

**CITY OF HICKMAN
HICKMAN, NEBRASKA**

**Audited Financial Statements
September 30, 2023
With Independent Auditor's Report**

CITY OF HICKMAN, NEBRASKA

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Lengemann & Associates, P.C.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Hickman, Nebraska

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hickman, Nebraska, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Hickman, Nebraska's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental activities	Unmodified
Business-type activities	Qualified
Each major fund	Unmodified
Aggregate remaining fund information	Unmodified

Qualified Opinion on the Business-type Activities

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the City of Hickman, Nebraska, as of September 30, 2023, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on the Governmental Activities, Each Major Fund and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hickman, Nebraska, as of September 30, 2023, 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 Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Hickman, Nebraska, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinion on the Business-type Activities

Management has not conducted an inventory count of its supply inventory in the business-type activities and, accordingly, has not considered the need to adjust its inventory amounts. Accounting principles generally accepted in the United States of America require that inventory be counted, which would impact its assets, and net position and change the expenses in the business-type activities. The amount by which this departure would affect the assets, net position, and expenses of the business-type activities has not been determined.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement 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 Hickman, Nebraska's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Hickman, Nebraska's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 26 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hickman, Nebraska's basic financial statements. The accompanying combining and individual other governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from the and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and certain additional procedures, including comparing and reconciling

such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual and other governmental funds financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2024, on our consideration of the City of Hickman, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Hickman, Nebraska's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Hickman, Nebraska's internal control over financial reporting and compliance.

Lengemann & Associates, P.C.

Lengemann & Associates, P.C.
Papillion, Nebraska
July 31, 2024

CITY OF HICKMAN, NEBRASKA

STATEMENT OF NET POSITION

September 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash	\$ 244,143	\$ -	\$ 244,143
Cash on deposit, County Treasurer	20,245	-	20,245
Accounts receivable	12,373	441,216	453,589
Taxes receivable	124,740	-	124,740
Inventory	-	180,875	180,875
Prepaid expenses	63,483	63,484	126,967
Restricted cash	2,072,075	5,888,938	7,961,013
Capital assets, net	<u>9,185,021</u>	<u>8,023,755</u>	<u>17,208,776</u>
Total assets	<u>11,722,080</u>	<u>14,598,268</u>	<u>26,320,348</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refunding	<u>-</u>	<u>183,653</u>	<u>183,653</u>
Total assets and deferred outflows of resources	<u>\$11,722,080</u>	<u>\$14,781,921</u>	<u>\$26,504,001</u>
LIABILITIES:			
Accounts payable	\$ 62,806	\$ 24,501	\$ 87,307
Sales tax payable	-	17,532	17,532
Accrued wages	12,481	4,516	16,997
Deposits payable	16,150	88,160	104,310
Accrued absences	52,078	29,752	81,830
Accrued interest payable	2,695	37,597	40,292
Non-current liabilities			
Due within one year	115,000	605,000	720,000
Due in more than one year	<u>2,965,000</u>	<u>9,378,016</u>	<u>12,343,016</u>
Total liabilities	<u>3,226,210</u>	<u>10,185,074</u>	<u>13,411,284</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred gain on refunding	<u>77,195</u>	<u>-</u>	<u>77,195</u>
Total liabilities and deferred inflows of resources	<u>3,303,405</u>	<u>10,185,074</u>	<u>13,488,479</u>
NET POSITION:			
Net investment in capital assets and related obligations	6,027,826	2,224,392	8,252,218
Restricted	2,072,075	1,888,938	3,961,013
Unrestricted	<u>318,774</u>	<u>483,517</u>	<u>802,291</u>
Total net position	<u>8,418,675</u>	<u>4,596,847</u>	<u>13,015,522</u>
Total liabilities, deferred inflows of resources and net position	<u>\$11,722,080</u>	<u>\$14,781,921</u>	<u>\$26,504,001</u>

See accompanying notes to the financial statements.

CITY OF HICKMAN, NEBRASKA

STATEMENT OF ACTIVITIES

Year ended September 30, 2023

Functions/Programs	Program Receipts			Net (Expenses) Revenues and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities (Note 1)	Business-type Activities (Note 1)	Total
Government activities	Expenses					
General government	\$ (1,251,039)	\$ 13,095	\$ -	\$ (1,076,795)	\$ -	\$ (1,076,795)
Public safety	(145,127)	-	-	(145,127)	-	(145,127)
Streets and highways	(661,473)	-	-	(650,033)	-	(650,033)
Culture and recreation	(365,621)	1,488	-	(280,391)	-	(280,391)
Total governmental activities	(2,423,260)	14,583	-	(2,152,346)	-	(2,152,346)
Business-type activities						
Water system	(464,380)	-	-	-	321,330	321,330
Electric system	(1,763,668)	-	-	-	(4,043)	(4,043)
Sewer system	(544,501)	-	-	-	295,832	295,832
Total business-type activities	(2,772,549)	-	-	-	613,119	613,119
Total activities	\$ (5,195,809)	\$ 14,583	\$ -	(2,152,346)	613,119	(1,539,227)
General receipts						
Property taxes				1,438,537	-	1,438,537
Homestead exemption				39,688	-	39,688
Motor vehicle taxes				95,281	-	95,281
Motor vehicle prorated				9,395	-	9,395
Property tax credit				112,437	-	112,437
Street allocation				329,068	-	329,068
Highway incentive				4,000	-	4,000
Motor vehicle fees				22,380	-	22,380
City sales tax				639,453	-	639,453
Franchise fee				445	-	445
Interest income				23,959	32,130	56,089
Miscellaneous				18,793	-	18,793
Interfund transfers in (out)				(67,213)	67,213	-
Total general receipts and transfers				2,666,223	99,343	2,765,566
Change in net position				513,877	712,462	1,226,339
Net position						
Beginning net position				7,904,798	3,884,385	11,789,183
Ending net position				\$ 8,418,675	\$ 4,596,847	\$13,015,522

See accompanying notes to the financial statements.

CITY OF HICKMAN, NEBRASKA

BALANCE SHEET – GOVERNMENTAL FUNDS

September 30, 2023

	General Fund	Street Fund	Debt Service Fund	Sales Tax Fund	Park Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 160,318	\$ 30,911	\$ -	\$ -	\$ 52,914	\$ -	\$ 244,143
Cash on deposit – County Treasurer	16,938	-	3,307	-	-	-	20,245
Accounts receivable	12,373	-	-	-	-	-	12,373
Taxes receivable	11,946	-	-	112,794	-	-	124,740
Special assessment	-	-	-	-	-	-	-
Restricted cash	631	-	-	1,970,416	-	101,028	2,072,075
Prepaid expenses	21,161	21,161	-	-	21,161	-	63,483
Total assets	<u>\$ 223,367</u>	<u>\$ 52,072</u>	<u>\$ 3,307</u>	<u>\$ 2,083,210</u>	<u>\$ 74,075</u>	<u>\$ 101,028</u>	<u>\$ 2,537,059</u>
LIABILITIES							
Accounts payable	\$ 31,173	\$ 28,763	\$ -	\$ -	\$ 2,870	\$ -	\$ 62,806
Deposits payable	16,150	-	-	-	-	-	16,150
Accrued wages	9,755	1,267	-	-	1,459	-	12,481
Total liabilities	<u>57,078</u>	<u>30,030</u>	<u>-</u>	<u>-</u>	<u>4,329</u>	<u>-</u>	<u>91,437</u>
FUND BALANCES							
Nonspendable	21,161	21,161	-	-	21,161	-	63,483
Restricted	631	-	-	1,970,416	-	101,028	2,072,075
Assigned	-	-	3,307	-	52,914	-	56,221
Unassigned	144,497	881	-	112,794	(4,329)	-	253,843
Total fund balances	<u>166,289</u>	<u>22,042</u>	<u>3,307</u>	<u>2,083,210</u>	<u>69,746</u>	<u>101,028</u>	<u>2,445,622</u>
Total liabilities and fund balances	<u>\$ 223,367</u>	<u>\$ 52,072</u>	<u>\$ 3,307</u>	<u>\$ 2,083,210</u>	<u>\$ 74,075</u>	<u>\$ 101,028</u>	<u>\$ 2,537,059</u>

See accompanying notes to the financial statements.

CITY OF HICKMAN, NEBRASKA
RECONCILIATION OF BALANCE SHEET –
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION

September 30, 2023

Total fund balances – governmental funds	\$ 2,445,622
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net used in governmental activities are not financial resources and, therefore, not reported in governmental funds	9,185,021
Accrued absences and interest do not require the use of current financial resources and, therefore, not reported as expenditures in governmental funds	(54,773)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds:	
General obligations	(3,080,000)
Deferred gain on refunding	<u>(77,195)</u>
Net position of governmental activities	<u>\$ 8,418,675</u>

See accompanying notes to the financial statements.

CITY OF HICKMAN, NEBRASKA

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

Year ended September 30, 2023

	General Fund	Street Fund	Debt Service Fund	Sales Tax Fund	Park Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Property taxes	\$ 1,076,061	\$ -	\$ 362,476	\$ -	\$ -	\$ -	\$ 1,438,537
Homestead exemption	28,504	-	11,184	-	-	-	39,688
Motor vehicle taxes	95,281	-	-	-	-	-	95,281
Motor vehicle prorate	8,457	-	938	-	-	-	9,395
Property tax credit	94,626	-	17,811	-	-	-	112,437
Street allocation	-	342,555	-	-	-	-	342,555
Incentive payment	-	4,000	-	-	-	-	4,000
Motor vehicle fee	-	22,380	-	-	-	-	22,380
City sales tax	-	132,279	-	507,174	-	-	639,453
Permits and licenses	7,991	-	-	-	-	-	7,991
Building permit fee	88,453	11,440	-	-	20,020	-	119,913
Franchise fees	445	-	-	-	-	-	445
Interest income	12,834	5,462	-	5,507	-	156	23,959
Miscellaneous	5,746	2,078	-	-	10,969	-	18,793
Rental income	15,970	-	-	-	175	-	16,145
Keno income	-	-	-	-	-	48,610	48,610
Park program fees	125	-	-	-	63,547	-	63,672
Grants and contributions	13,095	-	-	-	500	988	14,583
Total revenues	<u>1,447,588</u>	<u>520,194</u>	<u>392,409</u>	<u>512,681</u>	<u>95,211</u>	<u>49,754</u>	<u>3,017,837</u>
Expenditures							
General government	1,004,723	-	-	-	-	8,820	1,013,543
Public safety	-	-	-	-	-	145,127	145,127
Streets and highways	-	252,659	-	-	-	-	252,659
Culture and recreation	-	-	-	-	139,554	653	140,207
Debt service	185,269	-	3,607	-	-	-	188,876
Capital outlay	30,751	1,737,879	-	-	73,071	-	1,841,701
Sales tax	-	-	-	15,110	-	-	15,110
Total expenditures	<u>1,220,743</u>	<u>1,990,538</u>	<u>3,607</u>	<u>15,110</u>	<u>212,625</u>	<u>154,600</u>	<u>3,597,223</u>

(Continued)

See accompanying notes to the financial statements.

CITY OF HICKMAN, NEBRASKA

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

Year ended September 30, 2023

	General Fund	Street Fund	Debt Service Fund	Sales Tax Fund	Park Fund	Other Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over (under) expenditures	<u>226,845</u>	<u>(1,470,344)</u>	<u>388,802</u>	<u>497,571</u>	<u>(117,414)</u>	<u>(104,846)</u>	<u>(579,386)</u>
Other financing sources (uses)							
Interfund transfers in	1,772,158	1,039,736	-	930,939	97,954	145,354	3,986,141
Interfund transfers out	<u>(3,212,019)</u>	<u>(22,844)</u>	<u>(389,773)</u>	<u>(385,535)</u>	<u>-</u>	<u>(43,183)</u>	<u>(4,053,354)</u>
Total other financing sources (uses)	<u>(1,439,861)</u>	<u>1,016,892</u>	<u>(389,773)</u>	<u>545,404</u>	<u>97,954</u>	<u>102,171</u>	<u>(67,213)</u>
Net change in fund balances	(1,213,016)	(453,452)	(971)	1,042,975	(19,460)	(2,675)	(646,599)
Beginning fund balances	<u>1,379,305</u>	<u>475,494</u>	<u>4,278</u>	<u>1,040,235</u>	<u>89,206</u>	<u>103,703</u>	<u>3,092,221</u>
Ending fund balances	<u>\$ 166,289</u>	<u>\$ 22,042</u>	<u>\$ 3,307</u>	<u>\$ 2,083,210</u>	<u>\$ 69,746</u>	<u>\$ 101,028</u>	<u>\$ 2,445,622</u>

(Concluded)

CITY OF HICKMAN, NEBRASKA

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES

Year ended September 30, 2023

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

Net change in fund balances	\$ (646,599)
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Governmental funds report capital outlays as expenditures while governmental
activities report depreciation expense to allocate those expenditures over the
estimated useful lives of the assets:

Capital asset purchases capitalized	1,636,733
Depreciation expense	(585,136)

Special assessment revenue provided current financial resources to the
governmental funds, however it has no effect on net assets:

Special assessments received during the year	(28,341)
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Accrued compensated absences and accrued interest do not require the use of
current financial resources and therefore are not reported as expenditures in
the governmental funds:

Accrued absences decreased by this amount during the year	(4,115)
Accrued interest increased by this amount during the year	31,335

The issuance of long-term obligations (e.g. bonds, leases) provides current financial
resources to government funds, while the repayment of the principal of
long-term obligations consumes the current financial resources of the governmental
funds, however, it has no effect on net assets.

Obligations repaid during the year	<u>110,000</u>
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Change in net position of governmental activities	<u>\$ 513,877</u>
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See accompanying notes to the financial statements.

CITY OF HICKMAN, NEBRASKA

STATEMENT OF FUND NET POSITION – BUSINESS-TYPE ACTIVITIES

September 30, 2023

	Water	Electric	Sewer	Total
ASSETS				
Current assets				
Accounts receivable, net of allowance for uncollectible revenues \$2,000, \$9,000, and \$2,600 respectively	\$ 103,367	\$ 240,414	\$ 97,435	\$ 441,216
Inventory	23,473	157,402	-	180,875
Prepaid expense	21,161	21,162	21,161	63,484
Total current assets	<u>148,001</u>	<u>418,978</u>	<u>118,596</u>	<u>685,575</u>
Noncurrent assets				
Restricted cash	1,348,792	367,361	4,172,785	5,888,938
Capital assets, net	<u>2,632,046</u>	<u>1,760,197</u>	<u>3,631,512</u>	<u>8,023,755</u>
Total noncurrent assets	<u>3,980,838</u>	<u>2,127,558</u>	<u>7,804,297</u>	<u>13,912,693</u>
Total assets	4,128,839	2,546,536	7,922,893	14,598,268
DEFERRED OUTFLOWS OF RESOURCES				
Deferred refunding	<u>56,605</u>	<u>15,668</u>	<u>111,380</u>	<u>183,653</u>
Total assets and deferred outflows of resources	<u>\$ 4,185,444</u>	<u>\$ 2,562,204</u>	<u>\$ 8,034,273</u>	<u>\$14,781,921</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 2,101	\$ 5,023	\$ 17,377	\$ 24,501
Sales tax payable	441	12,166	4,925	17,532
Accrued wages	1,317	1,488	1,711	4,516
Accrued absences	361	13,127	16,264	29,752
Accrued interest payable	1,843	11,237	24,517	37,597
Meter deposits	-	88,160	-	88,160
Current maturities on long-term obligations	<u>195,000</u>	<u>140,600</u>	<u>269,400</u>	<u>605,000</u>
Total current liabilities	201,063	271,801	334,194	807,058
Noncurrent liabilities				
Long-term obligations, net of current maturities	<u>2,475,000</u>	<u>1,010,050</u>	<u>5,892,966</u>	<u>9,378,016</u>
Total liabilities	<u>2,676,063</u>	<u>1,281,851</u>	<u>6,227,160</u>	<u>10,185,074</u>
NET POSITION				
Net investment in capital assets and related obligations	213,651	765,815	1,849,926	2,829,392
Restricted	1,348,792	367,361	172,785	1,888,938
Unrestricted	<u>(53,062)</u>	<u>147,177</u>	<u>(215,598)</u>	<u>(121,483)</u>
Total net position	<u>1,509,381</u>	<u>1,280,353</u>	<u>1,807,113</u>	<u>4,596,847</u>
Total liabilities and net position	<u>\$ 4,185,444</u>	<u>\$ 2,562,204</u>	<u>\$ 8,034,273</u>	<u>\$14,781,921</u>

See accompanying notes to the financial statements.

CITY OF HICKMAN, NEBRASKA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
BUSINESS-TYPE ACTIVITIES

Year ended September 30, 2023

	Water	Electric	Sewer	Total
Operating revenues				
User fees	\$ 734,470	\$ 1,721,757	\$ 801,774	\$ 3,258,001
Building and development fees	44,430	17,410	28,750	90,590
Service charge and penalty income	6,758	18,621	9,809	35,188
Miscellaneous	<u>52</u>	<u>1,837</u>	<u>-</u>	<u>1,889</u>
Total revenues	<u>785,710</u>	<u>1,759,625</u>	<u>840,333</u>	<u>3,385,668</u>
Operating expenses				
Salaries	90,852	72,287	105,208	268,347
Retirement	6,640	4,390	6,469	17,499
Payroll taxes	8,019	5,367	7,754	21,140
Employee benefits	8,848	8,848	8,848	26,544
Schooling	1,743	90	1,748	3,581
Telephone	2,088	519	1,391	3,998
Insurance	15,406	15,406	15,406	46,218
Electricity purchased	-	1,333,941	-	1,333,941
Public utilities	32,849	3,848	33,209	69,906
Repairs and maintenance	17,025	8,001	16,653	41,679
Testing	3,521	-	3,464	6,985
Miscellaneous	1,249	1,768	719	3,736
Professional services	1,122	877	5,051	7,050
Operating supplies	108,754	40,041	3,415	152,210
Equipment	19,320	120,704	45,426	185,450
Computer and software	110	110	110	330
Uniforms and clothing	990	972	1,068	3,030
Dues and subscriptions	2,522	2,127	1,912	6,561
Printing and postage	3,318	3,279	2,849	9,446
Bad debts	2,103	2,423	880	5,406
Depreciation and amortization	<u>124,786</u>	<u>114,348</u>	<u>226,598</u>	<u>465,732</u>
Total operating expenses	<u>451,265</u>	<u>1,739,346</u>	<u>488,178</u>	<u>2,678,789</u>
Operating income	<u>334,445</u>	<u>20,279</u>	<u>352,155</u>	<u>706,879</u>
Non-operating revenues (expenses)				
Interest income	12,078	1,125	18,927	32,130
Interest expense	(13,115)	(24,322)	(56,323)	(93,760)
Interfund transfer in	-	776,775	274,250	1,051,025
Interfund transfer out	<u>(154,144)</u>	<u>(716,397)</u>	<u>(113,271)</u>	<u>(983,812)</u>
Total non-operating revenues (expenses)	<u>(155,181)</u>	<u>37,181</u>	<u>123,583</u>	<u>5,583</u>
Change in net position	179,264	57,460	475,738	712,462
Beginning net position	<u>1,330,117</u>	<u>1,222,893</u>	<u>1,331,375</u>	<u>3,884,385</u>
Ending net position	<u>\$ 1,509,381</u>	<u>\$ 1,280,353</u>	<u>\$ 1,807,113</u>	<u>\$ 4,596,847</u>

See accompanying notes to the financial statements.

CITY OF HICKMAN, NEBRASKA

STATEMENT OF CASH FLOWS – BUSINESS-TYPE ACTIVITIES

Year ended September 30, 2023

	Water	Electric	Sewer	Total
Cash flows from operating activities				
Cash received from customers	\$ 802,729	\$ 1,779,199	\$ 852,290	\$ 3,434,218
Cash payments to supplies	(218,283)	(1,540,269)	(139,462)	(1,898,014)
Cash payments to employees	(122,234)	(83,899)	(115,531)	(321,664)
Net cash provided by operating activities	<u>462,212</u>	<u>155,031</u>	<u>597,297</u>	<u>1,214,540</u>
Cash flows from noncapital financing activities				
Transfers to other funds	-	776,775	274,250	1,051,025
Transfers from other funds	(154,144)	(716,397)	(113,271)	(983,812)
Net cash provided by (used for) noncapital financing activities	<u>(154,144)</u>	<u>60,378</u>	<u>160,979</u>	<u>67,213</u>
Cash flows used for capital and related financing activities				
Acquisition of property and equipment	(325,057)	(68,087)	(410,500)	(803,644)
Proceeds from issuance of obligations	1,545,000	-	4,000,000	5,545,000
Principal paid on obligation maturities	(140,000)	(123,750)	(326,916)	(590,666)
Cost of obligation issuance	(39,060)	1,223	(25,885)	(63,722)
Interest paid on obligations	(12,237)	(24,795)	(38,655)	(75,687)
Net cash used for capital and related financing sources	<u>1,028,646</u>	<u>(215,409)</u>	<u>3,198,044</u>	<u>4,011,281</u>
Cash flows from investing activities				
Interest income	<u>12,078</u>	<u>1,125</u>	<u>18,927</u>	<u>32,130</u>
Net increase (decrease) in cash and cash equivalents	<u>1,348,792</u>	<u>1,125</u>	<u>3,975,247</u>	<u>5,325,164</u>
Cash and cash equivalents – restricted, beginning	-	366,236	197,538	563,774
Cash and cash equivalents – restricted, end	<u>\$ 1,348,792</u>	<u>\$ 367,361</u>	<u>\$ 4,172,785</u>	<u>\$ 5,888,938</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 334,445	\$ 20,279	\$ 352,155	\$ 706,879
Depreciation	124,786	114,348	226,598	465,732
(Increase) decrease in assets				
Accounts receivable	16,578	(4,992)	7,032	18,618
Inventory	(1)	-	-	(1)
Prepaid expenses	(6,162)	(6,163)	(6,162)	(18,487)
Increase (decrease) in liabilities				
Accounts payable	-	-	1	1
Sales tax payable	441	12,166	4,925	17,532
Accrued wages	(2,245)	(1,354)	(238)	(3,837)
Accrued absences	(5,630)	8,347	12,986	15,703
Meter deposits	-	12,400	-	12,400
Net cash provided by operating activities	<u>\$ 462,212</u>	<u>\$ 155,031</u>	<u>\$ 597,297</u>	<u>\$ 1,214,540</u>

See accompanying notes to the financial statements.

CITY OF HICKMAN, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity. The accompanying financial statements present the government of the City of Hickman, Nebraska (City).

The City is a local government governed by an elected mayor and six-member board. The City provides the following services as authorized by its charter: public safety, streets, electricity, water, sanitation, culture and recreation, public improvements, planning and zoning, and general administrative services.

Basis of Presentation. The government-wide financial statements, which include the statement of net position and the statement of activities, report financial information for the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are generally supported by property taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely on fees and charges to external customers.

The fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues and expenditures/expenses. Separate financial statements are provided for governmental funds and business-type activities. The City presently has no fiduciary funds. Major individual governmental funds and major individual business-type activities are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund: The General Fund is the primary operating fund of the City and is always classified as a major fund. All financial resources except those required to be accounted for in another fund, are accounted for in the general fund.

Street Fund: The Street Fund (special revenue fund) is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for this purpose.

Debt Service Fund: The Debt-Service Fund accounts for the City's portion of revenues and expenses for debt service.

Sales Tax Fund: The Sales Tax Fund accounts for the receipts and disbursements the sales tax for the construction of public infrastructure.

Park Fund: The Park Fund is used to account for the activities related to the upkeep of the City's parks.

Business-type activities are used to account for the activities related to the upkeep of the electric, water, and sewer operations.

Water Fund: The Water Fund accounts for the activities of the City's water distribution operations.

Electric Fund: The Electric Fund accounts for the activities of the City's electric distribution operations.

Sewer Fund: The Sewer Fund accounts for the activities of the City's sanitary sewer operations.

CITY OF HICKMAN, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFANT ACCOUTNING POLICIES (CONTINUED)

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

Measurement Focus. In the government-wide statement of net position and statement of activities, both governmental and business-type activities are reported using the economic resources measurement focus.

In the fund financial statements, the governmental funds utilize the current financial resources measurement focus. Under this method, the balance sheet generally includes only current financial assets and liabilities. The statement of revenues, expenditures, and changes in fund balances, presents sources and uses of available spendable financial resources during the given period. These funds use fund balance as a measure of available spendable financial resources at the end of the given period.

In the fund financial statements, the business-type activities utilize the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Business-type activity equity is classified as net position.

Basis of Accounting. In the governmental activities in the government-wide statement of net position and statement of activities, the activities are reported on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. In the governmental fund financial statements, activities are presented using the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, including interest on long-term obligations, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

In the business-type activities in the government-wide statement of net position and business-type activity fund financial statements, activities are presented using accrual basis of accounting.

Cash and Cash Equivalents. For purpose of the statements of cash flows, the City considers all unrestricted highly liquid investments with a maturity of three months or less to be cash equivalents.

Accounts Receivable. Accounts receivable are reported at the amount management expects to collect from outstanding balance at year-end. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Trade receivables due from customers are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. Trade receivables are stated at the amount billed to the customer. Payments of trade receivables are allocated to the specific invoices identified on the customer’s remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

CITY OF HICKMAN, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFANT ACCOUTNING POLICIES (CONTINUED)

Inventory. Inventory is recorded at the lower of cost or net realizable value on a first-in/first-out basis, and consists of mainly water and electrical meters and electrical transformers.

Capital Assets. The City reports capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and reports depreciation where appropriate. The accounting treatment of property, plant, and equipment (capital assets) depends on whether the assets are used in governmental or business-type activities operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide and business-type activity fund financial statements, capital assets are reported in the applicable governmental or business-type activities columns as assets in the statement of net position. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided for over the assets' estimated useful lives using the straight-line method of depreciation. Capital assets are defined by the City as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of one year. The range of estimated useful lives by type of asset is as follows:

Equipment	5-10 years
Utility distribution and collection systems	20-50 years
Infrastructure	20-50 years
Buildings and improvements	15-40 years

In the governmental fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are included in capital outlay expenditures of the governmental fund upon acquisition.

Accrued Absences. City employees generally earn paid time off at specified rates. An employee who separates from the City will be compensated for accumulated paid time off in a lump sum. Accrued absences are accounted for in the government-wide and business-type activity fund financial statements. Accrued absences are not accrued and recognized in the governmental funds.

Long-Term Obligations and Deferred Charges. In the government-wide and business-type activity fund financial statements, all long-term obligations and other long-term obligations arising from cash basis transactions to be repaid from governmental and business-type resources are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

CITY OF HICKMAN, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFANT ACCOUTNING POLICIES (CONTINUED)

Equity. In the government-wide and business-type activity fund financial statements equity is classified as net position and displayed in three components:

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

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

Unrestricted net position. Consists of all other assets that do not meet the definition of “net investment in capital assets” or “restricted.”

In the governmental fund financial statements equity is classified as fund balance. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

Nonspendable. Amounts that are not in a spendable form or are required to be maintained intact.

Restricted. Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed. Amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

Assigned. Amounts the City intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned. Amounts that are available for any purpose.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment further indicated in the budget document as a designation or commitment of the City. Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fund assets or construction or for other purposes).

When fund balance resources are available for a specific purpose in more than on classification, it is the City’s policy to use the most restrictive funds first in the following order: restricted, committed, assigned and unassigned as they are needed.

NOTE 1 – SUMMARY OF SIGNIFIFANT ACCOUTNING POLICIES (CONTINUED)**Revenue, Expenditures and Expenses.**

Program Revenues. In the statement of activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

General Government	Community building rental, fees and permits
Culture and Recreation	Park program fees
Keno	Keno operations

All other governmental revenues are reported as general receipts. All taxes are classified as general revenue even if restricted for a specific purpose.

Operating Revenue and Expense. Operating revenues and expenses for business-type activities result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Internal Activities. In the process of aggregating the financial information for the government-wide financial statements some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified. Interfund transfers represent flow of assets from one fund to another where repayment is not expected.

Government and Other Grants. The City is the recipient of federal, state, and local grants. Grants are recorded as revenue when the related approved expenditures are made. Unearned grant revenue represents advances of grant funds received prior to the incurrence of related costs by the City.

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Uninsured and Uncollateralized Deposits. State Statutes authorize the City to invest in certificates of deposit and time deposits in any state or national bank in the State of Nebraska. Additionally, State Statutes require banks either to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the extent that deposits exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC). As of September 30, 2023, insured deposits and pledged securities exceeded the bank account balances.

Budgets and Budgetary Accounting. As prescribed by State Statutes, the City adopts an annual budget for all fund types. The annual budget is prepared in accordance with the cash basis of accounting. All annual appropriations lapse at year end.

CITY OF HICKMAN, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Property Taxes. Property tax levies are set by the local governing board and filed with the County Clerk on or before September 20. Real and personal property taxes are due and become an enforceable lien on property on December 31. The first half of real estate and personal property taxes become delinquent on April 1, and the second half become delinquent on August 1 following the levy date.

NOTE 3 – RESTRICTED CASH

Cash is restricted for the following purposes as of September 30, 2023 is as follows:

Type	Fund	Purpose	Amount
Taxes assessed	General	Debt on TIF debt service	\$ 631
Sales taxes	Sales Tax	Public infrastructure	1,970,416
Keno proceeds	Keno	Community betterment	96,881
Donations	Reading Center	Library purposes	4,147
Utility revenue	Water	Repair and replacement	1,348,792
Utility revenue	Electric	Repair and replacement	367,361
Utility revenue	Sewer	Repair and replacement	4,172,785

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the City for the year ended September 30, 2023 is as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u>
GOVERNMENTAL ACTIVITIES				
Governmental capital assets				
Land	\$ 427,715	\$ -	\$ -	\$ 427,715
Work in process	-	22,900	-	22,900
Building	4,299,180	-	-	4,299,180
Equipment	933,095	41,472	-	974,567
Infrastructure	5,227,096	1,572,361	-	6,799,457
Total governmental capital assets	10,887,086	1,636,733	-	12,523,819
Total accumulated depreciation	(2,753,662)	(585,136)	-	(3,338,798)
Total governmental capital assets, net	<u>\$ 8,133,424</u>	<u>\$ 1,051,597</u>	<u>\$ -</u>	<u>\$ 9,185,021</u>
BUSINESS-TYPE ACTIVITIES				
Business-type capital assets				
Land	\$ 74,200	\$ 33,097	\$ -	\$ 107,297
Work in process	-	603,654	-	603,654
Building	70,744	-	-	70,744
Equipment	736,249	85,182	-	821,431
Infrastructure	12,229,263	67,719	-	12,296,982
Total business-type capital assets	13,110,456	789,652	-	13,900,108
Total accumulated depreciation	(5,424,613)	(451,740)	-	(5,876,353)
Total business-type capital assets, net	<u>\$ 7,685,843</u>	<u>\$ 337,912</u>	<u>\$ -</u>	<u>\$ 8,023,755</u>

The financial statements include depreciation expense of \$135,304, \$263,320, \$186,512, \$124,786, \$114,348, and \$212,606 for the general, street, park, water, electric, and sewer funds respectively, for the year ended September 30, 2023.

CITY OF HICKMAN, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – LONG-TERM OBLIGATIONS

Long-term obligations as of September 30, 2023 consist of:

Governmental Activities

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Due in One Year</u>
General obligation bonds					
(a) Refunding Certificates of Participation Series 2021	<u>\$3,190,000</u>	<u>\$ -</u>	<u>\$ (110,000)</u>	<u>\$3,080,000</u>	<u>\$ 115,000</u>

- (a) On April 12, 2021, the City issued \$3,315,000 of Refunding Certificates of Participation Series 2021, to redeem the Promissory Note, USDA. Under the terms of the agreement, the City entered into a lease-purchase agreement with the trustee. Payments towards the lease represent payment of principal and interest for the certificates. The certificates require annual principal payments each March 15, beginning March 15, 2022. Semi-annual interest payments are due each March 15 and September 15. Interest varies from .3% to 3%. Final payment of the certificates is due March 15, 2046. The certificates were allocated solely to the General Fund and are secured by a building.

Business-Type Activities

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Due in One Year</u>
General obligation bonds					
(a) Series 2021 G.O. Refunding Bonds	\$1,325,000	\$ -	\$ (230,000)	\$1,095,000	\$ 225,000
(b) Series 2018 Combined Revenue Bonds	1,040,000	-	(45,000)	995,000	50,000
(c) Series 2018 Combined Revenue and Refunding Bonds	940,000	-	(135,000)	805,000	135,000
(d) Series 2021 Refunding Bonds	1,265,000	-	(140,000)	1,125,000	140,000
(e) Series 2023 Water Bonds	-	1,545,000	-	1,545,000	55,000
(f) Series 2023 BANs Sewer Bonds	-	4,000,000	-	4,000,000	-
	<u>4,570,000</u>	<u>5,545,000</u>	<u>(550,000)</u>	<u>9,565,000</u>	<u>605,000</u>
Notes from direct borrowings					
(g) Promissory Note, NDEQ	458,680	-	(40,664)	418,216	40,868
	<u>458,680</u>	<u>-</u>	<u>(40,664)</u>	<u>418,016</u>	<u>40,868</u>
	<u>\$5,028,680</u>	<u>\$5,545,000</u>	<u>\$ (590,664)</u>	<u>\$9,983,016</u>	<u>\$ 645,868</u>

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

The City's outstanding notes from direct borrowings related to business-type activities are secured by the revenue generated by the City's utilities. The outstanding notes from direct borrowings related to business-type activities contain a provision that if the City is unable to make payment, outstanding amounts are due immediately.

- (a) On November 30, 2021, the City issued \$1,325,000 of G.O. Refunding Bonds, Series 2021, to redeem the General Obligation Refunding Bonds, Series 2017. The bonds require annual principal payments each December 15, beginning December 15, 2022. Semi-annual interest payments are due each June 15 and December 15. Interest varies from .35% to 1.05%. Final payment of the bonds is due December 15, 2007.
- (b) On May 29, 2018, the City issued \$1,220,000 of Combined Utilities Revenue Bonds, Series 2018. The bonds require annual principal payments each May 15, beginning May 15, 2019. Semi-annual interest payments are due each November 15 and May 15. Interest varies from 1.95% to 3.85%. Final payment of the bonds is due May 15, 2038. The bonds are payable solely from revenue and earnings derived from sewer and electric usage fees.
- (c) On March 16, 2018, the City issued \$1,585,000 of Combined Utilities Revenue and Refunding Bonds, Series 2018, to redeem the Electric and Sewer Revenue Refunding Bonds, Series 2012. The bonds require annual principal payments each August 15, beginning August 15, 2018. Semiannual interest payments are due each February 15 and August 15. Interest varies from 1.5% to 3.1%. Final payment of the bonds is due August 15, 2028.
- (d) On June 22, 2021, the City issued \$1,400,000 of G.O. Water Bonds, Series 2021, to redeem the G.O. Water Bonds, Series 2016. The bonds require annual principal payments each December 15, beginning December 15, 2021. Semi-annual interest payments are due each June 15 and December 15. Interest varies from .25% to 1.25%. Final payment of the bonds is due December 15, 2030. The refinancing of the bond resulted in a cash savings of \$75,035 and an economic gain of \$86,339.
- (e) On April 27, 2023, the City issued \$1,545,000 of G.O. Water Bonds, Series 2023. The bonds require annual principal payments each April 15, beginning April 15, 2024. Semi-annual interest payments are due each April 15 and October 15. Interest varies from 3.50% to 4.50%. Final payment of the bonds is due April 15, 2042.
- (f) On August 30, 2023, the City issued \$4,000,000 of Bond Anticipation Notes, Sewer BANs Series 2023. Semi-annual interest payments are due February 15 and August 15. Interest is 4.00%. Final payment of the bonds is due February 15, 2025.
- (g) Promissory note with the Nebraska Department of Environmental Quality, dated September 11, 2013, issued to finance the construction of a U.V. treatment facility. Original amount, \$747,719 with semiannual principal and interest payments each June 15 and December 15, beginning December 15, 2014. Final payment on the note is due June 15, 2033. The loan's stated interest rate and administrative fee was reduced in the current year to 0.5% each.

CITY OF HICKMAN, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

Annual requirements to pay principal and interest to maturity on long-term obligations for the years following September 30, 2023, are as follows:

Year Ended September 30,	Governmental Activities		
	Bonds		
	Principal	Interest	Total
2024	\$ 115,000	\$ 64,390	\$ 179,390
2025	115,000	63,729	178,729
2026	115,000	62,924	177,924
2027	115,000	61,975	176,975
2028	115,000	60,854	175,854
2029-2033	600,000	281,680	881,680
2034-2038	655,000	227,392	882,392
2039-2043	750,000	132,087	882,087
2044-2048	500,000	22,650	552,650
	<u>\$3,080,000</u>	<u>\$ 977,681</u>	<u>\$4,057,681</u>

Year Ended September 30,	Bonds			Notes from Direct Borrowings and Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 605,000	\$ 309,752	\$ 914,752	\$ 40,868	\$ 4,078	\$ 44,946
2025	4,615,000	229,918	4,844,918	41,073	3,669	44,742
2026	665,000	126,584	791,584	41,279	3,258	44,537
2027	635,000	116,509	751,509	41,485	2,844	44,329
2028	645,000	105,095	750,095	41,693	2,221	43,914
2029-2033	1,090,000	377,774	1,467,774	211,618	6,944	218,562
2034-2038	880,000	226,880	1,106,880	-	-	-
2039-2043	430,000	56,446	486,446	-	-	-
	<u>\$9,565,000</u>	<u>\$1,548,958</u>	<u>\$11,113,958</u>	<u>\$ 418,016</u>	<u>\$ 23,014</u>	<u>\$ 441,030</u>

The financial statements include interest expense of \$34,312, \$13,115, \$24,322, and \$51,838 for the year ended September 30, 2023 for the general, water, electric, and sewer funds, respectively.

CITY OF HICKMAN, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – FUND BALANCES/NET POSITION

Fund Balance/Net Position is unspendable, restricted, or assigned in the governmental funds and business-type funds for the following purposes as of September 30, 2023 as follows:

Type	Fund	Purpose	Amount
Unspendable	General	Insurance	\$ 21,161
Unspendable	Street	Insurance	21,161
Unspendable	Park	Insurance	21,161
Restricted	General	Debt on TIF debt service	631
Restricted	Sales Tax	Public infrastructure	1,970,416
Restricted	Keno	Community betterment	96,881
Restricted	Reading Center	Library purposes	4,147
Restricted	Water	Repair and replacement	1,348,792
Restricted	Electric	Repair and replacement	367,361
Restricted	Sewer	Repair and replacement	172,785
Assigned	Debt Service	General obligation debt	3,307
Assigned	Park	Park maintenance	52,914

The Government-wide Net Position is restricted for the following purposes as of September 30, 2023 as follows:

Type	Fund	Purpose	Amount
Restricted	General	Debt on TIF debt service	\$ 631
Restricted	Sales Tax	Public infrastructure	1,970,416
Restricted	Keno	Community betterment	96,881
Restricted	Reading Center	Library purposes	4,147
Restricted	Water	Repair and replacement	1,348,792
Restricted	Electric	Repair and replacement	367,361
Restricted	Sewer	Repair and replacement	172,785

NOTE 7 – INTERFUND

Interfund transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or to use unrestricted revenues in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. These amounts have been eliminated in the government-wide financial statements.

Government-type transfers from other funds for the year ended September 30, 2023, consist of:

Transfer To	Transfer From						Net Total
	General	Street	Debt Service	Sales Tax	Other Governmental Activities	Business-type Activities	
General	\$ -	\$ 22,844	\$ 389,773	\$ 385,535	\$ 43,183	\$ 930,823	\$ 1,772,158
Street	1,039,736	-	-	-	-	-	1,039,736
Sales Tax	930,939	-	-	-	-	-	930,939
Park	97,954	-	-	-	-	-	97,954
Other	145,354	-	-	-	-	-	145,354
Business-type Activities	998,036	-	-	-	-	-	1,051,025
	<u>\$3,212,019</u>	<u>\$ 22,844</u>	<u>\$ 389,773</u>	<u>\$ 385,535</u>	<u>\$ 43,183</u>	<u>\$ 930,823</u>	<u>\$ 5,037,166</u>

CITY OF HICKMAN, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – INTERFUND (CONTINUED)

Business-type activities transfers from other funds for the year ended September 30, 2023, consist of:

Transfer To	Transfer From					Net Total
	General	Other Governmental Activities	Water	Electric	Sewer	
General	\$ -	\$ 841,335	\$ 154,144	\$ 716,397	\$ 60,282	\$1,772,158
Other Governmental Activities	2,213,983	-	-	-	-	2,213,983
Electric	723,786	-	-	-	52,989	776,775
Sewer	274,250	-	-	-	-	274,250
	<u>\$3,212,019</u>	<u>\$ 841,335</u>	<u>\$ 154,144</u>	<u>\$ 716,397</u>	<u>\$ 113,271</u>	<u>\$5,037,166</u>

NOTE 8 – RISK MANAGEMENT

The City is exposed to various risks of loss related to limited torts; theft of damage to and destruction of assets; errors and omissions and natural disasters for which the City carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 9 – RETIREMENT PLAN

The City sponsors a 401(k) pension plan administered by the Ameritas Life Insurance Corporation on behalf of eligible employees. The City makes a matching contribution to each employee's account up to 6% of eligible wages. Mandatory withholding for each employee is 6% of eligible wages. The City and employees both contributed \$56,630 for the year ended September 30, 2023.

NOTE 10 – CONCENTRATIONS OF CREDIT RISK

The City provides water, sewer, and electric services to residents of the City. In the course of providing these services, the City extends credit to its customers, which is uncollateralized.

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the audit report date, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

City of Hickman, Nebraska

BUDGETARY COMPARISON SCHEDULE – ALL FUND TYPES

Year ended September 30, 2023

	Original Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
Budgetary fund balance, beginning	\$ 3,706,735	\$ 4,070,755	\$ (364,020)
Receipts and Transfers (resource inflows):	<u>8,363,035</u>	<u>11,996,824</u>	<u>(3,633,789)</u>
Amounts available for appropriation	<u>12,069,770</u>	<u>16,067,579</u>	<u>(3,997,809)</u>
Charges to appropriations (outflows):			
Governmental activities			
General government	1,108,535	1,294,202	(185,667)
Police	141,063	145,127	(4,064)
Public works – Streets	2,642,338	2,430,665	211,673
Culture and recreation	<u>254,843</u>	<u>218,787</u>	<u>36,056</u>
Total governmental charges to appropriations	<u>4,146,779</u>	<u>4,088,781</u>	<u>57,998</u>
Business-type activities			
Water	1,925,652	856,871	1,068,781
Electric utility	1,920,063	1,839,577	80,486
Sewer	<u>2,355,795</u>	<u>1,056,949</u>	<u>1,298,846</u>
Total business-type charges to appropriations	<u>6,201,510</u>	<u>3,753,397</u>	<u>2,448,113</u>
Total charges to appropriations (outflows)	<u>10,348,289</u>	<u>7,842,178</u>	<u>2,506,111</u>
Budgetary fund balance, ending	<u>\$ 1,721,481</u>	<u>\$ 8,225,401</u>	<u>\$ (6,503,920)</u>

Reconciliation from budgetary basis to Statement of Net Position - government-wide basis as of September 30, 2023:

Accumulated cash and cash equivalent balances – government-wide basis:

Cash	\$ 244,143
Cash on deposit, Couty Treasurer	20,245
Restricted cash	<u>7,961,013</u>
	<u>\$ 8,225,401</u>

See accompanying notes to financial statements.

SUPPLEMENTARY INFORMATION

CITY OF HICKMAN, NEBRASKA

COMBINING BALANCE SHEET – OTHER GOVERNMENTAL FUNDS

September 30, 2023

	<u>Law Enforcement</u>	<u>Keno</u>	<u>Reading Center</u>	<u>Total Other Governmental Funds</u>
ASSETS				
Restricted assets				
Cash	<u>\$ -</u>	<u>\$ 96,881</u>	<u>\$ 4,147</u>	<u>\$ 101,028</u>
FUND BALANCES				
Restricted	<u>\$ -</u>	<u>\$ 96,881</u>	<u>\$ 4,147</u>	<u>\$ 101,028</u>
Total fund balances	<u>\$ -</u>	<u>\$ 96,881</u>	<u>\$ 4,147</u>	<u>\$ 101,028</u>

CITY OF HICKMAN, NEBRASKA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – OTHER GOVERNMENTAL FUNDS

Year ended September 30, 2023

	Law Enforcement	Keno	Reading Center	Total Other Governmental Funds
Revenues				
Interest income	\$ -	\$ 156	\$ -	\$ 156
Keno revenue	-	48,610	-	48,610
Grants and contributions	-	-	988	988
Total revenues	-	48,766	988	49,754
Expenditures				
General government	-	8,820	-	8,820
Public safety	145,127	-	-	145,127
Culture and recreation	-	-	653	653
Total expenditures	145,127	8,820	653	154,600
Excess (deficit) of revenue over (under) expenditures before other sources	(145,127)	39,946	335	(104,846)
Other financing sources				
Interfund transfer in	145,127	-	227	145,354
Interfund transfer out	-	(43,183)	-	(43,183)
Total other financing sources (uses)	145,127	(43,183)	227	102,171
Net change in fund balances	-	(3,237)	562	(2,675)
Beginning fund balances	-	100,118	3,585	103,703
Ending fund balances	\$ -	\$ 96,881	\$ 4,147	\$ 101,028

Lengemann & Associates, P.C.

Certified Public Accountants

www.lengemanncpa.com

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 ACORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Mayor and City Council
City of Hickman, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hickman (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 31, 2024.

Report on Internal Control over Financial Reporting

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

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 were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-1 and 2023-2 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

The City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lengemann & Associates, P.C.

Lengemann & Associates, P.C.
Papillion, Nebraska
July 31, 2024

CITY OF HICKMAN, NEBRASKA
SCHEDULE OF FINDINGS AND RESPONSES

Year ended September 30, 2023

The audit disclosed two material weaknesses in the City of Hickman, Nebraska's internal control over financial reporting summarized as follows:

2023-1 – Material Audit Adjustments

Criteria: Professional standards require the communication, in writing, to management and those charged with governance, of significant deficiencies and material weaknesses identified in an audit

Condition: Material audit adjustments were proposed that were not identified by the City's internal control system.

Context: Through the course of audit work material audit adjustments were proposed.

Cause: Accounting personnel of the City have the required training and knowledge to be able to record transaction in accordance with accounting principles generally accepted in the United States of America. However, this knowledge is not consistently utilized in the recording of daily accounting transactions, resulting in errors.

Effect or potential effect: The material weakness is a deficiency that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Recommendation: The City of Hickman, Nebraska will continue to provide continuing education to both accounting personnel and those charged with oversight in order to decrease future proposed material audit adjustments.

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

CITY OF HICKMAN, NEBRASKA

SCHEDULE OF FINDINGS AND RESPONSES

Year ended September 30, 2023

2023-2 – Financial Statement Preparation

Criteria: Professional standards require the communication, in writing, to management and those charged with governance, of significant deficiencies and material weaknesses identified in an audit.

Condition: The City does not have an internal control system designed to provide for the preparation of financial statements being audited.

Context: We reviewed the organizational chart of the City and performed interviews of personnel and management to determine if management has the ability to prepare the financial statements in accordance with generally accepted accounting principles.

Cause: The City's accounting personnel do not have the expertise to prepare financial statements, including note disclosures, in accordance with generally accepted accounting principles.

Effect of potential effect: The material weakness is a deficiency that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Recommendation: The City of Hickman, Nebraska's management, Mayor and City Council must rely on its review and oversight authority to mitigate this inherent weakness in its internal control system.

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

CITY OF HICKMAN, NEBRASKA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year ended September 30, 2023

Schedule of Prior Year Audit Findings

<u>Reference Number</u>	<u>Description</u>	<u>Status</u>
2022-001	Audit Adjustments	Repeated
2022-002	Financial Statement Preparation	Repeated