



CITY OF
FREMONT
NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2022

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Independent Auditor's Report

Honorable Mayor and City Council
City of Fremont, Nebraska

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note A.5. to the financial statements, in 2022, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary 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 financial 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the non-major governmental funds combining financial statements and the 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 have also issued our report dated June 12, 2023, 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 12, 2023

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED SEPTEMBER 30, 2022

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, 2022.

Financial Highlights

- The assets of the City of Fremont exceeded its liabilities at the close of the most recent fiscal year by \$335,862,843 (*net position*). Of this amount, \$113,484,595 (*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 \$127,023,586. Approximately 22.7 percent of this total amount, \$28,843,147 is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13,334,651, or 65.2 percent of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of 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, 2022

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 16 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 13 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.

CITY OF FREMONT, NEBRASKA

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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 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 used 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 - 58 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 59-61 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 63-66 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 \$335,862,843 at the close of the most recent fiscal year. The condensed financial information presented in the tables below has not been adjusted for the City’s adoption of GASB Statement No. 87, *Leases*.

Summary of Net Position

	September 30, 2022			September 30, 2021		
	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Current and Other Assets	\$ 76,480,720	\$ 119,754,562	\$ 196,235,282	\$ 69,608,193	\$ 101,282,593	\$ 170,890,786
Capital and Lease Assets	71,209,412	213,598,444	284,807,856	68,814,152	211,914,440	280,728,592
Deferred Outflow of Resources	2,068	2,049,371	2,051,439	2,607	2,185,962	2,188,569
Total Assets and Deferred Outflows	147,692,200	335,402,377	483,094,577	138,424,952	315,382,995	453,807,947
Current Liabilities	10,390,642	18,609,927	29,000,569	7,109,648	21,795,612	28,905,260
Long-term Liabilities	9,237,955	106,331,575	115,569,530	11,108,512	88,299,829	99,408,341
Deferred Inflow of Resources	1,040,017	1,621,618	2,661,635	-	1,108,075	1,108,075
Total Liabilities and Deferred Inflows	20,668,614	126,563,120	147,231,734	18,218,160	111,203,516	129,421,676
Net Position:						
Net Investment						
in Capital Assets	59,732,664	112,003,849	171,736,513	56,027,016	116,391,421	172,418,437
Restricted						
Expendable	38,322,775	12,193,960	50,516,735	34,709,598	12,325,191	47,034,789
Nonexpendable	125,000	-	125,000	125,000	-	125,000
Unrestricted	28,843,147	84,641,448	113,484,595	29,345,178	75,462,867	104,808,045
Total Net Position	\$ 127,023,586	\$ 208,839,257	\$ 335,862,843	\$ 120,206,792	\$ 204,179,479	\$ 324,386,271

The largest portion of the City of Fremont’s net position (51.2 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 and lease assets to

CITY OF FREMONT, NEBRASKA

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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 and lease assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Fremont's net position (14.9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$113,484,595) 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 \$6,816,794 in the governmental activities during the year ended September 30, 2022, increasing total growth in the City's net position by 59.4 percent for the year ended September 30, 2022. Key elements of this increase are as follows:

Expenses and Program Revenues - Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2022</u>		<u>Year Ended September 30, 2021</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General government	\$ 3,008,289	\$ 9,435,626	\$ 2,139,150	\$ 5,437,877
Public safety	1,836,490	10,771,016	3,405,345	10,846,241
Public works	2,444,815	5,261,500	2,369,817	5,507,110
Environment and leisure	2,053,897	4,891,537	1,992,371	4,332,158
Non-departmental	-	354,162	-	314,373
Interest	-	177,341	-	137,628
Total	\$ 9,343,491	\$ 30,891,182	\$ 9,906,683	\$ 26,575,387

Revenues by Source – Governmental Activities

	<u>Year Ended September 30, 2022</u>		<u>Year Ended September 30, 2021</u>	
Charges for services	\$ 4,404,873	11.68 %	\$ 4,329,783	11.32 %
Operating grants and contributions	3,344,615	8.87	4,004,457	10.47
Capital grants and contributions	1,594,003	4.23	1,572,443	4.11
Property taxes	6,332,981	16.79	6,574,574	17.19
Motor vehicle taxes	647,002	1.72	664,808	1.74
Sales tax	9,900,039	26.25	9,213,116	24.09
Payments in lieu of taxes	15,571	0.04	23,636	0.06
Franchise taxes	268,826	0.71	263,692	0.69
Other taxes	2,019,684	5.36	1,892,540	4.95
State allocation	3,566,551	9.46	4,314,436	11.28
Keno	962,426	2.55	874,739	2.29
Miscellaneous	33,394	0.09	465,503	1.22
Investment income	229,863	0.61	128,873	0.34
Gain on sale of assets	512,191	1.36	90,118	0.24
Transfer from other funds	3,875,957	10.28	3,827,115	10.01
Total	\$ 37,707,976	100.00 %	\$ 38,239,833	100.00 %

CITY OF FREMONT, NEBRASKA

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Business-type Activities. Business-type activities increased the City of Fremont’s net position by \$4,659,778, accounting for total growth of 41.6 percent of the total growth in the government’s net position for the year ended September 30, 2022. Key elements of this increase are as follows:

Expenses and Program Revenues – Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2022</u>		<u>Year Ended September 30, 2021</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 54,046,807	\$ 48,680,135	\$ 54,148,514	\$ 41,851,173
Water	5,695,723	3,903,580	5,788,478	3,784,440
Sewer	7,303,854	9,189,959	7,423,202	8,004,573
Gas	32,383,675	29,811,446	17,316,623	14,379,983
Total	<u>\$ 99,430,059</u>	<u>\$ 91,585,120</u>	<u>\$ 84,676,817</u>	<u>\$ 68,020,169</u>

Revenues by Source – Business-type Activities

	<u>Year Ended September 30, 2022</u>		<u>Year Ended September 30, 2021</u>	
Charges for services	\$ 99,082,175	102.95 %	\$ 83,504,085	102.67 %
Operating grants and contributions	11,003	0.01	451,122	0.55
Capital grants and contributions	336,881	0.35	721,610	0.89
Investment income	655,796	0.68	469,037	0.58
Gain on sale of assets	35,000	0.04	10,265	0.01
Transfer to other funds	(3,875,957)	(4.03)	(3,827,115)	(4.70)
Total	<u>\$ 96,244,898</u>	<u>100.00 %</u>	<u>\$ 81,329,004</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 \$60,332,335. Approximately 21.7 percent of this total amount (\$13,102,758) 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 (\$305,475), 2) restricted for street improvements (\$15,417,032), 3) restricted for public safety (\$4,556,054), 4) restricted for infrastructure (\$5,149,923), 5) restricted for property tax relief (\$1,174,382), 6) restricted for economic development (\$6,041,331), 7) restricted for a variety of capital/special projects (\$3,826,834), 8) restricted for Federal programs (\$343,685), 9) restricted for community betterment (\$688,067), 10) committed for code enforcement/defense (\$1,334,742), 11) committed for capital improvement projects (\$7,757,168), 12) assigned for downtown improvement projects (\$93,249), 13) assigned for the airport (\$370,575), 14) endowed as non-spendable principal (\$125,000), or 15) non-spendable prepaid expense (\$46,060).

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 \$13,334,651. As a measure of the General Fund’s

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued FOR THE YEAR ENDED SEPTEMBER 30, 2022

liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 65.2 percent of total General Fund expenditures.

The fund balance of the City of Fremont's General Fund increased by \$1,054,269, during the current fiscal year, which was approximately \$4,018,048 more than was budgeted. Operationally, the increase is due to expenditure savings that included \$854,000 in personal services because of position vacancies, \$1,305,000 in contractual services for E911 member services, shared service department allocations, and professional services, as well as \$163,000 in commodities. The remainder of the increase was predominantly due to capital projects not completed during the fiscal 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 - \$52,567,316, Water Fund - \$7,581,032, Sewer Fund - \$12,789,533, and Gas Fund - \$11,703,567. The change in net position for the proprietary funds was as follows: Electric Fund - \$2,740,811, Water Fund - \$1,538,009, Sewer Fund - (\$1,730,696), and Gas Fund - \$2,111,654. The increase in the Electric Fund net position was attributable to off system sales and salary savings, partially offset by higher purchased power and natural gas purchases due to the unavailability of coal delivery. The increase in the Water Fund relates to a 6 percent increase in consumption. The decrease in the Sewer Fund was attributable to additional production costs related to industrial customers based on concentration of waste, as well as bond issuance costs. The increase in the Gas Fund is a result of a 220 percent increase in the Electric Plant Consumption (see Electric Fund). 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 and Lease Asset and Debt Administration

Capital and Lease Assets. The City of Fremont's investment in capital and lease assets for its governmental and business-type activities as of September 30, 2022, amounts to \$284,807,856 (net of accumulated depreciation and amortization). This investment in capital and lease 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:

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

- Wastewater treatment plant upgrades - \$13,303,615
- Electric distribution system improvements - \$4,579,070
- Airport Aircraft Apron - \$2,367,455
- Airport Terminal Building - \$1,897,144
- Gas system improvements - \$1,848,489
- Water system improvements - \$758,587
- Fire Engine Pumper - \$591,327
- Johnson Road South Paving Phase II - \$323,263
- Sunridge 2nd Addition Paving - \$293,641
- Copperhead Subdivision Paving - \$242,300

CITY OF FREMONT, NEBRASKA

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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

- Wastewater treatment plant upgrades - \$7,175,428
- N Lincoln Ave & 29th St paving - \$1,503,759
- Rawhide Creek trail - \$644,580
- Library Expansion - \$517,089
- Honeywell EHPM Controls Upgrade - \$392,717

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

	Year Ended September 30, 2022			Year Ended September 30, 2021		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
Land	\$ 7,199,441	\$ 5,052,174	\$ 12,251,615	\$ 7,137,677	\$ 5,052,174	\$ 12,189,851
Construction in Progress	9,058,855	13,109,394	22,168,249	10,073,025	21,852,542	31,925,567
Infrastructure	38,364,116	-	38,364,116	36,256,830	-	36,256,830
Buildings and Improvements	11,867,416	-	11,867,416	10,648,047	-	10,648,047
Machinery and Equipment	4,719,584	8,617,655	13,337,239	4,698,573	8,776,283	13,474,856
Distribution Systems, Buildings, and Equipment	-	183,498,083	183,498,083	-	172,275,260	172,275,260
Office Furniture and Equipment	-	338,256	338,256	-	395,188	395,188
Vehicles	-	2,982,882	2,982,882	-	3,562,993	3,562,993
Total	\$ 71,209,412	\$ 213,598,444	\$ 284,807,856	\$ 68,814,152	\$ 211,914,440	\$ 280,728,592

Additional information on the City of Fremont's capital and lease assets can be found in Note C5 on pages 42 - 44 of this report.

Long-term debt. At the end of the current fiscal year, the City of Fremont had total bonded debt, notes, financed purchases and lease payable (excluding TIF bonds payable) outstanding of \$121,542,081.

City of Fremont's Outstanding Debt

	Year Ended September 30, 2022			Year Ended September 30, 2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General Obligation Bonds	\$ 9,938,925	\$ -	\$ 9,938,925	\$ 11,465,836	\$ -	\$ 11,465,836
Revenue Bonds	-	111,266,040	111,266,040	-	91,185,015	91,185,015
Leases Payable	94,257	-	94,257	-	-	-
Financed Purchases	242,859	-	242,859	478,736	-	478,736
Total	\$ 10,276,041	\$ 111,266,040	\$ 121,542,081	\$ 11,944,572	\$ 91,185,015	\$ 103,129,587

The City of Fremont's total debt increased by \$18,412,494 (17.9 percent). The City issued \$25,550,000 in bonded indebtedness to finance wastewater treatment plant improvements. The increase was offset by scheduled principal payments of debt as well as early retirement of combined utility revenue bonds with remaining balances of \$1,450,000.

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued FOR THE YEAR ENDED SEPTEMBER 30, 2022

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

Additional information on the City of Fremont's long-term debt can be found in Note C7 on pages 45-47 of this report.

Economic Factors and Next Year's Budgets and Rates

- The City is in the second year of the two-year budget cycle for 2022 and 2023.
- Property tax assessment for the year ending September 30, 2023 is \$6,342,626, which is the same as the assessment for the year ended September 30, 2022. 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. The City Council committed \$1,334,742 at September 30, 2022 for this purpose. In addition, the Council also committed \$7,757,168 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. UPDATE: The additional shift at the hog processing plant has been delayed until mid-summer 2023. The energy credits have also not had a significant impact on revenues as a reduction in the value of the credits has occurred, as well as difficulty establishing dependable operations at the methane scrubber unit.
- The growth generated by these major employers was expected to 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. As of the report date, the six firefighters have not yet been hired due to a lack of candidates eligible to take the civil service examination.
- The City has budgeted 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 Project underway
 - Various citywide paving and resurfacing projects - \$11,990,334 Projects underway
 - New Law Enforcement Center, \$11,000,000 Project has been delayed until a suitable site is selected.
 - Library expansion project \$9,200,000 Project underway
 - Multi Use Building for Streets and Park - \$8,000,000 Estimated project costs have increased significantly. Project will start pending an updated cost estimation and plans have been approved by the City Council.
 - Effluent Limitation Guidelines (ELG) power plant improvements - \$4,650,000 Currently in the engineering phase now.
 - Drainage improvements using American Rescue Plan Act funds - \$4,419,468 No significant expenditures expected for the balance of 2023, funds are available until December 2026.

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued FOR THE YEAR ENDED SEPTEMBER 30, 2022

- 50T Emergency Black Start unit - \$3,500,000 Project delayed to upcoming budget cycle
 - Wellfield Water Treatment facility (engineering only) \$2,500,000
 - Substation Transformer addition - \$2,300,000 Project delayed to the upcoming budget cycle.
 - Cedar Bluffs water main upsizing - \$2,250,000 Project delayed by Cedar Bluffs due to higher than expected project costs.
- The City Council approved a two-point-seven (2.7) percent increase in rates for the Gas Fund effective October 1, 2021.
 - The City Council approved a ten-point-zero (10.0) percent increase in rates for the Sewer Fund effective April 1, 2023, and an additional ten-point-zero (10.0) percent increase in rates for the Sewer Fund effective April 1, 2024.

All of these factors were considered in preparing the City of Fremont's budget for the 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, 2022

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 33,400,273	\$ 32,022,029	\$ 65,422,302
Investments	32,392,185	19,712,456	52,104,641
County treasurer cash	230,424	-	230,424
Receivables:			
Special assessments	376,673	-	376,673
Accounts, net of allowance for doubtful accounts	959,356	5,082,009	6,041,365
Notes, net of allowance	-	786,628	786,628
Leases	1,052,786	616,179	1,668,965
Unbilled revenue	-	5,783,548	5,783,548
Interest	155,559	95,930	251,489
Property tax	139,124	-	139,124
Business tax	210,008	-	210,008
Other tax	331,749	-	331,749
Receivable/payable to other funds	336,001	(336,001)	-
Due from other governments	3,088,078	81,369	3,169,447
Inventory	-	11,834,910	11,834,910
Prepaid expenses	46,060	244,577	290,637
Total current assets	<u>72,718,276</u>	<u>75,923,634</u>	<u>148,641,910</u>
Noncurrent assets:			
Restricted cash and cash equivalents	88,179	3,629,790	3,717,969
Restricted investments	-	15,798,705	15,798,705
Notes receivable, net of allowance	3,674,265	13,191,570	16,865,835
Regulatory asset	-	11,210,863	11,210,863
Capital and lease assets:			
Land	7,199,441	5,052,174	12,251,615
Construction in progress	9,058,855	13,109,394	22,168,249
Other capital assets, net of depreciation	54,951,116	195,436,876	250,387,992
Net capital assets	<u>71,209,412</u>	<u>213,598,444</u>	<u>284,807,856</u>
Total noncurrent assets	<u>74,971,856</u>	<u>257,429,372</u>	<u>332,401,228</u>
Total assets	<u>147,690,132</u>	<u>333,353,006</u>	<u>481,043,138</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refundings	2,068	2,049,371	2,051,439
Total deferred outflows of resources	<u>2,068</u>	<u>2,049,371</u>	<u>2,051,439</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,103,955	8,996,259	11,100,214
Claims liability	480,246	12,208	492,454
Accrued expenses	510,729	1,357,595	1,868,324
Due to other governments	31,240	-	31,240
Unearned revenues	4,680,832	489,178	5,170,010
Customer deposits	35,390	719,949	755,339
Current portion of long-term liabilities	2,548,250	7,034,738	9,582,988
Total current liabilities	<u>10,390,642</u>	<u>18,609,927</u>	<u>29,000,569</u>
Noncurrent liabilities:			
Noncurrent portion of long-term liabilities	9,237,955	106,331,575	115,569,530
Total noncurrent liabilities	<u>9,237,955</u>	<u>106,331,575</u>	<u>115,569,530</u>
Total liabilities	<u>19,628,597</u>	<u>124,941,502</u>	<u>144,570,099</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on lease receivables	1,040,017	600,852	1,640,869
Deferred gain on bond refundings	-	1,020,766	1,020,766
Total deferred inflows of resources	<u>1,040,017</u>	<u>1,621,618</u>	<u>2,661,635</u>
NET POSITION			
Net investment in capital assets	59,732,664	112,003,849	171,736,513
Restricted for:			
Debt service	305,475	11,150,207	11,455,682
Fly ash disposal	-	1,043,753	1,043,753
Street improvements	15,504,233	-	15,504,233
Federal grant programs	490,963	-	490,963
Other purposes			
Expendable	22,022,104	-	22,022,104
Non expendable	125,000	-	125,000
Unrestricted	28,843,147	84,641,448	113,484,595
Total net position	<u>\$ 127,023,586</u>	<u>\$ 208,839,257</u>	<u>\$ 335,862,843</u>

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Activities
For the Year Ended September 30, 2022

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	\$ 9,435,626	\$ 1,702,369	\$ 1,275,920	\$ 30,000	\$ (6,427,337)	-	\$ (6,427,337)
Public safety	10,771,016	1,781,859	54,631	-	(8,934,526)	-	(8,934,526)
Public works	5,261,500	457,381	1,159,416	828,018	(2,816,685)	-	(2,816,685)
Environment and leisure	4,891,537	463,264	854,648	735,985	(2,837,640)	-	(2,837,640)
Non-departmental	354,162	-	-	-	(354,162)	-	(354,162)
Interest on long-term debt	177,341	-	-	-	(177,341)	-	(177,341)
Total governmental activities	<u>30,891,182</u>	<u>4,404,873</u>	<u>3,344,615</u>	<u>1,594,003</u>	<u>(21,547,691)</u>	<u>-</u>	<u>(21,547,691)</u>
Business-type activities:							
Electric	48,680,135	54,037,097	9,710	-	-	5,366,672	\$ 5,366,672
Water	3,903,580	5,512,033	209	183,481	-	1,792,143	1,792,143
Sewer	9,189,959	7,150,072	382	153,400	-	(1,886,105)	(1,886,105)
Gas	29,811,446	32,382,973	702	-	-	2,572,229	2,572,229
Total business-type activities	<u>91,585,120</u>	<u>99,082,175</u>	<u>11,003</u>	<u>336,881</u>	<u>-</u>	<u>7,844,939</u>	<u>\$ 7,844,939</u>
Total primary government	<u>\$ 122,476,302</u>	<u>\$ 103,487,048</u>	<u>\$ 3,355,618</u>	<u>\$ 1,930,884</u>	<u>(21,547,691)</u>	<u>7,844,939</u>	<u>\$ (13,702,752)</u>
General revenues:							
Taxes:							
Property					6,332,981	-	6,332,981
Motor vehicle					647,002	-	647,002
Sales tax					9,900,039	-	9,900,039
Payments in lieu of taxes					15,571	-	15,571
Franchise					268,826	-	268,826
Other taxes					2,019,684	-	2,019,684
State allocation					3,566,551	-	3,566,551
Keno					962,426	-	962,426
Miscellaneous					33,394	-	33,394
Investment income					229,863	655,796	885,659
Gain on sale of assets					512,191	35,000	547,191
Transfer (to) from other funds					3,875,957	(3,875,957)	-
Total general revenues					<u>28,364,485</u>	<u>(3,185,161)</u>	<u>25,179,324</u>
Change in net position					<u>6,816,794</u>	<u>4,659,778</u>	<u>11,476,572</u>
Net position - September 30, 2021					<u>120,206,792</u>	<u>204,179,479</u>	<u>324,386,271</u>
Net position - September 30, 2022					<u>\$ 127,023,586</u>	<u>\$ 208,839,257</u>	<u>\$ 335,862,843</u>

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Balance Sheet – Governmental Funds
September 30, 2022

	<u>General</u>	<u>Street</u>	Sales <u>Tax</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS					
Cash and cash equivalents	\$ 11,863,927	\$ 6,550,971	\$ 9,954,464	\$ 3,294,150	\$ 31,663,512
Investments	9,376,217	4,998,802	4,993,795	8,277,907	27,646,721
County treasurer cash	162,477	53,587	-	14,360	230,424
Receivables:					
Special assessments	28,034	37,195	-	311,444	376,673
Accounts, net of allowance for doubtful accounts	485,014	7,856	606	37,041	530,517
Notes receivable, net of allowance for doubtful accounts	-	-	3,230,868	443,397	3,674,265
Leases	278,974	-	94,862	678,950	1,052,786
Interest	34,665	14,188	31,932	57,647	138,432
Property tax	115,713	-	-	23,411	139,124
Business tax	191,115	-	-	18,893	210,008
Other tax	-	331,749	-	-	331,749
Due from other governments	507,472	32,055	1,689,572	858,979	3,088,078
Due from other funds	1,306,549	419,676	116,098	254,597	2,096,920
Prepaid expenses	46,060	-	-	-	46,060
Total assets	\$ 24,396,217	\$ 12,446,079	\$ 20,112,197	\$ 14,270,776	\$ 71,225,269
LIABILITIES					
Accounts payable	\$ 731,042	\$ 776,433	\$ 17,244	\$ 457,377	\$ 1,982,096
Accrued expenses	216,567	32,731	-	14,716	264,014
Due to other governments	31,240	-	-	-	31,240
Due to other funds	322,614	14,193	464,813	959,299	1,760,919
Unearned revenue	-	-	-	4,680,832	4,680,832
Customer deposits	30,665	-	1,125	3,600	35,390
Total liabilities	1,332,128	823,357	483,182	6,115,824	8,754,491
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	55,071	-	-	18,084	73,155
Unavailable revenue - other local taxes	28,034	37,195	-	14,841	80,070
Unavailable revenue - fees and other	232,325	50,006	31,775	631,095	945,201
Lease receivables revenue	276,038	-	94,139	669,840	1,040,017
Total deferred inflows of resources	591,468	87,201	125,914	1,333,860	2,138,443
FUND BALANCES (DEFICIT)					
Nonspendable:					
Permanent fund principal	-	-	-	125,000	125,000
Prepaid expenses	46,060	-	-	-	46,060
Restricted for:					
Debt service	-	-	-	305,475	305,475
Street improvements	-	11,535,521	3,881,511	-	15,417,032
Public safety	-	-	4,050,892	505,162	4,556,054
Infrastructure	-	-	5,149,923	-	5,149,923
Property tax relief	-	-	1,174,382	-	1,174,382
Economic development	-	-	5,246,393	794,938	6,041,331
Capital/special projects	-	-	-	3,826,834	3,826,834
Federal programs	-	-	-	343,685	343,685
Community betterment	-	-	-	688,067	688,067
Other	-	-	-	463,824	463,824
Committed for:					
Code enforcement/defense	1,334,742	-	-	-	1,334,742
Capital improvement projects	7,757,168	-	-	-	7,757,168
Unassigned	13,334,651	-	-	(231,893)	13,102,758
Total fund balances	22,472,621	11,535,521	19,503,101	6,821,092	60,332,335
Total liabilities, deferred inflows of resources and fund balances	\$ 24,396,217	\$ 12,446,079	\$ 20,112,197	\$ 14,270,776	\$ 71,225,269

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Reconciliation of the Balance Sheet –
Governmental Funds to the Statement of Net Position
September 30, 2022

Total fund balances - governmental funds \$ 60,332,335

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

Capital and lease 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 \$110,076,444, and the accumulated depreciation is \$38,867,032. 71,209,412

Deferred amounts on bond refundings are not financial resources and, therefore, are not reported as assets in governmental funds. 2,068

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. 6,414,265

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds but are deferred. 1,098,426

Pollution remediation liabilities in governmental activities are not reported as liabilities in governmental funds. (197,395)

Long-term liabilities, including bonds and leases payable and financed purchases, 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	(49,320)	
Compensated absences	(1,510,164)	
Other long-term debt	(10,276,041)	(11,835,525)

Total net position - governmental activities **\$ 127,023,586**

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, 2022

	<u>General</u>	<u>Street</u>	<u>Sales Tax</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes:					
Property	\$ 5,889,404	\$ -	\$ -	\$ 520,183	\$ 6,409,587
Motor vehicle	-	647,002	-	-	647,002
Sales tax	-	-	9,900,039	-	9,900,039
Payments in lieu of taxes	9,815	-	-	868	10,683
Franchise	268,826	-	-	-	268,826
Occupation	1,907,562	-	-	112,122	2,019,684
Intergovernmental	1,013,179	4,124,790	-	2,110,166	7,248,135
Keno	-	-	-	962,426	962,426
Charges for services	3,459,130	48,197	19,949	288,516	3,815,792
Donations	9,384	371,333	-	833,221	1,213,938
Investment income	86,557	9,928	43,163	18,821	158,469
Sales proceeds on capital assets	95,839	20,075	396,277	-	512,191
Other income	17,408	1,557	1,000	13,429	33,394
Total revenues	<u>12,757,104</u>	<u>5,222,882</u>	<u>10,360,428</u>	<u>4,859,752</u>	<u>33,200,166</u>
EXPENDITURES					
General government	5,743,761	-	886,897	1,390,360	8,021,018
Public safety	9,935,087	-	15,374	973,728	10,924,189
Public works	468,440	5,606,852	-	2,801	6,078,093
Environment and leisure	3,701,377	-	-	1,694,441	5,395,818
Employee insurance	354,162	-	-	-	354,162
Lease principal payments	-	-	-	3,628	3,628
Lease interest payments	-	-	-	1,313	1,313
Principal payments on debt	235,877	1,020,000	-	455,000	1,710,877
Interest on long-term debt	14,171	124,475	-	49,374	188,020
Total expenditures	<u>20,452,875</u>	<u>6,751,327</u>	<u>902,271</u>	<u>4,570,645</u>	<u>32,677,118</u>
Excess (deficiency) of revenues over expenditures	<u>(7,695,771)</u>	<u>(1,528,445)</u>	<u>9,458,157</u>	<u>289,107</u>	<u>523,048</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	9,662,040	2,218,662	-	1,365,039	13,245,741
Transfers out	(912,000)	-	(7,801,141)	(656,643)	(9,369,784)
Net other sources and (uses)	<u>8,750,040</u>	<u>2,218,662</u>	<u>(7,801,141)</u>	<u>708,396</u>	<u>3,875,957</u>
Net change in fund balances	<u>1,054,269</u>	<u>690,217</u>	<u>1,657,016</u>	<u>997,503</u>	<u>4,399,005</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>
Fund balances - September 30, 2022	<u>\$ 22,472,621</u>	<u>\$ 11,535,521</u>	<u>\$ 19,503,101</u>	<u>\$ 6,821,092</u>	<u>\$ 60,332,335</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
For the Year Ended September 30, 2022

Total net change in fund balances - governmental funds	\$ 4,399,005
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 capitalized capital outlay exceeded depreciation expense in the period.	1,533,247
The net effect of various miscellaneous transactions involving capital assets (contributions, disposals, etc.)	827,257
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	(539)
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.	(1,090,722)
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.	\$202,329
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.	(570,893)
Repayment of bond and lease 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.	1,714,505
Pollution remediation expenses in the statement of activities are not expenditures in the governmental funds.	(197,395)
Change in net position of governmental activities	<u>\$ 6,816,794</u>

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Net Position – Proprietary Funds
September 30, 2022

	Enterprise Funds				Total	Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Gas Fund		
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 18,028,102	\$ 5,056,379	\$ 4,868,373	\$ 4,069,175	\$ 32,022,029	\$ 1,736,761
Investments	15,106,730	605,726	-	4,000,000	19,712,456	4,745,464
Receivables:						
Accounts, net of allowance for doubtful accounts	2,814,348	1,198,586	738,759	330,316	5,082,009	428,839
Notes, net of allowance	-	-	786,628	-	786,628	-
Leases	475,332	140,847	-	-	616,179	-
Unbilled revenue	3,412,522	418,074	500,031	1,452,921	5,783,548	-
Due from other funds	190,694	17,355	9,267	112,570	329,886	-
Due from other governments	57,586	22,699	382	702	81,369	-
Interest	68,551	7,016	10,274	10,089	95,930	17,127
Inventory	8,907,970	235,511	168,927	2,522,502	11,834,910	-
Prepaid expenses	134,370	26,653	26,653	56,901	244,577	-
Total current assets	<u>49,196,205</u>	<u>7,728,846</u>	<u>7,109,294</u>	<u>12,555,176</u>	<u>76,589,521</u>	<u>6,928,191</u>
Noncurrent assets:						
Restricted cash and cash equivalents	-	-	3,629,790	-	3,629,790	88,179
Restricted investments	8,753,619	545,841	6,499,245	-	15,798,705	-
Long-term notes receivable	-	-	13,191,570	-	13,191,570	-
Regulatory assets	9,181,129	-	-	2,029,734	11,210,863	-
Capital assets:						
Land	2,003,254	1,890,618	1,041,962	116,340	5,052,174	-
Construction in progress	3,042,729	593,114	9,062,881	410,670	13,109,394	-
Depreciable capital assets	232,671,783	44,967,444	93,415,416	22,615,770	393,670,413	-
Less accumulated depreciation	(128,156,912)	(22,171,520)	(34,946,091)	(12,959,014)	(198,233,537)	-
Net capital assets	<u>109,560,854</u>	<u>25,279,656</u>	<u>68,574,168</u>	<u>10,183,766</u>	<u>213,598,444</u>	<u>-</u>
Total noncurrent assets	<u>127,495,602</u>	<u>25,825,497</u>	<u>91,894,773</u>	<u>12,213,500</u>	<u>257,429,372</u>	<u>88,179</u>
Total assets	<u>176,691,807</u>	<u>33,554,343</u>	<u>99,004,067</u>	<u>24,768,676</u>	<u>334,018,893</u>	<u>7,016,370</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on bond refundings	415,652	11,901	1,621,818	-	2,049,371	-
Total deferred outflows of resources	<u>415,652</u>	<u>11,901</u>	<u>1,621,818</u>	<u>-</u>	<u>2,049,371</u>	<u>-</u>
LIABILITIES						
Current liabilities:						
Accounts payable	1,598,197	215,547	4,171,184	3,011,331	8,996,259	121,859
Due to other funds	444,978	61,882	139,345	19,682	665,887	-
Accrued payroll	235,450	15,577	31,232	24,246	306,505	-
Sales tax payable	307,091	88	-	703	307,882	-
Accrued interest payable	382,179	23,112	337,917	-	743,208	-
Unearned revenue	489,178	-	-	-	489,178	-
Customer deposits	718,918	1,031	-	-	719,949	-
Claims liability	12,208	-	-	-	12,208	480,246
Current portion of long-term obligations	3,726,138	383,063	2,872,491	53,046	7,034,738	-
Total current liabilities	<u>7,914,337</u>	<u>700,300</u>	<u>7,552,169</u>	<u>3,109,008</u>	<u>19,275,814</u>	<u>602,105</u>
Noncurrent liabilities:						
Noncurrent portion of long-term obligations	48,894,358	1,827,125	55,526,180	83,912	106,331,575	-
Total noncurrent liabilities	<u>48,894,358</u>	<u>1,827,125</u>	<u>55,526,180</u>	<u>83,912</u>	<u>106,331,575</u>	<u>-</u>
Total liabilities	<u>56,808,695</u>	<u>2,527,425</u>	<u>63,078,349</u>	<u>3,192,920</u>	<u>125,607,389</u>	<u>602,105</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows on lease receivables	464,919	135,933	-	-	600,852	-
Deferred gain on bond refundings	1,020,715	33	18	-	1,020,766	-
Total deferred inflows of resources	<u>1,485,634</u>	<u>135,966</u>	<u>18</u>	<u>-</u>	<u>1,621,618</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	57,492,195	22,775,980	21,863,485	9,872,189	112,003,849	-
Restricted for:						
Debt service	7,709,866	545,841	2,894,500	-	11,150,207	-
Fly ash disposal	1,043,753	-	-	-	1,043,753	-
Unrestricted	52,567,316	7,581,032	12,789,533	11,703,567	84,641,448	6,414,265
Total net position	<u>\$ 118,813,130</u>	<u>\$ 30,902,853</u>	<u>\$ 37,547,518</u>	<u>\$ 21,575,756</u>	<u>\$ 208,839,257</u>	<u>\$ 6,414,265</u>

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, 2022

	Enterprise Funds				Total	Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Gas Fund		
Operating revenues:						
Charges for services	\$ 53,857,668	\$ 5,449,736	\$ 6,549,403	\$ 32,380,789	\$ 98,237,596	\$ 3,711,083
Contributions from other funds	-	-	-	-	-	1,632,718
Other revenue	179,429	62,297	600,669	2,184	844,579	-
Total operating revenues	<u>54,037,097</u>	<u>5,512,033</u>	<u>7,150,072</u>	<u>32,382,973</u>	<u>99,082,175</u>	<u>5,343,801</u>
Operating expenses:						
Cost of power/gas	8,067,414	-	-	26,136,791	34,204,205	-
Production	26,293,844	1,080,573	3,760,346	-	31,134,763	-
Distribution	4,796,915	877,039	618,778	1,484,354	7,777,086	-
Customer accounting and collections	2,261,513	741,415	747,578	1,548,209	5,298,715	-
Administrative and general	4,097	576	3,576	-	8,249	5,179
Employee insurance	-	-	-	-	-	5,867,170
Workers' compensation	-	-	-	-	-	595,299
Depreciation	6,107,496	1,129,311	2,816,282	611,065	10,664,154	-
Total operating expenses	<u>47,531,279</u>	<u>3,828,914</u>	<u>7,946,560</u>	<u>29,780,419</u>	<u>89,087,172</u>	<u>6,467,648</u>
Operating income (loss)	<u>6,505,818</u>	<u>1,683,119</u>	<u>(796,488)</u>	<u>2,602,554</u>	<u>9,995,003</u>	<u>(1,123,847)</u>
Nonoperating revenues (expenses):						
Investment income	115,677	15,095	510,097	14,927	655,796	33,125
Interest expense	(1,101,473)	(74,666)	(1,243,399)	-	(2,419,538)	-
Bond issuance costs	-	-	-	-	-	-
Gain (loss) on sale of assets	(47,383)	-	35,000	(31,027)	(43,410)	-
Grant revenue	9,710	209	382	702	11,003	-
Total nonoperating revenues (expenses)	<u>(1,023,469)</u>	<u>(59,362)</u>	<u>(697,920)</u>	<u>(15,398)</u>	<u>(1,796,149)</u>	<u>33,125</u>
Income (loss) before net contributed capital and interfund transfers	<u>5,482,349</u>	<u>1,623,757</u>	<u>(1,494,408)</u>	<u>2,587,156</u>	<u>8,198,854</u>	<u>(1,090,722)</u>
Contributed capital (CC)	516,149	1,034,601	7,409,203	35,219	8,995,172	-
Cost recovered through CC	(516,149)	(851,120)	(7,255,803)	(35,219)	(8,658,291)	-
Transfer from other funds	42,028	76,405	61,237	-	179,670	-
Transfer to other funds	(2,783,566)	(345,634)	(450,925)	(475,502)	(4,055,627)	-
Net CC and transfers	<u>(2,741,538)</u>	<u>(85,748)</u>	<u>(236,288)</u>	<u>(475,502)</u>	<u>(3,539,076)</u>	<u>-</u>
Change in net position	<u>2,740,811</u>	<u>1,538,009</u>	<u>(1,730,696)</u>	<u>2,111,654</u>	<u>4,659,778</u>	<u>(1,090,722)</u>
Net position - September 30, 2021	<u>116,072,319</u>	<u>29,364,844</u>	<u>39,278,214</u>	<u>19,464,102</u>	<u>204,179,479</u>	<u>7,504,987</u>
Net position - September 30, 2022	<u>\$ 118,813,130</u>	<u>\$ 30,902,853</u>	<u>\$ 37,547,518</u>	<u>\$ 21,575,756</u>	<u>\$ 208,839,257</u>	<u>\$ 6,414,265</u>

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Cash Flows – Proprietary Funds
For the Year Ended September 30, 2022

	Enterprise Funds				Total	Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Gas Fund		
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 51,683,410	\$ 4,313,139	\$ 6,717,501	\$ 24,038,145	\$ 86,752,195	\$ 3,389,134
Receipts from interfund services provided	1,357,436	353,978	25,081	7,803,935	9,540,430	1,632,718
Payments to suppliers	(20,902,627)	(1,445,455)	(1,786,896)	(27,313,254)	(51,448,232)	(6,342,723)
Payments for interfund services provided	(7,081,569)	(577,075)	(1,779,646)	(14,111)	(9,452,401)	-
Payments to employees	(12,493,968)	(714,702)	(1,540,856)	(1,147,298)	(15,896,824)	-
Net cash provided by (used in) operating activities	<u>12,562,682</u>	<u>1,929,885</u>	<u>1,635,184</u>	<u>3,367,417</u>	<u>19,495,168</u>	<u>(1,320,871)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers from other funds	42,028	76,405	61,237	-	179,670	-
Transfers to other funds	(2,783,566)	(345,634)	(450,925)	(475,502)	(4,055,627)	-
Interfund loans	92,750	65,108	28,450	(54,031)	132,277	-
Payment for project development costs	-	-	-	(1,765,987)	(1,765,987)	-
Net cash used by noncapital financing activities	<u>(2,648,788)</u>	<u>(204,121)</u>	<u>(361,238)</u>	<u>(2,295,520)</u>	<u>(5,509,667)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Purchase of property and equipment	(2,103,421)	-	(15,765,930)	(1,690,342)	(19,559,693)	-
Proceeds from sale of property and equip.	40,558	-	35,000	-	75,558	-
Proceeds from capital grant	3,452	26,877	-	-	30,329	-
Net proceeds from bond issuance	-	-	25,000,000	-	25,000,000	-
Lease principal collections	13,282	35,866	-	-	49,148	-
Lease interest collections	7,907	134	-	-	8,041	-
Principal payments on notes receivable	-	-	755,835	-	755,835	-
Transfer to bond refunding agent, net	-	-	-	-	-	-
Principal payments on capital debt	(2,953,475)	(999,912)	(1,111,613)	-	(5,065,000)	-
Interest paid on capital debt	(1,400,460)	(88,315)	(607,266)	-	(2,096,041)	-
Increase in fly ash liability	219,399	-	-	-	219,399	-
Net cash provided (used) by capital and related financing activities	<u>(6,172,758)</u>	<u>(1,025,350)</u>	<u>8,306,026</u>	<u>(1,690,342)</u>	<u>(582,424)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Net (purchases) and sales of investments	2,867,629	(219,387)	(4,318,999)	(400,000)	(2,070,757)	4,536
Interest received on investments	131,765	20,250	506,987	8,378	667,380	18,923
Net cash used by investing activities	<u>2,999,394</u>	<u>(199,137)</u>	<u>(3,812,012)</u>	<u>(391,622)</u>	<u>(1,403,377)</u>	<u>23,459</u>
Increase (decrease) in cash and cash equivalents	6,740,530	501,277	5,767,960	(1,010,067)	11,999,700	(1,297,412)
Cash and cash equivalents - beginning 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>
Cash and cash equivalents - end of the year	<u>\$ 18,028,102</u>	<u>\$ 5,056,379</u>	<u>\$ 8,498,163</u>	<u>\$ 4,069,175</u>	<u>\$ 35,651,819</u>	<u>\$ 1,824,940</u>
Composition of cash and cash equivalents:						
Cash and cash equivalents	\$ 18,028,102	\$ 5,056,379	\$ 4,868,373	\$ 4,069,175	\$ 32,022,029	\$ 1,736,761
Restricted cash and cash equivalents	-	-	3,629,790	-	3,629,790	88,179
Total cash and cash equivalents	<u>\$ 18,028,102</u>	<u>\$ 5,056,379</u>	<u>\$ 8,498,163</u>	<u>\$ 4,069,175</u>	<u>\$ 35,651,819</u>	<u>\$ 1,824,940</u>

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Cash Flows – Proprietary Funds - Continued
For the Year Ended September 30, 2022

	Enterprise Funds				Total	Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Gas Fund		
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 6,505,818	\$ 1,683,119	\$ (796,488)	\$ 2,602,554	\$ 9,995,003	\$ (1,123,847)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization expense	7,502,098	1,129,311	2,816,282	632,893	12,080,584	-
Change in assets and liabilities:						
Accounts receivable and unbilled revenue	(1,113,120)	(889,184)	(407,490)	(540,892)	(2,950,686)	(321,949)
Inventories	63,685	(10,340)	(9,217)	(937,567)	(893,439)	-
Prepaid expenses	(16,260)	(947)	(947)	(2,153)	(20,307)	-
Accounts payable	39,959	16,958	8,809	1,658,152	1,723,878	15,017
Accrued payroll	51,896	4,347	9,723	(6,384)	59,582	-
Accrued compensated absences	(604,895)	(2,280)	14,512	(39,450)	(632,113)	-
Other accrued expenses	(7,063)	(1,100)	-	264	(7,899)	-
Unearned revenue	153,426	-	-	-	153,426	-
Customer deposits	(13,828)	1	-	-	(13,827)	-
Claims liability	966	-	-	-	966	109,908
Net cash provided by (used in) operating activities	<u>\$ 12,562,682</u>	<u>\$ 1,929,885</u>	<u>\$ 1,635,184</u>	<u>\$ 3,367,417</u>	<u>\$ 19,495,168</u>	<u>\$ (1,320,871)</u>

Supplemental Cash Flows Information

Payables incurred for acquisition of capital assets	\$ 134,809	\$ 193,461	\$ 4,094,658	\$ 311,577	\$ 4,734,505	\$ -
Contributed capital, net	-	183,481	153,400	-	336,881	-
Amortization of bond premium/discount, net	209,961	10,693	17,343	-	237,997	-
Unrealized loss on investments	513,889	-	89,051	-	602,940	-

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Fiduciary Net Position
September 30, 2022

	<u>Custodial Fund</u>
ASSETS	
Cash	\$ 353,192
Property tax receivables	143,578
Total assets	<u>496,770</u>
LIABILITIES - DUE TO OTHERS	<u>353,192</u>
FIDUCIARY NET POSITION	
Restricted for other organizations	<u>143,578</u>
Total fiduciary net position	<u><u>\$ 143,578</u></u>

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2022

	<u>Custodial Fund</u>
ADDITIONS	
Tax increment financing revenues	\$ 3,340,297
Interest income	<u>5,029</u>
Total additions	<u>3,345,326</u>
 DEDUCTIONS	
Tax increment financing expenditures	3,314,668
Other	<u>31,549</u>
Total deductions	<u>3,346,217</u>
 NET DECREASE IN FIDUCIARY NET POSITION	 <u>(891)</u>
 FIDUCIARY NET POSITION, BEGINNING OF YEAR	 <u>144,469</u>
 FIDUCIARY NET POSITION, END OF YEAR	 <u><u>\$ 143,578</u></u>

See notes to financial statements

CITY OF FREMONT, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

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CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

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 created by the Mayor and Council to provide for redevelopment of various blighted areas within the City 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. 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, 2022

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, 2022

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, 2022

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 – Special 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	Accounts for the City's share of the Keno gaming proceeds.
CDBG	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	Accounts for the operation and maintenance of the municipal airport.
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, 2022

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>
Governmental, continued:	
Special Revenue, continued:	
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, 2022

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. Unbilled revenue of \$5,783,548, representing consumer usage for the period between the last reading date and the end of the period, was recorded as of September 30, 2022.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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.

Due from Other Governments

The total due from other governments includes the following amounts:

<u>Fund</u>	<u>Amount</u>	<u>Service</u>
General	\$ 507,472	Grant reimbursement & TIF bonds
Street	32,055	Grant reimbursement
Sales tax	1,689,572	Sales tax
CDBG	457,422	Grant reimbursement
Enhanced 911	255,383	Interlocal reimbursement
Special projects	146,174	Grant reimbursement
Governmental total	\$ 3,088,078	
Electric	\$ 57,586	Grant reimbursement
Water	22,699	Grant reimbursement
Sewer	382	Grant reimbursement
Gas	702	Grant reimbursement
Business-type total	\$ 81,369	

Leases Receivable

The City is lessor for several noncancellable leases for land, hangars and tower space and recognizes a related lease receivable and a deferred inflow of resources. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized over the lease term.

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

Inventory

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

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Inventory - Continued

Inventories consist of the following at September 30, 2022:

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Total</u>
Coal	\$ 2,068,846	\$ -	\$ -	\$ -	\$ 2,068,846
Natural Gas	-	-	-	1,786,221	1,786,221
Production Supplies	4,234,871	235,511	168,927	47,366	4,686,675
Distribution Supplies	2,118,808	-	-	688,915	2,807,723
Other	485,445	-	-	-	485,445
	<u>\$ 8,907,970</u>	<u>\$ 235,511</u>	<u>\$ 168,927</u>	<u>\$ 2,522,502</u>	<u>\$ 11,834,910</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).

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.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Capital Assets - Continued

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.

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.

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

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 four 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) Lease receivable revenues. (4) 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.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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 1,440 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.

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.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Net Position Flow Assumption

Government-wide Statements

Net position is classified and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and right to use lease assets, net of accumulated amortization 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 investment 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.

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.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

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 - Continued

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. Implementation of New Accounting Pronouncement

During 2022, the City implemented GASB Statement No. 87, *Leases* (GASB 87). In governmental funds, the City now recognizes an expenditure for the current year lease and interest due for leases with payments made during the lease term of over \$5,000. Payments on contracts under that threshold are recorded as expenditures. In the government-wide statements, the City recognizes a lease liability and right to use lease asset for the present value of all future lease payments at the commencement of the lease for leases with future minimum lease payments over \$5,000. As a lessor, the City recognizes a lease receivable and deferred inflow of resources that will be recognized over the term of the lease in both the governmental and proprietary funds and the government-wide statements. Adoption of GASB 87 has no effect on beginning net position or fund balances as of October 1, 2021, or on the previously reported change in net position or fund balances.

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.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

6. Revenues, Expenditures, and Expenses - Continued

Property Taxes - Continued

The tax levies for all political subdivisions in Dodge County are certified by the County Board on or before October 20. 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 2021-2022 are recorded as revenue when expected to be collected within 60 days after September 30, 2022. 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.

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.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

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 \$230,424 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.

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 biennial budget for the next two fiscal years 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 30, 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.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

5. Budgetary Data

- 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 20. 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.

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, 2022, 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	\$ 65,422,302
Restricted	3,717,969
Investments -	
Unrestricted	52,104,641
Restricted	15,798,705
Total	\$ 137,043,617

Investments and cash equivalents consist of the following:

Certificates of deposit	\$ 67,903,346
Deposit accounts and cash on hand	62,687,308
External investment pool	6,452,963
Total	\$ 137,043,617

Of the business-type restricted assets, \$11,150,207, relates to debt service reserves required by bond agreements. The remaining \$8,278,288 restricted investment is restricted to cover fly ash closure costs and other contractually required reserves.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

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

2. Accounts Receivable

Accounts receivable of the business-type activities consists of utilities receivables. Accounts receivable of the governmental activities consist of ambulance (57.4 percent), waste transfer station (7.4 percent), claims (27.3 percent), cable franchise tax (4.2 percent), keno proceeds (2.3 percent), fees assessed (0.9 percent), and other (0.5 percent) receivables. Receivables at September 30, 2022, are as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Accounts receivable	\$ 1,566,714	\$ 5,400,616	\$ 6,967,330
Allowance for doubtful accounts	<u>(607,358)</u>	<u>(318,607)</u>	<u>(925,965)</u>
Net accounts receivable	<u>\$ 959,356</u>	<u>\$ 5,082,009</u>	<u>\$ 6,041,365</u>

3. Notes Receivable

<u>Company</u>	<u>Loan</u> <u>Amount</u>	<u>Date</u> <u>Issued</u>	<u>Interest</u>	<u>Type</u>	<u>Balance</u>
<u>Sales Tax Fund (LB840):</u>					
Pearl Academy	\$ 35,560	9/6/2018	2%	Repayable	\$ 7,399
Pearl Academy	35,561	9/6/2018	0%	Performance Based	7,112
.402 Sports & Entertainment	250,000	1/2/2019	0%	Performance Based	50,000
Costco	1,000,000	7/22/2019	0%	Performance Based	400,000
505 Brewing Company	165,000	12/9/2019	0%	Performance Based	132,000
Summit Medical Staffing	493,758	4/7/2021	0%	Performance Based	395,007
Summit Medical Staffing	50,000	7/2/2020	0%	Performance Based	30,000
Tech Partners	24,188	12/8/2020	0%	Performance Based	19,350
WLG Fremont	600,000	10/6/2020	0%	Performance Based	480,000
Wholestone Farms	1,300,000	2/17/2021	0%	Performance Based	1,040,000
Elemetal Fabrication	200,000	2/5/2021	0%	Performance Based	160,000
505 Main Street Group LLC	465,000	7/5/2021	0%	Performance Based	310,000
My Central Supply	200,000	2/24/2022	0%	Performance Based	<u>200,000</u>
Total Sales Tax Fund					3,230,868
<u>Weatherization EDA (HUD) Fund:</u>					
Interest bearing notes	\$ 167,471	Various	1-5%	Repayable	15,699
Non-interest bearing notes	846,701	Various	0%	Forgiveable	<u>143,065</u>
					158,765
<u>Downtown Revitalization Loans (included in Weatherization Fund):</u>					
Non-interest bearing notes	\$ 325,000	Various	0%	Forgiveable	<u>29,632</u>
Total Weatherization Fund					<u>188,397</u>
<u>Economic Enhancement Fund:</u>					
Costco	\$ 175,000	7/22/2019	0%	Performance Based	70,000
WLG Fremont	100,000	10/6/2020	0%	Performance Based	80,000
Costco	175,000	7/22/2020	0%	Performance Based	<u>105,000</u>
Total Economic Enhancement Fund					255,000
Total Notes Receivable					<u>\$ 3,674,265</u>
<u>Business-type Activities</u>					
<u>Sewer Fund:</u>					
Wholestone Farms	\$ 15,000,000	3/1/2021	4%	Repayable	<u>\$ 13,978,198</u>

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

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

4. Leases Receivables

The City, as lessor, leases City-owned land, distribution systems, hangars and tower space at various locations, the terms of which expire in various years through 2046. Revenues earned under these lease contracts were approximately \$206,800 for the year ended September 30, 2022, which includes both lease revenue and interest, including in charges for services for governmental funds and other revenues for enterprise funds. There were no variable payments received not previously included in the measurement of the leases receivable.

5. Capital and Lease Assets

Governmental Activities

Capital asset activity for the year ended September 30, 2022, was as follows:

	Balance at October 1, 2021	Additions	Disposals	Transfers	Balance at September 30, 2022
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 7,137,677	\$ 170,585	\$ (206,706)	\$ -	\$ 7,101,556
Construction in progress	10,073,025	4,275,619	(110,600)	(5,179,189)	9,058,855
Total capital assets not being depreciated	<u>17,210,702</u>	<u>4,446,204</u>	<u>(317,306)</u>	<u>(5,179,189)</u>	<u>16,160,411</u>
Other capital assets being depreciated:					
Infrastructure	52,895,487	848,471	-	2,690,718	56,434,676
Buildings and improvements	20,643,474	30,357	(98,489)	1,897,144	22,472,486
Machinery and equipment	14,239,454	420,398	(340,193)	591,327	14,910,986
Total other capital assets at historical cost	<u>87,778,415</u>	<u>1,299,226</u>	<u>(438,682)</u>	<u>5,179,189</u>	<u>93,818,148</u>
Less accumulated depreciation for:					
Infrastructure	(16,638,657)	(1,431,903)	-	-	(18,070,560)
Buildings and improvements	(9,995,427)	(616,781)	7,138	-	(10,605,070)
Machinery and equipment	(9,540,881)	(990,714)	340,193	-	(10,191,402)
Total accumulated depreciation	<u>(36,174,965)</u>	<u>(3,039,398) *</u>	<u>347,331</u>	<u>-</u>	<u>(38,867,032)</u>
Other capital assets, net	<u>51,603,450</u>	<u>(1,740,172)</u>	<u>(91,351)</u>	<u>5,179,189</u>	<u>54,951,116</u>
Governmental activities capital assets, net	<u>\$ 68,814,152</u>	<u>\$ 2,706,032</u>	<u>\$ (408,657)</u>	<u>\$ -</u>	<u>\$ 71,111,527</u>

* Depreciation expense was incurred by the following governmental activities:

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

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

5. Capital and Lease Assets, Continued

General Fund

General government	\$ 100,273
Public safety	
Police	330,206
Fire	261,383
E911	107,766
Civil Service	740
Total public safety	700,095
Public works	
Civil engineering	124,487
Streets	1,261,645
Total public works	1,386,132
Environment and leisure	
Culture and recreation	631,406
Airport	221,492
Total environment and leisure	852,898
 Total governmental activities depreciation	 \$ 3,039,398

Lease assets activity for the year ended September 30, 2022, was as follows:

	Balance at October 1, 2021 (restated)	Additions	Disposals	Balance at September 30, 2022
<u>Governmental Activities:</u>				
Lease assets not being amortized:				
Land	\$ 97,885	\$ -	\$ -	\$ 97,885
Total lease assets not being amortized	\$ 97,885	\$ -	\$ -	\$ 97,885

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

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

5. Capital and Lease Assets, Continued

Business-type Activities

Capital asset activity for the year ended September 30, 2022, was as follows:

	Balance at October 1, 2021	Additions	Disposals	Tranfers	Balance at September 30, 2022
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 5,052,174	\$ -	\$ -	\$ -	\$ 5,052,174
Construction in progress	21,852,542	-	-	(8,743,148)	13,109,394
Total capital assets not being depreciated	<u>26,904,716</u>	<u>-</u>	<u>-</u>	<u>(8,743,148)</u>	<u>18,161,568</u>
Other capital assets being depreciated:					
Distribution systems, buildings, and equipment	338,282,361	11,193,150	(79,730)	8,743,148	358,138,929
Machinery and equipment	23,945,782	1,085,320	(39,332)	-	24,991,770
Office furniture and equipment	2,984,301	94,400	(61,465)	-	3,017,236
Vehicles	7,649,256	10,450	(137,228)	-	7,522,478
Total other capital assets at historical cost	<u>372,861,700</u>	<u>12,383,320</u>	<u>(317,755)</u>	<u>8,743,148</u>	<u>393,670,413</u>
Less accumulated depreciation for:					
Distribution systems, buildings, and equipment	(166,007,101)	(8,678,313)	44,568	-	(174,640,846)
Machinery and equipment	(15,169,499)	(1,243,948)	39,332	-	(16,374,115)
Office furniture and equipment	(2,589,113)	(151,332)	61,465	-	(2,678,980)
Vehicles	(4,086,263)	(590,561)	137,228	-	(4,539,596)
Total accumulated depreciation	<u>(187,851,976)</u>	<u>(10,664,154) *</u>	<u>282,593</u>	<u>-</u>	<u>(198,233,537)</u>
Other capital assets, net	<u>185,009,724</u>	<u>1,719,166</u>	<u>(35,162)</u>	<u>8,743,148</u>	<u>195,436,876</u>
Business-type activities capital assets, net	<u>\$ 211,914,440</u>	<u>\$ 1,719,166</u>	<u>\$ (35,162)</u>	<u>\$ -</u>	<u>\$ 213,598,444</u>

* Depreciation expense was charged to functions as follows:

Electric	\$ 6,107,496
Water	1,129,311
Sewer	2,816,282
Gas	<u>611,065</u>
Total business-type activities depreciation	<u>\$ 10,664,154</u>

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

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

6. Accounts Payable

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

7. 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, 2022:

	Balance at October 1, 2021 (restated)	Additions	Deductions	Balance at September 30, 2022	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Compensated absences	\$ 1,712,493	\$ 1,098,900	\$ (1,301,229)	\$ 1,510,164	\$ 797,456
Bonds payable	11,145,000	-	(1,475,000)	9,670,000	1,505,000
Unamortized bond premium	320,836	-	(51,911)	268,925	-
Leases payable	97,885	-	(3,628)	94,257	2,935
Financed purchase - direct borrowing	478,736	-	(235,877)	242,859	242,859
Total	\$ 13,754,950	\$ 1,098,900	\$ (3,067,645)	\$ 11,786,205	\$ 2,548,250
<u>Business-type Activities:</u>					
Bonds payable	\$ 88,410,000	\$ 25,550,000	\$ (5,065,000)	\$ 108,895,000	\$ 6,190,000
Unamortized bond premium	2,775,015	-	(238,688)	2,536,327	-
Unamortized bond discount	-	(165,979)	692	(165,287)	-
Total bonds payable	91,185,015	25,384,021	(5,302,996)	111,266,040	6,190,000
Compensated absences	1,621,435	1,338,589	(1,315,998)	1,644,026	844,738
Fly ash liability	236,848	219,399	-	456,247	-
Total	\$ 93,043,298	\$ 26,942,009	\$ (6,618,994)	\$ 113,366,313	\$ 7,034,738

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2022 are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 1,505,000	\$ 147,500	\$ 6,190,000	\$ 2,685,661
2024	1,530,000	119,787	6,020,000	2,884,071
2025	1,570,000	90,970	6,365,000	2,641,921
2026	1,435,000	60,545	6,505,000	2,427,871
2027	1,260,000	37,020	6,720,000	2,219,071
2028-2032	1,805,000	68,351	33,625,000	8,414,134
2033-2037	565,000	17,789	30,465,000	4,138,271
2038-2042	-	-	13,005,000	895,106
	\$ 9,670,000	\$ 541,962	\$ 108,895,000	\$ 26,306,106

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

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

7. Long-term Debt and Liabilities, Continued

Financed Purchase – Direct Borrowing

The City is leasing a radio system and radios under a noncancelable financed purchase agreement expiring in 2023, at which time title will be conveyed to the City. The net book value of the financed purchase assets is approximately \$334,333. The following schedule reflects future minimum payments under the financed purchase agreement together with the present value of the net minimum payments as of September 30, 2022:

<u>Year ending September 30,</u>	<u>Governmental Activities</u>
2023	\$ 250,047
Less amount representing interest (2.96% rate)	<u>7,188</u>
Total principal obligation under financed purchase	<u><u>\$ 242,859</u></u>

As of September 30, 2022, 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%	\$ 1,875,000
General Obligation Highway Allocation Fund Pledge Bonds, Series 2020	11/23/2020	12/15/2027	11/23/2025	1.25 - 2.00%	6,565,000
General Obligation Swimming Pool Refunding Bonds	08/01/2017	08/01/2026	08/01/2022	1.10 - 2.30%	1,230,000
Financed purchase - direct borrowing	11/01/2016	11/01/2023	N/A	2.96%	242,859
Total governmental activities					<u><u>\$ 9,912,859</u></u>
<u>Business-type Activities</u>					
Combined Utilities Revenue Bonds, Series 2022	08/23/2022	04/15/2042	10/15/2029	4.00 - 4.375%	\$ 25,550,000
Combined Utilities Revenue Refunding Bonds, Series 2021B	06/24/2021	11/15/2038	06/24/2028	2.00 - 2.375%	39,840,000
Combined Utilities Revenue Refunding Bonds, Series 2021A	06/23/2021	07/15/2034	06/23/2028	1.75 - 5.00%	26,710,000
Combined Utilities Revenue Refunding Bonds, Series 2020	10/21/2020	07/15/2033	10/21/2025	1.00 - 5.00%	6,445,000
Combined Utilities Revenue Refunding Bonds, Series 2012	03/06/2012	10/15/2026	03/06/2022	0.35 - 4.00%	10,350,000
Total business-type activities					<u><u>\$ 108,895,000</u></u>

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

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

7. Long-term Debt and Liability, Continued

Debt Issuance

In August 2022, the City issued Combined Utilities Revenue Bonds, Series 2022 in the amount of \$25,550,000 for the purpose of constructing improvements to the Sewer System's Waste Water Treatment Plant. The bonds bear interest payable semiannually, at rates of 4.000% to 4.375%, which began on April 15, 2023. The bonds are subject to optional redemption prior to maturity on or after the seventh anniversary of the date of issue. Principal maturities began April 15, 2023 and continue until 2042.

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 \$6,880,888 with annual payments expected to require approximately 34% of revenues.

The net revenues of the combined utilities, as defined in the related bond ordinances, are pledged as security for repayment of the Combined Utilities Revenue and Combined Utilities Revenue Refunding Bonds until the bonds are paid or defeased.

Leases Liabilities

The City leases land for its operations, the terms of which expire in various years through 2040. During 2022, there were no variable payments not previously included in the measurement of the lease liability.

The following is a schedule by year of payments under the leases as of September 30, 2022:

<u>Year Ending</u> <u>September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 2,935	\$ 1,173
2024	3,180	1,133
2025	3,438	1,089
2026	3,711	1,042
2027	3,998	992
2028-2032	24,879	4,055
2033-2037	34,790	2,107
2038-2040	17,326	150
	\$ 94,257	\$ 11,741

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

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

8. 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, 2022, the City had incurred a liability of \$456,247 for closure and post closure costs for the disposal area.

9. 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, 2022 were \$3,340,297.

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, 2022

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

10. Interfund Transactions and Balances

At September 30, 2022 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	\$ 249,597
Payment for service provided	Electric	General	61,588
Payment for service provided	Water	General	5,439
Payment for service provided	Sewer	General	2,368
Payment for service provided	Gas	General	3,622
Capital expenditures	General	Sales Tax	50,569
Capital expenditures	Street	Sales Tax	414,244
Reimburse shared expenses and payment for service	Electric	Street	5,347
Payment for service provided	Water	Street	8,772
Payment for service provided	Sewer	Street	10
Payment for service provided	Gas	Street	64
Reimburse expense	BID #1	Keno	5,000
South Hangar complex reimbursement	Sales Tax	Airport	116,098
Payment for service provided	Electric	Airport	1,192
Payment for service provided	Gas	Airport	8
Service cash flow needs	General	CDBG	337,000
Service cash flow needs	General	E911	500,000
Reimburse expense	Electric	E911	1
Reimburse Shared Services	General	Water	6,040
Reimburse Shared Services	General	Sewer	6,040
Reimburse Shared Services	General	Gas	12,080
Reimburse payment for service provided	Street	Water	2,474
Reimburse payment for service provided	Street	Sewer	2,542
Reimburse payment for service provided	Street	Gas	416
Payment for service provided	Electric	Electric	4,516
Payment for service provided	Electric	Water	53,366
Payment for service provided	Electric	Sewer	62,046
Payment for service provided	Electric	Gas	2,638
Payment for service provided	Water	Electric	3,133
Payment for service provided	Water	Sewer	11
Payment for service provided	Sewer	Electric	2,339
Payment for service provided	Sewer	Water	2
Payment for service provided	Sewer	Gas	4,548
Payment for service provided	Gas	Electric	40,170
Payment for service provided	Gas	Sewer	68,706

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

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

10. 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	\$ 5,149,770	\$ -
Keno	Property tax relief	650,000	-
Airport	Capital project	-	(869,972)
Drug task force	City's share of multi-jurisdictional task force	6,643	-
Electric	Utility transfer in; expense reimbursement for IT purchases	2,708,566	(42,028)
Water	Utility transfer in	320,634	-
Sewer	Utility transfer in	425,925	-
Gas	Utility transfer in	400,502	-
	Total General fund	<u>9,662,040</u>	<u>(912,000)</u>
Street fund:			
Sales tax	Various street improvement projects; drainage improvements: reimburse property insurance	<u>2,218,662</u>	-
	Total Street fund	<u>2,218,662</u>	<u>-</u>
Sales tax fund:			
General	Property tax relief; operating transfers; capital projects	-	(5,149,770)
Street	Various street improvement projects; drainage improvements: reimburse property insurance	-	(2,218,662)
Special projects	Trail improvements	-	(295,067)
Water	Infrastructure debt service contribution	-	(76,405)
Sewer	Infrastructure debt service contribution	-	(61,237)
	Total Sales tax fund	<u>-</u>	<u>(7,801,141)</u>
Non-major funds			
	Economic development – electric, water, sewer and gas to economic enhancement	200,000	-
	others see above	295,067	(656,643)
	Airport - capital projects	869,972	-
	Total Non-major funds	<u>1,365,039</u>	<u>(656,643)</u>
Enterprise funds	See above	<u>179,670</u>	<u>(4,055,627)</u>
	Total operating transfers	<u>\$ 13,425,411</u>	<u>\$ (13,425,411)</u>

11. Deficit Fund Balance

At September 30, 2022 the CDBG Fund had a deficit balance of \$211,103. Some of the deficit will be offset by the unearned revenue as it is earned in future years. In addition, the American Rescue Plan Fund had a deficit balance of \$20,790 at September 30, 2022, that will be offset by investment income in future years.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

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 \$783,570 and \$930,294, respectively, as required by the plan for the fiscal year ended September 30, 2022. Forfeitures used to reduce employer contributions as allowed under the Plan were \$32,576. 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 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 \$216,287 and \$216,287, respectively, as required by the Plan for the fiscal year ended September 30, 2022. 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 \$125,695 and \$251,388, respectively, as required by the Plan for the fiscal year ended September 30, 2022. Forfeitures used to reduce employer contributions as allowed under the Plan were \$21,457. 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, 2022

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 \$385,477 and the City contributed \$0 under the plan for the year ended September 30, 2022.

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 \$175,000 of individual claims. The City currently has 259 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 \$446,958. 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 \$33,288. This has been included as a current year expenditure. For all of the self-insured funds, an unreserved fund balance of \$6,414,265 was in the Internal Service Fund at September 30, 2022.

Claim Liability at 10/01/2021	\$	370,338
Claims Incurred during current year		5,102,565
Claims Paid during current year		(4,992,657)
Claim Liability at 9/30/2022	\$	480,246

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

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, 2022, the City's investments consisted of certificates of deposit and treasury notes at the following institutions:

<u>Financial Institution</u>	<u>Amount</u>
Pinnacle Bank/Fremont	\$ 20,697,225 *
Cornerstone Bank, Columbus	8,424,121 *
Nebraska Public Agency Investment Trust	38,782,000 *
Totals	<u>\$ 67,903,346</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, 2022.

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, 2022 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 2022	\$ 6,960,000
November 2022	1,057,345
December 2022	12,335,524
January 2023	594,799
March 2023	21,107,875
May 2023	625,000
June 2023	998,560
July 2023	5,352,336
August 2023	6,757,075
September 2023	6,999,074
Due in more than 12 months	5,115,758
	<u>\$ 67,903,346</u>

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

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.

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/2022</u>	<u>Obligation Pending</u>	<u>Expected Completion</u>
<u>Governmental:</u>				
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
Luther Road South Paving	406,083	385,779	20,304	November 30, 2022
N Lincoln Ave & 29th St	3,167,276	3,072,869	94,407	September 30, 2023
Southeast Beltway	30,000,000	29,250,000	750,000	March 31, 2023
CF Energy Efficiency	989,669	948,676	40,993	May 31, 2023
FFRDD Levee Extension	85,200	79,457	5,743	March 31, 2023
2021 Chevy Silverado 1500	34,730	-	34,730	September 30, 2023
2021 Chevy Silverado 3500	50,205	-	50,205	September 30, 2023
2022 Chevy Silverado 2500	35,121	-	35,121	September 30, 2023
Library Expansion	5,016,175	439,124	4,577,051	October 31, 2024
Downtown speakers	73,855	51,699	22,157	September 30, 2023
2022 Ford Superduty F350	69,919	-	69,919	May 31, 2023
Multipurpose Building	625,700	6,755	618,945	December 31, 2024
2022 Pavement Rehab	636,959	154,498	482,461	June 30, 2023
Portable radios	39,623	-	39,623	December 31, 2022
Clarkson Asphalt Overlay	635,433	94,179	541,255	June 30, 2023
W 16th St Resurfacing	143,520	134,440	9,079	November 30, 2022
Bell St Viaduct Rehab	150,713	110,950	39,763	December 31, 2023

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

NOTE D – OTHER NOTES, CONTINUED

3. Commitments and Contingencies, Continued

Construction, Continued

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/2022</u>	<u>Obligation Pending</u>	<u>Expected Completion</u>
<u>Enterprise Funds:</u>				
WWTP Upgrade	\$ 23,651,216	\$ 20,723,645	\$ 2,927,571	June 30, 2023
WWTP Improvements Phase II	21,463,277	15,924,457	5,538,820	August 31, 2023
SCADA control system	2,253,883	1,377,055	876,828	September 30, 2023
Cedar Bluffs Water Main Project	355,600	129,898	225,702	July 31, 2023
Coal Handling Rail Extension	142,932	137,655	5,277	February 28, 2023
Energy Efficiency Upgrade City Hall	572,780	567,227	5,553	December 31, 2022
Honeywell EHPM Controls Upgrade Phases 4-7	723,115	588,259	134,856	May 31, 2023
U8 ELG Rule Implementation	108,365	30,342	78,023	December 31, 2025
Sanitary Sewer Repair 2022	219,972	7,178	212,794	January 31, 2023
2026 Altec Digger Line truck	423,752	-	423,752	February 28, 2026
Railside Car Shaker	105,635	19,745	85,890	February 28, 2023
2024 International Truck	68,100	-	68,100	May 31, 2024
2024 International Truck	68,100	-	68,100	May 31, 2024
Sauber 3 reel trailer	73,782	-	73,782	January 31, 2023
2022 Chevy 2500 HD	41,441	-	41,441	May 31, 2023
Altec AM55 Bucket truck	335,066	-	335,066	February 28, 2024
Altec DB 37 Backyard Machine	194,925	-	194,925	December 31, 2022
2022 Chevy 3500 HD	49,252	-	49,252	May 31, 2023
2022 Ford F 150	40,981	-	40,981	May 31, 2023
Two 2024 International Trucks	322,000	-	322,000	May 31, 2024
Hastings HVAC SBEM-112	63,595	-	63,595	April 30, 2023
Three 2022 Chevy 1500s	102,184	-	102,184	May 31, 2023
	<u>\$ 93,796,864</u>	<u>\$ 74,459,588</u>	<u>\$ 19,337,277</u>	
Total				

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.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

NOTE D – OTHER NOTES, CONTINUED

3. Commitments and Contingencies, Continued

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, 2022 investments of \$1,500,000 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 Electric 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 October 12, 2021, the Electric Department entered into an agreement with Navajo Transitional Energy Company, effective January 1, 2022 through December 31, 2023. Under the terms of the agreement, the City must purchase 280,000 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, 2022, the City had purchased 180,130 of the tons required under this contract.

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, 2023. 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.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

NOTE D – OTHER NOTES, CONTINUED

3. Commitments and Contingencies, Continued

Gas Department, Continued

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 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 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.

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.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2022

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	\$ 4,074,353 8.84%	\$ 786,563 15.46%	\$ 1,591,936 24.60%	\$ 3,932,336 12.40%	\$ 10,385,189 11.60%
Customer B	\$ 4,024,699 8.73%	\$ 431,058 8.47%	\$ 789,593 12.20%	\$ 3,183,607 10.04%	\$ 8,428,956 9.40%
Customer C	\$ 1,468,965 3.19%	\$ 61,804 1.21%	\$ 51,874 0.80%	\$ 3,421,300 10.79%	\$ 5,003,942 5.60%
Total billed revenue (TBR)	\$ 46,100,954	\$ 5,088,403	\$ 6,472,124	\$ 31,717,134	\$ 89,378,615

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, 2021 – September 30, 2025.
- American Federation of State, County and Municipal Employees, AFL/CIO Local 251 – effective October 1, 2021 – September 30, 2025.
- International Association of Fire Fighters Local 1015 – effective October 1, 2021 – September 30, 2025.
- Fraternal Order of Police, Local No. 37 – effective October 1, 2021 – September 30, 2023.

6. Subsequent Events

Long-term Debt

On November 17, 2022, the City issued General Obligation Library Bonds Series 2022 totaling \$2,000,000 maturing December 15, 2037, with interest rates ranging from 3.50 – 4.75%. The Bonds have an optional redemption on or after November 17, 2027. The Bonds were issued to renovate and equip the City library and related improvements and pay issuance costs of the Bonds.

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. On February 14, 2023, the City extended the agreement again, effective April 1, 2023 through March 31, 2028. 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.

At the February 14, 2023 City Council meeting, the final reading of Ordinance 5636 was approved increasing rates, minimum charges, and surcharges for the use of the municipal sanitary system. Rates will be increased by 10 percent annually on April 1, 2023 and 2024.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FREMONT, NEBRASKA
Budgetary Comparison Schedule – General Fund
For the Year Ended September 30, 2022

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 5,769,828	\$ 5,833,218	\$ 63,390
Payments in lieu of taxes	12,000	4,927	(7,073)
Franchise	270,000	271,714	1,714
Business	1,700,950	1,906,800	205,850
Intergovernmental	687,037	1,396,767	709,730
Charges for services	3,406,150	4,066,580	660,430
Donations	2,308,380	9,384	(2,298,996)
Investment income	40,000	72,008	32,008
Other	3,500	17,408	13,908
	<u>14,197,845</u>	<u>13,578,806</u>	<u>(619,039)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	7,108,762	5,744,038	(1,364,724)
Public safety	12,306,996	10,185,614	(2,121,382)
Public works	815,036	468,463	(346,573)
Environment and leisure	8,412,098	3,701,555	(4,710,543)
Employee insurance	354,162	354,179	17
	<u>28,997,054</u>	<u>20,453,849</u>	<u>(8,543,205)</u>
Resources over (under) charges to appropriations	<u>(14,799,209)</u>	<u>(6,875,043)</u>	<u>7,924,166</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	2,000,000	-	(2,000,000)
Transfers in	10,596,738	9,662,040	(934,698)
Transfers out	(1,056,484)	(912,000)	144,484
Net transfers	<u>9,540,254</u>	<u>8,750,040</u>	<u>(790,214)</u>
Total other financing sources (uses)	11,540,254	8,750,040	(2,790,214)
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u><u>\$ (3,258,955)</u></u>	<u><u>\$ 1,874,997</u></u>	<u><u>\$ 5,133,952</u></u>

CITY OF FREMONT, NEBRASKA
Budgetary Comparison Schedule – Street Fund
For the Year Ended September 30, 2022

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Motor vehicle tax	\$ 721,000	\$ 645,001	\$ (75,999)
Intergovernmental	4,041,146	4,223,315	182,169
Charges for services	45,000	32,855	(12,145)
Investment income	13,500	9,928	(3,572)
Other income	538,000	372,890	(165,110)
	<u>5,358,646</u>	<u>5,283,989</u>	<u>(74,657)</u>
Total resources	5,358,646	5,283,989	(74,657)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	<u>14,950,090</u>	<u>5,418,051</u>	<u>(9,532,039)</u>
Resources under charges to appropriations	<u>(9,591,444)</u>	<u>(134,062)</u>	<u>9,457,382</u>
OTHER FINANCING SOURCES			
Transfers in	<u>1,745,000</u>	<u>2,218,662</u>	<u>473,662</u>
Net transfers	<u>1,745,000</u>	<u>2,218,662</u>	<u>473,662</u>
Total other financing sources	<u>1,745,000</u>	<u>2,218,662</u>	<u>473,662</u>
RESOURCES AND OTHER FINANCING SOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS			
	<u>\$ (7,846,444)</u>	<u>\$ 2,084,600</u>	<u>\$ 9,931,044</u>

CITY OF FREMONT, NEBRASKA
Budgetary Comparison Schedule – Sales Tax Fund
For the Year Ended September 30, 2022

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Sales tax	\$ 9,560,000	\$ 9,835,833	\$ 275,833
Charges for services	16,800	19,949	3,149
Investment income	19,500	69,929	50,429
Other income	-	397,277	397,277
Loan repayment proceeds	-	15,315	15,315
	<hr/>	<hr/>	<hr/>
Total resources	9,596,300	10,338,303	742,003
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	2,681,100	938,888	(1,742,212)
Public safety	7,000	5,894	(1,106)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	2,688,100	944,782	(1,743,318)
Resources over charges to appropriations	<hr/>	<hr/>	<hr/>
	6,908,200	9,393,521	2,485,321
OTHER FINANCING USES			
Transfers out	(10,010,818)	(7,801,141)	2,209,677
	<hr/>	<hr/>	<hr/>
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS AND OTHER FINANCING USES	<hr/>	<hr/>	<hr/>
	\$ (3,102,618)	\$ 1,592,380	\$ 4,694,998
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF FREMONT, NEBRASKA
Budgetary Comparison Schedule
Notes to Required Supplementary Information
For the Year Ended September 30, 2022

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, 2022, 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	\$ 13,578,806	\$ 5,283,989	\$ 10,338,303
Differences - budget to modified accrual:			
Cash to accrual adjustments	<u>(821,702)</u>	<u>(61,107)</u>	<u>22,125</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 12,757,104</u>	<u>\$ 5,222,882</u>	<u>\$ 10,360,428</u>
Uses/outflows of resources:			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedules	\$ 20,453,849	\$ 5,418,051	\$ 944,782
Differences - budget to modified accrual:			
Cash to accrual adjustments	<u>(974)</u>	<u>1,333,276</u>	<u>(42,511)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 20,452,875</u>	<u>\$ 6,751,327</u>	<u>\$ 902,271</u>
Other financing uses:			
Actual amounts (budgetary basis) "total transfers" from the budgetary comparison schedules	\$ 8,750,040	\$ 2,218,662	\$ (7,801,141)
Differences - budget to modified accrual:			
Cash to accrual adjustments	<u>-</u>	<u>-</u>	<u>-</u>
Total transfers as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 8,750,040</u>	<u>\$ 2,218,662</u>	<u>\$ (7,801,141)</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF FREMONT, NEBRASKA
Combining Balance Sheet – Non-major Governmental Funds
September 30, 2022

	Special Revenue Funds						
	Debt Service	Paving & Sidewalk Districts	Business Improvement District #1	Public Use Property Special Projects	Keno	CDBG	Weatherization EDA (HUD)
ASSETS							
Cash and cash equivalents	\$ 285,788	\$ 307,887	\$ 146,374	\$ 387,599	\$ 304,538	\$ 63,797	\$ 155,364
Investments	-	1,698,531	-	1,126,759	400,000	-	-
County treasurer cash	14,360	-	-	-	-	-	-
Receivables:							
Special assessments	-	169,557	14,841	-	11,539	-	-
Accounts, net of allowance for doubtful accounts	-	-	-	-	35,937	-	1,104
Notes, net of allowance for doubtful accounts	-	-	-	-	-	-	188,397
Leases	-	-	-	-	-	-	-
Interest	-	32,465	-	3,486	762	-	-
Property tax	23,411	-	-	-	-	-	-
Business tax	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	457,422	-
Due from other funds	-	-	5,000	-	-	-	-
Total assets	\$ 323,559	\$ 2,208,440	\$ 166,215	\$ 1,517,844	\$ 752,776	\$ 521,219	\$ 344,865
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 58,125	\$ -	\$ 59,709	\$ 206,852	\$ 76
Due to other funds	-	-	-	-	5,000	337,000	-
Accrued expenses	-	200	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Customer deposits	-	-	-	-	-	-	-
Total liabilities	-	200	58,125	-	64,709	543,852	76
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	18,084	-	-	-	-	-	-
Unavailable revenue - other local taxes	-	-	14,841	-	-	-	-
Unavailable revenue - fees and other	-	169,557	-	-	-	188,470	1,104
Leases receivable revenues	-	-	-	-	-	-	-
Total deferred inflows of resources	18,084	169,557	14,841	-	-	188,470	1,104
FUND BALANCES (DEFICIT)							
Nonspendable:							
Permanent fund principal	-	-	-	125,000	-	-	-
Restricted for:							
Airport	-	-	-	-	-	-	-
Downtown improvements/parking	-	-	93,249	-	-	-	-
Debt service	305,475	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Capital/special projects	-	2,038,683	-	1,392,844	-	-	-
Federal programs	-	-	-	-	-	-	343,685
Community betterment	-	-	-	-	688,067	-	-
Unassigned	-	-	-	-	-	(211,103)	-
Total fund balances (deficit)	305,475	2,038,683	93,249	1,517,844	688,067	(211,103)	343,685
Total liabilities, deferred inflows of resources and fund balances	\$ 323,559	\$ 2,208,440	\$ 166,215	\$ 1,517,844	\$ 752,776	\$ 521,219	\$ 344,865

CITY OF FREMONT, NEBRASKA
Combining Balance Sheet – Non-major Governmental Funds - Continued
September 30, 2022

	Special Revenue Funds				Capital Projects		Total Non-major Governmental Funds
	Economic Enhancement	Airport	Enhanced & Wireless 911	Drug Task Force	American American Rescue Plan	Special Projects	
ASSETS							
Cash and cash equivalents	\$ 539,938	\$ 244,388	\$ 164,273	\$ 12,571	\$ 286,326	\$ 395,307	\$ 3,294,150
Investments	-	306,707	400,000	-	4,345,910	-	8,277,907
County treasurer cash	-	-	-	-	-	-	14,360
Receivables:							
Special assessments	-	115,507	-	-	-	-	311,444
Accounts, net of allowance for doubtful accounts	-	-	-	-	-	-	37,041
Notes, net of allowance for doubtful accounts	255,000	-	-	-	-	-	443,397
Leases	-	678,950	-	-	-	-	678,950
Interest	-	3,091	1,401	-	16,442	-	57,647
Property tax	-	-	-	-	-	-	23,411
Business tax	-	-	18,893	-	-	-	18,893
Due from other governments	-	-	255,383	-	-	146,174	858,979
Due from other funds	-	-	249,597	-	-	-	254,597
Total assets	\$ 794,938	\$ 1,348,643	\$ 1,089,547	\$ 12,571	\$ 4,648,678	\$ 541,481	\$ 14,270,776
LIABILITIES							
Accounts payable	\$ -	\$ 116,238	\$ 16,377	\$ -	\$ -	\$ -	\$ 457,377
Due to other funds	-	117,298	500,001	-	-	-	959,299
Accrued expenses	-	657	13,859	-	-	-	14,716
Unearned revenue	-	11,364	-	-	4,669,468	-	4,680,832
Customer deposits	-	3,600	-	-	-	-	3,600
Total liabilities	-	249,157	530,237	-	4,669,468	-	6,115,824
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	-	-	-	-	-	-	18,084
Unavailable revenue - other local taxes	-	-	-	-	-	-	14,841
Unavailable revenue - fees and other	-	59,071	66,719	-	-	146,174	631,095
Leases receivable revenues	-	669,840	-	-	-	-	669,840
Total deferred inflows of resources	-	728,911	66,719	-	-	146,174	1,333,860
FUND BALANCES (DEFICIT)							
Nonspendable:							
Permanent fund principal	-	-	-	-	-	-	125,000
Restricted for:							
Airport	-	370,575	-	-	-	-	370,575
Downtown improvements/parking	-	-	-	-	-	-	93,249
Debt service	-	-	-	-	-	-	305,475
Public safety	-	-	492,591	12,571	-	-	505,162
Economic development	794,938	-	-	-	-	-	794,938
Capital/special projects	-	-	-	-	-	395,307	3,826,834
Federal programs	-	-	-	-	-	-	343,685
Community betterment	-	-	-	-	-	-	688,067
Unassigned	-	-	-	-	(20,790)	-	(231,893)
Total fund balances (deficit)	794,938	370,575	492,591	12,571	(20,790)	395,307	6,821,092
Total liabilities, deferred inflows of resources and fund balances	\$ 794,938	\$ 1,348,643	\$ 1,089,547	\$ 12,571	\$ 4,648,678	\$ 541,481	\$ 14,270,776

CITY OF FREMONT, NEBRASKA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds
For the Year Ended September 30, 2022

	Special Revenue Funds						
	Debt Service	Paving & Sidewalk Districts	Business Improvement District #1	Public Use Property Special Projects	Keno	CDBG	Weatherization EDA (HUD)
REVENUES							
Property tax	\$ 520,183	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Occupation taxes	-	-	-	-	-	-	-
Payments in lieu of taxes	868	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	871,154	-
Keno	-	-	-	-	962,426	-	-
Charges for services	-	55,946	50,810	-	-	-	-
Donations	-	-	30,000	800,721	2,500	-	-
Investment income	127	21,733	59	3,847	1,047	-	331
Other income	-	-	-	-	13,429	-	-
Total revenues	<u>521,178</u>	<u>77,679</u>	<u>80,869</u>	<u>804,568</u>	<u>979,402</u>	<u>871,154</u>	<u>331</u>
EXPENDITURES							
General government	6,815	-	88,170	-	-	1,065,916	139,459
Public safety	-	-	-	-	-	-	-
Public works	-	2,801	-	-	-	-	-
Environment and leisure	-	-	-	-	260,339	-	-
Lease principal payments	-	-	-	-	-	-	-
Lease interest payments	-	-	-	-	-	-	-
Principal payments on debt	455,000	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Interest on long-term debt	49,374	-	-	-	-	-	-
Total expenditures	<u>511,189</u>	<u>2,801</u>	<u>88,170</u>	<u>-</u>	<u>260,339</u>	<u>1,065,916</u>	<u>139,459</u>
Excess (deficiency) of revenues over expenditures	<u>9,989</u>	<u>74,878</u>	<u>(7,301)</u>	<u>804,568</u>	<u>719,063</u>	<u>(194,762)</u>	<u>(139,128)</u>
OTHER FINANCING SOURCES (USES)							
Lease financings	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(650,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(650,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>9,989</u>	<u>74,878</u>	<u>(7,301)</u>	<u>804,568</u>	<u>69,063</u>	<u>(194,762)</u>	<u>(139,128)</u>
Fund balances - September 30, 2021	295,486	1,963,805	100,550	713,276	619,004	(16,341)	482,813
Fund balances - September 30, 2022	<u>\$ 305,475</u>	<u>\$ 2,038,683</u>	<u>\$ 93,249</u>	<u>\$ 1,517,844</u>	<u>\$ 688,067</u>	<u>\$ (211,103)</u>	<u>\$ 343,685</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, 2022

	Special Revenue Funds					Capital Projects	Total Non-major Governmental Funds
	Economic Enhancement	Airport	Enhanced & Wireless 911	Drug Task Force	American Rescue Plan	Special Projects	
REVENUES							
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 520,183
Occupation taxes	-	-	112,122	-	-	-	112,122
Payment in lieu of taxes	-	-	-	-	-	-	868
Intergovernmental	-	191,152	968,649	-	-	79,211	2,110,166
Keno	-	-	-	-	-	-	962,426
Charges for services	-	181,760	-	-	-	-	288,516
Donations	-	-	-	-	-	-	833,221
Investment income	228	11,178	1,989	-	(21,990)	272	18,821
Other income	-	-	-	-	-	-	13,429
Total revenues	<u>228</u>	<u>384,090</u>	<u>1,082,760</u>	<u>-</u>	<u>(21,990)</u>	<u>79,483</u>	<u>4,859,752</u>
EXPENDITURES							
General government	90,000	-	-	-	-	-	1,390,360
Public safety	-	-	970,209	3,519	-	-	973,728
Public works	-	-	-	-	-	-	2,801
Environment and leisure	-	937,416	-	-	-	496,686	1,694,441
Lease principal payments	-	-	3,628	-	-	-	3,628
Lease interest payments	-	-	1,313	-	-	-	1,313
Principal payments on debt	-	-	-	-	-	-	455,000
Bond issuance costs	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	49,374
Total expenditures	<u>90,000</u>	<u>937,416</u>	<u>975,150</u>	<u>3,519</u>	<u>-</u>	<u>496,686</u>	<u>4,570,645</u>
Excess (deficiency) of revenues over expenditures	<u>(89,772)</u>	<u>(553,326)</u>	<u>107,610</u>	<u>(3,519)</u>	<u>(21,990)</u>	<u>(417,203)</u>	<u>289,107</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	200,000	869,972	-	-	-	295,067	1,365,039
Transfers out	-	-	-	(6,643)	-	-	(656,643)
Total other financing sources (uses)	<u>200,000</u>	<u>869,972</u>	<u>-</u>	<u>(6,643)</u>	<u>-</u>	<u>295,067</u>	<u>708,396</u>
Net change in fund balances	<u>110,228</u>	<u>316,646</u>	<u>107,610</u>	<u>(10,162)</u>	<u>(21,990)</u>	<u>(122,136)</u>	<u>997,503</u>
Fund balances - September 30, 2021	684,710	53,929	384,981	22,733	1,200	517,443	5,823,589
Fund balances - September 30, 2022	<u>\$ 794,938</u>	<u>\$ 370,575</u>	<u>\$ 492,591</u>	<u>\$ 12,571</u>	<u>\$ (20,790)</u>	<u>\$ 395,307</u>	<u>\$ 6,821,092</u>

CITY OF FREMONT, NEBRASKA
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

<u>Federal Grantor Pass-Through Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identification Number</u>	<u>Passed Through to Subrecipients</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	\$ -	\$ 160,579
Passed through Nebraska Department of Aeronautics: COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act	20.106	3-31-0029-015-2022	-	32,000
Highway Planning and Construction Cluster Passed through Nebraska Department of Transportation: Highway Planning and Construction	20.205	SPR-1	-	57,900
Highway Safety Cluster Passed through Nebraska Office of Highway Safety: National Priority Safety Programs	20.616	405d-21-51-18	-	4,788
Total Department of Transportation			-	255,267
<u>Institute of Museum and Library Services</u>				
Passed through the Nebraska Library Commission: COVID-19 Grants to States	45.310	22.21	-	3,000
COVID-19 Grants to States	45.310	N/A	-	11,093
			-	14,093
<u>Department of Homeland Security</u>				
Passed through Nebraska Emergency Management Agency: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	053-17670-00	-	138,480
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4521 PW 411	-	6,887
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4521 PW 417	-	16,136
			-	161,503
<u>Department of Housing and Urban Development</u>				
Passed through Nebraska Department of Economic Development: Community Development Block Grants	14.228	10-ED-009	-	1,976
	14.228	16-CD-102	-	690
	14.228	16-CD-202	-	1,461
	14.228	19-EM-002	-	156,455
	14.228	20-EMCV-003	-	458,761
	14.228	20-EMCV-004	-	446,177
	14.228	20-EMCV-006	-	111,662
			-	1,177,182
<u>Federal Communications Commission</u>				
Emergency Connectivity Fund Program	32.009	N/A	-	7,279
Total Expenditures of Federal Awards			\$ -	\$ 1,615,324

The accompany notes are an integral part of this Schedule.

CITY OF FREMONT, NEBRASKA
Notes to the Schedule of Expenditures of Federal Awards
September 30, 2022

NOTE A: Basis of Presentation

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, 2022. 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: Summary of Significant Accounting Policies

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: Adjustments to the Schedule

The City received a 2019 pass-through FEMA grant from the Nebraska Emergency Management Agency for the 2019 Nebraska floods reported under Federal Assistance Listing Number 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.

NOTE D: Subrecipients

The City had no subrecipients during the year ended September 30, 2022.

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basis financial statements and have issued our report thereon dated June 12, 2023, which contained an "Emphasis of Matter" paragraph regarding a change in accounting principle.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

FORVIS,LLP

Omaha, Nebraska
June 12, 2023

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Fremont, Nebraska's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2022. 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.

In our opinion, the City of Fremont, Nebraska complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 12, 2023

CITY OF FREMONT, NEBRASKA
Schedule of Findings & Questioned Costs - Continued
Year Ended September 30, 2022

7. Identification of the major federal program:

Assistance Listing

Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants

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
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No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
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No matters are reportable.

CITY OF FREMONT, NEBRASKA
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2022

Reference Number	Summary of Finding	Status
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No matters are reportable.