege, 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 Holdrege can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 financial 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 the comparison between governmental funds and governmental activities.

The City of Holdrege maintains eighteen 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, street, police, park, equipment maintenance, special assessments, community development, emergency communications, and other governmental funds.

The City of Holdrege adopts an annual appropriated budget for its general fund and major special revenue funds. A budgetary comparison has been provided for the general fund and all major special revenue funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14 & 15 of this report.

Proprietary funds. The City of Holdrege 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 Holdrege uses enterprise funds to account for its landfill, electric, water and sewer. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Holdrege's various functions. The City of Holdrege uses internal service funds to account for its equipment replacement and maintenance. Because this service predominantly benefits governmental rather than business-type functions, they have been included within the 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, water, and sewer all of which are considered being major funds of the City of Holdrege.

The basic proprietary fund financial statements can be found on pages 17 to 19 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of the parties outside the City of Holdrege. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Holdrege's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 20 & 21 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 22 to 50 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Holdrege, assets exceeded liabilities by \$34,094,380 at the close of the most recent fiscal year.

A large portion of the City of Holdrege's net position (67 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Holdrege uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Holdrege'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 capital assets themselves cannot be used to liquidate these liabilities.

**City of Holdrege's Net Position
FYE 09-30-2024**

	Governmental Activities	Business-type Activities	Eliminations	Total
Current & other assets	\$ 9,983,970	\$ 12,996,462	\$ (7,225,255)	\$ 15,755,177
Capital assets	<u>17,047,327</u>	<u>9,459,796</u>	<u>-</u>	<u>26,507,123</u>
Total assets	<u>\$ 27,031,297</u>	<u>\$ 22,456,258</u>	<u>\$ (7,225,255)</u>	<u>\$ 42,262,300</u>
Deferred outflows of resources	\$ -	\$ 34,931	\$ -	\$ 34,931
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ 34,931</u>	<u>\$ -</u>	<u>\$ 34,931</u>
Long-term liabilities	\$ 2,419,769	\$ 4,647,549	\$ -	\$ 7,067,318
Other liabilities	<u>5,609,915</u>	<u>2,750,873</u>	<u>(7,225,255)</u>	<u>1,135,533</u>
Total liabilities	<u>\$ 8,029,684</u>	<u>\$ 7,398,422</u>	<u>\$ (7,225,255)</u>	<u>\$ 8,202,851</u>
Net position:				
Net investment in capital assets	\$ 14,622,971	\$ 8,035,335	\$ -	\$ 22,658,306
Restricted	625,942	3,578,344	-	4,204,286
Unrestricted	<u>3,752,700</u>	<u>3,479,088</u>	<u>-</u>	<u>7,231,788</u>
Total net position	<u>\$ 19,001,613</u>	<u>\$ 15,092,767</u>	<u>\$ -</u>	<u>\$ 34,094,380</u>

FYE 09-30-2023

	Governmental Activities	Business-type Activities	Eliminations	Total
Current & other assets	\$ 8,006,267	\$ 11,718,168	\$ (5,862,244)	\$ 13,862,191
Capital assets	<u>15,805,184</u>	<u>9,017,598</u>	<u>-</u>	<u>24,822,782</u>
Total assets	<u>\$ 23,811,451</u>	<u>\$ 20,735,766</u>	<u>\$ (5,862,244)</u>	<u>\$ 38,684,973</u>
Deferred outflows of resources	\$ -	\$ 45,846	\$ -	\$ 45,846
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ 45,846</u>	<u>\$ -</u>	<u>\$ 45,846</u>
Long-term liabilities	\$ 1,851,734	\$ 4,181,581	\$ -	\$ 6,033,315
Other liabilities	<u>4,056,825</u>	<u>2,706,621</u>	<u>(5,862,244)</u>	<u>901,202</u>
Total liabilities	<u>\$ 5,908,559</u>	<u>\$ 6,888,202</u>	<u>\$ (5,862,244)</u>	<u>\$ 6,934,517</u>
Net position:				
Net investment in capital assets	\$ 13,947,334	\$ 7,841,008	\$ -	\$ 21,788,342
Restricted	622,813	3,294,325	-	3,917,138
Unrestricted	<u>3,332,745</u>	<u>2,758,077</u>	<u>-</u>	<u>6,090,822</u>
Total net position	<u>\$ 17,902,892</u>	<u>\$ 13,893,410</u>	<u>\$ -</u>	<u>\$ 31,796,302</u>

City of Holdrege's Revenues and Expenses
FYE 09-30-2024

	Governmental Activities	Business-type Activities	Total
Program revenues	\$ 3,134,100	\$ 14,540,238	\$ 17,674,338
General revenues	6,109,480	170,710	6,280,190
Total revenues	<u>\$ 9,243,580</u>	<u>\$ 14,710,948</u>	<u>\$ 23,954,528</u>
Program expenses	\$ 8,144,859	\$ 13,511,591	\$ 21,656,450
Total expenses	<u>\$ 8,144,859</u>	<u>\$ 13,511,591</u>	<u>\$ 21,656,450</u>
Change in net position	<u>\$ 1,098,721</u>	<u>\$ 1,199,357</u>	<u>\$ 2,298,078</u>

FYE 09-30-2023

	Governmental Activities	Business-type Activities	Total
Program revenues	\$ 2,166,933	\$ 13,948,479	\$ 16,115,412
General revenues	5,759,791	71,447	5,831,238
Total revenues	<u>\$ 7,926,724</u>	<u>\$ 14,019,926</u>	<u>\$ 21,946,650</u>
Program expenses	\$ 8,157,640	\$ 13,952,155	\$ 22,109,795
Total expenses	<u>\$ 8,157,640</u>	<u>\$ 13,952,155</u>	<u>\$ 22,109,795</u>
Change in net position	<u>\$ (230,916)</u>	<u>\$ 67,771</u>	<u>\$ (163,145)</u>

An additional portion of the City of Holdrege's net position (12 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$7,231,788) 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 Holdrege is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

- **Governmental Activities.** Governmental activities increased the City of Holdrege's net position by \$1,098,721.
- **Business-type Activities.** Business-type activities increased the City of Holdrege's net position by \$1,199,357.

Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, the City of Holdrege's governmental funds reported combined ending fund balances of \$4,325,364.

The general fund is the chief operating fund of the City of Holdrege. At the end of the current fiscal year, unassigned fund balance of the general fund was \$849,549, while total fund balance was \$849,549. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 154 percent of total general fund expenditures, while total fund balance represents 154 percent of that same amount.

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

Unrestricted net position in the respective proprietary funds is Landfill – \$(3,625,342), Electric – \$7,226,596, Water – \$(65,230), and Sewer – (\$56,936). The total growth (decline) in net position for the respective proprietary funds was Landfill – \$125,800, Electric – \$439,105, Water – \$568,960, and Sewer – \$65,492.

General Fund Budgetary Highlights

There were no differences between the original budget and the final budget.

Capital Asset and Debt Administration

Capital assets. The City of Holdrege's investment in capital assets for its governmental and business-type activities as of September 30, 2024, amounts to \$26,507,123 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, vehicles and infrastructure.

Major capital asset events during the current fiscal year included the following:

- 1) Northern Meadows subdivision was paved at cost of \$379,232.
- 2) Three police responder pickups were purchased for amounts totaling \$103,570.
- 3) Ballfield improvements were in progress at the end of the fiscal year. The total amount paid during the fiscal year was \$903,900.

**City of Holdrege's Capital Assets (net of depreciation)
FYE 09-30-2024**

	Governmental Activities	Business-type Activities	Total
Land	\$ 31,000	\$ 389,943	\$ 420,943
Buildings	689,279	8,862,192	9,551,471
Improvements	4,392,584	-	4,392,584
Equipment	1,274,613	173,200	1,447,813
Vehicles	1,640,009	-	1,640,009
Infrastructure	7,914,334	-	7,914,334
Construction in progress	1,100,921	-	1,100,921
Right of use assets	4,587	34,461	39,048
Total	<u>\$ 17,047,327</u>	<u>\$ 9,459,796</u>	<u>\$ 26,507,123</u>

FYE 09-30-2023

	Governmental Activities	Business-type Activities	Total
Land	\$ 31,000	\$ 389,943	\$ 420,943
Buildings	710,787	8,498,284	9,209,071
Improvements	3,690,193	-	3,690,193
Equipment	1,529,772	127,781	1,657,553
Vehicles	2,002,652	-	2,002,652
Infrastructure	7,771,091	-	7,771,091
Construction in progress	63,573	-	63,573
Right of use assets	6,116	1,590	7,706
Total	<u>\$ 15,805,184</u>	<u>\$ 9,017,598</u>	<u>\$ 24,822,782</u>

Additional information on the City of Holdrege's capital assets can be found in Note 4 on pages 35 & 36 of this report.

Long-term debt. At the end of the current fiscal year, the City of Holdrege had total bonded debt and loans outstanding of \$3,845,661 in comparison to \$3,028,579 last year.

**City of Holdrege's Outstanding Debt
FYE 09-30-2024**

	Governmental Activities	Business-type Activities	Total
Bonds	\$ 1,810,000	\$ 1,390,000	\$ 3,200,000
Lease-purchase	605,000	-	605,000
Note payable	-	-	-
Lease payables	4,769	35,892	40,661
Total	\$ 2,419,769	\$ 1,425,892	\$ 3,845,661

**City of Holdrege's Outstanding Debt
FYE 09-30-2023**

	Governmental Activities	Business-type Activities	Total
Bonds	\$ 1,130,000	\$ 1,175,000	\$ 2,305,000
Lease-purchase	675,000	-	675,000
Note payable	40,499	-	40,499
Lease payables	6,235	1,845	8,080
Total	\$ 1,851,734	\$ 1,176,845	\$ 3,028,579

Additional information on the City of Holdrege’s long-term debt can be found in Note 4 on pages 37 to 41 of this report.

Economic Factors and Next Year’s Budget and Rates

The increase in the City of Holdrege’s property tax base for the 2024-2025 fiscal year was more than 16 percent.

The taxable sales have increased approximately 10 percent over the prior fiscal year.

These factors were considered in preparing the City of Holdrege’s budget for the 2024-2025 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Holdrege’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 of Holdrege, PO Box 436, Holdrege, Nebraska 68949.

City of Holdrege, Nebraska
Statement of Net Position
September 30, 2024

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Eliminations	Total	Airport Authority
ASSETS					
Cash and cash equivalents	\$ 4,923,814	\$ 3,538,503	\$ -	\$ 8,462,317	\$ 739,394
Restricted reserves	-	3,469,633	-	3,469,633	-
Receivables (net of allowance for uncollectible):					
Interest	857	13,175	-	14,032	2,096
Sales tax	415,925	-	-	415,925	-
Motor vehicle tax	14,589	-	-	14,589	-
Occupation tax	30,729	-	-	30,729	-
Taxes-delinquent	31,321	-	-	31,321	320
Accounts	23,733	1,231,886	-	1,255,619	8,362
Special assessments	173,209	-	-	173,209	-
Leases	-	-	-	-	291,860
Due from other funds	4,296,252	2,929,003	(7,225,255)	-	-
Due from fiduciary funds	48,326	-	-	48,326	-
Lot inventory	25,215	-	-	25,215	-
Inventories	-	1,814,262	-	1,814,262	-
Capital assets (net of accumulated depreciation/amortization):					
Land	31,000	389,943	-	420,943	439,787
Buildings and plant	689,279	8,862,192	-	9,551,471	127,869
Improvements	4,392,584	-	-	4,392,584	399,096
Equipment	1,274,613	173,200	-	1,447,813	192,748
Vehicles	1,640,009	-	-	1,640,009	3,379
Infrastructure	7,914,334	-	-	7,914,334	620,147
Construction in progress	1,100,921	-	-	1,100,921	-
Right of use assets (net of accumulated amortization):	4,587	34,461	-	39,048	-
Total assets	<u>\$ 27,031,297</u>	<u>\$ 22,456,258</u>	<u>\$ (7,225,255)</u>	<u>\$ 42,262,300</u>	<u>\$ 2,825,058</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on bond refunding	\$ -	\$ 34,931	\$ -	\$ 34,931	\$ -
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ 34,931</u>	<u>\$ -</u>	<u>\$ 34,931</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable and other current liabilities	\$ 393,559	\$ 461,224	\$ -	\$ 854,783	\$ 2,652
Due to other funds	5,062,063	2,163,192	(7,225,255)	-	-
Accrued compensated absences	143,050	115,837	-	258,887	-
Accrued interest payable	11,243	10,620	-	21,863	690
Noncurrent liabilities:					
Due within one year	166,526	225,892	-	392,418	15,000
Due in more than one year	2,253,243	1,200,000	-	3,453,243	100,000
Accrued closure and postclosure costs	-	3,221,657	-	3,221,657	-
Total liabilities	<u>\$ 8,029,684</u>	<u>\$ 7,398,422</u>	<u>\$ (7,225,255)</u>	<u>\$ 8,202,851</u>	<u>\$ 118,342</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred lease revenue	\$ -	\$ -	\$ -	\$ -	\$ 290,356
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290,356</u>
NET POSITION					
Net investment in capital assets	\$ 14,622,971	\$ 8,035,335	\$ -	\$ 22,658,306	\$ 1,668,026
Restricted for:					
Construction	625,942	225,489	-	851,431	-
Closure/post-closure	-	2,799,123	-	2,799,123	-
Bond payment	-	204,820	-	204,820	-
Debt service	-	240,201	-	240,201	-
Customer deposits	-	108,711	-	108,711	-
Unrestricted	3,752,700	3,479,088	-	7,231,788	748,334
Total net position	<u>\$ 19,001,613</u>	<u>\$ 15,092,767</u>	<u>\$ -</u>	<u>\$ 34,094,380</u>	<u>\$ 2,416,360</u>

See notes to financial statements.

City of Holdrege, Nebraska
Statement of Activities
For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Airport Authority
Primary government:								
Governmental activities:								
General government	\$ 552,405	\$ 345,808	\$ -	\$ -	\$ (206,597)	\$ -	\$ (206,597)	\$ -
Fire	335,204	89,735	-	-	(245,469)	-	(245,469)	-
Health and sanitation	28,841	3,180	-	-	(25,661)	-	(25,661)	-
Community development	897,417	1,250	187,500	-	(708,667)	-	(708,667)	-
Public buildings	243,444	114,500	3,500	-	(125,444)	-	(125,444)	-
Auditorium	42,444	5,680	-	-	(36,764)	-	(36,764)	-
Park	606,526	26,450	324,277	-	(255,799)	-	(255,799)	-
Pool	216,049	17,459	-	-	(198,590)	-	(198,590)	-
Library	394,153	-	-	-	(394,153)	-	(394,153)	-
Emergency communications	734,387	135,391	-	-	(598,996)	-	(598,996)	-
Police	1,276,938	354,330	14,025	-	(908,583)	-	(908,583)	-
Street	1,657,245	240,092	412,500	-	(1,004,653)	-	(1,004,653)	-
Special assessments	30,673	-	-	-	(30,673)	-	(30,673)	-
Keno	269,690	286,066	-	-	16,376	-	16,376	-
ARPA	57,334	-	-	-	(57,334)	-	(57,334)	-
Community Redevelopment Authority	2,750	25,250	-	-	22,500	-	22,500	-
Equipment maintenance/replacement	799,359	547,107	-	-	(252,252)	-	(252,252)	-
Total governmental activities	\$ 8,144,859	\$ 2,192,298	\$ 941,802	\$ -	\$ (5,010,759)	\$ -	\$ (5,010,759)	\$ -
Business-type activities:								
Water	\$ 1,108,756	\$ 1,674,082	\$ -	\$ -	\$ -	\$ 565,326	\$ 565,326	\$ -
Sewer	1,020,874	1,082,367	-	-	-	61,493	61,493	-
Electric	10,114,141	10,487,538	2,616	-	-	376,013	376,013	-
Landfill	1,267,820	1,293,635	-	-	-	25,815	25,815	-
Total business-type activities	\$ 13,511,591	\$ 14,537,622	\$ 2,616	\$ -	\$ -	\$ 1,028,647	\$ 1,028,647	\$ -
Total primary government	\$ 21,656,450	\$ 16,729,920	\$ 944,418	\$ -	\$ (5,010,759)	\$ 1,028,647	\$ (3,982,112)	\$ -
Component Unit:								
Airport Authority	\$ 395,352	\$ 201,075	\$ 91	\$ -	\$ -	\$ -	\$ -	\$ (194,186)
Total component unit	\$ 395,352	\$ 201,075	\$ 91	\$ -	\$ -	\$ -	\$ -	\$ (194,186)
General revenues:								
Taxes:								
Property taxes					\$ 1,844,952	\$ -	\$ 1,844,952	\$ 55,698
Sales taxes					2,311,871	-	2,311,871	-
Motor vehicle taxes					190,443	-	190,443	-
State taxes					1,497,052	-	1,497,052	921
Occupation taxes					175,133	-	175,133	-
Unrestricted investment earnings					90,029	170,710	260,739	14,210
Total general revenues					\$ 6,109,480	\$ 170,710	\$ 6,280,190	\$ 70,829
Change in net position					\$ 1,098,721	\$ 1,199,357	\$ 2,298,078	\$ (123,357)
Net position - beginning					17,902,892	13,893,410	31,796,302	2,539,717
Net position - ending					\$ 19,001,613	\$ 15,092,767	\$ 34,094,380	\$ 2,416,360

See notes to financial statements.

City of Holdrege, Nebraska
Balance Sheet
Governmental Funds
September 30, 2024

	General	Street	Police	Park	Equipment Maintenance/ Replacement	Special Assessments	Community Development	Emergency Communications	Other Governmental Funds	Total Governmental Funds
ASSETS										
Cash and cash equivalents	\$ 848,223	\$ 1,950,154	\$ -	\$ 200	\$ 66,396	\$ 686,169	\$ -	\$ -	\$ 1,372,672	\$ 4,923,814
Receivables (net of allowance for uncollectibles):										
Interest	337	269	-	26	79	-	-	1	145	857
Sales tax	42	329,370	17,926	23,001	-	-	16,636	11,688	17,262	415,925
Motor vehicle tax	-	14,589	-	-	-	-	-	-	-	14,589
Occupation tax	10,843	19,886	-	-	-	-	-	-	-	30,729
Taxes-delinquent	6	-	8,107	7,409	-	-	4,566	4,904	6,329	31,321
Accounts	5,664	4,568	-	-	-	173,209	-	-	13,501	196,942
Due from other funds	-	3,163,969	-	1,112,031	-	-	-	-	20,252	4,296,252
Due from Economic Development	-	48,326	-	-	-	-	-	-	-	48,326
Total assets	<u>\$ 865,115</u>	<u>\$ 5,531,131</u>	<u>\$ 26,033</u>	<u>\$ 1,142,667</u>	<u>\$ 66,475</u>	<u>\$ 859,378</u>	<u>\$ 21,202</u>	<u>\$ 16,593</u>	<u>\$ 1,430,161</u>	<u>\$ 9,958,755</u>
LIABILITIES AND FUND BALANCE										
Liabilities:										
Accounts payable	\$ 7,935	\$ 35,878	\$ 36,054	\$ 43,494	\$ 9,843	\$ -	\$ 72,938	\$ 11,261	\$ 29,946	\$ 247,349
Due to other funds	-	244,562	734,544	629,577	444,093	878,658	901,131	655,703	573,795	5,062,063
Retainage payable	-	-	-	90,148	-	-	-	-	-	90,148
Accrued payroll	7,631	13,252	18,939	4,174	1,706	-	-	9,127	1,233	56,062
Matured leases payable	-	-	763	-	-	-	-	763	-	1,526
Matured bonds payable	-	45,000	-	75,000	-	-	-	-	45,000	165,000
Accrued interest payable	-	2,951	-	1,078	-	-	-	-	7,214	11,243
Total liabilities	<u>\$ 15,566</u>	<u>\$ 341,643</u>	<u>\$ 790,300</u>	<u>\$ 843,471</u>	<u>\$ 455,642</u>	<u>\$ 878,658</u>	<u>\$ 974,069</u>	<u>\$ 676,854</u>	<u>\$ 657,188</u>	<u>\$ 5,633,391</u>
Fund balances (deficit):										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	666,011	666,011
Committed	-	5,189,488	-	299,196	-	-	-	-	258,337	5,747,021
Assigned	-	-	-	-	-	-	-	-	444,452	444,452
Unassigned	849,549	-	(764,267)	-	(389,167)	(19,280)	(952,867)	(660,261)	(595,827)	(2,532,120)
Total fund balance (deficit)	<u>\$ 849,549</u>	<u>\$ 5,189,488</u>	<u>\$ (764,267)</u>	<u>\$ 299,196</u>	<u>\$ (389,167)</u>	<u>\$ (19,280)</u>	<u>\$ (952,867)</u>	<u>\$ (660,261)</u>	<u>\$ 772,973</u>	<u>\$ 4,325,364</u>
Total liabilities and fund balances	<u>\$ 865,115</u>	<u>\$ 5,531,131</u>	<u>\$ 26,033</u>	<u>\$ 1,142,667</u>	<u>\$ 66,475</u>	<u>\$ 859,378</u>	<u>\$ 21,202</u>	<u>\$ 16,593</u>	<u>\$ 1,430,161</u>	

Amounts reported for governmental activities in the statement of net position are different because:

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

17,072,542

Expenses reported in the statement of activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.

(143,050)

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

(2,253,243)

Net position of governmental activities

\$ 19,001,613

See notes to financial statements.

City of Holdrege, Nebraska
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2024

	General	Street	Police	Park	Equipment Maintenance/ Replacement	Special Assessments	Community Development	Emergency Communications	Other Governmental Funds	Total Governmental Funds
REVENUES										
Property taxes	\$ 287,556	\$ -	\$ 323,920	\$ 413,881	\$ -	\$ -	\$ 298,242	\$ 210,660	\$ 310,693	\$ 1,844,952
Sales taxes	(7,630)	2,056,125	46,238	90,058	-	-	48,976	28,269	49,835	2,311,871
Motor vehicle taxes	-	190,443	-	-	-	-	-	-	-	190,443
State taxes	204	1,123,319	72,486	93,273	-	-	67,409	47,223	93,138	1,497,052
Occupation taxes	99,017	76,116	-	-	-	-	-	-	-	175,133
Franchise fees	185,300	199,000	329,000	23,000	-	-	-	-	114,500	850,800
Other	138,852	421,721	14,099	325,477	66,285	-	188,750	-	289,566	1,444,750
Program revenue	21,656	31,871	25,256	2,250	480,822	-	-	135,391	141,303	838,549
Investment earnings	14,943	12,134	-	2,127	1,534	45,099	-	598	13,594	90,029
Total revenues	\$ 739,898	\$ 4,110,729	\$ 810,999	\$ 950,066	\$ 548,641	\$ 45,099	\$ 603,377	\$ 422,141	\$ 1,012,629	\$ 9,243,579
EXPENDITURES										
Current operating:										
Personnel	\$ 228,559	\$ 908,657	\$ 1,030,950	\$ 223,329	\$ 68,674	\$ -	\$ -	\$ 523,663	\$ 175,472	\$ 3,159,304
Contractual obligations	-	-	3,650	-	-	-	-	-	-	3,650
Operating	319,873	230,572	218,469	212,707	141,874	15,059	892,773	183,929	1,015,735	3,230,991
Supplies	-	254,064	-	-	111,798	-	-	-	38,826	404,688
Capital outlay	3,843	388,206	24,342	926,784	113,683	1,037,349	-	-	50,970	2,545,177
Debt service:										
Principal	-	45,000	763	75,000	-	-	-	763	45,000	166,526
Interest	-	10,351	112	5,422	1,835	15,612	-	112	25,500	58,944
Total expenditures	\$ 552,275	\$ 1,836,850	\$ 1,278,286	\$ 1,443,242	\$ 437,864	\$ 1,068,020	\$ 892,773	\$ 708,467	\$ 1,351,503	\$ 9,569,280
Excess (deficiency) of revenues over (under) expenditures	\$ 187,623	\$ 2,273,879	\$ (467,287)	\$ (493,176)	\$ 110,777	\$ (1,022,921)	\$ (289,396)	\$ (286,326)	\$ (338,874)	\$ (325,701)
OTHER FINANCING SOURCES										
Bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 765,000	\$ -	\$ -	\$ -	\$ 765,000
Total other financing sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 765,000	\$ -	\$ -	\$ -	\$ 765,000
Net change in fund balances	\$ 187,623	\$ 2,273,879	\$ (467,287)	\$ (493,176)	\$ 110,777	\$ (257,921)	\$ (289,396)	\$ (286,326)	\$ (338,874)	\$ 439,299
Fund balances (deficit)-beginning	661,926	2,915,609	(296,980)	792,372	(499,944)	238,641	(663,471)	(373,935)	1,111,847	3,886,065
Fund balances (deficit)-ending	\$ 849,549	\$ 5,189,488	\$ (764,267)	\$ 299,196	\$ (389,167)	\$ (19,280)	\$ (952,867)	\$ (660,261)	\$ 772,973	\$ 4,325,364

See notes to financial statements.

City of Holdrege, Nebraska
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended September 30, 2024

Amounts reported for governmental activities in the statement of activities (page 13) are different because:

Net change in fund balances - total governmental funds (page 15)	\$ 439,299
<p style="margin-left: 20px;">Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization in the current year.</p>	1,242,143
<p style="margin-left: 20px;">The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related item</p>	(598,474)
<p style="margin-left: 20px;">Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	<u>15,753</u>
Change in net position of governmental activities (page 13)	<u><u>\$ 1,098,721</u></u>

See notes to financial statements.

City of Holdrege, Nebraska
Statement of Net Position
Proprietary Funds
September 30, 2024

	Business-type Activities				Total
	Water	Sewer	Electric	Landfill	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 969,682	\$ 249,361	\$ 2,253,033	\$ 66,427	\$ 3,538,503
Restricted reserves	110,978	85,055	63,449	3,210,151	3,469,633
Receivables (net of allowance for uncollectible):					
Interest	288	52	876	11,959	13,175
Accounts	129,447	76,923	885,936	139,580	1,231,886
Due from other funds	-	-	2,929,003	-	2,929,003
Inventories	<u>177,526</u>	<u>2,783</u>	<u>1,633,953</u>	<u>-</u>	<u>1,814,262</u>
Total current assets	<u>\$ 1,387,921</u>	<u>\$ 414,174</u>	<u>\$ 7,766,250</u>	<u>\$ 3,428,117</u>	<u>\$ 12,996,462</u>
Noncurrent assets:					
Capital assets (net of accumulated depreciation):					
Land	\$ 4,426	\$ 1,690	\$ 84,466	\$ 299,361	\$ 389,943
Buildings	1,467,931	2,701,489	4,633,349	59,423	8,862,192
Equipment	32,725	10,168	128,181	2,126	173,200
Right of use assets (net of accumulated amortization):	<u>11,487</u>	<u>11,487</u>	<u>11,487</u>	<u>-</u>	<u>34,461</u>
Total noncurrent assets	<u>\$ 1,516,569</u>	<u>\$ 2,724,834</u>	<u>\$ 4,857,483</u>	<u>\$ 360,910</u>	<u>\$ 9,459,796</u>
Total assets	<u>\$ 2,904,490</u>	<u>\$ 3,139,008</u>	<u>\$ 12,623,733</u>	<u>\$ 3,789,027</u>	<u>\$ 22,456,258</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on bond refunding	\$ -	\$ -	\$ 12,190	\$ 22,741	\$ 34,931
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,190</u>	<u>\$ 22,741</u>	<u>\$ 34,931</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 46,868	\$ 62,292	\$ 113,382	\$ 42,433	\$ 264,975
Accrued payroll	9,487	7,239	25,896	4,013	46,635
Accrued compensated absences	12,756	6,060	89,027	7,994	115,837
Due to other funds	1,269,784	308,226	-	585,182	2,163,192
Customer deposits	-	-	108,711	-	108,711
Accrued liabilities	-	-	40,903	-	40,903
Revenue bonds payable	18,162	38,699	28,314	104,825	190,000
Capital lease payable	11,964	11,964	11,964	-	35,892
Accrued interest payable	<u>2,801</u>	<u>1,761</u>	<u>1,288</u>	<u>4,770</u>	<u>10,620</u>
Total current liabilities	<u>\$ 1,371,822</u>	<u>\$ 436,241</u>	<u>\$ 419,485</u>	<u>\$ 749,217</u>	<u>\$ 2,976,765</u>
Noncurrent liabilities:					
Accrued closure and postclosure costs	\$ -	\$ -	\$ -	\$ 3,221,657	\$ 3,221,657
Revenue bonds payable	<u>476,470</u>	<u>162,941</u>	<u>119,215</u>	<u>441,374</u>	<u>1,200,000</u>
Total noncurrent liabilities	<u>\$ 476,470</u>	<u>\$ 162,941</u>	<u>\$ 119,215</u>	<u>\$ 3,663,031</u>	<u>\$ 4,421,657</u>
Total liabilities	<u>\$ 1,848,292</u>	<u>\$ 599,182</u>	<u>\$ 538,700</u>	<u>\$ 4,412,248</u>	<u>\$ 7,398,422</u>
NET POSITION					
Net investment in capital assets	\$ 1,010,450	\$ 2,511,707	\$ 4,698,467	\$ (185,289)	\$ 8,035,335
Restricted for:					
Construction	41,000	2,538	-	181,951	225,489
Closure/post-closure	-	-	-	2,799,123	2,799,123
Bond payment	19,578	41,717	30,522	113,003	204,820
Debt service	50,400	40,800	32,927	116,074	240,201
Customer deposits	-	-	108,711	-	108,711
Unrestricted	<u>(65,230)</u>	<u>(56,936)</u>	<u>7,226,596</u>	<u>(3,625,342)</u>	<u>3,479,088</u>
Total net position	<u>\$ 1,056,198</u>	<u>\$ 2,539,826</u>	<u>\$ 12,097,223</u>	<u>\$ (600,480)</u>	<u>\$ 15,092,767</u>
See notes to financial statements.					

City of Holdrege, Nebraska
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2024

	Business-type Activities				Total
	Water	Sewer	Electric	Landfill	
Operating revenues:					
Charges for services:					
Sales	\$ 1,664,246	\$ 1,081,751	\$ 10,437,485	\$ 1,291,883	\$ 14,475,365
Miscellaneous	9,836	616	52,669	1,752	64,873
Total operating revenues	<u>\$ 1,674,082</u>	<u>\$ 1,082,367</u>	<u>\$ 10,490,154</u>	<u>\$ 1,293,635</u>	<u>\$ 14,540,238</u>
Operating expenses:					
Personal services	\$ 570,623	\$ 454,515	\$ 1,708,451	\$ 335,256	\$ 3,068,845
Supplies, materials	(1,730)	485	(37,498)	108,983	70,240
Operating	514,194	554,335	8,399,724	806,002	10,274,255
Contractual obligations	4,800	4,800	38,400	-	48,000
Total operating expenses	<u>\$ 1,087,887</u>	<u>\$ 1,014,135</u>	<u>\$ 10,109,077</u>	<u>\$ 1,250,241</u>	<u>\$ 13,461,340</u>
Operating income	<u>\$ 586,195</u>	<u>\$ 68,232</u>	<u>\$ 381,077</u>	<u>\$ 43,394</u>	<u>\$ 1,078,898</u>
Nonoperating revenues (expenses):					
Investment earnings	\$ 3,634	\$ 3,999	\$ 63,092	\$ 99,985	\$ 170,710
Interest expense	(20,869)	(6,739)	(5,064)	(17,579)	(50,251)
Total nonoperating revenues (expenses)	<u>\$ (17,235)</u>	<u>\$ (2,740)</u>	<u>\$ 58,028</u>	<u>\$ 82,406</u>	<u>\$ 120,459</u>
Change in net position	\$ 568,960	\$ 65,492	\$ 439,105	\$ 125,800	\$ 1,199,357
Net position - beginning	487,238	2,474,334	11,658,118	(726,280)	13,893,410
Net position - ending	<u>\$ 1,056,198</u>	<u>\$ 2,539,826</u>	<u>\$ 12,097,223</u>	<u>\$ (600,480)</u>	<u>\$ 15,092,767</u>

City of Holdrege, Nebraska
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2024

	Business-type Activities				
	Water	Sewer	Electric	Landfill	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,717,103	\$ 1,085,744	\$ 10,605,043	\$ 1,270,565	\$ 14,678,455
Receipts from other operating activities	3,577	4,021	63,436	94,803	165,837
Payments to suppliers	(465,955)	(381,315)	(8,639,739)	(579,902)	(10,066,911)
Payments to employees	(571,004)	(452,495)	(1,675,931)	(331,894)	(3,031,324)
Payments for interest	(19,026)	(7,019)	(5,269)	(18,566)	(49,880)
Net cash provided by operating activities	<u>\$ 664,695</u>	<u>\$ 248,936</u>	<u>\$ 347,540</u>	<u>\$ 435,006</u>	<u>\$ 1,696,177</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of capital assets	\$ (296,601)	\$ (26,184)	\$ (552,995)	\$ (13,011)	\$ (888,791)
Advances on interfund loans	-	-	(540,033)	-	(540,033)
Payments on interfund loans	(47,961)	-	66,188	(18,227)	-
Net cash provided (used) by investing activities	<u>\$ (344,562)</u>	<u>\$ (26,184)</u>	<u>\$ (1,026,840)</u>	<u>\$ (31,238)</u>	<u>\$ (1,428,824)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on capital debt	\$ (17,684)	\$ (37,680)	\$ (27,569)	\$ (102,067)	\$ (185,000)
Proceeds from issuance of bonds	400,000	-	-	-	400,000
Principal paid on capital leases	(2,747)	(2,746)	(2,746)	-	(8,239)
Net cash provided (used) by capital and related financing activities	<u>\$ 379,569</u>	<u>\$ (40,426)</u>	<u>\$ (30,315)</u>	<u>\$ (102,067)</u>	<u>\$ 206,761</u>
Net increase (decrease) in cash and cash equivalents	\$ 699,702	\$ 182,326	\$ (709,615)	\$ 301,701	\$ 474,114
Beginning cash and cash equivalents	380,958	152,090	3,026,097	2,974,877	6,534,022
Ending cash and cash equivalents	<u>\$ 1,080,660</u>	<u>\$ 334,416</u>	<u>\$ 2,316,482</u>	<u>\$ 3,276,578</u>	<u>\$ 7,008,136</u>
CASH RECONCILIATION					
Cash and cash equivalents	\$ 969,682	\$ 249,361	\$ 2,253,033	\$ 66,427	\$ 3,538,503
Restricted reserves	110,978	85,055	63,449	3,210,151	3,469,633
Total cash and cash equivalents	<u>\$ 1,080,660</u>	<u>\$ 334,416</u>	<u>\$ 2,316,482</u>	<u>\$ 3,276,578</u>	<u>\$ 7,008,136</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income	\$ 586,195	\$ 68,232	\$ 381,077	\$ 43,394	\$ 1,078,898
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	63,864	130,224	171,058	114,318	479,464
Amortization on capital assets	3,138	3,138	3,139	-	9,415
Amortization on bond refundings	-	-	2,322	8,593	10,915
Closure/post-closure accrual	-	-	-	216,921	216,921
Interest and dividends received	3,577	4,021	63,436	94,803	165,837
Interest paid on debt	(19,026)	(7,019)	(5,269)	(18,566)	(49,880)
Change in assets and liabilities:					
Receivables, net	43,021	3,377	116,202	(23,070)	139,530
Inventories	(25,374)	(252)	(439,366)	-	(464,992)
Accounts and other payables	9,681	45,195	22,421	(4,749)	72,548
Accrued expenses	(381)	2,020	32,520	3,362	37,521
Net cash provided by operating activities	<u>\$ 664,695</u>	<u>\$ 248,936</u>	<u>\$ 347,540</u>	<u>\$ 435,006</u>	<u>\$ 1,696,177</u>

See notes to financial statements.

City of Holdrege, Nebraska
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2024

	<u>Economic Development Revolving</u>	<u>Employee Retirement</u>	<u>Police Pension</u>
ASSETS			
Cash and cash equivalents	\$ 27,409	\$ -	\$ -
Notes receivable	2,515	-	-
Investments, at fair value	<u>-</u>	<u>8,052,080</u>	<u>1,845,386</u>
Total assets	<u>\$ 29,924</u>	<u>\$ 8,052,080</u>	<u>\$ 1,845,386</u>
LIABILITIES			
Due to other funds	<u>\$ 48,326</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>\$ 48,326</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION			
Held in trust for pension benefits and other purposes	<u>\$ (18,402)</u>	<u>\$ 8,052,080</u>	<u>\$ 1,845,386</u>

City of Holdrege, Nebraska
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2024

	<u>Economic Development Revolving</u>	<u>Employee Retirement</u>	<u>Police Pension</u>
ADDITIONS			
Contributions:			
Employer - City	\$ -	\$ 224,513	\$ 45,246
Employer - Library	-	17,678	-
Plan members - City	-	257,150	47,162
Plan members - Library	-	17,678	-
Total contributions	<u>\$ -</u>	<u>\$ 517,019</u>	<u>\$ 92,408</u>
Grant proceeds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Investment income:			
Net appreciation in fair value of investments, interest and dividends	\$ 289	\$ 1,675,404	\$ 350,428
Net investment income	<u>\$ 289</u>	<u>\$ 1,675,404</u>	<u>\$ 350,428</u>
Total additions	<u>\$ 289</u>	<u>\$ 2,192,423</u>	<u>\$ 442,836</u>
DEDUCTIONS			
Benefits	\$ 300,000	\$ 381,305	\$ 2,912
Total deductions	<u>\$ 300,000</u>	<u>\$ 381,305</u>	<u>\$ 2,912</u>
Change in net position	\$ (299,711)	\$ 1,811,118	\$ 439,924
Net position - beginning of year	281,309	6,240,962	1,405,462
Net position - end of year	<u>\$ (18,402)</u>	<u>\$ 8,052,080</u>	<u>\$ 1,845,386</u>

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 1. Summary of significant accounting policies

A. Reporting entity

The City of Holdrege, Nebraska, operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and civil defense), highways and streets, health, planning and zoning, culture-recreation, parks, and general administrative services. In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statements. These criteria state that the financial reporting entity consist of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Discretely presented component unit.

The component unit column of the government-wide financial statements includes financial data of the City of Holdrege Airport Authority, the City's only component unit. The Airport Authority is reported in a separate column to emphasize that it is legally separate from the City of Holdrege. All five members of the Airport Authority's governing body are elected to 6-year terms. The Airport Authority was established in accordance with Nebraska State Statute by City ordinance in 1958.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 1. Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements (continued)

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

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated balances and claims and judgments, are recorded only when payment is due.

Property taxes, occupation taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

The *General fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Street fund* is used to account for the financing and construction of major street improvement projects.

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 1. Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The *Police fund* is used to account for the financing of the police protection operations.

The *Park fund* is used to account for the financing of the park operations.

The *Equipment maintenance and replacement fund* is used to account for the financing of vehicle and equipment maintenance and purchases.

The *Special assessments fund* is used to account for the financing of capital improvements and services financed by special assessments against the property owners.

The *Community development fund* is used to account for the financing of community development and recreation projects.

The *Emergency communications fund* is used to account for the financing of emergency communication operations.

The City reports the following major proprietary funds:

The *Water fund* is used to account for all activities necessary for the provision of water services to City residents.

The *Sewer fund* is used to account for all activities necessary for the provision of sewer services to City residents.

The *Electric fund* is used to account for all activities necessary for the provision of electrical services to City residents.

The *Landfill fund* is used to account for the activities necessary for the provision of garbage disposal services to City residents.

Additionally, the City reports the following fiduciary fund types:

The *Economic Development Revolving fund* accounts for all repayments of loans from economic development loans and other program income.

The *Employee Retirement fund* accounts for the retirement benefits for participating employees of the city.

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 1. Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The *Police Pension fund* accounts for the pension benefits for sworn police officers that retired or became eligible for other benefits under the police pension system that was in effect prior to January 1, 1984.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water, sanitary sewer, solid waste disposal facility functions, and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 1. Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The City implemented the provisions of Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, of the Governmental Accounting Standards Board as of October 1, 2010. See Note 5 for further details.

D. Assets, liabilities, and net position or equity

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, savings accounts, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in bonds and debentures issued by any of the twelve federal land banks, the twelve intermediate credit banks, or the thirteen banks for cooperatives under the supervision of the Farm Credit Administration, or in interest bearing bonds or the obligations of the United States.

Investments for the City, as well as for component units, are reported at fair value.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 1. Summary of significant accounting policies (continued)

D. Assets, liabilities, and net position or equity (continued)

2. Receivables and payables (continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 120 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to one percent of outstanding property taxes at September 30, 2024.

Property tax requirements are submitted to the Phelps County Clerk on or before September 30 of each year, to be levied by the Phelps County Board of Supervisors by October 15 on the property values assessed as of the same date. The tax levy notice is mailed in December with the first half payment due on May 1 and the second half payment due on September 1. Unpaid taxes at September 30 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories are recognized as expenditures in governmental funds and expenses in proprietary funds when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

Certain resources of the City's water and sewer enterprise funds are set aside for the repayment of revenue bonds. The "bond payment reserve" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "debt service reserve" account is used to segregate resources equaling the maximum annual debt service requirement of all outstanding water and sewer revenue bonds and is used in the event that there are not sufficient monies available in the bond payment reserve account to make payments on the revenue bonds.

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 1. Summary of significant accounting policies (continued)

D. Assets, liabilities, and net position or equity (continued)

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$250 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as the projects are constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25-50
Improvements other than buildings	10-50
Equipment	3-20
Vehicles	5-10
Infrastructure	15-50

6. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and medical pay benefits. There is an estimate for a liability for unpaid accumulated vacation leave. At the beginning of each calendar year, employees are allowed to carry forward unused vacation hours up to a maximum of two times the annual amount earned. Upon resignation or retirement, this benefit is paid in full to the employee. All medical pay benefits are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is not reported as these benefits cease upon resignation or retirement.

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 1. Summary of significant accounting policies (continued)

D. Assets, liabilities, and net position or equity (continued)

7. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

8. Leases

Lessee: The City is a lessee for various noncancelable leases of office equipment. The City recognizes a lease liability and an intangible right-of-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgements related to leases include how the City determines 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses the Applicable Federal Rate (AFR) at the date of commencement as the discount rate.
- The lease term includes the noncancelable period of the lease and, in certain circumstances, options to extend or terminate the lease (based on the likelihood of those options being exercised).
- Lease payments included in the measurement of the lease liability are composed of fixed payments plus the exercise price of any purchase options that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 1. Summary of significant accounting policies (continued)

D. Assets, liabilities, and net position or equity (continued)

9. Subscription-based information technology arrangements

The City of Holdrege has entered into several software subscription arrangements with various vendors. All of the agreements are on a year-to-year basis and do not meet the definition for disclosure.

Note 2. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(2,253,243) difference are as follows:

Bond payable, long-term	\$ (2,415,000)
Change in bond payable, current	165,000
Lease payable, long-term	(4,769)
Change in lease payable, current	1,526
Long-term liabilities	\$ (2,253,243)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation or amortization expense. The details of this \$1,242,143 difference are as follows:

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 2. Reconciliation of government-wide and fund financial statements (continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities. (continued)

Capital outlay	\$	2,545,177
Depreciation expense		<u>(1,303,034)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities		<u>\$ 1,242,143</u>

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this \$598,474 difference are as follows:

Principal repayments:		
General obligation bond debt	\$	45,000
Public safety tax anticipation bond debt		45,000
Lease-purchase		75,000
Capital leases		1,526
Bond issuances:		
Municipal improvement bonds		<u>(765,000)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities		<u>\$ (598,474)</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$15,753 difference are as follows:

Change in compensated absences, current year	\$	<u>(15,753)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities		<u>\$ (15,753)</u>

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 3. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with the Nebraska Budget Act. The Nebraska Budget Act requires that the City adopt its budget on a *cash basis*. All annual appropriations lapse at fiscal year-end.

On or before mid-May of each year, all departments and divisions of the City submit requests for appropriation to the City administrator so that a budget may be prepared. Before August 31, the proposed budget is presented to the City Council for review. The City Council holds public hearings and a final budget must be prepared and adopted no later than September 30.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a fund with the City Administrator's approval. Transfers of appropriations between funds require the approval of the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Encumbrance accounting is employed in all funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

B. Deficit fund equity

The Police fund had a deficit of \$764,267, the Equipment Maintenance / Replacement fund had a deficit of \$389,167, the Special Assessments fund had a deficit of \$19,280, the Community Development fund had a deficit of \$952,867, the Emergency Communications fund had a deficit of \$660,261 the Fire fund had a deficit of \$63,000, the Pool fund had a deficit of \$52,043, and the Library fund had a deficit of \$480,784. These fund balance deficits are expected to be covered by future fund revenues or transfers from other funds.

Note 4. Detailed notes on all funds

A. Deposits and investments

At year-end, the City's carrying amount of bank deposits was \$11,931,950 and the bank balance was \$11,550,466. All of the City's bank deposits were covered by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department or agent in the government's name.

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 4. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

The carrying amount of bank deposits for the City of Holdrege Airport Authority, a discretely presented component unit, was \$739,394 and the bank balance was \$735,781. All balances were covered by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department or agent in the government's name.

Interest rate risk. The City's investment policy for operating funds is limited to certificates of deposit with a maturity of two years or less.

Credit risk. The City's investment policies regarding credit risk are governed by state statutes as described below. The City's investments at September 30, 2024, consisted entirely of U.S. Treasury obligations and certificates of deposit.

Concentration of credit risk. The City's investment policy places no limits on the amounts that may be invested in any one issuer.

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's policy regarding custodial credit risk is determined by state statutes as described below.

Custodial credit risk – investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2024, the City's only investments included U.S. Treasury obligations held by the City's agent in the City's name and certificates of deposit.

None of the City's deposits in excess of the amount insured by the Federal Deposit Insurance Corporation shall be allowed to accumulate in any financial institution unless:

- The financial institution gives a surety bond;
- The financial institution provides the City with securities as collateral on the excess funds; or
- The financial institution issues a joint custody receipt to the benefit of the City where a third party financial institution actually holds the security.

Nebraska Statute 77, Article 23, covers the deposit and investment of public funds. The City may only invest in the following:

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 4. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

- a. U.S. government obligations, U.S. government agency obligations, and U.S. government instrumentality obligations, which have a liquid market with a readily determinable market value.
- b. Certificates of deposit and other evidences of deposit at institutions, bankers' acceptances, and commercial paper, rated in the highest tier (e.g., A-1, P-1) by a nationally recognized rating agency.
- c. Investment-grade obligations of state and local governments.
- d. Repurchase agreements whose underlying purchased securities consist of the foregoing.
- e. Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities and securities as described in a, b, c, and d of this section.
- f. Local government investment pools, either state-administered or through interlocal agreement legislation, whose portfolios consist of securities as described in a, b, c, and d of this section.

B. Receivables

Receivables as of year-end for the City's individual major funds, non-major funds, internal service funds and fiduciary funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	Interest	Sales Tax	Motor Vehicle	Occ Tax	County Taxes	Accounts	Special Assessments	Gross Receivables	Less:	
									For Uncollectibles	Net Receivables
General	\$ 337	\$ 42	\$ -	\$ 10,843	\$ 6	\$ 5,664	\$ -	\$ 16,892	\$ -	\$ 16,892
Fire	102	3,036	-	-	886	-	-	4,024	-	4,024
Health & Sanitation	-	42	-	-	6	13,501	-	13,549	-	13,549
Community Development	-	16,636	-	-	4,566	-	-	2,1202	-	2,1202
Public Buildings	-	4,159	-	-	1,029	-	-	5,188	-	5,188
Auditorium	-	42	-	-	6	-	-	48	-	48
Park	26	23,001	-	-	7,409	-	-	30,436	-	30,436
Pool	-	3,660	-	-	1,459	-	-	5,119	-	5,119
Library	-	6,323	-	-	2,943	-	-	9,266	-	9,266
Emergency Communications	1	11,688	-	-	4,904	-	-	16,593	-	16,593
Police	-	17,926	-	-	8,107	-	-	26,033	-	26,033
Street	269	329,370	14,589	19,886	-	4,568	-	368,682	-	368,682
Water	288	-	-	-	-	13,1264	-	13,1552	1,817	129,735
Sewer	52	-	-	-	-	79,293	-	79,345	2,370	76,975
Electric	876	-	-	-	-	893,458	-	894,334	7,522	886,812
Land fill	11,959	-	-	-	-	139,580	-	151,539	-	151,539
Special Assessments	-	-	-	-	-	-	173,209	173,209	-	173,209
Equipment Maint/Replacement	79	-	-	-	-	-	-	79	-	79
ARPA	43	-	-	-	-	-	-	43	-	43
Total	<u>\$ 14,032</u>	<u>\$ 415,925</u>	<u>\$ 14,589</u>	<u>\$ 30,729</u>	<u>\$ 31,321</u>	<u>\$ 1267,328</u>	<u>\$ 173,209</u>	<u>\$ 1,947,133</u>	<u>\$ 11,709</u>	<u>\$ 1,935,424</u>

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 4. Detailed notes on all funds (continued)

C. Capital assets

Capital asset activity for the year ended September 30, 2024, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 31,000	\$ -	\$ -	\$ 31,000
Construction in progress	63,573	1,037,348	-	1,100,921
Total capital assets, not being depreciated	<u>\$ 94,573</u>	<u>\$ 1,037,348</u>	<u>\$ -</u>	<u>\$ 1,131,921</u>
Capital assets, being depreciated / amortized:				
Buildings	\$ 1,004,958	\$ -	\$ -	\$ 1,004,958
Improvements other than buildings	6,851,299	935,793	-	7,787,092
Equipment	7,044,026	87,995	-	7,132,021
Vehicles	5,186,425	104,807	-	5,291,232
Infrastructure	11,778,281	379,234	-	12,157,515
Right-of-use assets	7,645	-	-	7,645
Total capital assets being depreciated / amortized	<u>\$ 31,872,634</u>	<u>\$ 1,507,829</u>	<u>\$ -</u>	<u>\$ 33,380,463</u>
Less accumulated depreciation / amortization for:				
Buildings	\$ 294,171	\$ 21,508	\$ -	\$ 315,679
Improvements other than buildings	3,161,106	233,402	-	3,394,508
Equipment	5,514,254	343,154	-	5,857,408
Vehicles	3,183,773	467,450	-	3,651,223
Infrastructure	4,007,190	235,991	-	4,243,181
Right-of-use assets	1,529	1,529	-	3,058
Total accumulated depreciation	<u>\$ 16,162,023</u>	<u>\$ 1,303,034</u>	<u>\$ -</u>	<u>\$ 17,465,057</u>
Total accumulated depreciation / amortization	<u>\$ 15,710,611</u>	<u>\$ 204,795</u>	<u>\$ -</u>	<u>\$ 15,915,406</u>
Total capital assets, being depreciated / amortized, net	<u><u>\$ 15,805,184</u></u>	<u><u>\$ 1,242,143</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 17,047,327</u></u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 389,943	\$ -	\$ -	\$ 389,943
Total capital assets, not being depreciated	<u>\$ 389,943</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 389,943</u>
Capital assets, being depreciated / amortized:				
Buildings and plant	\$ 27,938,894	\$ 815,822	\$ -	\$ 28,754,716
Equipment	2,459,381	72,969	-	2,532,350
Right-of-use assets	14,319	42,286	(14,319)	42,286
Total capital assets being depreciated / amortized	<u>\$ 30,412,594</u>	<u>\$ 931,077</u>	<u>\$ (14,319)</u>	<u>\$ 31,329,352</u>
Less accumulated depreciation / amortization for:				
Buildings and plant	\$ 19,440,610	\$ 451,914	\$ -	\$ 19,892,524
Equipment	2,331,600	27,550	-	2,359,150
Right-of-use assets	12,729	9,415	(14,319)	7,825
Total accumulated depreciation / amortization	<u>\$ 21,784,939</u>	<u>\$ 488,879</u>	<u>\$ (14,319)</u>	<u>\$ 22,259,499</u>
Total capital assets, being depreciated / amortized, net	<u><u>\$ 8,627,655</u></u>	<u><u>\$ 442,198</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,069,853</u></u>
Business-type activities capital assets, net	<u><u>\$ 9,017,598</u></u>	<u><u>\$ 442,198</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,459,796</u></u>

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 4. Detailed notes on all funds (continued)

C. Capital assets (continued)

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

Governmental activities:

General government	\$ 4,103
Street	261,640
Fire	171,518
Police	14,850
Health and Sanitation	14,049
Pool	29,099
Vehicle Maintenance	473,595
Park	180,814
Public Buildings	58,764
Emergency Communications	28,823
Community Development	4,644
Auditorium	2,272
ARPA	<u>57,334</u>
Total depreciation expense - governmental activities	<u>\$1,301,505</u>
Police	\$ 765
Emergency Communications	<u>764</u>
Total amortization expense - governmental activities	<u>\$ 1,529</u>
Total depreciation / amortization expense - governmental activities	<u><u>\$1,303,034</u></u>

Business-type activities:

Water	\$ 63,864
Sewer	130,224
Electric	171,058
Landfill	<u>114,318</u>
Total depreciation expense - business-type activities	<u>\$ 479,464</u>
Water	\$ 3,138
Sewer	3,138
Electric	<u>3,139</u>
Total amortization expense - business-type activities	<u>\$ 9,415</u>
Total depreciation / amortization expense - business-type activities	<u><u>\$ 488,879</u></u>

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 4. Detailed notes on all funds (continued)

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of September 30, 2024, is as follows:

Due to/from other funds:		
Receivable Fund	Payable Fund	Amount
Electric	Water	\$ 1,269,784
Electric	Sewer	308,226
Electric	Street	244,562
Electric	Park	629,577
Electric	Library	219,472
Electric	Emergency Communications	253,912
Electric	Community Redevelopment Authority	3,470
Street	Police	734,544
Street	Economic Development	48,326
Street	Special Assessments	878,657
Street	Landfill	585,182
Street	Equipment Maintenance	444,093
Street	Community Development	465,927
Street	Pool	55,566
Park	Community Development	435,204
Park	Library	270,578
Park	Emergency Communications	401,791
Park	Community Redevelopment Authority	4,458
Health & Sanitation	Fire	20,252
Total		<u>\$ 7,273,581</u>

E. Long-term debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities only. The original amount of general obligation bonds issued in prior years was \$2,255,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 15-year serial bonds with substantially equal debt service payments each year. General obligation bonds currently outstanding are as follows:

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 4. Detailed notes on all funds (continued)

E. Long-term debt (continued)

General Obligation Bonds (continued)

The City issued \$490,000 of Series 2018 Highway Allocation Fund Pledge Bonds on March 28, 2018, for the purpose of paying the costs of street improvement projects. The interest rate on the bonds start at 2.00% and increase to 3.25%. Principal payments are due every December 15 with interest payments due every June 15 and December 15. The first interest payment was due December 15, 2018. The first principal payment was due December 15, 2020 and the final payment is due December 15, 2030.

The schedule of bonds outstanding at September 30, 2024 is as follows:

<u>Year Ended September 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2025	\$ 45,000	\$ 9,488
2026	45,000	8,228
2027	45,000	6,968
2028	45,000	5,606
2029	50,000	4,063
2030-2031	100,000	3,250
Total	<u>\$330,000</u>	<u>\$ 37,603</u>

The City issued \$765,000 of Series 2024 Municipal Improvements Bonds on March 5, 2024, for the purpose of developing the Northern Meadows subdivision. The interest rate on the bonds is 4.65%. Interest payments are due every April 15 and October 15. The first interest payment is due October 15, 2024 and the final payment is due April 15, 2027.

The schedule of bonds outstanding at September 30, 2024 is as follows:

<u>Year Ended September 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2025	\$ -	\$ 35,573
2026	-	35,573
2027	765,000	17,786
Total	<u>\$765,000</u>	<u>\$ 88,932</u>

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 4. Detailed notes on all funds (continued)

E. Long-term debt (continued)

Public Safety Tax Anticipation Bonds

The City issues public safety tax anticipation bonds to provide funds for the acquisition and construction of major public safety capital assets. Public safety tax anticipation bonds have been issued for governmental activities only. The original amount of general public safety tax anticipation bonds issued was \$805,000.

Public safety tax anticipation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 15-year serial bonds with substantially equal debt service payments each year. Public safety tax anticipation bonds currently outstanding are as follows:

The City issued \$805,000 of Series 2022 Public Safety Tax Anticipation Bonds on May 17, 2022, for the purpose of purchasing a new aerial fire truck. The interest rate on the bonds start at 2.40% and increase to 4.25%. Principal payments are due every June 15 with interest payments due every June 15 and December 15. The first interest payment was due December 15, 2022 and the final payment is due June 15, 2037.

The schedule of bonds outstanding at September 30, 2024 is as follows:

Year Ended September 30,	Principal Payments	Interest Payments
2025	\$ 45,000	\$ 24,735
2026	50,000	23,655
2027	50,000	22,330
2028	50,000	21,005
2029	50,000	19,505
2030-2034	280,000	72,298
2035-2037	190,000	16,363
Total	<u>\$715,000</u>	<u>\$199,891</u>

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 4. Detailed notes on all funds (continued)

E. Long-term debt (continued)

Lease Purchase

On October 2, 2017, the City entered into a lease-purchase agreement for \$1,025,000 with Five Points Bank for the purpose of financing infrastructure improvements for the construction and equipping of a ball field complex and related improvements. This lease-purchase agreement was refinanced on March 9, 2021 through Refunding Certificates of Participation Series 2021 in the amount of \$890,000. The interest rate on the lease-purchase starts at .35% and increases to 1.2%. Principal payments are due every July 15 with interest payments due each January 15 and July 15. The first principal payment was due July 15, 2021 and the final payment is due July 15, 2032. The first interest payment was due July 15, 2021.

The schedule of lease-purchase payments outstanding at September 30, 2024 is as follows:

<u>Year Ended September 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2025	\$ 75,000	\$ 5,173
2026	75,000	4,760
2027	70,000	4,348
2028	75,000	3,858
2029	75,000	3,333
2030-2032	<u>235,000</u>	<u>5,440</u>
Total	<u>\$605,000</u>	<u>\$ 26,912</u>

Business-Type Activity Debt

On March 28, 2018, the City issued \$2,040,000 of Series 2018 Combined Utilities Revenue and Refunding Bonds (Landfill, Electric, Water and Sewer) for the purpose of advance refunding of the Combined Utilities Revenue Bonds (Landfill and Electric) dated March 23, 2012, and a loan from the Nebraska Department of Environmental Quality dated January 19, 2011. The net proceeds of \$1,774,308 from the issuance of the new bonds were placed in funds with an escrow agent to provide debt service payments until the first bonds were called on December 15, 2018. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the City's government-wide financial statements. The interest rate on the bonds range from 1.60% to 3.25%. Principal payments are due every December 15 with interest payments due every June 15 and December 15. The first interest payment was due June 15, 2018 and the final payment is due December 15, 2028.

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 4. Detailed notes on all funds (continued)

E. Long-term debt (continued)

Business-Type Activity Debt (continued)

The schedule of bonds outstanding at September 30, 2024, is as follows:

<u>Bond Issue</u>	<u>Year Ended September 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
Combined Utilities Refunding 2018:			
	2025	\$ 190,000	\$ 27,075
	2026	195,000	21,731
	2027	200,000	15,952
	2028	210,000	9,645
	2029	195,000	3,169
	Total	<u>\$ 990,000</u>	<u>\$ 77,572</u>
Balance due by fund:			
	Landfill	\$ 546,199	
	Electric	147,529	
	Water	94,632	
	Sewer	201,640	
		<u>\$ 990,000</u>	

On March 14, 2024, the City issued \$400,000 of Series 2024 Combined Utilities Revenue Bonds (Water) for the purpose of constructing a new water well. The interest rate on the bonds is 3.95%. Principal payments are due every February 15 with interest payments due every February 15 and August 15. The first interest payment was due August 15, 2024 and the final payment is due February 15, 2034.

The schedule of bonds outstanding at September 30, 2024, is as follows:

<u>Bond Issue</u>	<u>Year Ended September 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
Combined Utilities Revenue 2024:			
	2025	\$ 35,000	\$ 15,109
	2026	35,000	13,726
	2027	35,000	12,344
	2028	40,000	10,863
	2029	40,000	9,283
	2030-2034	215,000	21,824
	Total	<u>\$ 400,000</u>	<u>\$ 83,149</u>

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 4. Detailed notes on all funds (continued)

F. Leases

Leases Payable

In September of 2022, the City entered into a lease agreement with Eakes Office Solutions for a Color Workgroup Document System. This lease is recorded evenly between the Emergency Communication fund and the Police fund. The initial lease liability was recorded in the amount of \$7,645. As of September 30, 2024, the value of the lease liability was \$4,769. The City is required to make monthly principal and interest payments of \$140.82 beginning in October of 2022. The interest rate charged by the lessor is 4.008%, which was used to determine the present value of lease payments. The City has no intention of purchasing the equipment at the end of the sixty-month lease term, and therefore is amortizing the right-of-use asset over an estimated useful life of sixty months. The value of the right-of-use asset as of September 30, 2024, was \$7,645 with accumulated amortization of \$3,058. These amounts are included in the right-of-use assets on the governmental activities table found in note 4C. above.

In November of 2023, the City entered into a lease agreement with Quadient Leasing for a digital mailing system. This lease is recorded evenly between the Electric, Water, and Sewer funds. The initial lease liability was recorded in the amount of \$39,396. As of September 30, 2024, the value of the lease liability was \$33,289. The City is required to make quarterly principal and interest payments of \$1,876.02. The interest rate charged by the lessor was not provided, so the City used an estimated incremental borrowing rate of 4.74% (the long-term quarterly AFR for November of 2023) to determine the present value of lease payments. The City has no intention of purchasing the equipment at the end of the seventy-two-month lease term, and therefore is amortizing the right-of-use asset over an estimated useful life of seventy-two months. The value of the right-of-use asset as of September 30, 2024, was \$39,396 with accumulated amortization of \$7,504. These amounts are included in the right-of-use assets on the business-type activities table found in note 4C. above.

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 4. Detailed notes on all funds (continued)

F. Leases (continued)

In May of 2024, the City entered into a lease agreement with Eakes Office Solutions for a multifunctional printer. This lease is recorded evenly between the Electric, Water, and Sewer funds. The initial lease liability was recorded in the amount of \$2,890. As of September 30, 2024, the value of the lease liability was \$2,603. The City is required to make quarterly principal and interest payments of \$94.57. The interest rate charged by the lessor was not provided, so the City used an estimated incremental borrowing rate of 11.278% (the long-term quarterly AFR for May of 2024) to determine the present value of lease payments. The City has no intention of purchasing the equipment at the end of the thirty-six-month lease term, and therefore is amortizing the right-of-use asset over an estimated useful life of thirty-six months. The value of the right-of-use asset as of September 30, 2024, was \$2,890 with accumulated amortization of \$321. These amounts are included in the right-of-use assets on the business-type activities table found in note 4C. above.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2024, are as follows:

	Governmental Activities	Business-type Activities
September 30, 2025	\$ 1,690	\$ 8,639
2026	1,690	8,639
2027	1,690	8,261
2028	-	7,504
2029	-	7,577
Total minimum lease payments	\$ 5,070	\$ 40,620
Less: amount representing interest	(301)	(4,728)
Present value of minimum lease payments	\$ 4,769	\$ 35,892

G. Restricted assets

The balances of the restricted reserve asset accounts in the proprietary funds are as follows:

Construction	\$ 225,489
Landfill closure and postclosure - SWDF fund	2,799,123
Revenue bonds - bond payment account	204,820
Revenue bonds - debt service reserve account	240,201
Total restricted reserve assets	\$ 3,469,633

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 5. Fund equity

As of October 1, 2010, City of Holdrege implemented GASB 54 standards for the classification of fund balances in governmental funds. The fund balances of governmental funds are defined as follows:

Nonspendable – resources which cannot be spent because they are either a) not in spendable form (such as inventory) or; b) legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitations the government imposes upon itself at its highest level of decision-making, and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the City Council or a body or official to which the City Council has delegated the authority to assign amounts for specific purposes.

Unassigned – resources which cannot be properly classified in one of the other four categories. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

	General	Street	Police	Park	Equipment Maintenance/ Replacement	Special Assessments	Community Development	Emergency Communications	Other Governmental Funds	Total
Fund balances:										
Restricted for:										
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,069	\$ 40,069
Construction	-	-	-	-	-	-	-	-	625,942	625,942
Total restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 666,011	\$ 666,011
Committed to:										
Street & highways	\$ -	\$ 5,189,488	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,189,488
Park	-	-	-	299,196	-	-	-	-	-	299,196
Special assessments	-	-	-	-	-	-	-	-	-	-
Keno	-	-	-	-	-	-	-	-	258,337	258,337
Total committed	\$ -	\$ 5,189,488	\$ -	\$ 299,196	\$ -	\$ -	\$ -	\$ -	\$ 258,337	\$ 5,747,021
Assigned to:										
Health & sanitation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 197,513	\$ 197,513
Public buildings	-	-	-	-	-	-	-	-	48,031	48,031
Auditorium	-	-	-	-	-	-	-	-	141,119	141,119
Community Redevelopment Authority	-	-	-	-	-	-	-	-	57,789	57,789
Total assigned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 444,452	\$ 444,452
Unassigned (deficit):	\$ 849,549	\$ -	\$ (764,267)	\$ -	\$ (389,167)	\$ (19,280)	\$ (952,867)	\$ (660,261)	\$ (595,827)	\$ (2,532,120)
Total fund balances (deficit)	\$ 849,549	\$ 5,189,488	\$ (764,267)	\$ 299,196	\$ (389,167)	\$ (19,280)	\$ (952,867)	\$ (660,261)	\$ 772,973	\$ 4,325,364

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 6. Other information

A. Contingent liabilities

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

B. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City pays an annual premium to League Association of Risk Management (LARM) for its general liability, property, crime, inland marine, automobile, law enforcement, public official's liability, and workers compensation insurance coverage. The policy provided by LARM limits coverage to \$5,000,000 general aggregate.

C. Subsequent events

Upon evaluation, Management notes that there were no material subsequent events between the date of the financial statements and February 17, 2025, the date that the financial statements were issued or available to be issued.

D. Employee retirement systems and pension plans

The Employee Retirement Plan for Employees of the City of Holdrege

The City adopted the City of Holdrege Thrift Plan on February 17, 1981. The plan was last amended October 19, 2010. Previously the defined contribution plan called for participating employees to contribute 4, 5 or 6% of gross salaries to the plan. The City's share of contributions was a matching 6% of gross salaries paid to qualified participants, reduced by forfeitures of separated employees. As of August 1, 2014, the plan changed from a money purchase pension plan to a profit-sharing thrift plan. The contributions of the employee are now 7.0% with a City match of 7.0%.

Employee contributions for the years ended September 30, 2024 and 2023, were \$224,513 and \$217,545, respectively.

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 6. Other information (continued)

D. Employee retirement systems and pension plans (continued)

The City’s matching share of contributions paid in the years ended September 30, 2024 and 2023, to the retirement plan savings account was \$224,513 and \$217,545, respectively.

American Funds hold the investments of the retirement plan and deferred compensation plan. The market value of the plan investments as of September 30, 2024, was \$8,052,080 and the individual investments were as follows:

AUL Stable Value	\$ 590,340
American Funds:	
2015Tdate	19,941
2020Tdate	561
2025Tdate	197,866
2030Tdate	164,591
2035Tdate	73,341
2040Tdate	134,978
2045Tdate	75,883
2050Tdate	140,899
2055Tdate	35,639
2060Tdate	74,625
2065T date	109,895
AmCap Fund	735,003
American Balanced	619,638
Capital World Growth and Income	935,058
Fundamental Investment	733,063
Growth Fund of America	1,130,735
New Perspective	735,474
Washington Mutual	470,906
DFA Global Equity I	317,959
DFA Investment Grade I	378,442
TIAA-CREF International Equity Index Fund	2,270
Vanguard Equity-Income Admiral	241,815
Vanguard Small Cap Index	26,922
Outstanding contributions	19,879
Loans	86,357
Total American Funds Market Value	<u>\$ 8,052,080</u>

Of the total market value of \$8,052,080, the amounts allocated to the retirement plan and the deferred compensation plan on September 30, 2024, were \$7,765,628 and \$286,452, respectively.

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 6. Other information (continued)

D. Employee retirement systems and pension plans (continued)

Deferred Compensation Plan

During the year ended September 30, 2007, the City started offering a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Investments are managed by the trustees under a number of investment options. The choice of investment option(s) is made by the participant.

Employee contributions were \$19,003 for the year ending September 30, 2024. This amount is comprised of both employee contributions and investment earnings. This amount represents the amount due to participants upon termination, retirement, death, or unforeseeable emergency.

E. City of Holdrege, Nebraska Police Officers Pension Plan and Trust (Defined Contribution Plan)

In compliance with Legislative bill 237 of 1983, the City is maintaining a Police Pension fund. Prior to January 1, 1984, the pension account was funded with a 6% withholding from the policemen's salaries, plus interest and forfeitures. Benefits from the Fund established prior to January 1, 1984, are subject to vesting requirements. The pension account is now funded with a 7% salary withholding plus a matching 7%, less forfeitures, to be paid by the City. Employee contributions made after this date are 100% vested, while the employer's contributions are subject to vesting requirements.

Principal Financial Group is the current trustee for the plan. The market value of the plan investments as of September 30, 2024, was \$1,845,386 and the individual investments were as follows:

Principal Financial Group:		
Guaranteed 5 yr matures 12/31/2024	\$	736
Guaranteed 5 yr matures 12/31/2025		775
Guaranteed 5 yr matures 12/31/2026		796
Guaranteed 5 yr matures 12/31/2027		1,282
Guaranteed 5 yr matures 12/31/2028		730
Principal Stable Value Z Fund		314,583
Sam Strat Grwth Sep Acct		70,267
Blue Chip Sep Acct		181,881
MidCap Value Sep Acct		24,843
U.S. Property Sep Acct		9,828

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 6. Other information (continued)

**E. City of Holdrege, Nebraska Police Officers Pension Plan and Trust
(Defined Contribution Plan) (continued)**

Principal Financial Group:	
Core Plus Bond R1 Fund	\$ 277,379
PGIM High Yield A Fund	17,901
RetirePilot Mod 2035 Fund R1	9,395
RetirePilot Mod 2045 Fund R1	57,143
RetirePilot Mod 2055 Fund R1	56,427
RetirePilot Mod 2065 Fund R1	95,250
Fidelity 500 Index Fund	319,471
Large Cap Value R1 Fund	35,597
Fidelity Sm Cap Index Fund	61,511
Small Cap Growth Fund II R1	104,109
JP Morgan Mid Cap Growth R6 Fd	80,257
International Growth II R1 Fd	121,098
Outstanding contributions	4,127
	<u>\$ 1,845,386</u>

Note 7. Economic development revolving loan fund

During the year ended September 30, 2001, the City applied for and received a Community Development Block Grant (CDBG) of \$471,346 from the Nebraska Department of Economic Development. This money was used to fund the Economic Development Revolving Loan fund. On October 3, 2000, the City created the Economic Development Revolving Loan fund.

This fund shall be held separate from all other City funds and therefore, is being treated as a Trust and Agency fund. All repayments of loans from economic development loans and other program income go into this fund. In addition, the City entered into an inter-local agreement with Phelps County and the Villages of Bertrand, Loomis, Funk, and Atlanta for the adoption of a Regional Economic Plan of Phelps County. In the future, applications by eligible businesses will be considered for loans and grants that will create or return jobs at least 51% of which will benefit low-moderate income persons. The loans or grants will be funded by future CDBG funds or the repayment of loans added to the revolving loan fund.

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 8. Closure and post-closure care costs – Landfill fund

State and federal laws and regulations require the Holdrege Prairie Hill Landfill and the Construction & Demolition Waste Disposal site to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Holdrege Prairie Hill Landfill reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$3,221,657 reported as landfill closure and post-closure care liability on September 30, 2024, represents the cumulative amount reported to date based on the use of approximately 77 percent of the estimated capacity of both landfills.

The Holdrege Prairie Hill Landfill and the Construction & Demolition Waste Disposal site will recognize the remaining estimated cost of closure and post-closure care of \$942,428 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2024. The Holdrege Prairie Hill Landfill expects to close the landfill in the year 2033. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

In accordance with the State of Nebraska Title 132 Solid Waste Regulations, the City of Holdrege must satisfy the requirements for a financial assurance mechanism (F.A.M.). During the year ended September 30, 1996, the City Council passed Resolution 96-13 to make annual contributions to a special fund to finance closure and post-closure care. The Holdrege Prairie Hill Landfill is in compliance with these requirements, and, at September 30, 2024, thirty-two certificates of deposit totaling \$2,689,485 are held at First State Bank for this purpose. This amount is reported as a restricted asset on the balance sheet. The Holdrege Prairie Hill Landfill expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

In accordance with the State of Nebraska Title 132 Solid Waste Regulations, the City of Holdrege must satisfy the requirements for a financial assurance mechanism (F.A.M.). During the year ended September 30, 1996, the City Council passed Resolution 96-13 to make annual contributions to a special fund to finance closure and post-closure care. The Holdrege Prairie Hill Construction & Demolition Waste Disposal Site is in compliance with these requirements, and, at September 30, 2024, sixteen certificates of deposit totaling \$109,638 are held at First State Bank for this purpose. This amount is reported as a restricted asset on the balance sheet.

**CITY OF HOLDREGE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 8. Closure and post-closure care costs – Landfill fund (continued)

The Holdrege Prairie Hill Construction & Demolition Waste Disposal Site expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

Note 9. Tax abatement

The City is subject to tax abatements granted by the Community Redevelopment Authority, who has entered into tax increment financing (TIF) agreements with various redevelopers. This TIF program has the stated purpose of increasing business activity and employment in the community.

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

Information relevant to the abatements impacting the City for the year ended September 30, 2024 is as follows:

<u>Tax Abatement Program</u>	<u>Amount Abated During the Year</u>
Tax Increment Financing	\$ 68,105

Note 10. Commitments and contingencies

On August 8, 2023, the City of Holdrege entered into a construction contract with Benjamin Landscaping, LLC for the grading of four ball fields, construction of the infield surface, full design, and construction of an irrigation system, and seeding of all turf areas within the Holdrege Ballfield Complex. The contract is in the amount of \$850,000 and work is estimated to be completed on or before December 31, 2024. The contractor requests payment upon completion of the project. As of September 30, 2024, no payments have been made.

On December 18, 2023, the City of Holdrege entered into a construction contract with Phil Carkoski Construction & Trenching for the fencing, gates, backstops, dugouts, dugout canopies, and concrete within the dugouts within the Holdrege Ballfield Complex. The contract is in the amount of \$990,900 and work is estimated to be completed on or before December 31, 2024. The contractor requests payment upon completion of the project. As of September 30, 2024, no payments have been made.

REQUIRED SUPPLEMENTARY INFORMATION

City of Holdrege, Nebraska
Schedule of Receipts and Disbursements - Cash Basis - Actual Compared to Budget
Primary Governmental Funds
For the Year Ended September 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes:				
Property	\$ 1,965,340	\$ 1,965,340	\$ 1,853,971	\$ (111,369)
Sales	1,800,000	1,800,000	2,248,448	448,448
Motor vehicle	150,000	150,000	189,407	39,407
State	528,092	528,092	603,930	75,838
Operating revenues	1,144,050	1,144,050	1,249,870	105,820
Highway allocation	898,739	898,739	893,122	(5,617)
Franchise fees	1,048,800	1,048,800	1,027,584	(21,216)
Bond proceeds	-	-	765,000	765,000
Transfers in	3,206	3,206	-	(3,206)
Investment income	20,800	20,800	89,910	69,110
Miscellaneous	281,000	281,000	766,923	485,923
Total receipts	<u>\$ 7,840,027</u>	<u>\$ 7,840,027</u>	<u>\$ 9,688,165</u>	<u>\$ 1,848,138</u>
DISBURSEMENTS				
General government	\$ 645,900	\$ 645,900	\$ 551,565	\$ 94,335
Fire	223,615	223,615	218,252	5,363
Health & sanitation	42,100	42,100	17,609	24,491
Community development	783,000	783,000	819,843	(36,843)
Public buildings	315,400	315,400	220,361	95,039
Auditorium	102,750	102,750	40,455	62,295
Park	1,834,283	1,834,283	1,328,227	506,056
Pool	249,000	249,000	186,848	62,152
Library	394,153	394,153	394,153	-
Emergency communications	707,700	707,700	711,502	(3,802)
Police	1,201,400	1,201,400	1,264,119	(62,719)
Street	4,655,247	4,655,247	1,881,216	2,774,031
Keno	81,000	81,000	6,026	74,974
Special assessments	-	-	1,067,420	(1,067,420)
Community redevelopment authority	35,000	35,000	3,470	31,530
ARPA	620,000	620,000	-	620,000
Equipment maintenance/replacement	375,000	375,000	482,238	(107,238)
Total disbursements	<u>\$ 12,265,548</u>	<u>\$ 12,265,548</u>	<u>\$ 9,193,304</u>	<u>\$ 3,072,244</u>
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (4,425,521)</u>	<u>\$ (4,425,521)</u>	<u>\$ 494,861</u>	<u>\$ 4,920,382</u>
Fund balances - beginning - cash basis			3,711,469	
Fund balances - ending - cash basis			<u>\$ 4,206,330</u>	

See notes to required supplementary information.

CITY OF HOLDREGE, NEBRASKA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024

Note 1. Budgetary Accounting

Budget versus actual comparisons are presented in accordance with generally accepted accounting principles for the Governmental fund types.

The budget is prepared on the cash basis of accounting, whereas the Governmental fund types are prepared on the modified accrual basis of accounting. For comparison to budget, revenues and expenditures have been adjusted to cash basis, thereby increasing or decreasing the total revenues and expenditures, dependent upon the change in the current year accruals.

The City is required, in accordance with Nebraska Statutes, to submit a proposed budget with its secretary by September 30 for the upcoming year. The City then has a public hearing on the proposed budget. The City formally adopts the budget and files it with the Nebraska Auditor of Public Accounts. The City is required to stay within the budgeted amounts. The City can amend its budget by following specific procedures under Nebraska Statutes.

Note 2. Budgeted Disbursements and Transfers

The City's adopted 2023 – 2024 budget included budgeted expenditures for the Community Development fund in the amount of \$783,000; actual expenditures were \$819,843, an overspending of \$36,843. The budgeted expenditures for the Emergency Communications fund were \$707,700; actual expenditures were \$711,502, an overspending of \$3,802. The budgeted expenditures for the Police fund were \$1,201,400; actual expenditures were \$1,264,119, an overspending of \$62,719. The budgeted expenditures for the Special Assessments fund were \$0; actual expenditures were \$1,067,420, an overspending of \$1,067,420. The budgeted expenditures for the Equipment Maintenance / Replacement fund were \$375,000; actual expenditures were \$482,238, an overspending of \$107,238.

All of the funds are a component of the General Government and a separate budget for these funds have not been presented by the City. Overall, the City's total disbursements did not exceed total appropriations for the year.

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

The Honorable Mayor and City Council
City of Holdrege, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Holdrege as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Holdrege’s basic financial statements, and have issued our report thereon dated February 17, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Holdrege’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Holdrege’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Holdrege’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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

City of Holdrege’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Holdrege’s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City of Holdrege’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 City of Holdrege’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 City of Holdrege’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KSO CPA’s, P.C.



Kearney, Nebraska
February 17, 2025

CITY OF HOLDREGE, NEBRASKA
SCHEDULE OF FINDINGS AND RESPONSES
For the Years Ended September 30, 2024 and 2023

I. FINANCIAL STATEMENT FINDINGS

Finding 2024-001: Lack of Segregation of Duties in One or More Areas

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

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

Context: We reviewed the City's internal control environment and noted that the City's financial recording duties are concentrated with one individual.

Questioned Costs: None.

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

Cause: The entity has a limited number of personnel.

Repeat Finding: Immediately preceding year.

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

Views of Responsible Officials and Planned Corrective Actions: The entity's City Council continually evaluates the distribution of duties to employees and closely monitors all accounting functions.

II. FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2023

Finding 2023-001 for the year ended September 30, 2023: Lack of segregation of duties in one or more areas.

Views of Responsible Officials and Planned Corrective Actions: The entity's City Council continually evaluates the distribution of duties to employees and closely monitors all accounting functions.

Finding 2023-002 for the year ended September 30, 2023: Failure to make timely deposits.

Views of Responsible Officials and Planned Corrective Actions: The City will deposit the funds into the retirement plan immediately and put procedures in place to ensure that this error does not occur again.