

CITY OF GERING, NEBRASKA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

CITY OF GERING, NEBRASKA
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**DANA F. COLE
& COMPANY** LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Gering, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Gering, Nebraska, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Gering, Nebraska, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 - 13 and pages 49 - 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 27, 2020, on our consideration of the City of Gering, Nebraska'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Gering, Nebraska's internal control over financial reporting and compliance.

Dana F Cole + Company, LLP

Scottsbluff, Nebraska
March 27, 2020

CITY OF GERING, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

The management of the City of Gering, Nebraska (the City) offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. Please consider this discussion in conjunction with the additional information provided in the transactions, events, and condition reflected in the City's financial statements.

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

USING THE ANNUAL REPORT

The annual report consists of a series of financial statements. The two statements, statement of net position and the statement of activities, are government-wide statements and provide information about the activities of the City as a whole. The fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

CITY-WIDE STATEMENTS

Statement of Net Position and Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a manner similar to a private-sector business using a method of accounting referred to as full accrual.

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

In the statement of net position and the statement of activities, we divide the City into two kinds of activities:

Governmental activities - The City's basic services are reported here, including police, fire, general administration, streets, parks, library, and recreation. Property taxes, sales taxes, fees, fines, state and federal grants, and transfers from business-type activities comprise the primary revenue sources for governmental activities.

Business-type activities - These activities are intended to be self-supporting with revenues equal to or in excess of expenses. The City's electric, water, wastewater, sanitation, golf course, civic center, and City of Gering Leasing Corporation are reported here.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes (like the Capital Street Projects Fund) or to show that it is meeting legal responsibilities for

CITY OF GERING, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

FUND FINANCIAL STATEMENTS (Continued)

using certain taxes, grants, and other monies. The City's two kinds of funds - governmental and proprietary - use different accounting approaches.

Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end. These balances carry forward and are available only if budgeted in the subsequent year. Unlike the government-wide statements, which are reported on the full accrual method, the governmental fund statements are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. 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 government-wide activities.

Proprietary funds - Activities that are intended to be self-supporting are generally reported in proprietary funds. Service charges are established to cover all expenses of the specific activity. Unlike governmental funds, proprietary funds are reported in the same way in both the statement of net position and the statement of activities using a full accrual basis. The City's proprietary fund statements are the same as the business-type activities reported in the government-wide statements, but are intended to provide more detail and additional information, such as cash flows.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following table (Table 1) focuses on net position, or total assets minus total liabilities. All governmental activities and business-type activities are included and therefore the amounts represent the City as a whole. Interfund transactions between the governmental activities and business-type activities have been eliminated.

Table 1
Net Position
(in Millions)

	Governmental Activities		Business-Type Activities		Elimination Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018	2019	2018
Assets								
Current assets	11.1	10.3	17.4	15.4			28.5	25.8
Capital assets	10.4	10.6	30.3	29.9			40.6	40.5
Other assets	4.7	5.2	0.3	1.8	(0.3)	(0.3)	4.7	6.7
Total assets	<u>26.2</u>	<u>26.0</u>	<u>48.0</u>	<u>47.2</u>	<u>(0.3)</u>	<u>(0.3)</u>	<u>73.9</u>	<u>72.9</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

Table 1
Net Position (Continued)
(in Millions)

	Governmental Activities		Business-Type Activities		Elimination Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018	2019	2018
Liabilities								
Current liabilities	0.5	0.5	1.6	1.7			2.1	2.2
Noncurrent liabilities	1.9	3.5	12.9	13.4	(0.3)	(0.3)	14.5	16.6
Total liabilities	<u>2.4</u>	<u>4.0</u>	<u>14.5</u>	<u>15.1</u>	<u>(0.3)</u>	<u>(0.3)</u>	<u>16.6</u>	<u>18.8</u>
Net position								
Invested in capital assets	7.4	7.4	19.1	17.9			26.5	25.3
Restricted	5.1	5.1	3.1	2.9			8.2	8.0
Unrestricted	11.3	9.5	11.2	11.3			22.6	20.9
Total net position	<u>23.8</u>	<u>22.0</u>	<u>33.5</u>	<u>32.1</u>			<u>57.3</u>	<u>54.2</u>

The format of the following table (Table 2) is significantly different than a typical statement of revenues, expenses, and changes in net position. In the City-wide statement, expenses are listed in the first column with revenues from that particular program reported to the right. The result is net (expense) revenue. The reason for this kind of format is to highlight the relative financial burden of each function on the City's taxpayers. It also identifies how much each function draws from the general revenues.

The following table presents revenues, expenses, and changes in net position for all activities. All governmental activities and business-type activities are included, and therefore, the amounts represent the City as a whole.

Table 2
Changes in Net Position
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	2.3	2.4	16.6	17.1	18.9	19.5
Operating grants and contributions	1.8	1.5			1.8	1.5

CITY OF GERING, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

Table 2
Changes in Net Position (Continued)
(in Millions)

	Governmental		Business-Type		Total	
	Activities		Activities		Primary	
	2019	2018	2019	2018	2019	2018
Revenues (Continued)						
Program revenues (Continued)						
Capital grants and contributions						
Taxes	1.9	1.8			1.9	1.8
Other taxes	1.5	1.5			1.5	1.5
Other general revenues	0.5	0.7	0.2		0.7	0.7
Total revenues	<u>8.0</u>	<u>7.9</u>	<u>16.8</u>	<u>17.1</u>	<u>24.8</u>	<u>24.9</u>
Program expenses						
General Government	2.8	3.1			2.8	3.1
Public Safety	2.2	2.1			2.2	2.1
Public Works	1.5	1.6			1.5	1.6
Culture and Recreation	2.8	2.6			2.8	2.6
Economic Development	0.6	0.8			0.6	0.8
Electric			5.3	5.7	5.3	5.7
Water			1.2	1.1	1.2	1.1
Wastewater			0.8	0.9	0.8	0.9
Sanitation			2.7	2.2	2.7	2.2
Golf Course			0.9	0.7	0.9	0.7
Civic Center			0.2	0.1	0.2	0.1
Leasing Corporation			0.7	0.7	0.7	0.7
Total program expenses	<u>9.9</u>	<u>10.2</u>	<u>11.7</u>	<u>11.4</u>	<u>21.7</u>	<u>21.8</u>
Excess (deficiency) before transfers	(1.9)	(2.3)	5.1	5.7	3.2	3.1
Transfers	<u>3.4</u>	<u>3.2</u>	<u>(3.4)</u>	<u>(3.0)</u>	<u>0.1</u>	<u>0.3</u>
Increase in net position	<u>1.5</u>	<u>0.7</u>	<u>1.7</u>	<u>2.8</u>	<u>3.3</u>	<u>3.6</u>
Prior period adjustment	<u>0.3</u>		<u>(0.3)</u>			
Ending net position	<u>23.8</u>	<u>22.0</u>	<u>33.5</u>	<u>32.1</u>	<u>57.3</u>	<u>54.1</u>

CITY OF GERING, NEBRASKA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FISCAL YEAR ENDED SEPTEMBER 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position of the City's governmental activities increased from \$22 million to \$22.9 million for a percentage increase of 4%. The increase in total net position of \$900,000 is composed of an increase in capital and other assets and liabilities.

The City's total revenue increased by 2%, or \$300,000. The total cost of all programs and services increased by 6.8%, or \$700,000 from the prior year. Our analysis below separately considers the operations of governmental and business-type activities.

BUSINESS-TYPE ACTIVITIES

The net position of the City's business-type activities increased from \$32.1 million to \$33.6 million for a percentage increase of 4.7%. The City generally can only use this net position to finance the continuing operations of the proprietary funds (electric, water, sanitation, wastewater, golf course, civic center, and leasing corporation operations).

Revenues of the City's business-type activities (Table 2) decreased by \$300,000 while expenses increased from \$11.4 million in 2018 to \$11.6 million in 2019.

The City implemented a 0% electrical, a 0% water, a 0% wastewater, and a 0% sanitation utility rate increase. The City reviews the utility rates on an annual basis and makes adjustments during the budget process as deemed necessary. Weather conditions can have a significant impact on electrical and water revenues.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S GENERAL FUND

The following schedule presents a summary of revenues and expenditures for the fiscal year ended September 30, 2019, and the amount and percentage of increases and decreases in relation to the prior year.

**Table 3
 Comparative General Fund Revenues and Expenditures**

	FY 2019	%	FY 2018	%	Increase (Decrease)
Revenues					
Taxes	1,523,152	19	1,444,532	20	78,620
Intergovernmental and grants	295,349	4	248,798	4	46,551
Charges for services	661,881	8	473,217	7	188,664
Interest	11,824		12,298		(474)

CITY OF GERING, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

FINANCIAL ANALYSIS OF THE GOVERNMENT'S GENERAL FUND (Continued)

Table 3 (Continued)
Comparative General Fund Revenues and Expenditures

	FY 2019	%	FY 2018	%	Increase (Decrease)
Revenues (Continued)					
Other	299,325	4	562,304	8	(262,979)
Miscellaneous					
Transfers in	5,052,955	64	4,351,709	61	701,246
Total revenues	<u>7,844,486</u>	<u>100</u>	<u>7,092,858</u>	<u>100</u>	<u>751,628</u>
Expenditures					
Current					
General Government	2,719,542	37	3,083,670	45	(364,128)
Public Safety	2,056,526	28	2,037,975	30	18,551
Public Works	315,319	4			315,319
Culture and Recreation	914,593	12	585,995	9	328,598
Capital outlay	510,435	7	241,544	4	268,891
Transfers out	917,373	12	935,188	14	(17,815)
Total expenditures	<u>7,433,788</u>	<u>100</u>	<u>6,884,372</u>	<u>100</u>	<u>549,416</u>
Revenues under expenditures	<u>410,698</u>		<u>208,486</u>		<u>202,212</u>

GOVERNMENTAL ACTIVITIES

On the City-wide statements, the governmental activities are reported using the categories General Government, Public Works, Public Safety, and Culture and Recreation. Some of the individual departments for each function are listed in the following table:

General Government	Occupational licenses, fees, permits, liquor licenses, and rental fees
Public Works	
Street	State highway allocation; highway STP funds; storm wastewater fees
Public Safety	
Police	Intoxilizer fees; burglar alarm fines; WING grant; airport security; law enforcement grants
Fire	Mutual Finance Organization Funds, operating grant; rural fire protection fee
Culture and Recreation	
Cemetery	Sale of cemetery lots; grave opening/closing fees
Parks	R.V. Park rental income; grants for park development and improvements
Swimming pool	Swimming fees
Library	State library grant, fines, and fees

CITY OF GERING, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

GENERAL FUND BUDGETARY HIGHLIGHTS

For fiscal year 2019, the City budgeted to receive \$4,802,876 in revenues (this does not include transfer amounts). The City actually received \$2,591,537, which is an unfavorable variance of \$2,211,339. The City budgeted \$9,260,819 for expenditures (this does not include transfers) while actually spending \$6,086,564 which is a favorable variance of \$3,174,255.

The Health insurance actual transfers were not included in the Other budgeted amount and are \$1.8 million of the unfavorable variance.

SPECIAL REVENUE FUNDS

These funds account for certain revenue sources which are restricted either internally or externally as to expenditure for specific purposes. The Special Revenue Funds of the City include the following:

Community Development Block Grant

Established to account for the collection and disbursement of Community Development Block Grant and HUD income to be used for community development.

Tourism and Recreation Fund

Established to administer the portion of the local sales tax which is to be utilized for the promotion of tourism and the development of recreational facilities to include a Recreational Vehicle (R.V.) Park. During the period ended September 30, 2019, 20% of the local sales tax proceeds were \$167,321, of which \$167,321 was allocated to tourism.

LB 840 Economic Development Fund

Established to account for the proceeds from a ½% city sales tax to be used for economic development. A ½% city sales tax was approved by the voters in November 2002 and again in May 2010, and renewed in November 2016. Tax receipts for the fiscal year ending September 30, 2019, were \$408,469.

Keno Fund

Established to account for proceeds and disbursement of Keno income to be used for community betterment projects. At September 30, 2019, there were five separate locations operating Keno.

City Sales Tax Fund

Established to account for the proceeds from the 1% city sales tax and the transfer of those receipts to the appropriate recipient funds as follows:

General Fund - tax relief	50%
Downtown Redevelopment	30%
Tourism and Recreational Vehicle (R.V.) Park	20%

CITY OF GERING, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

SPECIAL REVENUE FUNDS (Continued)

Employee Insurance Fund

Established to account for contributions and payments pertaining to employee health insurance.

Memorial Tree Fund

Established to account for the charges for and costs of planting memorial trees and plaques. As of September 30, 2019, there was \$33,522 available for trees and plaques.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for capital improvement projects of the City other than those accounted for in Enterprise funds. The Capital Projects Funds of the City include:

Downtown Development

Established to account for improvements and renovation of downtown Gering. To date, the City has completed several projects within the downtown area. The most recent project is the Phase I of the Downtown Plaza.

Capital Street Projects

Established to account for the financing and construction of infrastructure projects, which include major street projects, paving districts, and storm wastewater.

Capital Sinking Fund

Established to account for the accumulation of resources designated and reserved for specific capital expenditures relative to the governmental activities.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources and related payments of (1) general obligation bond principal and interest and (2) special assessment bond principal and interest. The fund balance increase \$23,716 as a result of normal debt service activity from \$770,077 as of September 30, 2018, to \$793,793 as of September 30, 2019.

CITY OF GERING, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

ENTERPRISE FUNDS

Enterprise Funds are used to account for those activities which are intended to be self-supporting. Revenues, expenses, and net income for those activities are presented in the following table.

Table 4
Enterprise Activities - Revenues, Expenses, and Net Income

	Period Ending 9/30/19	Period Ending 9/30/18
Electric		
Revenues	9,988,149	9,951,988
Expenses	8,082,360	8,337,953
Change in net position	<u>1,905,789</u>	<u>1,614,035</u>
Water		
Revenues	1,270,943	1,726,507
Expenses	1,756,849	1,322,169
Change in net position	<u>(485,906)</u>	<u>404,338</u>
Wastewater		
Revenues	1,688,767	1,241,461
Expenses	969,350	1,381,445
Change in net position	<u>719,417</u>	<u>(139,984)</u>
Sanitation		
Revenues	2,911,348	3,321,170
Expenses	3,358,669	2,988,662
Change in net position	<u>(447,321)</u>	<u>332,508</u>
Golf		
Revenues	855,241	931,890
Expenses	939,057	816,962
Change in net position	<u>(83,816)</u>	<u>114,928</u>
Leasing		
Revenues	315,649	91,801
Expenses	210,443	142,306
Change in net position	<u>105,206</u>	<u>(50,505)</u>

CITY OF GERING, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

ENTERPRISE FUNDS (Continued)

Table 4 (Continued)
Enterprise Activities - Revenues, Expenses, and Net Income

	Period Ending 9/30/19	Period Ending 9/30/18
Civic Center		
Revenues	666,131	719,615
Expenses	684,667	689,062
Change in net position	(18,536)	30,553

CAPITAL ASSETS

At the end of September 30, 2019, the City has invested in capital assets as presented in the table below. This represents a net increase of just under \$1,545,000, or 2 percent, over last year.

Table 5
Capital Assets
(in Millions)

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	0.829	0.829	3.206	3.206	4.036	4.036
Plant in service			36.807	36.605	36.807	36.605
Buildings	12.315	12.762	10.663	9.456	22.978	22.218
Improvements						
Equipment and vehicles	5.940	5.501	11.721	11.501	17.660	17.001
Construction in progress	0.906		0.195	0.271	1.101	0.271
Totals	19.990	19.092	62.591	61.039	82.583	80.132

This year's major additions included:

Class A fire truck	417,582
City street and stormwater projects	305,505
Diamond #1 backstop	71,648
Plaza - Construction in progress	905,914
Various major improvements including 7200 voltage conversion, vehicles, compactor, mower, irrigation system control panel	445,128
	2,145,777

CITY OF GERING, NEBRASKA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FISCAL YEAR ENDED SEPTEMBER 30, 2019

DEBT ADMINISTRATION

At year end, the City had \$12,614,222 in notes payable, outstanding bonds, and a capital lease compared to \$12,799,455 last year, resulting in a decrease of 1.5 percent as shown in the following table.

Table 6
Long-Term Debt at End of Fiscal Year

	2019	2018
Governmental activities		
Bonds payable	<u>1,479,222</u>	<u>769,455</u>
Business-type activities		
Bonds/notes payable	<u>11,135,000</u>	<u>12,030,000</u>
Total		
Bonds/notes payable	<u>12,614,222</u>	<u>12,799,455</u>

CEMETERY PERPETUAL CARE

The City has set aside restricted funds for the purpose of cemetery perpetual care. Cemetery perpetual care has been established to accumulate funds from the sale of cemetery lots so there will be funds available for the operating expenses to maintain the cemetery. One-third of the proceeds from the sale of lots are reserved for perpetual care. The restricted cash and cemetery perpetual care fund balance for the period ending September 30, 2019, was \$387,840. The City accounts for and reports cemetery perpetual care activity in the City's General Fund.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Next year's General Fund budget was determined based on increased property tax revenue of \$16,109 due to the increased valuation of assessed taxable property values. General Fund budgeted expenditures decreased \$3,233,239 from the prior year. The City lowered the budgeted expenditures to work towards getting in line with budgeted revenues. A large decrease was to take out capital requests to help with that process as well as correcting the budget authority for the Quadplex project. We plan to continue to provide services as we have done in the past.

The business-type activities will see 0 percent residential and industrial and 0 percent commercial electrical, 0 percent water, 0 percent wastewater, and 0 percent sanitation utility rate increases.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional financial information, contact the Finance Director's Office at 1025 "P" Street, Gering, Nebraska.

CITY OF GERING, NEBRASKA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Governmental Activities	Business- Type Activities	Elimi- nations	Total
ASSETS				
Current Assets				
Cash	9,768,792	10,795,350		20,564,142
Cash - County Treasurer	122,438			122,438
Receivables				
Taxes	52,355			52,355
Accounts and grants	671,982	1,595,528		2,267,510
Unbilled receivables		964,843		964,843
Interest	29,977	56,178		86,155
Special assessment	2,880			2,880
Prepaid expense		25,000		25,000
Inventory	18,430	864,811		883,241
Total current assets	<u>10,666,854</u>	<u>14,301,710</u>		<u>24,968,564</u>
Restricted Assets				
Cash and certificates of deposit	422,597	3,128,348		3,550,945
Total restricted assets	<u>422,597</u>	<u>3,128,348</u>		<u>3,550,945</u>
Capital Assets				
Nondepreciable	1,735,412	3,401,675		5,137,087
Depreciable (net)	8,653,904	26,858,941		35,512,845
Total capital assets	<u>10,389,316</u>	<u>30,260,616</u>		<u>40,649,932</u>
Other Long-Term Assets				
Due from other funds		297,795	(297,795)	
Economic Development real estate	1,763,444			1,763,444
Revolving loans receivable	2,985,970			2,985,970
Total other long-term assets	<u>4,749,414</u>	<u>297,795</u>	<u>(297,795)</u>	<u>4,749,414</u>
TOTAL ASSETS	<u>26,228,181</u>	<u>47,988,469</u>	<u>(297,795)</u>	<u>73,918,855</u>
LIABILITIES				
Current Liabilities				
Accounts payable	237,491	454,716		692,207
Sales tax payable	9,556	77,409		86,965
Accrued wages	64,055	51,585		115,640
Accrued payroll expense	8,946	7,499		16,445
Accrued interest	19,450	93,890		113,340
Current portion of long-term debt	194,633	890,000		1,084,633
Total current liabilities	<u>534,131</u>	<u>1,575,099</u>		<u>2,109,230</u>

CITY OF GERING, NEBRASKA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Governmental Activities	Business- Type Activities	Elimi- nations	Total
LIABILITIES (Continued)				
Noncurrent Liabilities				
Customer deposits		550,648		550,648
Compensated absences	299,718	273,025		572,743
Landfill closure costs		1,848,130		1,848,130
Due to other funds	297,794		(297,794)	
Long-term debt	1,284,589	10,245,000		11,529,589
Total noncurrent liabilities	<u>1,882,101</u>	<u>12,916,803</u>	<u>(297,794)</u>	<u>14,501,110</u>
 TOTAL LIABILITIES	 <u>2,416,232</u>	 <u>14,491,902</u>	 <u>(297,794)</u>	 <u>16,610,340</u>
 NET POSITION				
Investment in capital assets, net of related debt	7,404,163	19,125,616		26,529,779
Restricted	5,097,634	3,128,348		8,225,982
Unrestricted	11,310,154	11,242,605		22,552,759
 TOTAL NET POSITION	 <u>23,811,951</u>	 <u>33,496,569</u>	 <u> </u>	 <u>57,308,520</u>

See accompanying notes to financial statements.

CITY OF GERING, NEBRASKA
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2019

	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government		
				Business-Type Activities	Eliminations	
Total					Total	
Functions/programs						
Primary government						
Governmental activities						
General Government	(2,750,499)	661,881	(1,793,269)			(1,793,269)
Public Safety	(2,215,164)	295,349	(2,215,164)			(2,215,164)
Public Works	(1,538,790)	1,472,302	40,925			40,925
Culture and Recreation	(2,799,784)	1,544,990	(1,254,794)		266,390	(988,404)
Economic Development	(645,712)		(645,712)			(645,712)
Interest Expense	(62,514)		(62,514)		40,376	(22,138)
Total governmental activities	<u>(10,012,463)</u>	<u>2,314,284</u>	<u>(5,930,528)</u>		<u>306,766</u>	<u>(5,623,762)</u>
Business-type activities						
Electric	(5,302,519)	9,819,416		4,516,897		4,516,897
Water	(1,154,829)	1,256,972		102,143		102,143
Sewer	(781,982)	1,270,399		488,417		488,417
Landfill	(2,725,546)	2,877,709		152,163		152,163
Golf	(862,950)	568,296		(294,654)		(294,654)
Gering Leasing Corp.	(210,443)	277,058		66,615		(199,775)
Civic Center	(684,667)	523,719		(160,948)		(160,948)
Total business-type activities	<u>(11,722,936)</u>	<u>16,593,569</u>		<u>4,870,633</u>		<u>(266,390)</u>
Total primary government	<u>(21,735,399)</u>	<u>18,907,853</u>	<u>(5,930,528)</u>	<u>4,870,633</u>	<u>40,376</u>	<u>(1,019,519)</u>
General revenues						
Taxes			1,885,179			1,885,179
Sales tax			1,522,538			1,522,538
Intergovernmental				222,418		222,418
Interest income			202,456			202,456
Other			338,622			338,622
Miscellaneous						
Total general revenues			<u>3,948,795</u>	<u>222,418</u>		<u>(40,376)</u>
Net transfers in (out)			<u>3,398,218</u>	<u>(3,398,218)</u>		
CHANGE IN NET POSITION			<u>1,416,485</u>	<u>1,694,833</u>		<u>3,111,318</u>
NET POSITION, beginning of year			22,067,849	32,129,353		54,197,202
PRIOR PERIOD ADJUSTMENT			327,617	(327,617)		
NET POSITION, end of year			<u>23,811,951</u>	<u>33,496,569</u>		<u>57,308,520</u>

See accompanying notes to financial statements.

CITY OF GERING, NEBRASKA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Keno Fund	Street Fund	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash	1,358,270	1,337,622	1,017,693	6,055,207	9,768,792
Cash - County Treasurer	67,288			55,150	122,438
Receivables					
Taxes	52,355				52,355
Accounts and grants	217,415		171,484	312,564	701,463
Interest	1,838	12,993		515	15,346
Special assessment				2,880	2,880
Inventory	18,430				18,430
Restricted assets	422,597				422,597
Cash and certificates of deposit					
TOTAL ASSETS	2,138,193	1,350,615	1,189,177	6,426,316	11,104,301
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	112,898	29,480	4,876	119,717	266,971
Accrued state and sales tax	2,618	6,938			9,556
Accrued wages	52,611		8,361	3,083	64,055
Accrued payroll expense	7,635		1,045	266	8,946
Accrued interest	17,589			1,861	19,450
Due to other funds				297,794	297,794
Total liabilities	<u>193,351</u>	<u>36,418</u>	<u>14,282</u>	<u>422,721</u>	<u>666,772</u>
FUND BALANCES					
Restricted	422,597	1,314,197	1,174,895	2,185,945	5,097,634
Nonspendable	18,430				18,430
Committed				793,793	793,793
Assigned	1,210,275			2,571,947	3,782,222
Unassigned	293,540			451,910	745,450
Total fund balances	<u>1,944,842</u>	<u>1,314,197</u>	<u>1,174,895</u>	<u>6,003,595</u>	<u>10,437,529</u>
TOTAL LIABILITIES AND FUND BALANCES	2,138,193	1,350,615	1,189,177	6,426,316	11,104,301

See accompanying notes to financial statements.

CITY OF GERING, NEBRASKA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	10,437,529
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	10,389,316
Real estate held for future economic development purposes is not a current financial resource and, therefore, is not reported in the funds.	1,763,444
Long-term loan receivables are not due and available in the current period and, therefore, are not reported in the funds.	
Loans	2,985,970
Accrued interest receivable	14,631
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	
Compensated absences	(299,718)
Long-term debt	<u>(1,479,221)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>23,811,951</u>

See accompanying notes to financial statements.

CITY OF GERING, NEBRASKA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES
 GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2019

	General Fund	Keno Fund	Street Fund	Nonmajor Funds	Eliminations	Total Governmental Funds
REVENUES						
Taxes	1,523,152		264,911	376,780		1,899,932
Sales tax			1,257,627	1,257,627		1,522,538
Intergovernmental and grants	295,349		1,210,529	261,773		1,767,651
Charges for services	661,881	1,544,990		107,413		2,314,284
Interest income	11,824	23,950	17,486	149,196		202,456
Other	299,325		4,729	34,568		338,622
Miscellaneous						
Total revenues	<u>2,791,531</u>	<u>1,568,940</u>	<u>1,497,655</u>	<u>2,187,357</u>		<u>8,045,483</u>
EXPENDITURES						
Current						
General Government	2,719,542					2,719,542
Public Safety	2,056,526					2,056,526
Public Works	315,319		837,966	9,350		1,162,635
Culture and Recreation	914,593	1,500,161		211,176		2,625,930
Economic Development				586,821		586,821
Capital outlay	510,435		346,617	905,914		1,762,966
Debt service						
Principal				25,883		25,883
Interest				62,514		62,514
Total expenditures	<u>6,516,415</u>	<u>1,500,161</u>	<u>1,184,583</u>	<u>1,801,658</u>		<u>11,002,817</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,724,884)</u>	<u>68,779</u>	<u>313,072</u>	<u>385,699</u>		<u>(2,957,334)</u>

CITY OF GERING, NEBRASKA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES
 GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2019

	General Fund	Keno Fund	Street Fund	Nonmajor Funds	Elimi- nations	Total Governmental Funds
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt				224,968		224,968
Payments received on loan	5,052,955		387,000	766,658	(2,808,393)	3,398,220
Operating transfers in	(917,373)	(72,141)	(138,261)	(1,680,618)	2,808,393	
Operating transfers out						
Total other financing sources (uses)	<u>4,135,582</u>	<u>(72,141)</u>	<u>248,739</u>	<u>(688,992)</u>		<u>3,623,188</u>
NET CHANGE IN FUND BALANCES	410,698	(3,362)	561,811	(303,293)		665,854
FUND BALANCES, beginning of year	<u>1,534,144</u>	<u>1,317,559</u>	<u>613,084</u>	<u>6,306,888</u>		<u>9,771,675</u>
FUND BALANCES, end of year	<u>1,944,842</u>	<u>1,314,197</u>	<u>1,174,895</u>	<u>6,003,595</u>		<u>10,437,529</u>

See accompanying notes to financial statements.

CITY OF GERING, NEBRASKA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	665,854
Amounts reported for governmental activities in the statement of activities are different because:	
The recognition of property tax revenues in the fund financial statements is made when sources of revenues become measurable and available for current expenditures. However, revenues are recognized in the statement of activities when assessed.	(14,753)
The purchase of long-term assets held for operating is not a current financial resource or use and, therefore, is not reported as income or expense in the statement of activities.	1,762,966
The depreciation of long-term operating assets is a current financial resource or use and, therefore, is reported as income or expense in the statement of activities.	(647,299)
The purchase or sale of real economic development real estate is not a current financial resource or use and, therefore, is not reported as income or expense in the statement of activities.	(159,531)
The disbursement and repayment of economic development loans is not a current financial resource or use and, therefore, is not reported as income or expense in the statement of activities.	(291,178)
The receipts and repayment of long-term debt is not a current financial resource or use and, therefore, is not reported as income or expense in the statement of activities.	192,733
The accumulation and use of compensated absence obligations is a current financial resource or use and, therefore, is reported as income or expense in the statement of activities.	<u>(92,307)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>1,416,485</u></u>

See accompanying notes to financial statements.

CITY OF GERING, NEBRASKA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Electric Fund	Water Fund	Wastewater Fund	Sanitation Fund	Golf Fund	Leasing Fund	Civic Fund	Eliminations	Total
ASSETS									
Current Assets									
Cash	5,972,940		1,065,467	1,308,728		2,417,026	31,189		10,795,350
Cash - County Treasurer									
Account receivable	1,001,977	175,527	117,472	245,113	17,562		37,877		1,595,528
Unbilled receivables	650,255	125,697	100,916	87,975					964,843
Interest receivables	22,843	1,740	295	9,350		21,950			56,178
Prepaid expense				25,000					25,000
Inventory	664,821	138,063	22,641		39,286		12,497		864,811
Restricted cash	466,446	557,090	109,185	1,983,130					3,128,348
Capital lease receivable								(120,000)	
Total current assets	<u>8,779,282</u>	<u>998,117</u>	<u>1,415,976</u>	<u>3,659,296</u>	<u>56,848</u>	<u>2,558,976</u>	<u>81,563</u>	<u>(120,000)</u>	<u>17,430,058</u>
Noncurrent Assets									
Capital assets									
Nondepreciable		34,640	63,600	798,515	1,803,584		701,336		3,401,675
Depreciable (net)	6,107,926	10,612,008	3,246,248	3,512,264	742,272	1,575,232	1,062,991	(635,000)	26,858,941
Capital lease receivable (net)						635,000			
Due from other funds	1,980,704						1,764,327	(1,682,909)	297,795
Total noncurrent assets	<u>8,088,630</u>	<u>10,646,648</u>	<u>3,309,848</u>	<u>4,310,779</u>	<u>2,545,856</u>	<u>2,210,232</u>	<u>1,764,327</u>	<u>(2,317,909)</u>	<u>30,558,411</u>
TOTAL ASSETS	<u>16,867,912</u>	<u>11,644,765</u>	<u>4,725,824</u>	<u>7,970,075</u>	<u>2,602,704</u>	<u>4,769,208</u>	<u>1,845,890</u>	<u>(2,437,909)</u>	<u>47,988,469</u>
LIABILITIES									
Current Liabilities									
Accounts payable	296,979	8,397	5,928	57,170	39,162	40,421	6,659		454,716
Sales tax payable	72,760	57			2,517		2,075		77,409
Accrued payroll expenses	2,018	1,060	934	2,208	1,279				7,499
Accrued wages	13,671	6,962	5,862	15,082	10,008				51,585
Accrued interest		54,015	11,664	3,847	3,763	20,601			93,890
Current portion of long-term debt		406,700	83,300	130,000	120,000	270,000		(120,000)	890,000
Total current liabilities	<u>385,428</u>	<u>477,191</u>	<u>107,688</u>	<u>208,307</u>	<u>176,729</u>	<u>331,022</u>	<u>8,734</u>	<u>(120,000)</u>	<u>1,575,099</u>

CITY OF GERING, NEBRASKA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Electric Fund	Water Fund	Wastewater Fund	Sanitation Fund	Golf Fund	Leasing Fund	Civic Fund	Eliminations	Total
LIABILITIES (Continued)									
Noncurrent Liabilities									
Customer deposit	466,446	71,705		0			12,497		550,648
Accrued compensated absences	61,405	19,854	71,757	77,772	42,237				273,025
Landfill closure costs				1,848,130				(1,682,909)	1,848,130
Due to other funds		367,282		1,200,000	115,627			(635,000)	10,245,000
Long-term debt		4,934,059	810,941	425,000	635,000	4,075,000			
Total noncurrent liabilities	<u>527,851</u>	<u>5,392,900</u>	<u>882,698</u>	<u>3,550,902</u>	<u>792,864</u>	<u>4,075,000</u>	<u>12,497</u>	<u>(2,317,909)</u>	<u>12,916,803</u>
TOTAL LIABILITIES	<u>913,279</u>	<u>5,870,091</u>	<u>990,386</u>	<u>3,759,209</u>	<u>969,593</u>	<u>4,406,022</u>	<u>21,231</u>	<u>(2,437,909)</u>	<u>14,491,902</u>
NET POSITION									
Invested in capital assets, net of related debt	6,107,926	5,305,889	2,415,607	3,755,779	1,790,856	(2,769,768)	1,764,327	755,000	19,125,616
Restricted	466,446	557,090	109,185	1,983,130			12,497		3,128,348
Unrestricted	9,380,263	(88,305)	1,210,644	(1,528,041)	(157,745)	3,132,954	47,835	(755,000)	11,242,605
TOTAL NET POSITION	<u>15,954,635</u>	<u>5,774,674</u>	<u>3,735,436</u>	<u>4,210,868</u>	<u>1,633,111</u>	<u>363,186</u>	<u>1,824,659</u>		<u>33,496,569</u>

See accompanying notes to financial statements.

CITY OF GERING, NEBRASKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Electric Fund	Water Fund	Wastewater Fund	Sanitation Fund	Golf Fund	Leasing Fund	Civic Fund	Eliminations	Total
OPERATING REVENUES									
Charges for services	9,455,067	1,245,655	1,265,391	2,858,292	563,930		517,035		15,905,370
Miscellaneous income	364,349	11,317	5,008	19,417	4,366	277,058	6,684		688,199
Total operating revenues	9,819,416	1,256,972	1,270,399	2,877,709	568,296	277,058	523,719		16,593,569
OPERATING EXPENSES									
Cost of sales	3,635,221								3,635,221
Personnel services	709,897	355,652	354,808	883,741	406,307				2,710,405
Operating material/supplies	86,343	23,056	21,871	43,217	66,133				240,620
Operating expenses	506,077	298,906	153,846	1,259,180	289,670	48,215	599,086		3,154,980
Depreciation and amortization	364,981	351,133	228,510	523,599	100,840	41,454	85,581		1,696,098
Total operating expenses	5,302,519	1,028,747	759,035	2,709,737	862,950	89,669	684,667		11,437,324
OPERATING INCOME (LOSS)	4,516,897	228,225	511,364	167,972	(294,654)	187,389	(160,948)		5,156,245
NONOPERATING REVENUES (EXPENSES)									
Bond issue costs						(4,650)			(4,650)
Interest income	127,659	13,971	18,368	33,639	488	38,591	787	(11,085)	222,418
Interest expense		(126,082)	(22,947)	(15,809)	(11,085)	(116,124)		11,085	(280,962)
Total nonoperating revenues (expenses)	127,659	(112,111)	(4,579)	17,830	(10,597)	(82,183)	787		(63,194)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	4,644,556	116,114	506,785	185,802	(305,251)	105,206	(160,161)		5,093,051
OPERATING TRANSFERS									
Operating transfers in	41,074		400,000		286,457		141,625	(869,156)	
Operating transfers out	(2,779,841)	(602,020)	(187,368)	(633,123)	(65,022)			869,156	(3,398,218)
Total operating transfers	(2,738,767)	(602,020)	212,632	(633,123)	221,435		141,625		(3,398,218)
CHANGE IN NET POSITION	1,905,789	(485,906)	719,417	(447,321)	(83,816)	105,206	(18,536)		1,694,833
NET POSITION, beginning of year	14,048,846	6,260,580	3,016,019	4,658,189	1,716,927	1,301,304	1,127,488		32,129,353
PRIOR PERIOD ADJUSTMENT						(1,043,324)	715,707		(327,617)
NET POSITION, end of year	15,954,635	5,774,674	3,735,436	4,210,868	1,633,111	363,186	1,824,659		33,496,569

See accompanying notes to financial statements.

CITY OF GERING, NEBRASKA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Electric Fund	Water Fund	Wastewater Fund	Sanitation Fund	Golf Fund	Leasing Fund	Civic Fund	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES									
Cash received from customers	9,432,707	1,269,549	1,263,011	2,851,351	559,999	277,058	519,728		15,896,345
Cash received from other sources	364,349	11,317	5,008	19,417	4,366		6,684		688,199
Cash payments to suppliers of goods and services	(4,302,536)	(414,241)	(174,447)	(1,075,270)	(345,347)	3,462	(593,889)		(6,902,268)
Cash payments to employees	(671,434)	(341,381)	(320,718)	(842,640)	(382,567)				(2,558,740)
Net cash provided by (used in) operating activities	4,823,086	525,244	772,854	952,858	(163,549)	280,520	(67,477)		7,123,536
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES									
Capital lease receipts						120,000		(120,000)	
Capital lease payments					(120,000)			120,000	
Operating loans (out)/in	(482,909)	367,282			115,627				482,909
Operating transfers in	41,074		400,000		286,457		141,625		(869,156)
Operating transfers out	(2,779,841)	(602,020)	(187,368)	(633,123)	(65,022)				(3,398,218)
Net cash provided by (used in) noncapital financing activities	(3,221,676)	(234,738)	212,632	(633,123)	217,062	120,000	141,625	482,909	(2,915,309)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Payments for capital assets	(277,219)	(147,104)		(115,206)	(94,042)	(614,816)	(53,790)		(1,302,177)
Payments on long-term debt		(228,280)	(256,720)	(130,000)		334,816			(280,184)
Proceeds from long-term debt						(4,650)			(4,650)
Payment of bond issue costs						(117,473)			(117,473)
Interest payments		(128,391)	(26,296)	(16,710)	(11,683)			11,085	(289,468)
Net cash provided by (used in) capital and related financing activities	(277,219)	(503,775)	(283,016)	(261,916)	(105,725)	(402,123)	(53,790)	11,085	(1,876,479)
CASH FLOWS FROM INVESTING ACTIVITIES									
Interest income	118,614	13,580	18,337	31,603	488	38,591	787	(11,085)	210,915
Net cash provided by (used in) investing activities	118,614	13,580	18,337	31,603	488	38,591	787	(11,085)	210,915

CITY OF GERING, NEBRASKA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Electric Fund	Water Fund	Wastewater Fund	Sanitation Fund	Golf Fund	Leasing Fund	Civic Fund	Eliminations	Total
NET INCREASE (DECREASE) IN CASH	1,442,805	(199,689)	720,807	89,422	(51,724)	36,988	21,145	482,909	2,542,663
CASH, beginning of year	4,996,584	756,779	453,843	3,202,438	51,724	2,380,038	22,541		11,863,947
CASH & RESTRICTED CASH, end of year	6,439,389	557,090	1,174,650	3,291,860		2,417,026	43,686	482,909	14,406,610
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	4,516,897	228,225	511,364	167,972	(294,654)	187,389	(160,948)		5,156,245
Operating income (loss)	364,981	351,133	228,510	523,599	100,840	41,454	85,581		1,696,098
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:									
Depreciation and amortization	(5,088)	16,366	(1,561)	(2,222)	(3,931)		(499)		3,065
Noncash forgivable loan	(36,788)	5,316	(819)	(4,719)					(37,010)
(Increase) decrease in assets:									
Accounts receivable	(54,189)	(12,466)	3,054		3,606	11,506			(48,489)
Unbilled revenue	(20,199)	(79,853)	(1,784)	30,187	7,065	40,171	5,219		(19,194)
Prepaid expense	(507)	40			(215)		(22)		(704)
Increase (decrease) in liabilities:									
Accounts payable	1,345	657	594	1,282	805				4,683
Sales tax payable	4,133	1,167	1,014	1,266	3,589				11,169
Accrued payroll expenses	19,516	2,212					3,192		24,920
Customer deposit	32,984	12,447	32,482	38,553	19,346				135,812
Accrued compensated absences				196,940					196,940
Landfill closure costs				784,886	131,105	93,131	93,471		1,967,290
Total adjustments	306,188	297,019	261,490	784,886	131,105	93,131	93,471		1,967,290
Net cash provided by (used in) operating activities	4,823,085	525,244	772,854	952,858	(163,549)	280,520	(67,477)		7,123,535

See accompanying notes to financial statements.

CITY OF GERING, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Gering, Nebraska, is a municipality located in Scotts Bluff County. It operates as a Council-Mayor form of government. The City Council is composed of eight (8) council members and a mayor elected at-large by the citizens.

The financial statements of the City are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY

The basic financial statements report on the government as a whole. They include the City of Gering, Nebraska, and its component unit. The blended component unit reflects the financial information of the City of Gering Leasing Corporation as a part of the proprietary funds. The City management and governing body exercise complete financial control over the City of Gering Leasing Corporation. Its activities are for the sole benefit of the City. The services provided by the City of Gering Leasing Corporation are so intertwined with the City that the City of Gering Leasing Corporation is in substance the same as the City and it is reported as part of the City and blended into the City's financial statements.

B. BASIS OF PRESENTATION

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole and report using the economic resource measurement focus on the accrual basis of accounting. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

In the statement of net position, both the governmental and business-type activities are presented on a consolidated basis, which recognizes all long-term assets, receivables, and long-term debt and obligations. Net position is reported in three categories - invested in capital assets net of related debt, restricted net position, and unrestricted net position.

The statement of activities reports both the gross and net cost of each of the City's governmental functions and business-type activities. The net costs of each governmental function are also supported by general government revenues (taxes and certain

CITY OF GERING, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

Government-Wide Financial Statements (Continued)

intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues and by operating and capital grants, if any. Program revenues must be directly associated with a governmental function or business-type activity.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements as applicable.

Fund Financial Statements

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

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the City are described below:

Governmental Funds

General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Funds

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

CITY OF GERING, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

Fund Financial Statements (Continued)

Governmental Funds (Continued)

Special Revenue Funds (Continued)

The Keno Fund is a special revenue fund and accounts for revenues and expenditures for the keno operations of the City. This fund has met the criteria for presentation in the fund financial statements as a major governmental fund.

The Street Fund is a special revenue fund used to account for receipts and disbursements attributed to maintenance and improvement of city streets and other City infrastructure. This fund has met the criteria for presentation in the fund financial statements as a major governmental fund.

The LB 840 Fund is a special revenue fund used to account for LB 840 revenues and expenses. LB 840 revenues are restricted for use on economic development for the City.

Debt Service Funds

Debt Service Funds are used to account for the accumulation of funds for the payment of principal, interest, and related costs on general long-term debt.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds) and to account for the accumulation of resources designated and reserved for specific future capital outlay projects.

Proprietary Funds

Enterprise Funds

Enterprise Funds are required to be used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Electric, Water, Wastewater, and Sanitation Funds are enterprise funds and account for the operations and maintenance of the City's various utility systems. These funds have met the criteria for presentation in the fund financial statements as major enterprise funds.

CITY OF GERING, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

Fund Financial Statements (Continued)

Proprietary Funds (Continued)

Enterprise Funds (Continued)

The Golf Fund, Leasing Corporation Fund, and the Civic Center Fund are enterprise funds and account for the use, operations, and maintenance of the City's municipal activities and recreational activities. These funds have not met the criteria for presentation in the fund financial statements as major enterprise funds. However, because of the activity of the funds, community interest, and perceived importance, the City has elected to present these funds as major enterprise funds in the fund financial statements.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement Focus

In the government-wide statements, both governmental and business-type activities are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements.

In the governmental fund financial statements, the "current financial resources" measurement focus, as applied to the modified accrual basis of accounting, is used as appropriate:

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

In the business-type fund financial statements and the government-wide statement of net position and statement of activities, activities are presented using the economic resources measurement focus, as applied to the accrual basis of accounting, is used as appropriate:

The proprietary funds and government-wide statements utilize an "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. Proprietary fund equity is classified as net position.

CITY OF GERING, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Basis of Accounting

The governmental fund financial statements are presented using a 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 sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government-wide statement of net position and statement of activities and the business-type fund financial statements are presented using the accrual basis of accounting. 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 they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

D. EQUITY CLASSIFICATIONS

Government-Wide Financial and Proprietary Funds Statements

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

Invested in capital assets, net of related debt - 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) through constitutional provision or enabling legislation.

Unrestricted net position - All other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

It is the City's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

CITY OF GERING, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. EQUITY CLASSIFICATIONS (Continued)

Governmental Fund Statements

Governmental fund equity is classified as fund balance.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable - This classification includes amounts that cannot be spent because they either (a) are not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned - This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Clerk, Utility Superintendent, or through the City Council delegating this responsibility to the City Clerk through a budgetary process.

Unassigned - This classification includes the residual fund balance for the General Fund.

CITY OF GERING, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. EQUITY CLASSIFICATIONS (Continued)

Governmental Fund Statements (Continued)

Fund Balance Classification (Continued)

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriated opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

E. FIXED ASSETS

Government-Wide Statements

Capital assets, which include property, plant, and equipment and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide statements. Capital assets are defined as assets that have initial useful lives that extend beyond a single reporting period. Capital assets are stated at cost or estimated historical cost if actual is unavailable, except for donated assets, which are recorded at their fair values when donated. The City utilizes a minimum capitalization threshold of \$5,000 for capital assets.

As permitted by GASB Statement No. 34, the City has elected to capitalize governmental fund type infrastructure, consisting primarily of street improvements, on a prospective basis. Consequently, except for proprietary fund types, the financial statements do not include infrastructure prior to October 1, 2003, with the exception of significant street projects.

Major expenditures for property and those which substantially increased useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed when incurred. When fixed assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. Net interest cost relating to construction is capitalized.

Depreciation has been provided using the straight-line method over estimated useful lives as follows:

Buildings	25 - 40 years
Improvements	10 - 40 years
Equipment and vehicles	3 - 10 years
Infrastructure	10 - 50 years

CITY OF GERING, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. FIXED ASSETS (Continued)

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

F. CASH AND CASH EQUIVALENTS

The City has defined cash to include cash on hand and cash in banks including certificates of deposit. As of September 30, 2019, there were no cash equivalents.

Certain cash and investment accounts are restricted for construction projects, debt service, compliance with bond covenants, and other purposes. Assets are also restricted in the proprietary funds for refunding customer meter deposits.

G. RECEIVABLES

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Principal receivable balances for the governmental activities are for accounts receivable, grants receivable, property taxes, loans, sales taxes, and interest.

Business-type activities report utilities, unbilled utilities, interest, grants, and capital lease receivables as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property, sales, and use taxes, since they are usually measurable and available in 60 days. No allowance for uncollectible accounts receivable has been deemed necessary.

H. INVENTORY

Inventories are recorded at the lower of cost or net realizable value, using the first-in first-out method.

I. RESTRICTED ASSETS

Restricted assets include cash and certificates of deposit that are restricted as to its use. The primary restricted assets are related to debt and landfill closure costs and related liabilities. 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 needed.

CITY OF GERING, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. LONG-TERM DEBT

Long-term debt is reported as liabilities in the government-wide statements and the proprietary fund statements. The long-term debt consists of notes payable, revenue bonds, general obligation bonds, and capital leases.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. Debt proceeds are reported as other financing sources, and payments of principal and interest are reported as expenditures.

K. COMPENSATED ABSENCES

The liability for compensated absences is recorded as either current portion and/or long-term liabilities in the government-wide statements. In the fund financial statements, governmental funds report only the liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

L. REVENUES

Program Revenues

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

General Government	Licenses, permits, and use fees for recreational property.
Public Works	Commercial tax shared by the State; capital grants for highway allocations.
Culture and Recreation	Rental income, recreation fees, concession sales, and specific donations.
Economic Development	Licenses and permit and application fees.

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

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds 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.

CITY OF GERING, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. EXPENDITURES

Expenditures are classified by function for both governmental and business-type activities in the government-wide financial statements. In the fund financial statements, expenditures are classified by character (current, capital outlay, and debt service) in the governmental funds and as operating and nonoperating in the proprietary funds. Proprietary fund inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

N. INTERFUND ACTIVITY

Interfund activities are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market, or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

O. USE OF ESTIMATES

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

P. PROPERTY TAX

Real estate taxes are levied December 1 each year and become a lien on real property on January 1 of the next year. Personal property taxes on owned or leased property are assessed as of January 1 of each year and become a lien on all personal property owned as of December 31 of that year. The first half of both taxes is delinquent May 1 and the second half is delinquent September 1 of the following year. Taxes not paid by the due dates become delinquent and interest is assessed at 14%.

Q. SALES AND USE TAX

The City presently levies a 7% sales tax on taxable sales within the City. The sales tax is collected by the Nebraska Department of Revenue and remitted to the City in the month following receipt. The Nebraska Department of Revenue receives the sales tax approximately one month after collection by vendors. The sales tax is recorded in the Special Revenue Fund and used for budgeted appropriations.

CITY OF GERING, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. BUDGETS

Budgets for the City are prepared and adopted on the cash basis of accounting for all governmental funds. The City Council may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The actual results of operations are presented in a budgetary comparison schedule. All governmental funds have a legally adopted annual budget. Appropriations lapse at year end but may be reappropriated in the following year.

NOTE 2. CUSTODIAL CREDIT RISK - DEPOSITS

The City utilizes pooled cash and certificates of deposit that are available for use by all funds except those required to maintain separate accounts. Each fund type's allocable portion of these pooled funds is displayed in the financial statements as "Cash and certificates of deposit." State law requires that all funds held in depositories be fully insured or collateralized.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of September 30, 2019, deposits with financial institutions were uninsured by FDIC insurance or collateralized by pledged securities in an amount of \$23,849.

NOTE 3. RESTRICTED ASSETS

Restricted cash in governmental funds consists of cash as follows:

City Park	
Cash donated by the public specifically to be used for the improvement of the City's Northfield Park.	33,522
City Library	
Cash donated by the public specifically to be used for the improvement of the City library.	1,235
City Cemetery	
Cash received for the sole purpose of perpetual care of the City cemetery.	<u>387,840</u>
Total governmental funds restricted cash	<u><u>422,597</u></u>

Restricted cash in business-type funds consists of cash as follows:

Customer Deposits	
Cash required by statute to be used solely for the purpose of refunding utility deposits held.	550,648

CITY OF GERING, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 3. RESTRICTED ASSETS (Continued)

Debt Retirement		
Cash required to be held by debt instrument for the sole purpose of debt retirement.		729,570
Landfill Closure Costs		
Cash required by regulation to be set aside solely for the purpose of sanitation landfill closure and postclosure costs.		<u>1,848,130</u>
Total business-type funds restricted cash		<u>3,128,348</u>

NOTE 4. CAPITAL ASSETS

	Balance October 1, 2018	Additions	Dele- tions	Transfers	Balance September 30, 2019
<u>Governmental Activities</u>					
Land	829,498				829,498
Buildings and improvements	12,762,174	418,265		(865,096)	12,315,343
Equipment and vehicles	5,500,733	438,787			5,939,520
Construction in progress		905,914			905,914
	<u>19,092,405</u>	<u>1,762,966</u>		<u>(865,096)</u>	<u>19,990,275</u>
Less accumulated depreciation	<u>(8,488,232)</u>	<u>(647,299)</u>		<u>(465,428)</u>	<u>(9,600,959)</u>
Net capital assets	<u>10,604,173</u>	<u>1,115,667</u>		<u>(1,330,524)</u>	<u>10,389,316</u>
<u>Business-Type Activities</u>					
Land	3,206,486				3,206,486
Buildings and improvements	9,456,446	183,343		1,022,990	10,662,779
Utility systems	36,604,821	202,223			36,807,044
Equipment and vehicles	11,501,022	219,950			11,720,972
Construction in progress	271,239	81,847		(157,896)	195,190
	<u>61,040,014</u>	<u>687,363</u>		<u>865,094</u>	<u>62,592,471</u>
Less accumulated depreciation	<u>(31,101,184)</u>	<u>(1,696,098)</u>		<u>465,427</u>	<u>(32,331,855)</u>
Net capital assets	<u>29,938,830</u>	<u>(1,008,735)</u>		<u>1,330,521</u>	<u>30,260,616</u>

Assets under a capital lease of \$2,024,140, net of related accumulated depreciation of \$1,150,943, was included in depreciable and nondepreciable assets of the Golf Fund of the proprietary fund statement of net position and is also included in business-type activities of the government-wide statement of net position. Depreciation of assets under

CITY OF GERING, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS (Continued)

capital lease of \$19,140 was included in depreciation of the Golf Fund of the proprietary funds statement of revenues, expenses, and changes in net position and also included in the business-type activities of the government-wide statement of activities.

Depreciation expense was recorded to activities as follows:

Governmental Activities	
General Government	31,312
Public Safety	134,369
Public Works	329,790
Culture and Recreation	151,828
	<u>647,299</u>
Business-Type Activities	
Electric	364,981
Water	351,133
Wastewater	228,510
Sanitation	523,599
Golf	100,840
Leasing Corp.	41,454
Civic Center	85,581
	<u>1,696,098</u>

NOTE 5. REVOLVING LOANS RECEIVABLE

The City makes repayable and forgivable loans for the purpose of providing incentive to businesses to locate operations within the City, generally at favorable interest rates. The City generally obtains security on loans made in the event of default. As of September 30, 2019, the balance of loan payments in arrears was \$116,317. A schedule of maturities is as follows:

CITY OF GERING, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 5. REVOLVING LOANS RECEIVABLE (Continued)

Years Ended September 30,	Repayable	Forgivable	Total
In Arrears	108,817	7,500	116,317
2020	223,471	131,600	355,071
2021	268,696	123,400	392,096
2022	257,767	367,400	625,167
2023	232,379	42,900	275,279
2024	212,779	20,900	233,679
2025 - 2029	680,922		680,922
2030 - 2032	307,439		307,439
	<u>2,292,270</u>	<u>693,700</u>	<u>2,985,970</u>

NOTE 6. LONG-TERM DEBT

Maturities during the next five years and thereafter are as follows:

Years Ended September 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	201,426	109,607	890,000	277,016	1,091,426	386,623
2021	246,361	64,673	940,000	263,518	1,186,361	328,191
2022	236,793	59,008	695,000	250,179	931,793	309,187
2023	59,016	54,584	705,000	237,579	764,016	292,163
2024	60,990	50,583	570,000	223,739	630,990	274,322
2025 - 2029	377,379	180,485	2,485,000	947,436	2,862,379	1,127,921
2030 - 2034	297,257	37,461	2,705,000	591,285	3,002,257	628,746
2035 - 2039			2,145,000	135,779	2,145,000	135,779
2040 - 2044						
2045 - 2049						
	<u>1,479,222</u>	<u>556,401</u>	<u>11,135,000</u>	<u>2,926,531</u>	<u>12,614,222</u>	<u>3,482,932</u>

Direct Borrowing and Direct Placement Debt

The City has outstanding bond debt from direct borrowing and direct placement related to business activities of the Leasing Corporation for the Stadium and Quad Plex in the amount of \$3,590,000. This debt is secured by specific real estate.

The City has outstanding notes from direct borrowing and direct placement related to government activities for TIF, Industrial Park, and LB840 in the amount of \$1,479,222. This debt is secured by specific real estate and personal guarantees.

CITY OF GERING, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Debt service requirements on long-term debt from direct borrowings and direct placement debt as of September 30, 2019, are as follows:

Years Ended September 30,	Governmental		Business	
	Principal	Interest	Principal	Interest
2020	201,426	109,607	150,000	103,797
2021	246,361	64,673	155,000	101,051
2022	236,793	59,008	155,000	98,145
2023	59,016	54,584	160,000	95,072
2024	60,990	50,583	160,000	91,752
2025 - 2029	377,379	180,485	875,000	397,397
2030 - 2034	297,257	37,461	1,005,000	257,630
2035 - 2039			930,000	69,169
	<u>1,479,222</u>	<u>556,401</u>	<u>3,590,000</u>	<u>1,214,013</u>

CITY OF GERING, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT

Long-term debt payable at September 30, 2019, is as follows:

	Issue Date	Due Date	Interest Rate	Balance October 1, 2018	Proceeds	Payments	Balance September 30, 2019	Current	Long-Term
<u>Governmental activities</u>									
Note payable	9/30/17	9/30/22	0.00%	667,337		166,786	500,551	166,850	333,701
Note payable	6/27/17	12/1/32	7.00%	902,500			902,500		902,500
Note payable	3/29/07	12/15/21	7.00%	93,387		24,388	68,999	26,136	42,863
Note payable	11/12/08	6/15/23	5.50%	8,731		1,559	7,172	1,647	5,525
Total governmental activities				<u>1,671,955</u>		<u>192,733</u>	<u>1,479,222</u>	<u>194,633</u>	<u>1,284,589</u>
<u>Business-type activities</u>									
Bond payable	4/17/12	9/30/23	0.35% - 2.75%	685,000		130,000	555,000	130,000	425,000
Bond payable	7/15/16	12/15/36	0.08% - 3.45%	5,569,039		402,550	5,166,489	406,700	4,759,789
Bond payable	7/15/16	12/15/36	0.08% - 3.45%	1,150,961		82,450	1,068,511	83,300	985,211
Bond payable	1/31/18	12/15/37	1.6% - 1.70%	3,750,000		160,000	3,590,000	150,000	3,440,000
Bond payable	6/14/16	12/15/24	0.06% - 1.70%	875,000		120,000	755,000	120,000	635,000
Total business-type activities				<u>12,030,000</u>		<u>895,000</u>	<u>11,135,000</u>	<u>890,000</u>	<u>10,245,000</u>
Total government-wide activities				<u>13,701,955</u>		<u>1,087,733</u>	<u>12,614,222</u>	<u>1,084,633</u>	<u>11,529,589</u>

CITY OF GERING, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 7. INTERFUND TRANSFERS, LOANS, AND TRANSACTIONS

Transfers

Generally transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to a debt service fund, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

	Transfers In	Transfers Out
General Fund	5,052,955	917,373
Keno Fund		72,141
Street Fund	387,000	138,261
Nonmajor Funds	766,658	1,680,618
Electric Fund	41,074	2,779,843
Water Fund		602,020
Sanitation Fund	400,000	187,368
Sewer Fund		633,123
Golf Fund	286,457	65,022
Civic Center Fund	141,625	
	7,075,769	7,075,769

Additionally, the City maintains a Self-Insured Medical Insurance plan which is funded by city and employee contributions to the plan. City contributions are made at a specified rate per covered employee. Accumulated and unspent cash amounts are accounted for in the General Fund of the City.

Contributions from other funds for this purpose are reported as transfers from other funds to the General Fund. Health claims paid are reported in the General Fund as General government function. The General Fund assigns and sets aside current resources for future health costs. Amounts transferred from other funds to the General Fund for this purpose follows:

General Fund	868,875
Street Fund	138,261
Electric Fund	225,695
Water Fund	134,370
Sewer Fund	107,718
Sanitation Fund	343,467
Golf Fund	65,022
Nonmajor Governmental funds	3,115
	1,886,525

CITY OF GERING, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 7. INTERFUND TRANSFERS, LOANS AND TRANSACTIONS (Continued)

Loans

The City may make loans from one fund to another for various purposes. The following schedule summarizes interfund loans as of September 30, 2019.

The City's Electric Fund made a loan to a nonmajor governmental fund for the purposes of making economic development loans to local business. Repayment of this loan will be made as repayment resources become available.	<u>297,792</u>
The City's Electric Fund made a loan to the Water Fund for the purposes of making economic development loans to local business. Repayment of this loan will be made as repayment resources become available.	<u>367,282</u>
The City's Electric Fund made a loan to the Golf Fund for the purposes of making economic development loans to local business. Repayment of this loan will be made as repayment resources become available.	<u>115,627</u>
The City's Electric Fund made a loan to the Sanitation Fund for the purposes of making economic development loans to local business. Repayment of this loan will be made as repayment resources become available.	<u>1,200,000</u>

Transactions

The City is committed under both an operating and a capital lease agreement with the City of Gering Leasing Corporation for lease of the municipal golf course along with the Stadium and Quadplex ballfield. The terms of the leases specify that lease payments will consist of a total of all payments due to or payable on behalf of the Leasing Corporation for building bonds payable through November 15, 2037. The lease is in both the Leasing Corporation, Golf Fund, and General Fund.

The following schedule summarizes the current and future years required payments under lease.

Years End September 30,	Capital Lease	Operating Lease	Total
2020	120,000	150,000	270,000
2021	125,000	155,000	280,000
2022	125,000	155,000	280,000
2023	125,000	160,000	285,000
2024	130,000	160,000	290,000
2025 - 2029	130,000	875,000	1,005,000
2030 - 2034		1,005,000	1,005,000
2034 - 2039		930,000	930,000
	<u>755,000</u>	<u>3,590,000</u>	<u>4,345,000</u>

CITY OF GERING, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 7. INTERFUND TRANSFERS, LOANS AND TRANSACTIONS (Continued)

Elimination of current year interfund activity is as follows:

Fund Financial Statements	
Governmental Funds	
Statement of revenues, expenditures, and changes in fund balance	
Net fund transfers between governmental funds	2,808,393
Proprietary Funds	
Statement of Net Position	
Capital lease receivable and payable between proprietary funds	755,000
Due to and from between proprietary funds	1,682,909
Statement of revenues, expenses, and changes in net position	
Net fund transfers between enterprise funds	869,156
Interest income and expense between proprietary funds	11,085
Government-Wide Financial Statements	
Statement of Net Position	
Due from and to between governmental activities and business-type activities	297,795
Rental Income/Expense	266,390
Statement of Activities	
Fund transfers between governmental and proprietary funds	3,398,218
Interest Income Expense	40,376

NOTE 8. RISK MANAGEMENT

The City has established a self-funded health care plan for the benefit of eligible City employees and their eligible dependents. The plan provides reimbursement for covered charges incurred as a result of medically necessary treatment for illness or injury. The City purchases commercial insurance for claims in excess of coverage provided by the fund. At September 30, 2019, the City's maximum liability was \$45,000 per employee annually under the plan.

CITY OF GERING, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 8. RISK MANAGEMENT (continued)

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. During the year, the City carried commercial insurance for general liability, public officials' liability, property coverage, workers' compensation coverage, commercial excess liability coverage, and crime and blanket bond coverage insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9. ENVIRONMENTAL REMEDIATION

The City is subject to laws and regulations relating to the protection of the environment. The City's policy is to accrue environmental and cleanup-related costs of a noncapital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty the potential impact of the City's continuing compliance efforts, management believes any future remediation or other compliance-related costs will not have a material adverse effect on the financial condition or reported results of operations of the City.

NOTE 10. CONTINGENCIES

Self-Insurance

The City operates a self-insured medical insurance plan for dental and health insurance for its employees. The City has contracted with a third-party administrator to provide claims processing services. In addition, the City has purchased a stop-loss policy covering all claims in excess of \$45,000 per year, per claim. The City retains risk of loss for all claims up to the stop-loss amount. As of September 30, 2019, cumulative contributions and revenues in excess of claims and expenses were \$1,210,275, which the City has designated for payment of future claims.

Federal and State Grants

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liabilities for reimbursement which may arise as the result of these audits are not believed to be material.

Nebraska Unemployment

The City does not pay Nebraska Unemployment Tax, but instead operates on a reimbursable basis. The City must reimburse the State for actual benefit charges as they are incurred. Based on prior experience, the City believes claims of this nature, if any, will be immaterial.

CITY OF GERING, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 11. RETIREMENT PLANS

Employees Other Than Police and Fire

The City maintains a defined contribution pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees are eligible to participate if they have attained the age of 21, completed one year of eligible service, and are considered full-time employees.

The City contributes 12% of salary for top administrative personnel. General personnel are required to contribute a minimum of 6% of their salary. The City matches 100% of the employee's contribution up to 6% of the employee's salary. The covered employees and the City made contributions of \$185,108 and \$187,125, respectively.

Police and Fire Pension

The City's police and firemen employed after January 1, 1984, are covered under a defined contribution plan, with all funds held and invested in a Group Annuity Contract with Mutual of Omaha. Employees covered by the plan are required to contribute a minimum of 7% for police and 7% for firemen of salary to the plan. Matching City contributions are 7% for police and 13% for firemen. The covered employees and the City made contributions of \$86,773 and \$91,249, respectively.

NOTE 12. COMMITMENTS

The City has entered into an agreement with the cities of Scottsbluff, Mitchell, and Lyman to provide solid waste collection and disposal services effective through 2021.

The City has entered into an agreement with Eric Reichert Insulation and Construction for the base bid in relation to the Oregon Trail Park Quad Field Baseball/Softball Complex in the amount of \$1,848,226 with an additional \$22,858 for demolition of existing structures. There is an additional agreement for the project with Van Pelt Fencing in the amount of \$62,258. This work is estimated to begin in Summer of 2020 and completed before December 2020.

NOTE 13. ECONOMIC DEPENDENCE

The City of Gering, Nebraska's Electric Department purchases most of its electricity for resale to customers from Municipal Energy Agency of Nebraska.

CITY OF GERING, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 14. LANDFILL CLOSURE COSTS

State and federal laws and regulations required the City 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 postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,848,130 reported as landfill closure and postclosure cost liability at September 30, 2019, represents the cumulative amount reported to date on an amount that will satisfy the expected liability at the expected closure date in the year 2023. The estimated cost of closure and postclosure were re-estimated for current costs and current standards to \$2,351,540 as of September 30, 2019. Actual postclosure costs may be higher due to inflation, changes in technology, or changes in regulations.

As of September 30, 2019, the landfill is estimated to be at 82% capacity and expected to remain open an additional 6.9 years.

NOTE 15. FUND BALANCES AND NET POSITION

Governmental Funds

The City has requirements to restrict certain balances of funds for specified future use. These restrictions are generally the result of laws, regulations, or contracts. Additionally, the City has assigned certain balances for specified future use. These assignments are generally the result of the governing body's intentions. Remaining net fund balances not restricted or assigned are unassigned. The following schedule presents restrictions to and assignments of fund balances in the governmental fund financial statements.

CITY OF GERING, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 15. FUND BALANCES AND NET POSITION (Continued)

	General Fund	Keno Fund	Street Fund	Nonmajor Funds	Total Governmental Funds
Restricted for:					
Assets held in trust	422,597				422,597
Specified use by law or regulation	<u> </u>	<u>1,314,197</u>	<u>1,174,895</u>	<u>2,185,945</u>	<u>4,675,037</u>
Total restricted funds	<u>422,597</u>	<u>1,314,197</u>	<u>1,174,895</u>	<u>2,185,945</u>	<u>5,097,634</u>
Nonspendable for:					
Inventory	<u>18,430</u>	<u> </u>	<u> </u>	<u> </u>	<u>18,430</u>
Committed for:					
Debt service	<u> </u>	<u> </u>	<u> </u>	<u>793,793</u>	<u>793,793</u>
Total committed funds	<u> </u>	<u> </u>	<u> </u>	<u>793,793</u>	<u>793,793</u>
Assigned for:					
Self-insured costs	1,210,275				1,210,275
Capital projects	<u> </u>	<u> </u>	<u> </u>	<u>2,571,947</u>	<u>2,571,947</u>
Total assigned funds	<u>1,210,275</u>	<u> </u>	<u> </u>	<u>2,571,947</u>	<u>3,782,222</u>

Business-Type Funds

The City has requirements to restrict certain balances of funds for specified future use. These restrictions are generally the result of laws, regulations, or contracts. The remaining net position is unrestricted. The following schedule presents restrictions to and assignments of fund balances in the governmental fund financial statements.

	Electric Fund	Water Fund	Wastewater Fund	Sanitation Fund	Golf Fund	Leasing Fund	Civic Fund	Total
Restricted for:								
Debt retirement		485,385	109,185	135,000				729,570
Landfill closure costs				1,848,130				1,848,130
Refundable customer deposits	<u>466,446</u>	<u>71,705</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>12,497</u>	<u>550,648</u>
Total restricted funds	<u>466,446</u>	<u>557,090</u>	<u>109,185</u>	<u>1,983,130</u>	<u> </u>	<u> </u>	<u>12,497</u>	<u>3,128,348</u>

CITY OF GERING, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 16. ECONOMIC DEVELOPMENT REAL ESTATE

The City acquires real property for the purpose of economically distressed areas for improvements and resale. Acquisitions are generally expected to produce sale proceeds below acquisition cost upon sale. As of September 30, 2019, the City holds one property for this purpose at a total cost of \$6,200.

The City acquires real property for the purpose of providing suitable locations and incentive for potential new commercial businesses to establish or relocate business operations within the City's economic area. As of September 30, 2019, the City holds two properties for this purpose at a total cost of \$1,757,244.

NOTE 17. PRIOR PERIOD ADJUSTMENTS

The Leasing Corporation was adjusted to show that debt pertaining to City Hall and Civic Center had been paid payoff. Pursuant to the agreement with the Leasing Corporation those assets automatically become the property of the City. The net difference between cost and accumulated depreciation is \$286,163 (City Hall) and \$715,707 (Civic Center).

An adjustment was also made to record the Stadium that was finished in FY18 and should have been capitalized as an asset of the Leasing Corporation in that year. The net difference between cost and accumulated depreciation is \$1,616,686.

The above changes result in net change to government activities of an increase in the amount of \$327,617 and a decrease in net change to business activities of the same amount.

NOTE 18. SUBSEQUENT EVENTS

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through March 27, 2019, the date the financial statements were available to be issued.

CITY OF GERING, NEBRASKA
 BUDGETARY COMPARISON SCHEDULE
 CASH BASIS
 SEPTEMBER 30, 2019

	General Fund		Keno Fund		Street Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
RECEIPTS						
Taxes	1,578,849	1,514,224			250,000	131,044
Sales tax					1,095,087	1,210,529
Intergovernmental and grants	279,754	98,320				
Charges for services	482,873	661,881	1,703,000	1,576,910		
Interest income	12,000	17,815	3,000	20,472		17,486
Other	2,449,400	299,297		(1,413)	5,000	4,729
Miscellaneous						
Proceeds from long-term debt						
Payments received on loan						
Transfers	6,156,709	5,052,955			227,000	387,000
Total receipts	<u>10,959,585</u>	<u>7,644,492</u>	<u>1,706,000</u>	<u>1,595,969</u>	<u>1,577,087</u>	<u>1,750,788</u>
DISBURSEMENTS						
General Government	3,376,757	2,669,313				
Public Safety	2,013,405	2,018,543				
Public Works					921,687	839,123
Culture and Recreation	574,402	897,701	1,588,000	1,500,161		
Economic Development					697,270	346,617
Capital outlay	3,296,255	501,007				
Interest expense	1,139,782	917,373		72,141	303,692	138,261
Transfers	<u>10,400,601</u>	<u>7,003,937</u>	<u>1,588,000</u>	<u>1,572,302</u>	<u>1,922,649</u>	<u>1,324,001</u>
Total disbursements						
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>558,984</u>	<u>640,555</u>	<u>118,000</u>	<u>23,667</u>	<u>(345,562)</u>	<u>426,787</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GERING, NEBRASKA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1. BUDGETARY COMPARISON SCHEDULE

Basis of Accounting

The accompanying budgetary comparison schedule is presented on the cash basis of accounting.

Budget Law

The City is required by state law to hold public hearings and adopt annual budgets for all funds on the cash basis of accounting. Total expenditures for each fund may not exceed the total budgeted expenditures. Appropriations for expenditures lapse at year-end. Any revisions to the adopted budget of total expenditures to any fund require a public hearing.

Reconciliation of Budget Basis Amounts

Amounts reported as receipts and disbursements in the City's budgetary comparison schedule are reported using the City's reporting basis for budgetary purposes, which is the cash basis of accounting. The City's fund financial statements are reported using the modified accrual basis of accounting, as prescribed by accounting principles generally accepted in the United States of America. The following summary reconciles amounts reported in the budgetary comparison schedules to amounts reported in the fund financial statements.

	General Fund	Keno Fund	Street Fund
Revenues, Budgetary Basis	7,644,492	1,595,969	1,750,788
Change in:			
Accounts receivable	8,928		133,867
Intergovernmental receivables	197,029		
Other receivables	(5,963)	(28,442)	
Revenues, Modified Accrual Basis	<u>7,844,486</u>	<u>1,567,527</u>	<u>1,884,655</u>
Expenditures, Budgetary Basis	7,003,937	1,572,302	1,324,001
Change in:			
Inventory	8,818		
Accounts payable	91,259		1,122
Payroll liabilities	14,455		(2,279)
Expenditures, Modified Accrual Basis	<u>7,118,469</u>	<u>1,572,302</u>	<u>1,322,844</u>



**DANA F. COLE
& COMPANY LLP**
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Mayor and City Council
City of Gering, 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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Gering, Nebraska, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Gering, Nebraska's basic financial statements, and have issued our report thereon dated March 27, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Gering, Nebraska's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Gering, Nebraska's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Gering, Nebraska'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

City of Gering, Nebraska's Response to Findings

The City of Gering, Nebraska's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City of Gering, Nebraska's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Dana F Cole + Company, LLP

Scottsbluff, Nebraska
March 27, 2020

