



CITY OF
FREMONT
NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-12
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet - Governmental Funds	15
Reconciliation of the Balance Sheet -	
Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances -	
Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
in Fund Balances - Governmental Funds to the Statement of Activities	18
Statement of Net Position - Proprietary Funds	19
Statement of Revenues, Expenses, and Changes in Fund Net Position -	
Proprietary Funds	20
Statement of Cash Flows - Proprietary Funds	21-22
Statement of Fiduciary Net Position	23
Statement of Changes in Fiduciary Net Position	24
Notes to Financial Statements	25-56
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules	
General Fund	57
Street Fund	58
Sales Tax Fund	59
Note to Required Supplementary Information	60
OTHER SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – Non-major Governmental Funds	61-62
Combining Statement of Revenues, Expenditures, and Changes	
in Fund Balances – Non-major Governmental Funds	63-64
SINGLE AUDIT REPORTS	
Schedule of Expenditures of Federal Awards	65
Notes to the Schedule of Expenditures of Federal Awards	66
Report on Internal Control over Financial Reporting and on Compliance	
and Other Matters Based on an Audit of Financial Statements Performed	
in Accordance with <i>Government Auditing Standards</i> – Independent Auditor's Report	67-68
Report on Compliance for the Major Federal Program and Report on Internal	
Control over Compliance – Independent Auditor's Report	69-70
Schedule of Findings and Questioned Costs	71-72
Summary Schedule of Prior Audit Findings	73



1120 S. 101st Street, Suite 410 / Omaha, NE 68124

P 402.392.1040 / F 402.392.1772

forvis.com

Independent Auditor's Report

Honorable Mayor and City Council
City of Fremont, Nebraska
Fremont, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Fremont, Nebraska (the City) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fremont, Nebraska as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A.5. to the financial statements, in 2021, the City adopted Governmental Accounting Standards Board (GASB) Statements No. 84, *Fiduciary Activities* and No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Our opinions are not modified with respect to this matter.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The non-major governmental funds combining statements and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The non-major governmental funds combining statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the non-major governmental funds combining statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated June 27, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

FORVIS,LLP

Omaha, Nebraska
June 27, 2022

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED SEPTEMBER 30, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

As management of the City of Fremont, Nebraska (the "City" or "City of Fremont") we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City of Fremont for the fiscal year ended September 30, 2021.

Financial Highlights

- The assets of the City of Fremont exceeded its liabilities at the close of the most recent fiscal year by \$324,386,271 (*net position*). Of this amount, \$104,808,045 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Fremont governmental activities reported combined ending net position of \$120,206,792. Approximately 24.4 percent of this total amount, \$29,345,178 is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$16,283,289, or 79.4 percent of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Fremont's basic financial statements. The City of Fremont's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information about the City of Fremont's assets, deferred outflow of resources, liabilities, and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Fremont is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of Fremont that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Fremont include general government, public safety, highways and streets, economic development and culture and recreation. The business-type activities of the City of Fremont include the Electric, Water, Sewer and Gas activities.

The government-wide financial statements can be found on pages 13 and 14 of this report.

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

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

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

The City of Fremont maintains 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Street Fund, and the Sales Tax Fund, all of which are considered to be major funds. Data from the other 14 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 15 - 18 of this report.

Proprietary Funds. The City of Fremont maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Fremont uses enterprise funds to account for its Electric, Water, Sewer, and Gas Funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Fremont's various functions.

The City of Fremont uses internal service funds to account for its employee health insurance, workers' compensation insurance and employee wellness fund. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

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

The basic proprietary fund financial statements can be found on pages 19 - 22 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because

CITY OF FREMONT, NEBRASKA

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

the resources of those funds are *not* available to support the City of Fremont’s own programs. The accounting used for fiduciary funds is much like that use for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 23-24 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 - 56 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Fremont’s budgetary comparison schedules. Required supplementary information can be found on pages 57-60 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining fund statements can be found on pages 61-64 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City of Fremont, assets exceeded liabilities by \$324,386,271 at the close of the most recent fiscal year.

	September 30, 2021			September 30, 2020		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
Current and Other Assets	\$ 69,608,193	\$ 101,282,593	\$170,890,786	\$ 49,884,302	\$ 86,544,035	\$136,428,337
Capital Assets	68,814,152	211,914,440	280,728,592	65,508,394	215,407,125	280,915,519
Deferred Outflow of Resources	2,607	2,185,962	2,188,569	3,147	106,592	109,739
Total Assets and Deferred Outflows	138,424,952	315,382,995	453,807,947	115,395,843	302,057,752	417,453,595
Current Liabilities	7,109,648	21,795,612	28,905,260	4,157,005	20,102,663	24,259,668
Long-term Liabilities	11,108,512	88,299,829	99,408,341	2,718,101	91,084,028	93,802,129
Deferred Inflow of Resources	-	1,108,075	1,108,075	-	417	417
Total Liabilities and Deferred Inflows	11,108,512	89,407,904	100,516,416	2,718,101	91,084,445	93,802,546
Net Position:						
Net Investment in Capital Assets	56,027,016	116,391,421	172,418,437	61,625,538	116,315,171	177,940,709
Restricted						
Expendable	34,709,598	12,325,191	47,034,789	22,640,257	12,898,001	35,538,258
Nonexpendable	125,000	-	125,000	125,000	-	125,000
Unrestricted	29,345,178	75,462,867	104,808,045	24,129,942	61,657,472	85,787,414
Total Net Position	\$ 120,206,792	\$ 204,179,479	\$324,386,271	\$ 108,520,737	\$ 190,870,644	\$299,391,381

The largest portion of the City of Fremont’s net position (53.2 percent) reflects its net investment in capital assets (land, infrastructure, buildings, machinery, vehicles and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Fremont uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Fremont’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Fremont’s net position (14.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net*

CITY OF FREMONT, NEBRASKA

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

position (\$104,808,045) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental Activities. Net position increased \$11,664,446 in the governmental activities during the year ended September 30, 2021, increasing total growth in the City's net position by 46.7 percent for the year ended September 30, 2021. Key elements of this increase are as follows:

Expenses and Program Revenues - Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2021</u>		<u>Year Ended September 30, 2020</u>	
	<u>Program</u>	<u>Program</u>	<u>Program</u>	<u>Program</u>
	<u>Revenues</u>	<u>Expenses</u>	<u>Revenues</u>	<u>Expenses</u>
General government	\$ 2,139,150	\$ 5,437,877	\$ 1,572,626	\$ 9,246,947
Public safety	3,405,345	10,846,241	1,605,299	10,025,979
Public works	2,369,817	5,507,110	11,214,259	19,318,288
Environment and leisure	1,992,371	4,332,158	2,419,117	3,686,973
Non-departmental	-	314,373	-	354,411
Interest	-	137,628	-	72,742
Total	<u>\$ 9,906,683</u>	<u>\$ 26,575,387</u>	<u>\$16,811,301</u>	<u>\$ 42,705,340</u>

Revenues by Source – Governmental Activities

	<u>Year Ended September 30, 2021</u>		<u>Year Ended September 30, 2020</u>	
Charges for services	\$ 4,329,783	11.32 %	\$ 4,202,200	9.20 %
Operating grants and contributions	4,004,457	10.47	8,674,967	19.00
Capital grants and contributions	1,572,443	4.11	3,934,134	8.61
Property taxes	6,574,574	17.19	9,484,981	20.77
Motor vehicle taxes	664,808	1.74	626,407	1.37
Sales tax	9,213,116	24.09	8,296,112	18.17
Payments in lieu of taxes	23,636	0.06	(2,885)	(0.01)
Franchise taxes	263,692	0.69	274,284	0.60
Other taxes	1,892,540	4.95	1,863,981	4.08
State allocation	4,314,436	11.28	3,999,222	8.76
Keno	874,739	2.29	606,785	1.33
Miscellaneous	465,503	1.22	30,552	0.07
Interest	128,873	0.34	439,751	0.96
Gain on sale of assets	90,118	0.24	128,295	0.28
Transfer from other funds	3,827,115	10.01	3,106,374	6.81
Total	<u>\$ 38,239,833</u>	<u>100.00 %</u>	<u>\$ 45,665,160</u>	<u>100.00 %</u>

Business-type Activities. Business-type activities increased the City of Fremont's net position by \$13,308,835, accounting for total growth of 53.3 percent of the total growth in the government's net position for the year ended September 30, 2021. Key elements of this increase are as follows:

CITY OF FREMONT, NEBRASKA

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Expenses and Program Revenues – Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2021</u>		<u>Year Ended September 30, 2020</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 54,148,514	\$ 41,851,173	\$ 46,681,257	\$ 39,578,503
Water	5,788,478	3,784,440	5,785,307	3,768,727
Sewer	7,423,202	8,004,573	8,071,695	6,403,117
Gas	17,316,623	14,379,983	14,209,615	12,014,878
Total	<u>\$ 84,676,817</u>	<u>\$ 68,020,169</u>	<u>\$ 74,747,874</u>	<u>\$ 61,765,225</u>

Revenues by Source – Business-type Activities

	<u>Year Ended September 30, 2021</u>		<u>Year Ended September 30, 2020</u>	
Charges for services	\$ 83,504,085	102.68 %	\$ 73,042,009	101.17 %
Operating grants and contributions	451,122	0.55	514,480	0.71
Capital grants and contribution	721,610	0.89	1,191,385	1.65
Interest	469,037	0.58	539,626	0.75
Gain (loss) on sale of assets	10,265	0.01	17,473	0.02
Transfer (to) from other funds	<u>(3,827,115)</u>	<u>(4.71)</u>	<u>(3,106,374)</u>	<u>(4.30)</u>
Total	<u>\$ 81,329,004</u>	<u>100.00 %</u>	<u>\$ 72,198,599</u>	<u>100.00 %</u>

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Fremont's *governmental funds* reported combined ending fund balances of \$55,933,330. Approximately 29.1 percent of this total amount (\$16,266,948) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is not available for new spending because it has already been 1) restricted for debt service (\$295,486), 2) restricted for street improvements (\$13,851,280), 3) restricted for public safety (\$3,178,459), 4) restricted for infrastructure (\$3,768,521), 5) restricted for property tax relief (\$1,878,083), 6) restricted for economic development (\$7,107,470), 7) restricted for a variety of capital/special projects (\$3,069,524), 8) restricted for Federal programs (\$484,013), 9) restricted for community betterment (\$619,004), 10) committed for code enforcement/defense (\$1,334,742), 11) committed for capital improvement projects (\$3,755,235), 12) assigned for downtown improvement projects (\$100,550), 13) assigned for the airport (\$53,929), 14) endowed as non-spendable principal (\$125,000), or 15) non-spendable prepaid expense (\$45,086).

The General Fund is the chief operating fund of the City of Fremont. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$16,283,289. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 79.4 percent of total General Fund expenditures.

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued FOR THE YEAR ENDED SEPTEMBER 30, 2021

The fund balance of the City of Fremont's General Fund increased by \$3,673,135, during the current fiscal year, which was approximately \$6,865,883 more than was budgeted. The increase was predominantly due to actual bonds issued were \$5,023,750 less than budgeted, as well as unbudgeted federal funding of \$1,528,830 for pandemic-related relief. Operationally, significant savings were realized in personal services (\$1,192,000), due to vacant positions throughout the year.

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

Unrestricted net position of the *proprietary funds* at the end of the year were as follows: Electric Fund - \$48,483,811, Water Fund - \$5,532,667, Sewer Fund - \$10,806,226, and Gas Fund - \$10,640,163. The change in net position for the proprietary funds was as follows: Electric Fund - \$9,673,453, Water Fund - \$1,760,134, Sewer Fund - (\$681,699), and Gas Fund - \$2,556,947. The increase in the Electric Fund net position was attributable to the February 2021 Polar Vortex weather event during which the City's electric generating facilities were able to generate and sell a significant volume of energy at unprecedented pricing, accounting for \$7 million of the increase. The increase in the Water Fund relates to a 34 percent increase in consumption in the Municipal category, with both swimming sites online during 2021. The decrease in the Sewer Fund was attributable to additional production costs related to industrial customers based on concentration of waste. The increase in the Gas Fund is a result of a 25% increase in Large Volume Consumption. Other factors concerning the finances of these four funds have already been addressed in the discussion of the City of Fremont's business-type activities.

Budgetary Highlights

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

Capital Asset and Debt Administration

Capital Assets. The City of Fremont's investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounts to \$280,728,592 (net of accumulated depreciation). This investment in capital assets includes land, building and system improvements, machinery and equipment, park facilities, roads, highways and bridges.

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

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

Significant items placed in service during the current year at their installed values:

- Wastewater treatment plant upgrades - \$20,773,387
- City Auditorium remodel - \$3,161,619
- Electric distribution system improvements - \$1,515,940
- Water system improvements - \$1,269,195
- City Hall elevator - \$1,084,513
- LDW rail track extension - \$723,341
- Johnson Road trail - \$563,146
- Unit 8 Circulating Pump A - \$415,055
- Sewer collection system improvements - \$404,126
- Gas system improvements - \$400,629
- 2021 Freightliner Aerial - \$276,018

Significant additions to Construction in Progress for continuing projects, with the current year expenditures noted:

- Substation H design & construction - \$6,111,413

CITY OF FREMONT, NEBRASKA

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

- N Lincoln Ave & 29th St paving - \$1,753,410
- Airport terminal building - \$1,071,861
- Christensen Field Arena Energy Efficiency - \$948,676
- Wastewater treatment plant upgrades - \$916,127
- City Hall Energy Efficiency - \$567,227
- Rawhide Creek trail - \$471,925
- Luther Road South paving - \$286,654
- Transmission Line Repair 2021 - \$265,187
- Honeywell EHPM Controls Upgrade - \$255,784
- Fire Engine Pumper - \$229,478
- Bluestem Commons Ph I Electric - \$200,468

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

	Year Ended September 30, 2021			Year Ended September 30, 2020		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
Land	\$ 7,137,677	\$ 5,052,174	\$ 12,189,851	\$ 7,173,710	\$ 5,052,174	\$ 12,225,884
Construction in Progress	10,073,025	21,852,542	31,925,567	8,893,258	42,238,264	51,131,522
Infrastructure	36,256,830	-	36,256,830	36,474,616	-	36,474,616
Buildings and Improvements	10,648,047	-	10,648,047	7,878,766	-	7,878,766
Machinery and Equipment	4,698,573	8,776,283	13,474,856	5,088,044	4,935,827	10,023,871
Distribution Systems, Buildings, and Equipment	-	172,275,260	172,275,260	-	159,315,850	159,315,850
Office Furniture and Equipment	-	395,188	395,188	-	498,012	498,012
Vehicles	-	3,562,993	3,562,993	-	3,366,998	3,366,998
Total	\$ 68,814,152	\$ 211,914,440	\$ 280,728,592	\$ 65,508,394	\$ 215,407,125	\$ 280,915,519

Additional information on the City of Fremont's capital assets can be found in Note C4 on pages 42 - 43 of this report.

Long-term debt. At the end of the current fiscal year, the City of Fremont had total bonded debt, notes, and capital leases payable (excluding TIF bonds payable) outstanding of \$103,129,587.

City of Fremont's Outstanding Debt

	Year Ended September 30, 2021			Year Ended September 30, 2020		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
General Obligation Bonds	\$ 11,465,836	\$ -	\$ 11,465,836	\$ 1,880,000	\$ -	\$ 1,880,000
Revenue Bonds	-	91,185,015	91,185,015	-	94,855,346	94,855,346
Capital leases payable	478,736	-	478,736	707,833	-	707,833
Total	\$ 11,944,572	\$ 91,185,015	\$ 103,129,587	\$ 2,587,833	\$ 94,855,346	\$ 97,443,179

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued FOR THE YEAR ENDED SEPTEMBER 30, 2021

The City of Fremont's total debt increased by \$5,686,408 (5.8 percent) due to new issuances of governmental debt, offset by scheduled principal payments of debt.

The City of Fremont maintains an AA bond rating, while the Combined Utilities maintains an AA(-) bond rating from Standard & Pools.

Additional information on the City of Fremont's long-term debt can be found in Note C6 on pages 44 - 46 of this report.

Economic Factors and Next Year's Budgets and Rates

- The City is in the first year of the two-year budget cycle for 2022 and 2023.
- Property tax assessment for the year ending September 30, 2022 is \$6,342,626, which is less than the assessment for the year ended September 30, 2021 due to an unexpected decrease in the City's valuations as the result of a major tax payer filing for a tax credit on their personal property taxes. In prior years, the City Council had imposed property taxes in anticipation of the costs related to defending and implementing a citizen-initiated ordinance. Litigation has been resolved leaving a balance of unspent funds. This unspent balance has been committed by the City Council for enforcement and capital improvements at the Police Station. The City Council committed \$1,334,742 at September 30, 2021 for this purpose. In addition, the Council also committed \$3,755,235 for capital improvement projects.
- The Utility budget was adjusted to account for the ongoing operations of a chicken processing plant employing 1,000 workers, as well as improvements to accommodate a second shift at a hog processing plant. As the two largest customers of the utilities, changes in production patterns have a significant impact on the utilities' budget. In addition, the Waste Water Treatment Plant improvements included a methane gas scrubber to allow for the sale of natural gas back to the pipeline, as well as the sale of renewable energy credits generating additional revenue.
- The growth generated by these major employers has put pressure on the City and Utility for service delivery. As a result, nine new positions were added to the overall employee count in this budget, including six new firefighters.
- The City has budgeted and expects to make significant expenditures for the following capital projects during the next two fiscal years, (expenditures for smaller capital projects will be dependent upon actual revenues remaining within budgeted levels, while larger projects will be financed with a combination of long-term debt, cash reserves and private funding):
 - Waste water treatment plant improvements - \$21,000,000
 - Various citywide paving and resurfacing projects - \$11,990,334
 - New Law Enforcement Center, \$11,000,000
 - Library expansion project \$9,200,000
 - Multi Use Building for Streets and Park - \$8,000,000.
 - Effluent Limitation Guidelines (ELG) power plant improvements - \$4,650,000
 - Drainage improvements using American Rescue Plan Act funds - \$4,419,468
 - 50T Emergency Black Start unit - \$3,500,000
 - Wellfield Water Treatment facility (engineering only) \$2,500,000
 - Substation Transformer addition - \$2,300,000
 - Cedar Bluffs water main upsizing - \$2,250,000
- The City Council approved a two-point-seven (2.7) percent increase in rates for the Gas Fund effective October 1, 2021.

CITY OF FREMONT, NEBRASKA

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

All of these factors were considered in preparing the City of Fremont's budget for the 2022 and 2023 fiscal year.

Request for Information

This financial report is designed to provide a general overview of the City of Fremont's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Fremont, 400 E. Military Avenue, Fremont, NE 68025.

CITY OF FREMONT, NEBRASKA
Statement of Net Position
September 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 31,417,127	\$ 21,607,696	\$ 53,024,823
Investments	28,554,901	20,984,833	49,539,734
County treasurer cash	187,189	-	187,189
Receivables:			
Special assessments	427,857	-	427,857
Accounts, net of allowance for doubtful accounts	556,252	3,149,279	3,705,531
Notes, net of allowance	-	755,834	755,834
Unbilled revenue	-	4,765,591	4,765,591
Interest	58,746	105,374	164,120
Property tax	195,093	-	195,093
Business tax	209,452	-	209,452
Other tax	333,927	-	333,927
Receivable/payable to other funds	203,725	(203,725)	-
Due from other governments	2,788,213	100,695	2,888,908
Inventory	-	10,941,471	10,941,471
Prepaid expenses	45,086	224,270	269,356
Total current assets	<u>64,977,568</u>	<u>62,431,318</u>	<u>127,408,886</u>
Noncurrent assets:			
Restricted cash and cash equivalents	139,208	2,044,423	2,183,631
Restricted investments	-	11,967,347	11,967,347
Notes receivable, net of allowance	4,491,417	13,978,199	18,469,616
Regulatory asset	-	10,861,306	10,861,306
Capital assets:			
Land	7,137,677	5,052,174	12,189,851
Construction in progress	10,073,025	21,852,542	31,925,567
Other capital assets, net of depreciation	51,603,450	185,009,724	236,613,174
Net capital assets	<u>68,814,152</u>	<u>211,914,440</u>	<u>280,728,592</u>
Total noncurrent assets	<u>73,444,777</u>	<u>250,765,715</u>	<u>324,210,492</u>
Total assets	<u>138,422,345</u>	<u>313,197,033</u>	<u>451,619,378</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refundings	2,607	2,185,962	2,188,569
Total deferred outflows of resources	<u>2,607</u>	<u>2,185,962</u>	<u>2,188,569</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,557,010	7,974,349	9,531,359
Claims liability	370,338	11,242	381,580
Accrued expenses	263,352	1,171,366	1,434,718
Due to other governments	3,693	-	3,693
Unearned revenues	2,334,734	335,752	2,670,486
Customer deposits	31,968	733,776	765,744
Advances for construction	-	6,825,658	6,825,658
Current portion of long-term liabilities	2,548,553	4,743,469	7,292,022
Total current liabilities	<u>7,109,648</u>	<u>21,795,612</u>	<u>28,905,260</u>
Noncurrent liabilities:			
Noncurrent portion of long-term liabilities	11,108,512	88,299,829	99,408,341
Total noncurrent liabilities	<u>11,108,512</u>	<u>88,299,829</u>	<u>99,408,341</u>
Total liabilities	<u>18,218,160</u>	<u>110,095,441</u>	<u>128,313,601</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on bond refundings	-	1,108,075	1,108,075
Total deferred inflows of resources	<u>-</u>	<u>1,108,075</u>	<u>1,108,075</u>
NET POSITION			
Net investment in capital assets	56,027,016	116,391,421	172,418,437
Restricted for:			
Debt service	295,486	11,312,039	11,607,525
Fly ash disposal	-	1,013,152	1,013,152
Street improvements	13,954,578	-	13,954,578
Federal grant programs	486,884	-	486,884
Other purposes			
Expendable	19,972,650	-	19,972,650
Non expendable	125,000	-	125,000
Unrestricted	29,345,178	75,462,867	104,808,045
Total net position	<u>\$ 120,206,792</u>	<u>\$ 204,179,479</u>	<u>\$ 324,386,271</u>

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Activities
For the Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 5,437,877	\$ 1,602,367	\$ 536,783	\$ -	\$ (3,298,727)	\$ -	\$ (3,298,727)
Public safety	10,846,241	1,675,839	1,729,506	-	(7,440,896)	-	(7,440,896)
Public works	5,507,110	600,092	1,290,370	479,355	(3,137,293)	-	(3,137,293)
Environment and leisure	4,332,158	451,485	447,798	1,093,088	(2,339,787)	-	(2,339,787)
Non-departmental	314,373	-	-	-	(314,373)	-	(314,373)
Interest on long-term debt	137,628	-	-	-	(137,628)	-	(137,628)
Total governmental activities	<u>26,575,387</u>	<u>4,329,783</u>	<u>4,004,457</u>	<u>1,572,443</u>	<u>(16,668,704)</u>	<u>-</u>	<u>(16,668,704)</u>
Business-type activities:							
Electric	41,851,173	53,817,937	330,577	-	-	12,297,341	12,297,341
Water	3,784,440	5,272,603	120,545	395,330	-	2,004,038	2,004,038
Sewer	8,004,573	7,096,922	-	326,280	-	(581,371)	(581,371)
Gas	14,379,983	17,316,623	-	-	-	2,936,640	2,936,640
Total business-type activities	<u>68,020,169</u>	<u>83,504,085</u>	<u>451,122</u>	<u>721,610</u>	<u>-</u>	<u>16,656,648</u>	<u>16,656,648</u>
Total primary government	<u>\$ 94,595,556</u>	<u>\$ 87,833,868</u>	<u>\$ 4,455,579</u>	<u>\$ 2,294,053</u>	<u>(16,668,704)</u>	<u>16,656,648</u>	<u>(12,056)</u>
General revenues:							
Taxes:							
Property					6,574,574	-	6,574,574
Motor vehicle					664,808	-	664,808
Sales tax					9,213,116	-	9,213,116
Payments in lieu of taxes					23,636	-	23,636
Franchise					263,692	-	263,692
Other taxes					1,892,540	-	1,892,540
State allocation					4,314,436	-	4,314,436
Keno					874,739	-	874,739
Miscellaneous					465,503	-	465,503
Interest income					128,873	469,037	597,910
Gain on sale of assets					90,118	10,265	100,383
Transfer (to) from other funds					3,827,115	(3,827,115)	-
Total general revenues					<u>28,333,150</u>	<u>(3,347,813)</u>	<u>24,985,337</u>
Change in net position					<u>11,664,446</u>	<u>13,308,835</u>	<u>24,973,281</u>
Net position - September 30, 2020, as originally reported					108,520,739	190,870,644	299,391,383
Restatement					21,607	-	21,607
Net position - September 30, 2020, as restated					<u>108,542,346</u>	<u>190,870,644</u>	<u>299,412,990</u>
Net position - September 30, 2021					<u>\$ 120,206,792</u>	<u>\$ 204,179,479</u>	<u>\$ 324,386,271</u>

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Balance Sheet – Governmental Funds
September 30, 2021

	General	Street	Sales Tax	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 9,932,703	\$ 6,523,080	\$ 9,310,628	\$ 2,667,572	\$ 28,433,983
Investments	10,925,000	4,000,000	3,500,000	5,379,901	23,804,901
County treasurer cash	125,123	51,586	-	10,480	187,189
Receivables:					
Special assessments	28,131	35,983	-	363,743	427,857
Accounts, net of allowance for doubtful accounts	394,030	9,823	-	45,509	449,362
Notes receivable, net of allowance for doubtful accounts	-	-	3,759,884	731,533	4,491,417
Interest	20,116	263	5,166	30,276	55,821
Property tax	167,630	-	-	27,463	195,093
Business tax	190,353	-	-	19,099	209,452
Other tax	-	333,927	-	-	333,927
Due from other governments	891,060	128,402	1,625,366	143,385	2,788,213
Due from other funds	767,240	361,383	119,698	132,517	1,380,838
Prepaid expenses	45,086	-	-	-	45,086
Total assets	\$ 23,486,472	\$ 11,444,447	\$ 18,320,742	\$ 9,551,478	\$ 62,803,139
LIABILITIES					
Accounts payable	\$ 608,459	\$ 463,157	\$ 59,755	\$ 318,797	\$ 1,450,168
Accrued expenses	160,694	26,830	1,125	14,165	202,814
Due to other governments	3,693	-	-	-	3,693
Due to other funds	182,990	5,858	408,611	579,654	1,177,113
Unearned revenue	-	-	-	2,334,734	2,334,734
Customer deposits	27,768	-	-	4,200	31,968
Total liabilities	983,604	495,845	469,491	3,251,550	5,200,490
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	125,820	-	-	23,941	149,761
Unavailable revenue - other local taxes	28,131	35,983	-	17,355	81,469
Unavailable revenue - fees and other	930,565	67,315	5,166	435,043	1,438,089
Total deferred inflows of resources	1,084,516	103,298	5,166	476,339	1,669,319
FUND BALANCES (DEFICIT)					
Nonspendable:					
Permanent fund principal	-	-	-	125,000	125,000
Prepaid expenses	45,086	-	-	-	45,086
Restricted for:					
Debt service	-	-	-	295,486	295,486
Street improvements	-	10,845,304	3,005,976	-	13,851,280
Public safety	-	-	2,770,745	407,714	3,178,459
Infrastructure	-	-	3,768,521	-	3,768,521
Property tax relief	-	-	1,878,083	-	1,878,083
Economic development	-	-	6,422,760	684,710	7,107,470
Capital/special projects	-	-	-	3,069,524	3,069,524
Federal programs	-	-	-	484,013	484,013
Community betterment	-	-	-	619,004	619,004
Committed for:					
Code enforcement/defense	1,334,742	-	-	-	1,334,742
Capital improvement projects	3,755,235	-	-	-	3,755,235
Assigned for:					
Other	-	-	-	154,479	154,479
Unassigned	16,283,289	-	-	(16,341)	16,266,948
Total fund balances	21,418,352	10,845,304	17,846,085	5,823,589	55,933,330
Total liabilities, deferred inflows of resources and fund balances	\$ 23,486,472	\$ 11,444,447	\$ 18,320,742	\$ 9,551,478	\$ 62,803,139

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Reconciliation of the Balance Sheet –
Governmental Funds to the Statement of Net Position
September 30, 2021

Total fund balances - governmental funds \$ 55,933,330

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$104,989,117, and the accumulated depreciation is \$36,174,965. 68,814,152

Deferred amounts on bond refundings are not financial resources and, therefore, are not reported as assets in governmental funds. 2,607

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 7,504,987

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds but are deferred 1,669,319

Long-term liabilities, including bonds and notes payable, and related interest are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Accrued interest payable	(60,538)	
Compensated absences	(1,712,493)	
Bonds and lease payable	(11,944,572)	(13,717,603)

Total net position - governmental activities \$ 120,206,792

-

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Revenues, Expenditures, and Changes
in Fund Balances – Governmental Funds
For the Year Ended September 30, 2021

	<u>General</u>	<u>Street</u>	<u>Sales Tax</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes:					
Property	\$ 6,097,565	\$ -	\$ -	\$ 508,910	\$ 6,606,475
Motor vehicle	-	664,808	-	-	664,808
Sales tax	-	-	9,213,116	-	9,213,116
Payments in lieu of taxes	19,735	-	-	1,428	21,163
Franchise	263,692	-	-	-	263,692
Occupation	1,789,573	-	-	102,967	1,892,540
Intergovernmental	2,953,751	4,219,545	-	1,152,997	8,326,293
Keno	-	-	-	874,739	874,739
Charges for services	3,292,271	47,248	18,314	195,441	3,553,274
Donations	53,340	371,354	-	625,141	1,049,835
Interest income	70,876	14,430	25,401	29,906	140,613
Sales proceeds on capital assets	-	-	67,154	-	67,154
Other income	166,630	2,738	-	6,350	175,718
Total revenues	<u>14,707,433</u>	<u>5,320,123</u>	<u>9,323,985</u>	<u>3,497,879</u>	<u>32,849,420</u>
EXPENDITURES					
General government	5,535,411	-	350,616	324,657	6,210,684
Public safety	9,337,129	-	3,679	1,118,550	10,459,358
Public works	534,030	5,832,810	-	2,653	6,369,493
Environment and leisure	4,549,078	-	-	1,795,710	6,344,788
Employee insurance	314,373	-	-	-	314,373
Principal payments on debt	229,095	-	-	320,000	549,095
Bond issuance costs	-	74,485	-	19,000	93,485
Interest on long-term debt	20,952	72,515	-	44,267	137,734
Total expenditures	<u>20,520,068</u>	<u>5,979,810</u>	<u>354,295</u>	<u>3,624,837</u>	<u>30,479,010</u>
Excess (deficiency) of revenues over expenditures	<u>(5,812,635)</u>	<u>(659,687)</u>	<u>8,969,690</u>	<u>(126,958)</u>	<u>2,370,410</u>
OTHER FINANCING SOURCES (USES)					
Issuance of long-term debt	1,976,250	7,585,000	-	23,750	9,585,000
Bond premiums	-	367,152	-	-	367,152
Transfers in	8,547,413	1,899,878	-	1,233,143	11,680,434
Transfers out	(1,037,893)	-	(6,153,380)	(662,046)	(7,853,319)
Net other sources and (uses)	<u>9,485,770</u>	<u>9,852,030</u>	<u>(6,153,380)</u>	<u>594,847</u>	<u>13,779,267</u>
Net change in fund balances	<u>3,673,135</u>	<u>9,192,343</u>	<u>2,816,310</u>	<u>467,889</u>	<u>16,149,677</u>
Fund balances - September 30, 2020, as originally reported	17,745,217	1,652,961	15,029,775	5,145,724	39,573,677
Restatement of fund balances	-	-	-	209,976	209,976
Fund balances - September 30, 2020, as restated	<u>17,745,217</u>	<u>1,652,961</u>	<u>15,029,775</u>	<u>5,355,700</u>	<u>39,783,653</u>
Fund balances - September 30, 2021	<u>\$ 21,418,352</u>	<u>\$ 10,845,304</u>	<u>\$ 17,846,085</u>	<u>\$ 5,823,589</u>	<u>\$ 55,933,330</u>

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds to the Statement of Activities
September 30, 2021

Total net change in fund balances - governmental funds	\$ 16,149,677
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capitalized capital outlay in the period.	
	2,956,525
The net effect of various miscellaneous transactions involving capital assets (contributions, disposals, etc.)	523,382
Deferred outflows of resources relating to loss on refundings of long-term debt are not current financial resources, and therefore, the amortization of these deferred outflows are not reported as expenditures in the funds	(540)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue of the Internal Service Fund is reported with governmental activities in the statement of activities.	1,106,246
The change in noncurrent compensated absences is reported as an expense in the statement of net assets. Noncurrent compensated absences are not reported in the governmental funds.	(272,689)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in deferred inflows in the governmental funds.	604,902
Issuance of long-term debt, including original issue premium, is a receipt in the governmental funds, but the issuance increases long-term liabilities in the statement of net position.	(9,952,152)
Repayment of bond principal, net of debt refunding proceeds and payments, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	549,095
Change in net position of governmental activities	\$ 11,664,446

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Net Position – Proprietary Funds
September 30, 2021

	Enterprise Funds				Total	Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Gas Fund		
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 11,287,572	\$ 4,555,102	\$ 685,780	\$ 5,079,242	\$ 21,607,696	\$ 2,983,144
Investments	17,349,255	35,578	-	3,600,000	20,984,833	4,750,000
Receivables:						
Accounts, net of allowance for doubtful accounts	2,236,034	314,079	295,032	304,134	3,149,279	106,890
Notes, net of allowance	-	-	755,834	-	755,834	-
Unbilled revenue	2,877,716	413,397	536,267	938,211	4,765,591	-
Due from other funds	156,706	80,875	6,519	61,793	305,893	-
Due from other governments	51,328	49,367	-	-	100,695	-
Interest	83,668	11,002	7,164	3,540	105,374	2,925
Inventory	8,971,655	225,171	159,710	1,584,935	10,941,471	-
Prepaid expenses	118,110	25,706	25,706	54,748	224,270	-
Total current assets	43,132,044	5,710,277	2,472,012	11,626,603	62,940,936	7,842,959
Noncurrent assets:						
Restricted cash and cash equivalents	-	-	2,044,423	-	2,044,423	139,208
Restricted investments	8,883,245	896,602	2,187,500	-	11,967,347	-
Long-term notes receivable	-	-	13,978,199	-	13,978,199	-
Regulatory assets	10,575,731	-	-	285,575	10,861,306	-
Capital assets:						
Land	2,003,254	1,890,618	1,041,962	116,340	5,052,174	-
Construction in progress	5,599,306	1,276,114	14,583,324	393,798	21,852,542	-
Depreciable capital assets	228,016,831	44,091,808	79,940,432	20,812,629	372,861,700	-
Less accumulated depreciation	(122,027,912)	(21,102,052)	(32,223,184)	(12,498,828)	(187,851,976)	-
Net capital assets	113,591,479	26,156,488	63,342,534	8,823,939	211,914,440	-
Total noncurrent assets	133,050,455	27,053,090	81,552,656	9,109,514	250,765,715	139,208
Total assets	176,182,499	32,763,367	84,024,668	20,736,117	313,706,651	7,982,167
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on bond refundings	450,917	14,509	1,720,536	-	2,185,962	-
Total deferred outflows of resources	450,917	14,509	1,720,536	-	2,185,962	-
LIABILITIES						
Current liabilities:						
Accounts payable	1,601,651	87,965	5,243,131	1,041,602	7,974,349	106,842
Due to other funds	318,241	60,294	108,147	22,936	509,618	-
Accrued payroll	183,554	11,230	21,509	30,630	246,923	-
Sales tax payable	314,154	1,188	-	439	315,781	-
Accrued interest payable	419,262	28,610	160,790	-	608,662	-
Advances for construction	-	-	6,825,658	-	6,825,658	-
Unearned revenue	335,752	-	-	-	335,752	-
Customer deposits	732,746	1,030	-	-	733,776	-
Claims liability	11,242	-	-	-	11,242	370,338
Current portion of long-term obligations	3,277,991	635,936	801,957	27,585	4,743,469	-
Total current liabilities	7,194,593	826,253	13,161,192	1,123,192	22,305,230	477,180
Noncurrent liabilities:						
Noncurrent portion of long-term obligations	52,258,582	2,586,681	33,305,743	148,823	88,299,829	-
Total noncurrent liabilities	52,258,582	2,586,681	33,305,743	148,823	88,299,829	-
Total liabilities	59,453,175	3,412,934	46,466,935	1,272,015	110,605,059	477,180
DEFERRED INFLOWS OF RESOURCES						
Deferred gain on bond refundings	1,107,922	98	55	-	1,108,075	-
Total deferred inflows of resources	1,107,922	98	55	-	1,108,075	-
NET POSITION						
Net investment in capital assets	58,705,263	22,935,575	25,926,644	8,823,939	116,391,421	-
Restricted for:						
Debt service	7,870,093	896,602	2,545,344	-	11,312,039	-
Fly ash disposal	1,013,152	-	-	-	1,013,152	-
Unrestricted	48,483,811	5,532,667	10,806,226	10,640,163	75,462,867	7,504,987
Total net position	\$ 116,072,319	\$ 29,364,844	\$ 39,278,214	19,464,102	\$ 204,179,479	\$ 7,504,987

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Revenues, Expenses, and Changes
in Fund Net Position – Proprietary Funds
For the Year Ended September 30, 2021

	Enterprise Funds				Total	Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Gas Fund		
Operating revenues:						
Charges for services	\$ 53,558,404	\$ 5,224,266	\$ 6,889,718	\$ 17,316,612	\$ 82,989,000	\$ 5,282,834
Contributions from other funds	-	-	-	-	-	1,892,852
Other revenue	259,533	48,337	207,204	11	515,085	-
Total operating revenues	53,817,937	5,272,603	7,096,922	17,316,623	83,504,085	7,175,686
Operating expenses:						
Cost of power/gas	6,413,699	-	-	10,880,556	17,294,255	-
Production	20,259,749	969,499	3,000,827	-	24,230,075	-
Distribution	4,816,766	831,222	641,370	1,556,264	7,845,622	-
Customer accounting and collections	1,942,362	718,028	672,267	1,303,531	4,636,188	-
Administrative and general	4,859	577	1,539	-	6,975	5,689
Employee insurance	-	-	-	-	-	5,331,685
Workers' compensation	-	-	-	-	-	794,592
Depreciation	6,110,248	1,108,639	2,171,754	616,688	10,007,329	-
Total operating expenses	39,547,683	3,627,965	6,487,757	14,357,039	64,020,444	6,131,966
Operating income	14,270,254	1,644,638	609,165	2,959,584	19,483,641	1,043,720
Nonoperating revenues (expenses):						
Interest income	208,359	15,062	229,704	15,912	469,037	62,526
Interest expense	(2,127,248)	(148,042)	(1,399,065)	-	(3,674,355)	-
Bond issuance costs	(176,242)	(8,433)	(117,751)	-	(302,426)	-
Gain (loss) on sale of assets	8,914	1,351	-	(22,944)	(12,679)	-
Grant revenue	330,577	120,545	-	-	451,122	-
Total nonoperating revenues (expenses)	(1,755,640)	(19,517)	(1,287,112)	(7,032)	(3,069,301)	62,526
Income (loss) before net contributed capital and interfund transfers	12,514,614	1,625,121	(677,947)	2,952,552	16,414,340	1,106,246
Contributed capital (CC)	3,616,721	395,330	9,109,119	601,202	13,722,372	-
Cost recovered through CC	(3,616,721)	-	(8,782,839)	(601,202)	(13,000,762)	-
Transfer from other funds	12,185	43,417	130,503	-	186,105	-
Transfer to other funds	(2,853,346)	(303,734)	(460,535)	(395,605)	(4,013,220)	-
Net CC and transfers	(2,841,161)	135,013	(3,752)	(395,605)	(3,105,505)	-
Change in net position	9,673,453	1,760,134	(681,699)	2,556,947	13,308,835	1,106,246
Net position - September 30, 2020	106,398,866	27,604,710	39,959,913	16,907,155	190,870,644	6,398,741
Net position - September 30, 2021	\$ 116,072,319	\$ 29,364,844	\$ 39,278,214	\$ 19,464,102	\$ 204,179,479	\$ 7,504,987

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Cash flows – Proprietary Funds
For the Year Ended September 30, 2021

	Enterprise Funds				Total	Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Gas Fund		
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 54,278,615	\$ 5,361,356	\$ 7,157,363	\$ 17,107,328	\$ 83,904,662	\$ 5,175,944
Receipts from other funds	-	-	-	-	-	1,892,852
Payments to suppliers	(19,669,187)	(1,714,724)	(2,826,079)	(12,468,232)	(36,678,222)	(5,974,052)
Payments to employees	(12,370,106)	(756,082)	(1,576,017)	(1,237,890)	(15,940,095)	-
Net cash provided by operating activities	<u>22,239,322</u>	<u>2,890,550</u>	<u>2,755,267</u>	<u>3,401,206</u>	<u>31,286,345</u>	<u>1,094,744</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers from other funds	12,185	43,417	130,503	-	186,105	-
Transfers to other funds	(2,853,346)	(303,734)	(460,535)	(395,605)	(4,013,220)	-
Interfund loans	131,223	(67,557)	75,786	(48,289)	91,164	-
Net cash used by noncapital financing activities	<u>(2,709,938)</u>	<u>(327,874)</u>	<u>(254,246)</u>	<u>(443,894)</u>	<u>(3,735,951)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Purchase of property and equipment	(7,397,104)	(449,960)	(14,619,520)	(473,716)	(22,940,300)	-
Proceeds from sale of property and equip.	45,588	1,350	-	2,071	49,009	-
Proceeds from capital grant	491,234	-	-	-	491,234	-
Issuance of notes receivable	-	-	15,000,000	-	15,000,000	-
Principal payments on notes receivable	-	-	(265,967)	-	(265,967)	-
Transfer to bond refunding agent, net	(1,927,049)	(240,761)	(2,556,729)	-	(4,724,539)	-
Principal payments on capital debt	(2,321,610)	(452,663)	(1,150,727)	-	(3,925,000)	-
Interest paid on capital debt	(2,342,469)	(89,242)	(1,394,539)	-	(3,826,250)	-
Increase in fly ash liability	55,134	-	-	-	55,134	-
Net cash provided (used) by capital and related financing activities	<u>(13,396,276)</u>	<u>(1,231,276)</u>	<u>(4,987,482)</u>	<u>(471,645)</u>	<u>(20,086,679)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchases of investments	(6,959,000)	(57,180)	(1,287,844)	(1,600,000)	(9,904,024)	(1,000,000)
Interest received on investments	389,755	12,718	249,659	32,078	684,209	116,410
Net cash used by investing activities	<u>(6,569,245)</u>	<u>(44,462)</u>	<u>(1,038,185)</u>	<u>(1,567,922)</u>	<u>(9,219,815)</u>	<u>(883,590)</u>
Increase (decrease) in cash and cash equivalents	(436,137)	1,286,938	(3,524,646)	917,745	(1,756,100)	211,154
Cash and cash equivalents - beginning of the year	11,723,709	3,268,164	6,254,849	4,161,497	25,408,219	2,911,198
Cash and cash equivalents - end of the year	<u>\$ 11,287,572</u>	<u>\$ 4,555,102</u>	<u>\$ 2,730,203</u>	<u>\$ 5,079,242</u>	<u>\$ 23,652,119</u>	<u>\$ 3,122,352</u>
Composition of cash and cash equivalents:						
Cash and cash equivalents	\$ 11,287,572	\$ 4,555,102	\$ 685,780	\$ 5,079,242	\$ 21,607,696	\$ 2,983,144
Restricted cash and cash equivalents	-	-	2,044,423	-	2,044,423	139,208
Total cash and cash equivalents	<u>\$ 11,287,572</u>	<u>\$ 4,555,102</u>	<u>\$ 2,730,203</u>	<u>\$ 5,079,242</u>	<u>\$ 23,652,119</u>	<u>\$ 3,122,352</u>

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Cash flows – Proprietary Funds - Continued
For the Year Ended September 30, 2021

	Enterprise Funds				Total	Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Gas Fund		
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	\$ 14,270,254	\$ 1,644,638	\$ 609,165	\$ 2,959,584	\$ 19,483,641	\$ 1,043,720
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization expense	12,278,372	1,108,639	2,171,754	638,516	16,197,281	-
Change in assets and liabilities:						
Accounts receivable and unbilled revenue	444,922	150,229	60,441	257,300	912,892	(106,890)
Inventories	370,717	4,366	(30,525)	(443,116)	(98,558)	-
Prepaid expenses	(11,920)	(3,664)	(3,664)	(7,384)	(26,632)	-
Accounts payable	(4,574,422)	17,538	6,409	525,570	(4,024,905)	(24,493)
Accrued payroll	(421,024)	(23,492)	(50,843)	(32,615)	(527,974)	-
Accrued compensated absences	(143,211)	(8,226)	(7,470)	(34,005)	(192,912)	-
Regulatory liability	-	-	-	(463,046)	(463,046)	-
Other accrued expenses	9,878	522	-	402	10,802	-
Unearned revenue	31,535	-	-	-	31,535	-
Customer deposits	(16,805)	-	-	-	(16,805)	-
Claims liability	1,026	-	-	-	1,026	182,407
Net cash provided by operating activities	<u>\$ 22,239,322</u>	<u>\$ 2,890,550</u>	<u>\$ 2,755,267</u>	<u>\$ 3,401,206</u>	<u>\$ 31,286,345</u>	<u>\$ 1,094,744</u>

Supplemental Cash Flows Information

Payables incurred for acquisition of capital assets	\$ 201,917	\$ 38,570	\$ 5,175,414	\$ -	\$ 5,415,901	\$ -
Contributed capital, net	-	395,330	326,280	-	721,610	-
Amortization of bond premium/discount, net	216,168	24,020	-	-	240,188	-

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Fiduciary Net Position
September 30, 2021

	<u>Custodial Fund</u>
ASSETS	
Cash	\$ 247,006
Property tax receivables	144,469
Total assets	391,475
LIABILITIES - DUE TO OTHERS	247,006
FIDUCIARY NET POSITION	
Restricted for other organizations	144,469
Total fiduciary net position	\$ 144,469

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2021

	<u>Custodial Fund</u>
ADDITIONS	
Tax increment financing revenues	\$ 3,291,658
Interest income	53,963
Total additions	<u>3,345,621</u>
 DEDUCTIONS	
Tax increment financing expenditures	3,358,323
Other	31,198
Total deductions	<u>3,389,521</u>
 NET DECREASE IN FIDUCIARY NET POSITION	 <u>(43,900)</u>
 FIDUCIARY NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	 -
 ADJUSTMENT FOR IMPLEMENTATION OF GASB 84 (SEE NOTE A.5)	 <u>188,369</u>
 FIDUCIARY NET POSITION, BEGINNING OF YEAR, AS RESTATED	 <u>188,369</u>
 FIDUCIARY NET POSITION, END OF YEAR	 <u><u>\$ 144,469</u></u>

See notes to financial statements

CITY OF FREMONT, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

INDEX

	Page
NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	
1. Financial Reporting Entity	26
2. Basis of Presentation	27
3. Measurement Focus and Basis of Accounting	30
4. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund balance	31
5. Restatement of Prior Years' Financial Statements	36
6. Revenues, Expenditures, and Expenses	37
NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	
1. Fund Accounting Requirements	38
2. Deposit Laws and Regulations	38
3. Revenue Restrictions	38
4. Debt Restrictions and Covenants	39
5. Budgetary Data	39
NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS	
1. Cash and Investments	40
2. Accounts Receivable	40
3. Notes Receivable	41
4. Capital Assets	42
5. Accounts Payable	44
6. Long-term Debt	44
7. Fly Ash Closure Costs	47
8. TIF Receivables/Payables	47
9. Interfund Transactions and Balances	48
10. Deficit Fund Balance	49
NOTE D – OTHER NOTES	
1. Employee Pension and Other Benefit Plans	50
2. Risk Management	51
3. Commitments and Contingencies	53
4. Major Customers	56
5. Union Contracts	56
6. Subsequent Events	56

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Financial Reporting Entity

The City of Fremont, Nebraska, was incorporated in 1871. The City operates under a Mayor-Council form of government with an elected Mayor and an elected legislative body, Council, composed of eight members. The Mayor is elected at large for a four-year term, and the eight members of the City Council are elected, two from each of four wards, on alternating four-year terms. The administration of the City government is performed under the direction of the Mayor by the City Administrator. Services provided to residents include public safety; highways and streets; planning and zoning; parks; recreation; urban development; electric, water and sanitary sewer systems; gas; waste transfer and general administrative services.

These financial statements present the financial statements of the City as the primary government. In determining its reporting entity, the City has considered all potential component units for which it is financially accountable, including other organizations which are fiscally dependent on the City, or the significance of their relationship with the City are such that exclusion would make the financial statements misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability, which was used in making this evaluation. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Any discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that is legally separate from the government. The City currently has no component units which meet the criteria to be reported as discretely presented component units.

Component Unit - Community Development Agency (CDA)

The CDA is included in the City’s reporting entity as fiduciary component unit because of the significance of its operational and financial relationships with the City. The Mayor and Council to provide for redevelopment of various blighted areas within the City created the CDA. Members of the CDA consist of the Mayor and City Council with the Mayor serving as Chairman. Officers of the CDA are also officers of the City. Although it is legally separate from the City, the CDA is reported as if it were part of the primary government because its sole purpose is to provide redevelopment of various areas within the City. The City has operational responsibility for the CDA. The CDA does not issue separate financial statements and is included within the City’s financial statements as a fiduciary custodial fund.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

2. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. The statements distinguish between governmental and business-type activities. The material effect of interfund activity has been removed from these statements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

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. Funds are organized into three major categories: governmental proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Each major fund is displayed in a separate column and the remaining funds are aggregated and reported as other governmental or proprietary funds.

The City reports the following fund types:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Debt Service Fund

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

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

2. Basis of Presentation, Continued

Capital Projects Fund

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 trust funds).

Proprietary Funds

Enterprise Funds

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

Internal Service Funds

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

Fiduciary Funds

Custodial Fund

Custodial fund accounts for resources held by the City in a custodial capacity, for the benefit of other governments or outside organizations. The Community Development Agency (CDA) Fund is used to account for the resources for payment of principal and interest on tax increment financing bonds issued by the CDA of the City. These bonds were issued to provide long-term financing for redevelopment of various blighted and substantial areas around the City of Fremont. These bonds are payable only from real estate taxes on certain property located within these plan areas and do not constitute general obligations of the Agency or the City.

Major and Non-major Funds

The City reports the following major and non-major funds:

	<u>Fund</u>	<u>Brief Description</u>
<i>Major:</i>		
Governmental:		
General		See above for description.
Street		The Street Fund is a Special Revenue Fund that accounts for the City's share of highway allocation from the State of Nebraska.
Sales Tax		The Sales Tax Fund is a Special Revenue Fund that accounts for local sales tax collected.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

2. Basis of Presentation, Continued

Major and Non-major Funds, Continued

<u>Fund</u>	<u>Brief Description</u>
Proprietary:	
Enterprise:	
Electric, Water, Sewer, and Gas	See above for description.
Internal Service:	
Insurance	Accounts for the workers' compensation, and health insurance, and other programs for all governmental-fund-type City operations.
<i>Non-major:</i>	
Governmental:	
Debt Service	See above for description.
Capital Projects	See above for description.
Special Revenue:	
Paving and Sidewalk Districts	Accounts for the collection of special assessments on various paving and sidewalk districts.
Business Improvement District #1	Accounts for improvements and maintenance of downtown business area using special assessments on the properties within the district.
Public Use Property Special Projects	Accounts for bequests with restricted uses that the City receives.
Keno Fund	Accounts for the City's share of the Keno gaming proceeds.
CDBG Fund	Accounts for revolving loans funded by CDBG grants.
Weatherization EDA (HUD)	Accounts for weatherization revolving loans funded by HUD grants.
Economic Enhancement	Accounts for economic enhancement programs of the City.
Airport Fund	Accounts for the operation and maintenance of the municipal airport.
Governmental, continued:	
Special Revenue, continued:	
Enhanced and Wireless 911	Accounts for the per-line telephone surcharge and per-line cell phone surcharge for the emergency communications system.
Drug Task Force	Accounts for Federal grant proceeds and payments from surrounding governmental entities under an interlocal agreement to combat drug use in Fremont and surrounding communities.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

2. Basis of Presentation, Continued

Major and Non-major Funds, Continued

<u>Fund</u>	<u>Brief Description</u>
American Rescue Plan	Accounts for Federal grant proceeds and payments from the State of Nebraska under the American Rescue Plan Act Coronavirus Local Fiscal Recovery Fund to respond to the public health emergency and its negative economic impacts.

3. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-wide Financial Statements are reported using the total economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. 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.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The City considers revenues are available if they are collected within 60 days of the end of the fiscal period. Property taxes, sales taxes, occupation taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

3. Measurement Focus and Basis of Accounting, Continued

Proprietary and Fiduciary Funds activities are accounted for on the flow economic resources measurement focus and use the accrual basis of accounting. The City's utility accounting records are maintained in accordance with all applicable pronouncements of the Governmental Accounting Standards Board (GASB) and generally follow the Uniform System of Accounts for Public Utilities and Licenses prescribed by the Federal Energy Regulatory Commission (FERC). The City prepares its proprietary financial statements as a business-type activity in conformity with accounting principles generally accepted in the United States of America (GAAP). Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for goods and services. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

4. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Estimates

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

Cash and Investments

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

The external investment pool primarily invests in government agency securities, certificates of deposit, demand deposits and repurchase agreements which are valued at amortized cost, which approximates fair value based on the short-term nature of investments. The City carries its interest in the external investment pool and certificates of deposit at amortized cost.

Interest of investments and deposits are allocated to the funds based on the fund's proportionate share of the investment balance. Additional cash and investment disclosures are presented in Notes B2, C1, and D2.

Receivables

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

Notes Receivable

Notes receivable include long-term loans made to local businesses and citizens using revolving loan funds from Community Development Block Grants through the State of Nebraska, as well as other economic development based loans of LB840 revolving loan funds or Economic Enhancement funds of the City to qualifying businesses. Some loans are forgivable when certain performance-based conditions are met. Loans are shown net of an allowance for uncollectible amounts.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

4. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance, Continued

Due from Other Governments

The total due from other governments includes the following amounts:

<u>Fund</u>	<u>Amount</u>	<u>Service</u>
General	\$ 891,060	Grant reimbursement & TIF bonds
Street	128,402	Grant reimbursement
Sales tax	1,625,366	Sales tax
CDBG	26,276	Grant reimbursement
Enhanced 911	87,044	Interlocal reimbursement
Special projects	30,065	Grant reimbursement
Governmental total	<u>\$ 2,788,213</u>	
Electric	\$ 51,328	Grant reimbursement
Water	49,367	Grant reimbursement
Business-type total	<u>\$ 100,695</u>	

Inventory

All inventories are valued at average cost, except natural gas, which is valued at cost using the first-in/first-out (“FIFO”) method.

Inventories consist of the following at September 30, 2021:

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Total</u>
Coal	\$ 2,800,830	\$ -	\$ -	\$ -	\$ 2,800,830
Natural Gas	-	-	-	1,042,857	1,042,857
Production Supplies	3,727,376	225,171	159,710	19,086	4,131,343
Distribution Supplies	2,050,060	-	-	522,992	2,573,052
Other	393,389	-	-	-	393,389
	<u>\$ 8,971,655</u>	<u>\$ 225,171</u>	<u>\$ 159,710</u>	<u>\$ 1,584,935</u>	<u>\$ 10,941,471</u>

Restricted Assets

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

Regulatory Assets

Rates for the City’s regulated operations are established and approved by the Utility and Infrastructure Board and City Council. The City applies the regulated operations provisions of GASB Codification Section Re10, *Regulated Operations*, which provide for the deferral of expenses which are expected to be recovered through customer rates over some future period (regulatory assets) and reductions in earnings to cover future expenditures (regulatory liabilities).

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

4. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance, Continued

Regulatory Assets – Continued

Regulatory assets are included in other noncurrent assets on the Balance Sheets and are being amortized in future rate periods when such costs are included in the revenue requirements to establish electric and gas rates.

Capital Assets

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

Government-wide Statements

In the government-wide financial statements, capital assets are capitalized and reported on the Statement of Net Position. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. The City has elected the depreciation approach for reporting infrastructure.

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

Buildings	20-50 years
Improvements and infrastructure	10-50 years
Machinery and equipment	3-20 years
Utility system	25-50 years

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

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

4. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance, Continued

Fund Financial Statements

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period. The City has one item that qualifies for reporting in this category, the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that period. The City has three items that qualify for reporting in this category: (1) Unavailable revenue received after the availability period. This includes property taxes plus other local taxes and fees received after 60 days. They are reported as deferred inflows on the governmental funds balance sheet and will be recognized as revenue next year. (2) Unavailable revenue relating to loans. (3) Deferred gain on refunding reported in the government-wide statement of net position. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Compensated Absences

City employees earn sick leave at the rate of 3.70-8.31 hours per biweekly pay period, depending on their hire date. Half-time and three-quarter time employees receive applicable percentages of these same rates. Vacation and sick leave hours are accumulated on a biweekly basis and are fully vested when earned. Limitations on accumulated sick leave vary based on labor agreements, but in no case will accumulated sick leave payout exceed 50% of the accumulated balance, up to 1,116 hours. Accumulated vacation limitations vary from 240-304 hours depending on the applicable labor agreement. All accumulated vacation and sick leave, subject to limitations noted, is paid at separation.

All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. In the governmental funds, only compensated absences that have matured as of year-end, for example, as a result of employee resignations and retirements, are recorded as a fund liability. Accruals are based on current salary rates plus an additional amount for compensation-related payments such as Social Security and Medicare taxes and pension amounts using rates in effect at that date.

Long-term Debt, Deferred Debt Expense, and Bond Discounts/Premiums

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

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

4. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance, Continued

Government-wide Statements

In government-wide and proprietary financial statements, outstanding debt is reported as a liability. Bond discounts or premiums and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the life of the respective bonds. The long-term debt consists primarily of bonds payable and a fly ash liability.

Fund Financial Statements

The governmental fund financial statements recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures, as well as payment of principal.

Recovery of Plant Costs

Capital contributions are received from customers and other third parties primarily to offset the costs associated with expansion of the City's utility systems. The City follows FERC guidelines for recording capital contributions. These guidelines direct the reduction of utility plant by the amount of these contributions. In order to comply with GASB codification Section N50, *Nonexchange Transactions*, while continuing to follow FERC guidelines, capital contributions are recorded as income and offset by an expense in the same amount representing the recovery of plant costs.

Net Position Flow Assumption

Government-wide Statements

Net position is classified and displayed in three components:

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

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

4. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance, Continued

Fund Balance Flow Assumption

Fund balances are divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Non-spendable – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – Amounts that can be used only for specific purposes determined by a formal action by the City Council. Commitments may be changed or lifted only by passage of an ordinance or issuance of a resolution or a motion passed by the City Council. This includes minimum cash reserves of 25% of the following year's revenue budget for the General Fund and future revolving fund cash flows for the special assessment related non-major funds.

Assigned – Amounts that are intended to be used by the City for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned – All amounts not included in other spendable classifications.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report for each category of fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

5. Restatement of Prior Years' Financial Statements

Implementation of New Accounting Pronouncements

During 2021, the City implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The implementation of these new standards required the City to restate beginning net position and fund balances as summarized in the table below:

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

5. Restatement of Prior Years' Financial Statements - Continued

	Government- Wide	Governmental Funds		Fiduciary Funds
	Governmental Activities	Community Development Agency	Total Non-major Funds	Custodial Fund
Net Position/Fund Balance at September 30, 2020 as previously reported	\$ 108,520,739	\$ (209,976)	\$ 5,145,724	\$ -
Adjustment for implementation of GASB Statements No. 84 and 97	21,607	209,976	209,976	188,369
Net Position/Fund Balance at September 30, 2020, as restated	<u>\$ 108,542,346</u>	<u>\$ -</u>	<u>\$ 5,355,700</u>	<u>\$ 188,369</u>

6. Revenues, Expenditures, and Expenses

Sales and Use Tax

The City presently levies a one-and-one-half-cent sales tax on taxable sales within the City. The sales tax is to be used for the following purposes: 1/2% – 60 percent for infrastructure and 40 percent for public safety, 1/2% – for property tax relief, and 1/2% – divided in equal thirds for economic development, street improvements, and public safety

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

Property Taxes

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

The tax levies for all political subdivisions in Dodge County are certified by the County Board on or before October 15. Real estate taxes are due on December 31 and attach as an enforceable lien and become delinquent in two equal installments on May 1 and September 1. Personal property taxes are due in the same manner as real estate taxes. Delinquent taxes bear 14 percent interest. Property taxes levied for 2020-2021 are recorded as revenue when expected to be collected within 60 days after September 30, 2021. Prior-year levies were recorded using these same principles, and remaining receivables are re-evaluated annually. Property taxes expected to be collected after 60 days are recorded as unavailable revenue on the fund balance sheets.

In the government-wide financial statements, property taxes receivable and related revenue include all amounts due the City regardless of when cash is received. Historically, substantially all property taxes have been collected.

Operating Revenues and Expenses

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

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

6. Revenues, Expenditures, and Expenses – Continued

Expenditures/Expenses

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

Governmental funds – by character and function
Proprietary funds – by operating and non-operating

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

Interfund Transfers

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

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Fund Accounting Requirements

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

2. Deposit Laws and Regulations

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

Section 16-714 and 16-715 of the Revised Statutes of Nebraska 1943 require collateralization of all deposits with federal depository insurance or with U.S. Treasury and U.S. agency securities having an aggregate value at least equal to the amount of the deposits. The City's cash deposits, including certificates of deposit, are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per participating financial institution. Any cash deposits or certificates of deposit in excess of the FDIC limits are insured by collateral held by the pledging institution in the City's name.

Cash at the County Treasurer of \$187,189 was covered by collateral held by the County.

3. Revenue Restrictions

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

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

4. Debt Restrictions and Covenants

Bonds Payable

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

5. Budgetary Data

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

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

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

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

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for the City's various assets, liabilities, deferred outflows/inflows of resources, net position/fund balances, revenues and expenditures/expenses.

1. Cash and Investments

The City's policies regarding deposits of cash are discussed in Note A4 and the City's policies regarding risk management over deposits and investments are discussed in Note D2. The City's cash deposits and investments are with institutions insured by the Federal Deposit Insurance Corporation ("FDIC") and other collateral. At September 30, 2021, the bank balance of the City's deposits and investments were fully-insured or collateralized.

Reconciliation to Government-wide Statement of Net Position:

Cash and cash equivalents -	
Unrestricted	\$ 53,024,823
Restricted	2,183,631
Investments -	
Unrestricted	49,539,734
Restricted	11,967,347
Total	\$ 116,715,535

Investments and cash equivalents consist of the following:

Certificates of deposit	\$ 61,507,081
Deposit accounts and cash on hand	51,146,361
External investment pool	4,062,093
Total	\$ 116,715,535

Of the business-type restricted assets, \$11,312,039, relates to debt service reserves required by bond agreements. The remaining \$2,699,731 restricted investment is restricted to cover fly ash closure costs and other contractually required reserves.

2. Accounts Receivable

Accounts receivable of the business-type activities consists of utilities receivables. Accounts receivable of the governmental activities consist of ambulance (56.2 percent), waste transfer station (13.9 percent), claims (13.5 percent), cable franchise tax (8.7 percent), keno proceeds (4.5 percent), fees assessed (1.9 percent), and other (1.3 percent) receivables. Receivables detailed at September 30, 2021, are as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Accounts receivable	\$ 793,728	\$ 3,536,875	\$ 4,330,603
Allowance for doubtful accounts	(237,476)	(387,596)	(625,072)
Net accounts receivable	\$ 556,252	\$ 3,149,279	\$ 3,705,531

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

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

3. Notes Receivable

<u>Company</u>	<u>Loan Amount</u>	<u>Date Issued</u>	<u>Interest</u>	<u>Type</u>	<u>Balance</u>
<i>Government Activities</i>					
<u>Sales Tax Fund (LB840):</u>					
Heartland Area Accessories	\$ 150,000	10/17/2016	0%	Performance Based	\$ 30,000
Pearl Academy	35,560	9/6/2018	2%	Repayable	14,652
Pearl Academy	35,561	9/6/2018	0%	Performance Based	14,224
Legacy Post & Beam	60,000	6/12/2018	0%	Performance Based	15,000
.402 Sports & Entertainment	250,000	1/2/2019	0%	Performance Based	100,000
Costco	1,000,000	7/22/2019	0%	Performance Based	600,000
505 Brewing Company	165,000	12/9/2019	0%	Performance Based	165,000
Summit Medical Staffing	500,000	4/7/2021	0%	Performance Based	493,758
Summit Medical Staffing	50,000	7/2/2020	0%	Performance Based	40,000
Tech Partners	24,188	12/8/2020	0%	Performance Based	24,188
Tech Partners	8,062	12/8/2020	3%	Repayable	8,062
WLG Fremont	600,000	10/6/2020	0%	Performance Based	600,000
Wholestone Farms	1,300,000	2/17/2021	0%	Performance Based	1,300,000
Elemetal Fabrication	200,000	2/5/2021	0%	Performance Based	200,000
505 Main Street Group LLC	465,000	7/5/2021	0%	Performance Based	155,000
Total Sales Tax Fund					<u>3,759,884</u>
<u>Weatherization EDA (HUD) Fund:</u>					
Interest bearing notes	\$ 167,471	Various	1-5%	Repayable	75,500
Non-interest bearing notes	1,111,636	Various	0%	Forgiveable	237,779
					<u>313,279</u>
<u>Downtown Revitalization Loans (included in Weatherization Fund):</u>					
Non-interest bearing notes	\$ 325,000	Various	0%	Forgiveable	<u>73,254</u>
<i>Total Weatherization Fund</i>					<u>386,533</u>
<u>Economic Enhancement Fund:</u>					
Costco	\$ 175,000	7/22/2019	0%	Performance Based	105,000
Costco	175,000	7/22/2020	0%	Performance Based	140,000
WLG Fremont	100,000	10/6/2020	0%	Performance Based	100,000
<i>Total Economic Enhancement Fund</i>					<u>345,000</u>
Total Notes Receivable					<u>\$ 4,491,417</u>
<i>Business-type Activities</i>					
<u>Sewer Fund:</u>					
Wholestone Farms	\$ 150,000	3/1/2021	4%	Repayable	<u>\$ 14,734,033</u>

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

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

4. Capital Assets

Capital asset activity for the year ended September 30, 2021, was as follows:

	Balance at October 1, 2020	Additions	Disposals	Transfers	Balance at September 30, 2021
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 7,173,710	\$ 10,255	\$ (67,430)	\$ 21,142	\$ 7,137,677
Construction in progress	8,893,258	5,233,541	-	(4,053,774)	10,073,025
Total capital assets not being depreciated	16,066,968	5,243,796	(67,430)	(4,032,632)	17,210,702
Other capital assets being depreciated:					
Infrastructure	51,748,766	393,996	-	752,725	52,895,487
Buildings and improvements	17,359,480	149,014	-	3,134,980	20,643,474
Machinery and equipment	13,941,816	525,611	(372,900)	144,927	14,239,454
Total other capital assets at historical cost	83,050,062	1,068,621	(372,900)	4,032,632	87,778,415
Less accumulated depreciation for:					
Infrastructure	(15,274,150)	(1,364,507)	-	-	(16,638,657)
Buildings and improvements	(9,480,714)	(514,713)	-	-	(9,995,427)
Machinery and equipment	(8,853,772)	(998,478)	311,369	-	(9,540,881)
Total accumulated depreciation	(33,608,636)	(2,877,698) *	311,369	-	(36,174,965)
Other capital assets, net	49,441,426	(1,809,077)	(61,531)	4,032,632	51,603,450
Governmental activities capital assets, net	<u>\$ 65,508,394</u>	<u>\$ 3,434,719</u>	<u>\$ (128,961)</u>	<u>\$ -</u>	<u>\$ 68,814,152</u>

* Depreciation expense was incurred by the following governmental activities:

General Fund

General government	\$ 104,596
Public safety	
Police	289,261
Fire	255,557
E911	107,109
Civil Service	4,241
Total public safety	656,168
Public works	
Civil engineering	129,152
Streets	1,263,678
Total public works	1,392,830
Environment and leisure	
Culture and recreation	560,147
Airport	163,957
Total environment and leisure	724,104
Total governmental activities depreciation expense	<u>\$ 2,877,698</u>

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

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

4. Capital Assets, Continued

	Balance at October 1, 2020	Additions	Disposals	Tranfers	Balance at September 30, 2021
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 5,052,174	\$ -	\$ -	\$ -	\$ 5,052,174
Construction in progress	42,238,264	-	-	(20,385,722)	21,852,542
Total capital assets not being depreciated	47,290,438	-	-	(20,385,722)	26,904,716
Other capital assets being depreciated:					
Distribution systems, buildings, and equipment	317,152,203	1,576,597	(832,161)	20,385,722	338,282,361
Machinery and equipment	19,106,502	4,864,116	(24,836)	-	23,945,782
Office furniture and equipment	2,934,252	77,663	(27,614)	-	2,984,301
Vehicles	7,106,294	754,376	(211,414)	-	7,649,256
Total other capital assets at historical cost	346,299,251	7,272,752	(1,096,025)	20,385,722	372,861,700
Less accumulated depreciation for:					
Distribution systems, buildings, and equipment	(157,836,353)	(8,245,116)	74,368	-	(166,007,101)
Machinery and equipment	(14,170,675)	(1,023,346)	24,522	-	(15,169,499)
Office furniture and equipment	(2,436,240)	(180,487)	27,614	-	(2,589,113)
Vehicles	(3,739,296)	(558,380)	211,413	-	(4,086,263)
Total accumulated depreciation	(178,182,564)	(10,007,329) *	337,917	-	(187,851,976)
Other capital assets, net	168,116,687	(2,734,577)	(758,108)	20,385,722	185,009,724
Business-type activities capital assets, net	<u>\$ 215,407,125</u>	<u>\$ (2,734,577)</u>	<u>\$ (758,108)</u>	<u>\$ -</u>	<u>\$ 211,914,440</u>

* Depreciation expense was charged to functions as follows:

Electric	\$ 6,110,248
Water	1,108,639
Sewer	2,171,754
Gas	616,688
Total business-type activities depreciation expense	<u>\$ 10,007,329</u>

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

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

5. Accounts Payable

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

6. Long-term Debt and Liabilities

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

The following is a summary of changes in long-term debt and liabilities for the year ended September 30, 2021:

	Balance at October 1, 2020	Additions	Deductions	Balance at September 30, 2021	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Compensated absences	\$ 1,439,804	\$ 1,380,685	\$ (1,107,996)	\$ 1,712,493	\$ 837,676
Bonds payable	1,880,000	9,585,000	(320,000)	11,145,000	1,475,000
Unamortized bond premium	-	367,152	(46,316)	320,836	-
Lease payable - direct borrowing	707,833	-	(229,097)	478,736	235,877
Total	\$ 4,027,637	\$11,332,837	\$ (1,703,409)	\$ 13,657,065	\$ 2,548,553
<u>Business-type Activities:</u>					
Bonds payable	\$ 92,315,000	\$75,245,000	\$ (79,150,000)	\$ 88,410,000	\$ 4,215,000
Unamortized bond premium	2,575,288	2,610,237	(2,410,510)	2,775,015	-
Unamortized bond discount	(34,942)	-	34,942	-	-
Total bonds payable	94,855,346	77,855,237	(81,525,568)	91,185,015	4,215,000
Compensated absences	1,567,424	1,342,280	(1,288,269)	1,621,435	528,469
Fly ash liability	181,714	55,134	-	236,848	-
Total	\$ 96,604,484	\$79,252,651	\$ (82,813,837)	\$ 93,043,298	\$ 4,743,469

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2021 are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 1,475,000	\$ 173,849	\$ 4,215,000	\$ 2,105,734
2023	1,505,000	147,500	5,300,000	2,071,503
2024	1,530,000	119,788	5,240,000	1,902,103
2025	1,570,000	90,970	5,240,000	1,697,753
2026	1,435,000	60,545	5,335,000	1,528,703
2027-2031	2,930,000	96,045	26,755,000	5,548,627
2032-2036	700,000	27,115	24,530,000	2,638,433
2037-2039	-	-	11,795,000	426,570
	\$ 11,145,000	\$ 715,812	\$ 88,410,000	\$ 17,919,426

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

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

6. Long-term Debt, Continued

Lease Purchase Contract Payable

The City is leasing a radio system and radios under a noncancelable lease-purchase agreement expiring in 2023, at which time title will be conveyed to the City. The net book value of the leased assets is approximately \$557,221. The following schedule reflects future minimum lease payments under the lease-purchase agreement together with the present value of the net minimum lease payments as of September 30, 2021:

<u>Year ending September 30,</u>	<u>Governmental Activities</u>
2022	\$ 250,048
2023	250,047
Total minimum lease payments	500,095
Less amount representing interest	21,359
Total principal obligation under capital lease (rate of interest 2.96%)	<u>\$ 478,736</u>

As of September 30, 2021, the City's long-term debt consisted of the following individual issues:

	<u>Date Issued</u>	<u>Date of Maturity</u>	<u>Date Callable</u>	<u>Interest Rates</u>	<u>Balance</u>
<u>Governmental Activities</u>					
General Obligation Auditorium Bonds, Series 2020	12/09/2020	12/15/2035	12/09/2025	0.35 - 1.65%	\$ 2,000,000
General Obligation Highway Allocation Fund Pledge Bonds, Series 2020	11/23/2020	12/15/2027	11/23/2025	1.25 - 2.00%	7,585,000
General Obligation Swimming Pool Refunding Bonds	08/01/2017	08/01/2026	08/01/2022	1.10 - 2.30%	1,560,000
Capital lease obligation	11/01/2016	11/01/2023	N/A	2.90%	478,736
Total governmental activities					<u>\$ 11,623,736</u>
<u>Business-type Activities</u>					
Combined Utilities Revenue Refunding Bonds, Series 2021B	06/24/2021	11/15/2038	06/24/2028	2.00 - 2.375%	\$ 40,465,000
Combined Utilities Revenue Refunding Bonds, Series 2021A	06/23/2021	07/15/2034	06/23/2028	1.75 - 5.00%	27,335,000
Combined Utilities Revenue Refunding Bonds, Series 2020	10/21/2020	07/15/2033	10/21/2025	1.00 - 5.00%	7,060,000
Combined Utilities Revenue Refunding Bonds, Series 2016	09/01/2016	09/01/2024	09/01/2021	0.85 - 1.80%	900,000
Combined Utilities Revenue Bonds, Series 2015	05/15/2015	08/15/2023	05/05/2020	0.25 - 2.15%	550,000
Combined Utilities Revenue Refunding Bonds, Series 2012	03/06/2012	10/15/2026	03/06/2022	0.35 - 4.00%	12,100,000
Total business-type activities					<u>\$ 88,410,000</u>

In November 2020, the City issued \$7,585,000 of General Obligation Highway Allocation Fund Pledge Bonds, which were issued for the purpose of paying the costs of construction of certain road improvements within the City. The bonds bear interest payable semiannually, at rates of 1.25% to 2.00%, which began on June 15, 2021. Principal maturities began December 15, 2020 and continue until 2027.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

6. Long-term Debt, Continued

Lease Purchase Contract Payable - Continued

In December 2020, the City issued \$2,000,000 of General Obligation Auditorium Bonds, which were issued for the purpose of renovating and equipping the Fremont City Auditorium and related improvements. The bonds bear interest payable semiannually, at rates of 0.35% to 1.65%, which began on June 15, 2021. The bonds are subject to option redemption prior to maturity on or after the fifth anniversary of the date of issue. Principal maturities began December 15, 2020 and continue until 2035.

In November 2020, the City issued Combined Utilities Revenue Refunding Bonds, Series 2020 in the amount of \$7,445,000 for the purpose of refunding \$6,720,000 of the Series 2013 outstanding bonds and \$1,455,000 of the Series 2014A outstanding bonds. The bonds bear interest payable semiannually, at rates of 1.10% to 5.00%, which began on January 15, 2021. The bonds are subject to optional redemption prior to maturity on or after the fifth anniversary of the date of issue. Principal maturities began July 15, 2021 and continue until 2033. As a result of the refunding, the City decreased its total debt service by approximately \$1,498,000 with an economic gain of approximately \$1,282,000.

In June 2021, the City issued Combined Utilities Revenue Refunding Bonds, Series 2021A in the amount of \$27,335,000 for the purpose of refunding \$28,780,000 of the Series 2014B outstanding bonds. The bonds bear interest payable semiannually, at rates of 1.75% to 5.00%, which began on January 15, 2022. The bonds are subject to optional redemption prior to maturity on or after the seventh anniversary of the date of issue. Principal maturities began July 15, 2022 and continue until 2034. As a result of the refunding, the City decreased its total debt service by approximately \$7,750,000 with an economic gain of approximately \$6,690,000.

In June 2021, the City issued Combined Utilities Revenue Refunding Bonds, Series 2021B in the amount of \$40,465,000 for the purpose of refunding \$37,700,000 of the Series 2018 outstanding bonds. The bonds bear interest payable semiannually, at rates of 2.000% to 2.375%, which began on November 15, 2021. The bonds are subject to optional redemption prior to maturity on or after the seventh anniversary of the date of issue. Principal maturities began November 15, 2021 and continue until 2038. As a result of the refunding, the City decreased its total debt service by approximately \$3,800,000 with an economic gain of approximately \$2,980,000.

Pledged Revenue

The General Obligation Highway Allocation Fund Pledge Bonds are secured by a pledge of the revenue received from the City's annual allocation of State of Nebraska Highway Funds, through final maturity of the bonds in 2027. The total principal and interest remaining to be paid on the bonds is \$8,094,570 with annual payments expected to require approximately 33% of revenues.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

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

7. Fly Ash Closure Costs

The City currently has a fly ash disposal area. State and Federal laws require the City to close, monitor, and maintain the disposal area once capacity is reached. The estimated costs of closure and post closure care as determined by the City are subject to changes due to the effects of inflation, revision of laws, changes in technology and other variables. As of September 30, 2021, the City had incurred a liability of \$236,848 for closure and post closure costs for the disposal area.

8. Tax Increment Financing Notes and Bonds

The City provides tax abatements under the Tax Increment Financing Program (TIF). Tax increment financing allows cities to create special districts and to make public/private improvements within those districts that will generate public/private-sector development. For a period of 15 years, the tax base is frozen at the predevelopment level, and taxes generated from the incremental increases in assessed value are remitted as payment on the notes and bonds. The developer funds the improvements or obtains financing for the improvements, and the development agreements between the City and developer expressly limit the City's commitment for debt repayment to the incremental tax collected during the 15-year period. At the end of the 15-year period, the tax jurisdiction collects on the increased property values. The related tax increment districts are not component units of the City; therefore, the City is not liable for the outstanding debt. The City's responsibility for this liability is limited only to remittances of paid taxes.

Eligibility for the approval requires the property to have no loss of pre-existing tax revenues and the developer demonstrates the project is not feasible without TIF. Abatements are obtained through application by the property owner and are reviewed and approved by a TIF council prior to commencing the improvements. Taxes abated under this program for the fiscal year ended September 30, 2020 were \$3,291,658.

The City purchased the bonds related to the South Broad Street, LLC project. The General Fund financial statements report the outstanding bonds as due from other governments.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

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

9. Interfund Transactions and Balances

At September 30, 2021 were the following due from/to other funds:

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
City's share of communication center operations	E911	General	\$ 132,517
Payment for service provided	Electric	General	39,789
Payment for service provided	Water	General	6,112
Payment for service provided	Sewer	General	1,987
Payment for service provided	Gas	General	2,585
Capital expenditures	General	Sales Tax	48,646
Capital expenditures	Street	Sales Tax	359,965
Reimburse shared expenses and payment for service provided	Electric	Street	5,748
Payment for service provided	Water	Street	64
Payment for service provided	Sewer	Street	10
Payment for service provided	Gas	Street	36
Service cash flow needs	General	Airport	20,000
South Hangar complex reimbursement	Sales Tax	Airport	119,698
Payment for service provided	Electric	Airport	951
Payment for service provided	Gas	Airport	5
Service cash flow needs	General	CDBG	39,000
Service cash flow needs	General	E911	400,000
Reimburse Shared Services	General	Electric	219,172
Reimburse Shared Services	General	Water	10,119
Reimburse Shared Services	General	Sewer	10,101
Reimburse Shared Services	General	Gas	20,202
Reimburse payment for service provided	Street	Water	1,260
Reimburse payment for service provided	Street	Gas	158
Fund's share of grant proceeds	Water	Electric	71,178
Payment for service provided	Electric	Electric	5,646
Payment for service provided	Electric	Water	48,913
Payment for service provided	Electric	Sewer	55,566
Payment for service provided	Electric	Gas	93
Payment for service provided	Water	Electric	3,521
Payment for service provided	Sewer	Electric	2,037
Payment for service provided	Sewer	Water	2
Payment for service provided	Sewer	Gas	2,483
Payment for service provided	Gas	Electric	16,687
Payment for service provided	Gas	Sewer	42,480

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

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

9. Interfund Transactions and Balances, Continued

Operating transfers:

	<u>Purpose</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund:			
Sales tax	Property tax relief; operating transfers; capital projects	\$ 4,067,852	\$ -
Keno	Property tax relief	650,000	-
Airport	Capital project	-	(1,025,708)
CDBG	Deobligation of funds	6,323	-
Drug task force	City's share of multi-jurisdictional task force	5,723	-
Electric	Utility transfer in; expense reimbursement for IT purchases	2,707,640	(12,185)
Water	Utility transfer in	303,734	-
Sewer	Utility transfer in	460,536	-
Gas	Utility transfer in	345,605	-
Total General fund		<u>8,547,413</u>	<u>(1,037,893)</u>
Street fund:			
Sales tax	Various street improvement projects; drainage improvements: reimburse property insurance	<u>1,899,878</u>	-
Total Street fund		<u>1,899,878</u>	-
Sales tax fund:			
General	Property tax relief; operating transfers; capital projects	-	(4,067,852)
Street	Various street improvement projects; drainage improvements: reimburse property insurance	-	(1,899,878)
Special project:	Trail improvements	-	(107,435)
Water	Infrastructure debt service contribution	-	(43,417)
Sewer	Infrastructure debt service contribution	-	(34,798)
Total Sales tax fund		<u>-</u>	<u>(6,153,380)</u>
Non-major funds			
	Economic development – electric and gas to economic enhancement	100,000	-
	Others see above	107,435	(662,046)
	Airport - capital projects	1,025,708	-
Total non-major funds		<u>1,233,143</u>	<u>(662,046)</u>
Enterprise funds	See above	<u>186,105</u>	<u>(4,013,220)</u>
Total operating transfers		<u>\$ 11,866,539</u>	<u>\$ (11,866,539)</u>

10. Deficit Fund Balance

At September 30, 2021 the CDBG Fund had a deficit balance of \$16,341. Some of the deficit will be offset by the unearned revenue as it is earned in future years.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE D – OTHER NOTES

1. Employee Pension and Other Benefit Plans

The City participates in four contributory defined contribution plans (qualified 414(h) plans), and a non-qualified deferred compensation plan as follows:

<u>Name of Plan</u>	<u>Type of Plan</u>
Retirement Income Plan for City Government Employees of the City of Fremont	Defined Contribution Plan
Police Officers' Retirement Plan	Defined Contribution Plan
Firefighters' Retirement Plan	Defined Contribution Plan
Deferred Compensation Plan	Non-qualified Deferred Compensation Plan

Retirement Income Plan for City Government Employees

The City of Fremont has a contributory defined contribution employees' pension plan in which the general employees of the City and Department of Utilities participate. Regular full-time employees with less than seven consecutive years of service will contribute five percent of their gross payroll and the City will match the five percent. For those regular full-time employees with seven or more consecutive years of service, the City will contribute 6.5 percent. Employees are eligible to participate after six months of continuous service. All employees are fully-vested in their own contributions and become vested in the City's contribution ratably after seven years' participation in the plan. The employees and the City contributed \$794,133 and \$940,897, respectively, as required by the plan for the fiscal year ended September 30, 2021. Forfeitures used to reduce employer contributions as allowed under the Plan were \$48,251. The Plan is administered by Nationwide, a trustee independent of the City and is, therefore, not included in these financial statements.

The City of Fremont, Nebraska Police Officer's Retirement Plan

The City of Fremont, Nebraska Police Officers' Retirement Plan (Police Plan) is a contributory defined contribution employees' pension plan in which all regular full-time sworn officers of the City participate. Employees and the City will each contribute 7 percent of applicable payroll. Employees are immediately eligible to participate in the Police Plan. All employees are fully-vested in their own contributions and vest 40 percent after two years of service, 60 percent after four years of service, 80 percent after six years of service and 100 percent after seven years, in the City's contributions to the Plan. The employees and the City contributed \$210,979 and \$210,979, respectively, as required by the Plan for the fiscal year ended September 30, 2021. Forfeitures used to reduce employer contributions as allowed under the Plan were \$0. The Plan is administered by Principal, a trustee independent of the City and is, therefore, not included in these financial statements.

The City of Fremont, Nebraska Firefighters' Retirement Plan

The City of Fremont, Nebraska Firefighters' Retirement Plan (Firefighters Plan) is defined contribution plan in which all firefighters of the City participate. The Fire employees are eligible on the first day of employment. The employees contribute 6.5 percent and the City contributes 13 percent of applicable payroll as defined in state statute. An employee is 100 percent vested in his or her contributions, 6.5 percent of monthly compensation, and vests 40 percent after four years of service plus 20 percent for each year thereafter, up to 100 percent, in the City's contributions to the Plan. The employees and the City contributed \$124,211 and \$248,422, respectively, as required by the Plan for the fiscal year ended September 30, 2021. Forfeitures used to reduce employer contributions as allowed under the Plan were \$14,164. The Plan is administered by, Principal a trustee independent of the City and is, therefore, not included in these financial statements

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE D – OTHER NOTES, CONTINUED

1. Employee Pension and Other Benefit Plans, continued

Deferred Compensation Plan

The City has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all City employees. The plan permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, unforeseeable emergency or permanent disability.

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

The employees contributed \$349,470 and the City contributed \$0 under the plan for the year ended September 30, 2021.

2. Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The City purchases commercial insurance and administers funds for certain self-insured programs. The City has self-insured itself for health benefits and workers’ compensation claims. The City maintains a workers’ compensation fund and a self-insured loss fund. The City provides first-dollar coverage for all workers’ compensation exposure, with insurance acting as an umbrella or excess coverage. The City is self-insured for workers’ compensation claims up to \$600,000 per occurrence. The City is also self-insured for health insurance claims up to \$225,000 of individual claims. The City currently has 254 employees being covered under the health benefit plan. The self-insurance programs are administered within the Internal Service Fund. The City maintains outside insurance coverage through various insurance policies covering buildings and their contents, equipment and property, and risk of loss due to employee dishonesty.

Settled claims in the past three years have not exceeded the commercial coverages. The City has estimated incurred but not reported claims on health benefits, to be \$314,056. This amount represents subsequent payments on prior year claim activity. The City has also estimated the incurred but not reported claims on workers’ compensation, based on the claims for the two months subsequent to year end, to be \$56,282. This has been included as a current year expenditure. For all of the self-insured funds, an unreserved fund balance of \$7,504,987 was in the Internal Service Fund at September 30, 2021.

Claim Liability at 10/01/2020	\$	187,931
Claims Incurred during current year		4,956,459
Claims Paid during current year		(4,774,052)
Claim Liability at 9/30/2021	<u>\$</u>	<u>370,338</u>

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE D – OTHER NOTES, Continued

2. Risk Management, continued

Deposits and Investments

Concentration of Credit Risk. The City's deposits and investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2021, the City's investments consisted of certificates of deposit at the following institutions:

<u>Financial Institution</u>	<u>Amount</u>
Pinnacle Bank/Fremont	\$ 41,157,081 *
Cornerstone Bank, Columbus	12,850,000 *
Nebraska Public Agency Investment Trust	7,500,000 *
Totals	<u>\$ 61,507,081</u>

* represents more than 5% of total investments

Foreign Currency Risk. This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The City's investments had no exposure to foreign currency risk and the City held no investments denominated in foreign currency at September 30, 2021.

Custodial Credit Risk. For deposits and investments, custodial credit risk is the risk that, in the event of the failure of a bank or other counterparty, the City will not be able to recover the value of its deposits or investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City's investments at September 30, 2021 are held by the counterparties, not in the name of the City. The underlying securities consist of cash, certificates of deposit, and insured money market funds.

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

<u>Maturities by Month</u>	<u>Amount</u>
October 2021	\$ 4,025,000
November 2021	951,845
December 2021	11,070,000
January 2022	400,000
March 2022	12,700,000
July 2022	4,792,556
August 2022	4,475,000
September 2022	11,185,000
Due in more than 12 months	11,907,680
	<u>\$ 61,507,081</u>

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE D – OTHER NOTES, Continued

2. Risk Management, Continued

Deposits and Investments, Continued

Credit Risk. Credit risk is the risk that the bank or other counterparty will not fulfill its obligations. The City's cash equivalents and investments consist of certificates of deposit and money market funds, minimizing credit risk associated with the City's investment portfolio.

3. Commitments and Contingencies

Construction

The City is a party to numerous contracts relating to construction and other capital addition projects. The City intends to fund the construction through operations or long-term financing.

Project	Contract Amount	Paid Through 9/30/2021	Obligation Pending	Expected Completion
Governmental:				
Johnson Rd S Paving Ph II	\$ 21,163	\$ 8,040	\$ 13,123	June 30, 2022
Luther Road Widening, Military-23rd	95,900	76,161	19,739	September 30, 2025
1st Street, Bell-Luther	78,500	72,630	5,870	September 30, 2025
32nd St Paving Improvements	82,330	76,910	5,420	September 30, 2023
Rawhide Creek Trail	215,333	170,903	44,430	September 30, 2022
Luther Road South Paving	406,083	385,779	20,304	April 30, 2022
Airport Aircraft Apron	603,755	549,879	53,876	April 30, 2022
Airport Terminal Building	1,971,355	1,111,411	859,944	July 31, 2022
N Lincoln Ave & 29th St	3,136,276	1,578,006	1,558,270	October 1, 2022
Southeast Beltway	30,000,000	28,666,666	1,333,334	September 30, 2022
CF Energy Efficiency	989,669	943,033	46,636	April 30, 2022
FFRDD Levee Extension	85,200	34,388	50,812	September 30, 2022
FFRDD Levee Repairs 2019	79,400	31,647	47,753	November 15, 2022
Fire Engine Pumper	571,227	229,478	341,749	January 31, 2022
2021 Chevy Silverado 1500	34,730	-	34,730	October 31, 2022
2021 Chevy Silverado 3500	50,205	-	50,205	October 31, 2022
Library Expansion	409,500	122,850	286,650	October 31, 2024
Police cruisers	69,702	-	69,702	September 30, 2022
Enterprise Funds:				
WWTP Upgrade	35,327,316	30,303,399	5,023,917	March 31, 2022
WWTP Improvements Phase II	21,463,277	2,856,748	18,606,529	May 31, 2023
SCADA control system	2,253,883	1,368,815	885,068	September 30, 2023
Roadway Subdivision Water Main	29,000	19,039	9,961	June 30, 2022
Water main casing under Hwy 77	896,800	673,000	223,800	September 30, 2022
Cedar Bluffs Water Main Project	355,600	99,599	256,001	July 31, 2023
Coal Handling Rail Extension	142,932	129,994	12,938	September 30, 2022
Energy Efficiency Upgrade City Hall	572,780	525,575	47,205	February 28, 2022
Honeywell EHPM Controls Upgrade Phases 4-7	672,296	235,304	436,992	May 31, 2022
JLG Toucan Boom Lift	43,866	-	43,866	September 30, 2022
NNG West Leg Expansion 2022	1,765,987	-	1,765,987	September 30, 2022
John Deere utility tractor	65,686	-	65,686	March 31, 2022
	<u>\$ 102,489,751</u>	<u>\$ 70,269,254</u>	<u>\$ 32,220,497</u>	

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE D – OTHER NOTES, CONTINUED

3. Commitments and Contingencies, Continued

Claims and Litigation

The City is involved in various litigation in the normal course of its operations and services. In the opinion of City management, although the outcome of any legal proceedings cannot be predicted with certainty, the ultimate liability of the City in connection with its legal proceedings will not have a material effect on the City's financial position, but could be material to the results of operations in future accounting periods.

Government Grants

The City participates in a number of federally assisted grant programs, which are subject to financial and compliance audits. The amount of expenditures, if any, which may be disallowed by the granting agencies, is not determinable at this time; however, City officials do not believe that such amounts, if any, would be significant.

Regulatory Compliance

The City of Fremont is required by state and federal laws and regulations to make annual contributions to finance fly ash closure and post closure care. The City is in compliance with these requirements, and at September 30, 2021 investments of \$1,250,000 are held for these purposes. These investments are held in certificates of deposit and are presented on the City's balance sheet as restricted investments. Details of the restricted cash and investments are in Note C1. It is anticipated that future inflation costs will be financed in part from earnings on investments. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in post closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future electricity customers, taxpayers, or both.

The Department's operations are subject to stringent federal, state, and local laws and regulations relating to improving and maintaining environmental quality. Current studies have determined that a substantial capital investment will be required to bring the Department into compliance with environmental regulations including mercury emissions. Environmental expenditures related to current operations are factored into the strategic planning process of the Department and are considered when determining future energy rates. Financing of these expenditures is expected to be through available cash reserves and bonded debt.

Electric Department

On January 28, 2020, the Electric Department entered into an agreement with Navajo Transitional Energy Company, effective January 1, 2020 through December 31, 2021. Under the terms of the agreement, the City must purchase 225,000 tons of coal at an agreed-upon base price per ton each year, which will be adjusted each month for any variation in the Base Btu. As of September 30, 2021, the City had purchased 228,485 of the tons required under this contract.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE D – OTHER NOTES, CONTINUED

3. Commitments and Contingencies, Continued

Electric Department, continued,

The Electric Department entered into a rail transportation agreement with Union Pacific Railroad Company for coal shipping. The contract term is January 1, 2019 through December 31, 2024. Under the terms of the agreement, the shipping rate increased 2.02 percent from the shipping rate effective July 1, 2018. The price will be adjusted based on the percentage change in the rail cost adjustment factor, as well as a mileage-based fuel surcharge adjusted monthly. The City must use Union Pacific to ship a minimum of 270,000 tons and a maximum volume of 400,000 tons for each twelve month(s) period, beginning January 1, 2019 through December 31, 2019, and each twelve month(s) period thereafter.

In 2016, the Electric Department entered into a power purchase agreement with Cottonwood Wind Project, LLC for power from a single wind energy facility of approximately 40 MW effective December 5, 2016 through December 5, 2041. During the 15th contact year, the City may exercise its option to purchase the facility property within 180 days after the end of the term.

Gas Department

The Gas Department entered into an agreement to purchase natural gas from the Central Plains Energy Project #3 (CPEP3) in April 2012. The agreement requires the City to purchase fixed monthly quantities of gas through 2042 at a discounted price that accounts for approximately 17 percent of the City's current requirements.

The Gas Department entered into an agreement to purchase natural gas from BP Canada Energy Marketing Corp. on September 18, 2012. The agreement was extended in June 2016, effective through October 31, 2020 and extended again April 1, 2020 through March 31, 2023. The agreement stipulates the volume of maximum daily quantity purchases which varies depending on the month of the purchase. The price is based on the monthly index published inside the Federal Energy Regulatory Commission (FERC) Gas Market Report.

In September 2018, the Gas Department entered into a contract to purchase natural gas from The Public Energy Authority of Kentucky (PEAK). The contract term is April 1, 2019 to March 31, 2049. Under the agreement, the City will purchase an average daily quantity of natural gas at a minimum discounted rate. At the end of each gas delivery resent period, the City has the right to elect not to purchase gas if the price of gas is above the minimum discount specified in the contract. The volume represents approximately 24 percent of the city's current requirements.

The Gas Department entered into an agreement to purchase natural gas from the Central Plains Energy Project #4 (CPEP4) in November 2018. The agreement requires the City to purchase fixed monthly quantities of gas through 2042 at a discounted price that accounts for approximately 14 percent of the City's current requirements.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE D – OTHER NOTES, CONTINUED

4. Major Customers

	Electric revenue (% of TBR)	Water Revenue (% of TBR)	Sewer Revenue (% of TBR)	Gas Revenue (% of TBR)	Total Revenue (% of TBR)
Customer A	\$ 3,530,827 8.2%	\$ 700,713 14.4%	\$ 1,376,404 20.2%	\$ 2,338,534 13.9%	\$ 7,946,478 11.1%
Customer B	\$ 2,882,986 6.7%	\$ 422,399 8.7%	\$ 1,446,569 21.2%	\$ 1,737,165 10.3%	\$ 6,489,119 9.1%
Customer C	\$ 1,406,982 3.27%	\$ 56,398 1.16%	\$ 39,183 0.57%	\$ 1,732,834 10.27%	\$ 3,235,397 4.5%
Total billed revenue (TBR)	\$ 43,001,852	\$ 4,875,844	\$ 6,822,327	\$ 16,867,432	\$ 71,567,454

All customers maintain a current status on their accounts.

5. Union Contracts

The City is subject to the following union contracts:

- International Brotherhood of Electrical Workers Local 1536 Unit 5 – effective October 1, 2017 – September 30, 2021.
- American Federation of State, County and Municipal Employees, AFL/CIO Local 251 – effective October 1, 2017 – September 30, 2021.
- International Association of Fire Fighters Local 1015 – effective October 1, 2017 – September 30, 2021.
- Fraternal Order of Police, Local No. 37 – effective October 1, 2019 – September 30, 2021.

6. COVID-19

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, result of operations and cash flows of the City. The duration of the uncertainties and ultimate financial effects cannot be reasonably estimated at this time.

7. Subsequent Events

In January 2022, the Gas Department entered into a contract to purchase natural gas from Minnesota Municipal Gas Agency (MMGA). The contract term is January 25, 2022 through October 31, 2052. Under the agreement, the City will purchase an average daily quantity of natural gas at a minimum discounted rate. At the end of each gas delivery reset period, the City has the right to elect not to purchase gas if the price of gas is above the minimum discount specified in the contract. The volume represents approximately 15 percent of the City's current requirements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FREMONT, NEBRASKA
Budgetary Comparison Schedule – General Fund
For the Year Ended September 30, 2021

	Budget		Variances -
	(Original and	Actual	Actual Over
	Final)		(Under) Final
			Budget
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 6,046,857	\$ 6,202,171	\$ 155,314
Payments in lieu of taxes	9,000	17,262	8,262
Franchise	275,000	262,905	(12,095)
Business	1,645,000	1,781,135	136,135
Intergovernmental	1,065,715	2,207,383	1,141,668
Charges for services	3,084,144	2,577,358	(506,786)
Donations	607,000	53,340	(553,660)
Interest income	50,000	157,916	107,916
Other	5,000	166,630	161,630
	<u>12,787,716</u>	<u>13,426,100</u>	<u>638,384</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	6,154,364	5,535,891	(618,473)
Public safety	15,412,439	9,587,986	(5,824,453)
Public works	624,218	534,076	(90,142)
Environment and leisure	7,344,451	4,549,473	(2,794,978)
Employee insurance	354,264	314,400	(39,864)
	<u>29,889,736</u>	<u>20,521,826</u>	<u>(9,367,910)</u>
Resources over (under) charges to appropriations	<u>(17,102,020)</u>	<u>(7,095,726)</u>	<u>10,006,294</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	7,000,000	1,976,250	(5,023,750)
Transfers in	8,655,769	10,829,420	2,173,651
Transfers out	(785,000)	(1,075,312)	(290,312)
Net transfers	<u>7,870,769</u>	<u>9,754,108</u>	<u>1,883,339</u>
Total other financing sources (uses)	14,870,769	11,730,358	(3,140,411)
RESOURCES AND OTHER FINANCING			
SOURCES (USES) OVER (UNDER)			
CHARGES TO APPROPRIATIONS	<u>\$ (2,231,251)</u>	<u>\$ 4,634,632</u>	<u>\$ 6,865,883</u>

CITY OF FREMONT, NEBRASKA
Budgetary Comparison Schedule – Street Fund
For the Year Ended September 30, 2021

	<u>Budget</u> <u>(Original and</u> <u>Final)</u>	<u>Actual</u>	<u>Variances -</u> <u>Actual Over</u> <u>(Under) Final</u> <u>Budget</u>
RESOURCES (INFLOWS)			
Motor vehicle tax	\$ 625,000	\$ 669,893	\$ 44,893
Intergovernmental	3,638,000	4,121,980	483,980
Charges for services	44,000	107,483	63,483
Interest income	6,000	14,183	8,183
Other income	-	374,092	374,092
	<hr/>	<hr/>	<hr/>
Total resources	4,313,000	5,287,631	974,631
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	10,111,915	5,831,413	(4,280,502)
	<hr/>	<hr/>	<hr/>
Resources under charges to appropriations	(5,798,915)	(543,782)	5,255,133
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES			
Bond proceeds	-	7,952,152	7,952,152
Transfers in	3,443,000	1,851,014	(1,591,986)
Transfers out	-	-	-
Net transfers	3,443,000	1,851,014	(1,591,986)
Total other financing sources	3,443,000	9,803,166	6,360,166
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ (2,355,915)</u>	<u>\$ 9,259,384</u>	<u>\$ 11,615,299</u>

CITY OF FREMONT, NEBRASKA
Budgetary Comparison Schedule – Sales Tax Fund
For the Year Ended September 30, 2021

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Sales tax	\$ 6,561,000	\$ 9,053,215	\$ 2,492,215
Charges for services	20,800	18,314	(2,486)
Interest income	17,550	25,117	7,567
Other income	20,000	67,154	47,154
Loan repayment proceeds	-	350,507	350,507
	<hr/>	<hr/>	<hr/>
Total resources	6,619,350	9,514,307	2,894,957
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	2,023,000	294,540	(1,728,460)
	<hr/>	<hr/>	<hr/>
Resources over charges to appropriations	4,596,350	9,219,767	4,623,417
	<hr/>	<hr/>	<hr/>
OTHER FINANCING USES			
Transfers out	(7,765,678)	(5,999,459)	1,766,219
	<hr/>	<hr/>	<hr/>
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS AND OTHER FINANCING USES	\$ (3,169,328)	\$ 3,220,308	\$ 6,389,636
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF FREMONT, NEBRASKA
Budgetary Comparison Schedule
Notes to Required Supplementary Information
For the Year Ended September 30, 2021

Note A - Explanation of Differences between Budgetary Inflows and Outflows and Modified Accrual Revenue and Expenditures

The City prepares its budgets on the cash basis of accounting. Accordingly, revenues are recognized when cash is received by the City and expenditures are recognized when cash is disbursed. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this method of accounting, all unexpended appropriations lapse at the end of the budget year.

Amounts presented on the cash basis of accounting differ from those presented in accordance with the modified accrual basis of accounting due to the treatment of afforded accruals. A reconciliation for the year ended September 30, 2021, which discloses the nature and amount of the adjustments necessary to convert the modified accrual data to the budgetary basis, is presented below:

	<u>General Fund</u>	<u>Street Fund</u>	<u>Sales Tax Fund</u>
Sources/inflows of resources:			
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 13,426,100	\$ 5,287,631	\$ 9,514,307
Differences - budget to modified accrual:			
Cash to accrual adjustments	<u>1,281,333</u>	<u>32,492</u>	<u>(190,322)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 14,707,433</u></u>	<u><u>\$ 5,320,123</u></u>	<u><u>\$ 9,323,985</u></u>
Uses/outflows of resources:			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedules	\$ 20,521,826	\$ 5,831,413	\$ 294,540
Differences - budget to modified accrual:			
Cash to accrual adjustments	<u>(1,758)</u>	<u>148,397</u>	<u>59,755</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 20,520,068</u></u>	<u><u>\$ 5,979,810</u></u>	<u><u>\$ 354,295</u></u>
Other financing uses:			
Actual amounts (budgetary basis) "total transfers" from the budgetary comparison schedules	\$ 11,730,358	\$ 9,803,166	\$ (5,999,459)
Differences - budget to modified accrual:			
Cash to accrual adjustments	<u>(2,244,588)</u>	<u>48,864</u>	<u>(153,921)</u>
Total transfers as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 9,485,770</u></u>	<u><u>\$ 9,852,030</u></u>	<u><u>\$ (6,153,380)</u></u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF FREMONT, NEBRASKA
Combining Balance Sheet – Non-major Governmental Funds
September 30, 2021

	Debt <u>Service</u>	Special Revenue Funds			
		Paving & Sidewalk <u>Districts</u>	Business Improvement <u>District #1</u>	Public Use Property Special <u>Projects</u>	Keno <u>Fund</u>
ASSETS					
Cash and cash equivalents	\$ 281,484	\$ 336,676	\$ 100,554	\$ 124,670	\$ 237,707
Investments	-	1,600,000	-	587,345	400,000
County treasurer cash	10,480	-	-	-	-
Receivables:					
Special assessments	-	225,503	17,355	-	-
Accounts, net of allowance for doubtful accounts	-	-	-	-	35,670
Notes, net of allowance for doubtful accounts	-	-	-	-	-
Interest	-	27,329	-	1,261	2
Property tax	27,463	-	-	-	-
Business tax	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 319,427	\$ 2,189,508	\$ 117,909	\$ 713,276	\$ 673,379
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 4	\$ -	\$ 54,375
Due to other funds	-	-	-	-	-
Accrued expenses	-	200	-	-	-
Advanced revenue	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	200	4	-	54,375
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	23,941	-	-	-	-
Unavailable revenue - other local taxes	-	-	17,355	-	-
Unavailable revenue - fees and other	-	225,503	-	-	-
Total deferred inflows of resources	23,941	225,503	17,355	-	-
FUND BALANCES (DEFICIT)					
Nonspendable:					
Permanent Fund principal	-	-	-	125,000	-
Restricted for:					
Debt service	295,486	-	-	-	-
Public safety	-	-	-	-	-
Economic development	-	-	-	-	-
Capital/special projects	-	1,963,805	-	588,276	-
Federal programs	-	-	-	-	-
Community betterment	-	-	-	-	619,004
Assigned for:					
Airport	-	-	-	-	-
Downtown improvements/parking	-	-	100,550	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	295,486	1,963,805	100,550	713,276	619,004
Total liabilities, deferred inflows of resources and fund balances	\$ 319,427	\$ 2,189,508	\$ 117,909	\$ 713,276	\$ 673,379

CITY OF FREMONT, NEBRASKA
Combining Balance Sheet – Non-major Governmental Funds - Continued
September 30, 2021

	Special Revenue Funds								Capital Projects	Total Non-major Governmental Funds
	CDBG Fund	Weatherization EDA (HUD)	Economic Enhancement	Airport Fund	Enhanced & Wireless 911	Drug Task Force	Community Agency Fund	American Rescue Plan Funds	Special Projects	
ASSETS										
Cash and cash equivalents	\$ 2,173	\$ 96,374	\$ 339,710	\$ 122,779	\$ 234,066	\$ 23,904	\$ -	\$ 250,032	\$ 517,443	\$ 2,667,572
Investments	-	-	-	307,822	400,000	-	-	2,084,734	-	5,379,901
County treasurer cash	-	-	-	-	-	-	-	-	-	10,480
Receivables:										
Special assessments	-	-	-	120,885	-	-	-	-	-	363,743
Accounts, net of allowance for doubtful accounts	-	3,578	-	6,261	-	-	-	-	-	45,509
Notes, net of allowance for doubtful accounts	-	386,533	345,000	-	-	-	-	-	-	731,533
Interest	-	-	-	173	343	-	-	1,168	-	30,276
Property tax	-	-	-	-	-	-	-	-	-	27,463
Business tax	-	-	-	-	19,099	-	-	-	-	19,099
Due from other governments	26,276	-	-	-	87,044	-	-	-	30,065	143,385
Due from other funds	-	-	-	-	132,517	-	-	-	-	132,517
Total assets	\$ 28,449	\$ 486,485	\$ 684,710	\$ 557,920	\$ 873,069	\$ 23,904	\$ -	\$ 2,335,934	\$ 547,508	\$ 9,551,478
LIABILITIES										
Accounts payable	\$ 5,790	\$ 94	\$ -	\$ 252,645	\$ 4,718	\$ 1,171	\$ -	\$ -	\$ -	\$ 318,797
Due to other funds	39,000	-	-	140,654	400,000	-	-	-	-	579,654
Accrued expenses	-	-	-	517	13,448	-	-	-	-	14,165
Unearned revenue	-	-	-	-	-	-	-	2,334,734	-	2,334,734
Customer deposits	-	-	-	4,200	-	-	-	-	-	4,200
Total liabilities	44,790	94	-	398,016	418,166	1,171	-	2,334,734	-	3,251,550
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue - property taxes	-	-	-	-	-	-	-	-	-	23,941
Unavailable revenue - other local taxes	-	-	-	-	-	-	-	-	-	17,355
Unavailable revenue - fees and other	-	3,578	-	105,975	69,922	-	-	-	30,065	435,043
Total deferred inflows of resources	-	3,578	-	105,975	69,922	-	-	-	30,065	476,339
FUND BALANCES (DEFICIT)										
Nonspendable:										
Permanent fund principal	-	-	-	-	-	-	-	-	-	125,000
Restricted for:										
Debt service	-	-	-	-	-	-	-	-	-	295,486
Public safety	-	-	-	-	384,981	22,733	-	-	-	407,714
Economic development	-	-	684,710	-	-	-	-	-	-	684,710
Capital/special projects	-	-	-	-	-	-	-	-	517,443	3,069,524
Federal programs	-	482,813	-	-	-	-	-	1,200	-	484,013
Community betterment	-	-	-	-	-	-	-	-	-	619,004
Assigned for:										
Airport	-	-	-	53,929	-	-	-	-	-	53,929
Downtown improvements/parking	-	-	-	-	-	-	-	-	-	100,550
Unassigned	(16,341)	-	-	-	-	-	-	-	-	(16,341)
Total fund balances (deficit)	(16,341)	482,813	684,710	53,929	384,981	22,733	-	1,200	517,443	5,823,589
Total liabilities, deferred inflows of resources and fund balances	\$ 28,449	\$ 486,485	\$ 684,710	\$ 557,920	\$ 873,069	\$ 23,904	\$ -	\$ 2,335,934	\$ 547,508	\$ 9,551,478

CITY OF FREMONT, NEBRASKA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds
For the Year Ended September 30, 2021

	Debt <u>Service</u>	Special Revenue Funds			
		Paving & Sidewalk <u>Districts</u>	Business Improvement <u>District #1</u>	Public Use Property Special <u>Projects</u>	Keno <u>Fund</u>
REVENUES					
Property tax	\$ 508,910	\$ -	\$ -	\$ -	\$ -
Occupation taxes	-	-	-	-	-
Payments in lieu of taxes	1,428	-	-	-	-
Intergovernmental	-	-	-	-	-
Keno	-	-	-	-	874,739
Charges for services	-	19,114	43,765	-	-
Donations	-	-	-	317,319	-
Interest income	108	21,518	43	3,912	1,715
Other income	-	-	-	-	1,838
Total revenues	<u>510,446</u>	<u>40,632</u>	<u>43,808</u>	<u>321,231</u>	<u>878,292</u>
EXPENDITURES					
General government	10,058	-	14,043	-	-
Public safety	-	-	-	-	-
Public works	-	2,653	-	-	-
Environment and leisure	-	-	-	-	350,213
Principal payments on debt	320,000	-	-	-	-
Bond issuance costs	19,000	-	-	-	-
Interest on long-term debt	44,267	-	-	-	-
Total expenditures	<u>393,325</u>	<u>2,653</u>	<u>14,043</u>	<u>-</u>	<u>350,213</u>
Excess (deficiency) of revenues over expenditures	<u>117,121</u>	<u>37,979</u>	<u>29,765</u>	<u>321,231</u>	<u>528,079</u>
OTHER FINANCING SOURCES (USES)					
Issuance of long-term debt	23,750	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(650,000)
Total other financing sources (uses)	<u>23,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(650,000)</u>
Net change in fund balances	<u>140,871</u>	<u>37,979</u>	<u>29,765</u>	<u>321,231</u>	<u>(121,921)</u>
Fund balances - September 30, 2020 as originally reported	154,615	1,925,826	70,785	392,045	740,925
Restatement	-	-	-	-	-
Fund balances - September 30, 2020, as restated	<u>154,615</u>	<u>1,925,826</u>	<u>70,785</u>	<u>392,045</u>	<u>740,925</u>
Fund balances - September 30, 2021	<u>\$ 295,486</u>	<u>\$ 1,963,805</u>	<u>\$ 100,550</u>	<u>\$ 713,276</u>	<u>\$ 619,004</u>

CITY OF FREMONT, NEBRASKA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental
Funds
For the Year Ended September 30, 2021

	Special Revenue Funds				Special Revenue Funds			American	Capital Projects	Total Non-major Governmental Funds
	CDBG Fund	Weatherization EDA(HUD)	Economic Enhancement	Airport Fund	Enhanced & Wireless 911	Drug Task Force	Community Development Agency	Rescue Plan Funds	Special Projects	
REVENUES										
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 508,910
Occupation taxes	-	-	-	-	102,967	-	-	-	-	102,967
Payment in lieu of taxes	-	-	-	-	-	-	-	-	-	1,428
Intergovernmental	33,232	-	-	131,139	988,626	-	-	-	-	1,152,997
Keno	-	-	-	-	-	-	-	-	-	874,739
Charges for services	-	-	-	132,562	-	-	-	-	-	195,441
Donations	-	-	-	307,822	-	-	-	-	-	625,141
Interest income	-	695	126	260	86	-	-	1,200	243	29,906
Other income	-	-	-	-	4,512	-	-	-	-	6,350
Total revenues	<u>33,232</u>	<u>695</u>	<u>126</u>	<u>571,783</u>	<u>1,096,191</u>	<u>-</u>	<u>-</u>	<u>1,200</u>	<u>243</u>	<u>3,497,879</u>
EXPENDITURES										
General government	46,702	183,854	70,000	-	-	-	-	-	-	324,657
Public safety	-	-	-	-	1,115,760	2,790	-	-	-	1,118,550
Public works	-	-	-	-	-	-	-	-	-	2,653
Environment and leisure	-	-	-	1,307,972	-	-	-	-	137,525	1,795,710
Principal payments on debt	-	-	-	-	-	-	-	-	-	320,000
Bond issuance costs	-	-	-	-	-	-	-	-	-	19,000
Interest on long-term debt	-	-	-	-	-	-	-	-	-	44,267
Total expenditures	<u>46,702</u>	<u>183,854</u>	<u>70,000</u>	<u>1,307,972</u>	<u>1,115,760</u>	<u>2,790</u>	<u>-</u>	<u>-</u>	<u>137,525</u>	<u>3,624,837</u>
Excess (deficiency) of revenues over expenditures	<u>(13,470)</u>	<u>(183,159)</u>	<u>(69,874)</u>	<u>(736,189)</u>	<u>(19,569)</u>	<u>(2,790)</u>	<u>-</u>	<u>1,200</u>	<u>(137,282)</u>	<u>(126,958)</u>
OTHER FINANCING SOURCES (USES)										
Issuance of long-term debt	-	-	-	-	-	-	-	-	-	23,750
Transfers in	-	-	100,000	1,025,708	-	-	-	-	107,435	1,233,143
Transfers out	-	(6,323)	-	-	-	(5,723)	-	-	-	(662,046)
Total other financing sources (uses)	<u>-</u>	<u>(6,323)</u>	<u>100,000</u>	<u>1,025,708</u>	<u>-</u>	<u>(5,723)</u>	<u>-</u>	<u>-</u>	<u>107,435</u>	<u>594,847</u>
Net change in fund balances	<u>(13,470)</u>	<u>(189,482)</u>	<u>30,126</u>	<u>289,519</u>	<u>(19,569)</u>	<u>(8,513)</u>	<u>-</u>	<u>1,200</u>	<u>(29,847)</u>	<u>467,889</u>
Fund balances - September 30, 2020 as originally reported	(2,871)	672,295	654,584	(235,590)	404,550	31,246	(209,976)	-	547,290	5,145,724
Restatement	-	-	-	-	-	-	209,976	-	-	209,976
Fund balances - September 30, 2020, as restated	<u>(2,871)</u>	<u>672,295</u>	<u>654,584</u>	<u>(235,590)</u>	<u>404,550</u>	<u>31,246</u>	<u>-</u>	<u>-</u>	<u>547,290</u>	<u>5,355,700</u>
Fund balances - September 30, 2021	<u>\$ (16,341)</u>	<u>\$ 482,813</u>	<u>\$ 684,710</u>	<u>\$ 53,929</u>	<u>\$ 384,981</u>	<u>\$ 22,733</u>	<u>\$ -</u>	<u>\$ 1,200</u>	<u>\$ 517,443</u>	<u>\$ 5,823,589</u>

CITY OF FREMONT, NEBRASKA
Schedules of Expenditures of Federal Awards
September 30, 2021

<u>Federal Grantor Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identification Number</u>	<u>Total Federal Expenditures</u>
<u>Department of Transportation</u>			
Passed through Nebraska Department of Aeronautics: Airport Improvement Program	20.106	3-31-0029-012	\$ 124,576
Passed through Nebraska Department of Aeronautics: COVID-19 CARES Act Airport Grant	20.901	3-31-0029-013	13,000
Highway Safety Cluster Passed through Nebraska Office of Highway Safety: State and Community Highway Safety	20.600	402-21-05-14	<u>4,528</u>
Total Department of Transportation			<u>142,104</u>
<u>Department of Treasury</u>			
Passed through Nebraska Governor's Office: COVID-19 Coronavirus Relief Fund	21.019	STL003	1,638,520 *
<u>National Endowment for Humanities</u>			
Passed through the Nebraska Library Commission: COVID-19 IMLS CARES Act	45.310	20.23	5,000
<u>Department of Homeland Security</u>			
Passed through Nebraska Emergency Management Agency: Disaster Grants of Presidentially Declared Disasters	97.036	053-17670-00	664,770
<u>Department of Housing and Urban Development</u>			
Passed through Nebraska Department of Economic Development: Community Development Block Grant	14.228	16-CD-102 16-CD-202 18-PP-005 19-EM-002	26,950 281,814 750 <u>260,726</u> 570,240
<u>Department of Health and Human Services</u>			
COVID-19 CARES Act Provider Relief Funds	93.498		<u>24,238</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,044,872</u></u>

*Major Program

CITY OF FREMONT, NEBRASKA
Notes to the Schedule of Expenditures of Federal Awards
September 30, 2021

NOTE A:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Fremont, Nebraska (the City) under programs of the federal government for the year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B:

Governmental funds and proprietary funds account for the City's federal grant activity. Expenditures reported on the Schedule are recognized on either the accrual basis of accounting or the modified accrual basis of accounting, depending on the basis of accounting used by the respective fund for which the activity is reported. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C:

The City received a 2019 pass-through FEMA grant from the Nebraska Emergency Management Agency for the 2019 Nebraska floods reported under CDFA 97.036. The City incurred expenditures of \$32,604, \$257,726 and \$829,143 in 2021, 2020 and 2019, respectively. In May 2021, FEMA increased the federal portion from 75% to 90% of total eligible costs, thus the match requirement for the City was 10% of eligible expenditures. The total federal portion of the expenditures presented in the Schedule for this grant for years 2019, 2020 and 2021 was \$550,891, \$84,433 and \$29,446, respectively.

NOTE D:

The City had no subrecipients during the year ended September 30, 2021.



1120 S. 101st Street, Suite 410 / Omaha, NE 68124

P 402.392.1040 / F 402.392.1772

forvis.com

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

Independent Auditor's Report

Honorable Mayor and City Council
City of Fremont, Nebraska
Fremont, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Fremont, Nebraska (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2022. which contained an "Emphasis of Matter" paragraph regarding a change in accounting principle.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

FORVIS,LLP

Omaha, Nebraska
June 27, 2022



1120 S. 101st Street, Suite 410 / Omaha, NE 68124

P 402.392.1040 / F 402.392.1772

forvis.com

Report on Compliance for The Major Federal Program and Report on Internal Control over Compliance

Independent Auditor's Report

Honorable Mayor and City Council
City of Fremont, Nebraska
Fremont, Nebraska

Report on Compliance for The Major Federal Program

We have audited City of Fremont's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the of City's major federal program for the year ended September 30, 2021. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on The Major Federal Program

In our opinion, City of Fremont, Nebraska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of City of Fremont, Nebraska is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

FORVIS,LLP

Omaha, Nebraska
June 27, 2022

CITY OF FREMONT, NEBRASKA
Schedule of Findings & Questioned Costs - Continued
Year Ended September 30, 2021

7. Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
21.019	COVID-19 Coronavirus Relief Fund

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

9. Auditee qualified as a low-risk auditee? Yes No

Section II – Financial Statement Findings

Reference Number	Finding
No matters are reportable.	

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
No matters are reportable.	

CITY OF FREMONT, NEBRASKA
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2021

Reference Number	Summary of Finding	Status
-----------------------------	---------------------------	---------------

No matters are reportable.



1120 S. 101st Street, Suite 410 / Omaha, NE 68124

P 402.392.1040 / F 402.392.1772

forvis.com

City of Fremont
Honorable Mayor and Members of the City Council
City of Fremont, Nebraska

As part of our audits of the financial statements and compliance of the City of Fremont, Nebraska as of and for the year ended September 30, 2021, we wish to communicate the following to you.

Auditor’s Responsibility Under 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 and U.S. Office of Management and Budget (OMB) Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)

An audit performed 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 and U.S. Office of Management and Budget (OMB) Uniform Guidance is designed to obtain reasonable, rather than absolute, assurance about the financial statements and about whether noncompliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on a major federal program occurred. In performing auditing procedures, we establish scopes of audit tests in relation to the opinion unit being audited. Our engagement does not include a detailed audit of every transaction. Our contract more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement and compliance audits that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

Audits of the financial statements and compliance do not relieve management or those charged with governance of their responsibilities. Our contract more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

The City’s significant accounting policies are described in Note A of the audited financial statements.

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within accounting principles generally accepted in the United States of America for policies and practices for material items, including recognition, measurement, and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows:

- Proper accounting treatment in accordance with the regulated operations provisions of GASB Statement No. 62

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Allowance for doubtful accounts receivable
- Unbilled revenues – utility accounts
- Self-insured health and worker's compensation claims

Significant Unusual Transactions

Significant unusual transactions represent significant transactions that are outside the normal course of business for the city or that otherwise appear to be unusual due to their timing, size, or nature. We have identified the following transactions that we consider to be significant and unusual.

No matters are reportable.

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Revenue recognition
- Risk management
- Commitments & contingencies
- Subsequent events

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework. Some adjustments proposed were not recorded because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

Proposed Audit Adjustments Recorded

- Accounts receivable
- Interfund balances
- Unearned revenue
- Unavailable revenue
- Deferred gain on refunding
- Intergovernmental revenue
- Bad debt expense

Proposed Audit Adjustments Not Recorded

- Attached is a summary of uncorrected misstatements we aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, but more than trivial to the financial statements as a whole

- We would like to call your attention to the fact that although these uncorrected misstatements, individually and in the aggregate, were deemed to be immaterial to the current year financial statements, it is possible that the impact these uncorrected misstatements, or matters underlying these uncorrected misstatements, could potentially cause future-period financial statements to be materially misstated

Auditor's Judgments About the Quality of the City's Accounting Principles

During the course of the audit, we made the following observations regarding the City's application of accounting principles:

No matters are reportable.

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (attached)
- We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies

OTHER MATTERS

We observed the following matter and offer this comment and suggestion with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, this matter is offered as a constructive suggestion for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures. We can discuss this matter further at your convenience and may provide implementation assistance for changes or improvements.

GASB Statement No. 87, Leases

The Governmental Accounting Standards Board has issued Statement No. 87, *Leases* (GASB 87). GASB 87 provides a new framework for accounting for leases under the principle that leases are financings. No longer will leases be classified between capital and operating. Lessees will recognize an intangible asset and a corresponding liability. The liability will be based on the payments expected to be paid over the lease term, which includes an evaluation of the likelihood of exercising renewal or termination options in the lease. Lessors will recognize a lease receivable and related deferred inflow of resources. Lessors will not derecognize the underlying asset. An exception to the general model is provided for short-term leases that cannot last more than 12 months. Contracts that contain lease and non-lease components will need to be separated so each component is accounted for accordingly.

This statement will be effective for the City's fiscal year ending September 30, 2022.

This letter is intended solely for the information and use of the Mayor, members of the City Council and management and is not intended to be and should not be used by anyone other than these specified parties.

FORVIS,LLP

Omaha, Nebraska
June 27, 2022

Representation of:

City of Fremont, Nebraska
400 E. Military Avenue
Fremont, Nebraska 68025

Provided to:

FORVIS, LLP

Certified Public Accountants
1120 S. 101st Street, Suite 410
Omaha, Nebraska 68124

The undersigned (“We”) are providing this letter in connection with FORVIS’ audit of our financial statements as of and for the year ended September 30, 2021 and your audit of our compliance with requirements applicable to our major federal awards program as of and for the year ended September 30, 2021.

Our representations are current and effective as of the date of FORVIS’ report: June 27, 2022.

Our engagement with FORVIS is based on our contract for services dated: August 18, 2021.

Our Responsibility and Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to FORVIS’ report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

Confirmation of Matters Specific to the Subject Matter of FORVIS’ Report

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
 - a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
 - b. Internal control to prevent and detect fraud.

3. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.
4. We have everything we need to keep our books and records.
5. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
 - d. All minutes of meetings of the governing body held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the governing body, if applicable, and maintained as part of our records.
 - e. All significant contracts and grants.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
 - a. Misappropriation of assets.
 - b. Misrepresented or misstated assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.
8. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
9. We have no knowledge of any known or suspected fraudulent financial reporting or misappropriation of assets involving:
 - a. Management or employees who have significant roles in internal control, or
 - b. Others, where activities of others could have a material effect on the financial statements.
10. We have no knowledge of any allegations of fraud or suspected fraud affecting the city received in communications from employees, customers, regulators, suppliers, or others.
11. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.
12. We have disclosed to you the identity of all of the City's related parties and all the related-party relationships of which we are aware. In addition, we have disclosed to you all related-party transactions of which we are aware.

Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

We understand that the term related party refers to an affiliate, management and members of their immediate families, component units, and any other party with which the entity may deal if the entity can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the city.

13. We are not aware of any side agreements or other arrangements (either written or oral) that are in place.
14. Except as reflected in the financial statements, there are no:
 - a. Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
 - b. Material transactions omitted or improperly recorded in the financial records.
 - c. Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - d. Events occurring subsequent to the statement of net position date through the date of this letter requiring adjustment or disclosure in the financial statements.
 - e. Agreements to purchase assets previously sold.
 - f. Restrictions on cash balances or compensating balance agreements.
 - g. Guarantees, whether written or oral, under which the City is contingently liable.
15. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
16. We have no reason to believe the City owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act* nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.
17. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.
18. Adequate provisions and allowances have been accrued for any material losses from:
 - a. Uncollectible receivables.
 - b. Reducing obsolete or excess inventories to estimated net realizable value.
 - c. Sales commitments, including those unable to be fulfilled.
 - d. Purchase commitments in excess of normal requirements or above prevailing market prices.

19. Except as disclosed in the financial statements, the City has:
 - a. Satisfactory title to all recorded assets, and they are not subject to any liens, pledges, or other encumbrances.
 - b. Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.
20. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the statement of net position date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
21. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.
22. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.
23. With respect to any nonattest services you have provided us during the year, including drafting of the financial statements and related notes, assistance with printing and binding the financial statements and related notes and assistance with completion of the auditee portion of the Form SF-SAC (Data Collection Form) through the Federal Audit Clearinghouse:
 - a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.
 - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - d. We have evaluated the adequacy of the services performed and any findings that resulted.
 - e. We have received the deliverables from you and have stored these deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over these deliverables.
24. We have notified you of any instances of noncompliance with applicable disclosure requirements of the SEC Rule 15c2-12 and applicable state laws.
25. With regard to deposit and investment activities:
 - a. All deposit and investment transactions have been made in accordance with legal and contractual requirements.

- b. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
- c. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

26. As an entity subject to *Government Auditing Standards*:

- a. We acknowledge that we are responsible for compliance with applicable laws, regulations, and provisions of contracts and grant agreements.
- b. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
- c. We have identified and disclosed to you any violations or possible violations of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
- d. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts, or violations of provisions of contracts or grant agreements that you or other auditors report.
- e. We have a process to track the status of audit findings and recommendations.
- f. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other studies.

27. With regard to federal awards programs:

- a. We have identified in the schedule of expenditures of federal awards all assistance provided (either directly or passed through other entities) by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, commodities, insurance, direct appropriations, or in any other form.
- b. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.
- c. We have identified the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* regarding activities allowed or unallowed; allowable costs/cost principles; cash management; eligibility; equipment and real property management; matching, level of effort, earmarking; period of performance of federal funds; procurement and suspension and debarment; program income; reporting; subrecipient monitoring; and special tests and provisions that are applicable to each of our federal awards programs. We have identified to you our interpretation of any applicable compliance requirements subject to varying interpretations.
- d. We are responsible for complying, and have complied, with the requirements of Uniform Guidance.

- e. We are responsible to understand and comply with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal awards programs and have disclosed to you any and all instances of noncompliance with those requirements occurring during the period of your audit or subsequent thereto to the date of this letter of which we are aware. Except for any instances of noncompliance we have disclosed to you, we believe the entity has complied with all applicable compliance requirements.
 - f. We are responsible for the design, implementation, and maintenance of internal controls over compliance that provide reasonable assurance we have administered each of our federal awards programs in compliance with federal statutes, regulations, and the terms and conditions of the federal awards.
 - g. We have made available to you all federal awards (including amendments, if any) and any other correspondence or documentation relevant to each of our federal awards programs and to our compliance with applicable requirements of those programs.
 - h. The information presented in federal awards program financial reports and claims for advances and reimbursements is supported by the books and records from which our financial statements have been prepared.
 - i. The costs charged to federal awards are in accordance with applicable cost principles.
 - j. The reports provided to you related to federal awards programs are true copies of reports submitted or electronically transmitted to the federal awarding agency, the applicable payment system or pass-through entity in the case of a subrecipient.
 - k. Amounts claimed or used for matching were determined in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) regarding cost principles.
 - l. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the applicable compliance requirements for each of our federal awards programs, including any communications received from the end of the period of your audit through the date of this letter.
 - m. We have identified to you any previous compliance audits, attestation engagements, and internal or external monitoring related to the objectives of your compliance audit, including findings received and corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other monitoring.
 - n. The reporting package does not contain any protected personally identifiable information.
 - o. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance subsequent to the period covered by the auditor's report.
28. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis and budgetary comparisons has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are

reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

29. With regard to supplementary information:

- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
 - b. We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
 - c. The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.
 - d. We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
 - e. If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor's report are issued.
30. We acknowledge the current economic volatility presents difficult circumstances and challenges for our industry. Entities are potentially facing declines in the fair values of investments and other assets, declines in the volume of business, constraints on liquidity, difficulty obtaining financing, etc.. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values, allowances for accounts and notes receivable, net realizable value of inventory, etc., that could negatively impact the City's ability to meet debt covenants or maintain sufficient liquidity.

We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the City's financial statements. Further, management and governance are solely responsible for all aspects of managing the entity, including questioning the quality and valuation of investments, inventory, and other assets; reviewing allowances for uncollectible amounts; evaluating capital needs and liquidity plans; etc..

31. The city continues to meet the criteria for application of GASB Codification Section Re10, *Regulated Operations*.
32. We have implemented GASB Statements No. 84, *Fiduciary Activities*, and No. 97, *Certain Component Unit Criteria*, and *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, an Amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32 in the current year. Management has provided you with all relevant information regarding implementation. We have identified and evaluated all potential fiduciary activities and we believe there are no fiduciary activities other than those that have been disclosed in the notes to the financial statements.

DocuSigned by:



Jody Sanders, City Administrator
Jody.Sanders@fremontne.gov

DocuSigned by:



Dan Goebel, Interim Finance Director
Dan.Goebel@fremontne.gov

City of Fremont, Nebraska

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

Governmental Activities (Government-Wide Statements)

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	64,977,568	50,000	65,027,568	0.08%
Non-Current Assets & Deferred Outflows	73,447,384		73,447,384	
Current Liabilities	(7,109,648)	(629,623)	(7,739,271)	8.86%
Non-Current Liabilities & Deferred Inflows	(11,108,512)		(11,108,512)	
Current Ratio			8.40	
Total Assets & Deferred Outflows	138,424,952	50,000	138,474,952	0.04%
Total Liabilities & Deferred Inflows	(18,218,160)	(629,623)	(18,847,783)	3.46%
Total Net Position	(120,206,792)	579,623	(119,627,169)	-0.48%
General Revenues & Transfers	(28,333,150)	(50,000)	(28,383,150)	0.18%
Net Program Revenues/ Expenses	16,668,704	389,152	17,057,856	2.33%
Change in Net Position	(11,664,446)	339,152	(11,325,294)	-2.91%

City of Fremont, Nebraska

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

Business Type Activities (Government-Wide Statements)

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	61,675,484	553,123	62,228,607	0.90%
Non-Current Assets & Deferred Outflows	253,707,511		253,707,511	
Current Liabilities	(21,795,612)		(21,795,612)	
Non-Current Liabilities & Deferred Inflows	(86,873,088)		(86,873,088)	
Current Ratio	2.83		2.86	0.88%
Total Assets & Deferred Outflows	315,382,995	553,123	315,936,118	0.18%
Total Liabilities & Deferred Inflows	(108,668,700)		(108,668,700)	
Total Net Position	(206,714,295)	(553,123)	(207,267,418)	0.27%
General Revenues & Transfers	3,347,813		3,347,813	
Net Program Revenues/ Expenses	(19,191,464)	(312,652)	(19,504,116)	1.63%
Change in Net Position	(15,843,651)	(312,652)	(16,156,303)	1.97%

City of Fremont, Nebraska

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

General Fund

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	23,486,472	50,000	23,536,472	0.21%
Total Liabilities & Deferred Inflows	(2,068,120)	(126,500)	(2,194,620)	6.12%
Total Fund Balance	(21,418,352)	76,500	(21,341,852)	-0.36%
Revenues	(14,707,433)		(14,707,433)	
Expenditures	20,520,068	76,500	20,596,568	0.37%
Change in Fund Balance	(3,673,135)	76,500	(3,596,635)	-2.08%

Client: City of Fremont, Nebraska
Period Ending: September 30, 2021

General Fund

SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Description	Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)	Assets & Deferred		Liabilities &		Revenues			Expenditures			Fund Balance		Net Effect on Following Year			
			Outflows		Deferred Inflows		Revenues		Expenditures		Fund Balance		Change in Fund Balance		Fund Balance			
			DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)
To record claim settlement finalized subsequent to year-end		F	50,000	(100,000)			0		50,000							(50,000)		50,000
	Accrued expenses			(50,000)														
	General government expenditures								50,000							(50,000)		50,000
	Accounts receivable		50,000															
	Unavailable revenues - fees and other			(50,000)														
To accrue for Clean Water Act penalty		F	0	(26,500)			0		26,500							(26,500)		26,500
	Public works expenditures								26,500									
	Accrued expenses			(26,500)												(26,500)		26,500
Total passed adjustments			<u>50,000</u>	<u>(126,500)</u>			<u>0</u>		<u>76,500</u>			<u>0</u>				<u>(76,500)</u>		<u>76,500</u>
									Impact on Change in Fund Balanc					76,500				
									Impact on Fund Balance					76,500				