



CITY OF
FREMONT
NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2023

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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, 2023, 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, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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.

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 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 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 April 11, 2024, on our consideration of 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 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 City's internal control over financial reporting and compliance.

FORVIS,LLP

Omaha, Nebraska
April 11, 2024

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED SEPTEMBER 30, 2023

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, 2023.

Financial Highlights

- The assets of the City of Fremont exceeded its liabilities at the close of the most recent fiscal year by \$380,376,324 (*net position*). Of this amount, \$129,502,550 (*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 \$161,270,230. Approximately 17.7 percent of this total amount, \$28,526,190 is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13,176,781, or 47.4 percent of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

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

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

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

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

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

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

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

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

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

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

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

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued FOR THE YEAR ENDED SEPTEMBER 30, 2023

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 26-59 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 61-64 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 66-69 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 \$380,376,324 at the close of the most recent fiscal year. The September 30, 2022, condensed financial information presented in the tables below has not been adjusted for the City's adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Summary of Net Position

| | September 30, 2023 | | | September 30, 2022 | | |
|---|----------------------------|-----------------------------|-----------------------|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Current and Other Assets | \$ 81,905,590 | \$ 117,809,165 | \$ 199,714,755 | \$ 76,480,720 | \$ 119,754,562 | \$ 196,235,282 |
| Capital, Lease and Subscription Assets | 105,253,373 | 219,234,721 | 324,488,094 | 71,209,412 | 213,598,444 | 284,807,856 |
| Deferred Outflow of Resources | 1,528 | 1,914,465 | 1,915,993 | 2,068 | 2,049,371 | 2,051,439 |
| Total Assets and Deferred Outflows | <u>187,160,491</u> | <u>338,958,351</u> | <u>526,118,842</u> | <u>147,692,200</u> | <u>335,402,377</u> | <u>483,094,577</u> |
| Current Liabilities | 15,400,616 | 18,164,269 | 33,564,885 | 10,390,642 | 18,609,927 | 29,000,569 |
| Long-term Liabilities | 9,551,413 | 100,223,112 | 109,774,525 | 9,237,955 | 106,331,575 | 115,569,530 |
| Deferred Inflow of Resources | 938,232 | 1,464,876 | 2,403,108 | 1,040,017 | 1,621,618 | 2,661,635 |
| Total Liabilities and Deferred Inflows | <u>25,890,261</u> | <u>119,852,257</u> | <u>145,742,518</u> | <u>20,668,614</u> | <u>126,563,120</u> | <u>147,231,734</u> |
| Net Position: | | | | | | |
| Net Investment in Capital Assets | 91,771,401 | 109,351,350 | 201,122,751 | 59,732,664 | 112,003,849 | 171,736,513 |
| Restricted | | | | | | |
| Expendable | 40,847,639 | 8,778,384 | 49,626,023 | 38,322,775 | 12,193,960 | 50,516,735 |
| Nonexpendable | 125,000 | - | 125,000 | 125,000 | - | 125,000 |
| Unrestricted | 28,526,190 | 100,976,360 | 129,502,550 | 28,843,147 | 84,641,448 | 113,484,595 |
| Total Net Position | <u>\$ 161,270,230</u> | <u>\$ 219,106,094</u> | <u>\$ 380,376,324</u> | <u>\$ 127,023,586</u> | <u>\$ 208,839,257</u> | <u>\$ 335,862,843</u> |

The largest portion of the City of Fremont's net position (52.9 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, lease and

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued FOR THE YEAR ENDED SEPTEMBER 30, 2023

subscription assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Fremont's investment in its capital, lease and subscription 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, lease and subscription assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Fremont's net position (13.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$129,502,550) 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 \$34,246,644 in the governmental activities during the year ended September 30, 2023, increasing total growth in the City's net position by 76.9 percent for the year ended September 30, 2023. Key elements of this increase are as follows:

Expenses and Program Revenues - Governmental Activities

| <u>Function</u> | <u>Year Ended September 30, 2023</u> | | <u>Year Ended September 30, 2022</u> | |
|----------------------------|--------------------------------------|-------------------------|--------------------------------------|-------------------------|
| | <u>Program Revenues</u> | <u>Program Expenses</u> | <u>Program Revenues</u> | <u>Program Expenses</u> |
| General government | \$ 3,226,247 | \$ 9,795,751 | \$ 3,008,289 | \$ 9,435,626 |
| Public safety | 2,610,189 | 11,570,289 | 1,836,490 | 10,771,016 |
| Public works | 32,330,205 | 9,375,398 | 2,444,815 | 5,261,500 |
| Environment and leisure | 2,202,821 | 5,122,457 | 2,053,897 | 4,891,537 |
| Non-departmental | - | 354,845 | - | 354,162 |
| Interest on long-term debt | - | 160,014 | - | 177,341 |
| Total | <u>\$ 40,369,462</u> | <u>\$ 36,378,754</u> | <u>\$ 9,343,491</u> | <u>\$ 30,891,182</u> |

Revenues by Source - Governmental Activities

| | <u>Year Ended September 30, 2023</u> | | <u>Year Ended September 30, 2022</u> | |
|------------------------------------|--------------------------------------|-----------------|--------------------------------------|-----------------|
| | | | | |
| Charges for services | \$ 6,237,382 | 8.83 % | \$ 4,404,873 | 11.68 % |
| Operating grants and contributions | 2,864,096 | 4.06 | 3,344,615 | 8.87 |
| Capital grants and contributions | 31,267,984 | 44.27 | 1,594,003 | 4.23 |
| Property taxes | 6,591,318 | 9.33 | 6,332,981 | 16.79 |
| Motor vehicle taxes | 654,532 | 0.93 | 647,002 | 1.72 |
| Sales tax | 10,060,587 | 14.24 | 9,900,039 | 26.25 |
| Payments in lieu of taxes | 10,625 | 0.02 | 15,571 | 0.04 |
| Franchise taxes | 250,214 | 0.35 | 268,826 | 0.71 |
| Other taxes | 1,985,682 | 2.81 | 2,019,684 | 5.36 |
| State allocation | 4,077,842 | 5.77 | 3,566,551 | 9.46 |
| Keno | 1,002,983 | 1.42 | 962,426 | 2.55 |
| Miscellaneous | 16,641 | 0.02 | 33,394 | 0.09 |
| Investment income | 1,501,486 | 2.13 | 229,863 | 0.61 |
| Gain on sale of assets | - | - | 512,191 | 1.36 |
| Transfer from other funds | 4,104,026 | 5.82 | 3,875,957 | 10.28 |
| Total | <u>\$ 70,625,398</u> | <u>100.00 %</u> | <u>\$ 37,707,976</u> | <u>100.00 %</u> |

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued FOR THE YEAR ENDED SEPTEMBER 30, 2023

Business-type Activities. Business-type activities increased the City of Fremont's net position by \$10,266,837, accounting for total growth of 23.1 percent of the total growth in the government's net position for the year ended September 30, 2023. Key elements of this increase are as follows:

| <u>Function</u> | Expenses and Program Revenues - Business-type Activities | | | |
|-----------------|---|--------------------------|--------------------------------------|--------------------------|
| | <u>Year Ended September 30, 2023</u> | | <u>Year Ended September 30, 2022</u> | |
| | <u>Program Revenues</u> | <u>Program Expenses</u> | <u>Program Revenues</u> | <u>Program Expenses</u> |
| Electric | \$ 57,500,599 | \$ 46,654,918 | \$ 54,046,807 | \$ 48,680,135 |
| Water | 5,844,199 | 4,359,205 | 5,695,723 | 3,903,580 |
| Sewer | 7,649,201 | 10,305,259 | 7,303,854 | 9,189,959 |
| Gas | <u>28,373,740</u> | <u>25,779,203</u> | <u>32,383,675</u> | <u>29,811,446</u> |
| Total | <u>\$ 99,367,739</u> | <u>\$ 87,098,585</u> | <u>\$ 99,430,059</u> | <u>\$ 91,585,120</u> |

| | Revenues by Source - Business-type Activities | | | |
|------------------------------------|--|---------------------|--------------------------------------|---------------------|
| | <u>Year Ended September 30, 2023</u> | | <u>Year Ended September 30, 2022</u> | |
| Charges for services | \$ 99,099,145 | 101.78 % | \$ 99,082,175 | 102.95 % |
| Operating grants and contributions | 3,700 | - | 11,003 | 0.01 |
| Capital grants and contributions | 268,594 | 0.28 | 336,881 | 0.35 |
| Investment income | 2,098,009 | 2.15 | 655,796 | 0.68 |
| Gain on sale of assets | - | - | 35,000 | 0.04 |
| Transfer to other funds | <u>(4,104,026)</u> | <u>(4.21)</u> | <u>(3,875,957)</u> | <u>(4.03)</u> |
| Total | <u>\$ 97,365,422</u> | <u>100.00 %</u> | <u>\$ 96,244,898</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 \$62,223,228. Approximately 21.1 percent of this total amount (\$13,109,130) 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 (\$283,893), 2) restricted for street improvements (\$15,231,485), 3) restricted for public safety (\$6,666,416), 4) restricted for infrastructure (\$7,183,947), 5) restricted for property tax relief (\$599,432), 6) restricted for economic development (\$6,143,508), 7) restricted for a variety of capital/special projects (\$2,509,697), 8) restricted for Federal programs (\$349,572), 9) restricted for community betterment (\$793,652), 10) committed for code enforcement/defense (\$1,334,742), 11) committed for capital improvement projects (\$7,348,873), 12) assigned for downtown improvement projects (\$93,452), 13) assigned for the airport (\$400,109), 14) endowed as non-spendable principal (\$125,000), or 15) non-spendable prepaid expense (\$50,320).

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued FOR THE YEAR ENDED SEPTEMBER 30, 2023

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 \$13,176,781. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 47.4 percent of total General Fund expenditures.

The fund balance of the City of Fremont's General Fund decreased by \$(561,905) during the current fiscal year, which was approximately \$6,324,172 less than was budgeted. The fund decrease is largely due to the completion of capital projects. However, some anticipated additional capital projects from the budget were 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 - \$59,912,574, Water Fund - \$9,339,575, Sewer Fund - \$18,503,411, and Gas Fund - \$13,220,800. The change in net position for the proprietary funds was as follows: Electric Fund - \$8,952,875, Water Fund - \$1,279,642, Sewer Fund - \$(2,283,169), and Gas Fund - \$2,317,489. The increase in the Electric Fund net position is largely due to the increase in consumption and the heightened demand of our large corporate customers. The increase in the Water Fund is largely linked to the acquisition of a significant new corporate customer. The decrease in the Sewer Fund is attributable to additional production costs related to industrial customers based on concentration of waste, as well as annual debt service costs. The increase in the Gas Fund is a result of the increase in consumption. Other factors concerning the finances of these four funds have already been addressed in the discussion of the City of Fremont's business-type activities.

Budgetary Highlights

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

Capital, Lease and Subscription Assets and Debt Administration

Capital, Lease and Subscription Assets. The City of Fremont's investment in capital, lease, and subscription assets for its governmental and business-type activities as of September 30, 2023, amounts to \$324,488,094 (net of accumulated depreciation and amortization). This investment in capital assets includes land, building and system improvements, machinery and equipment, park facilities, roads, highways and bridges.

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

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

- Broad Street paving - \$28,951,910
- Wastewater treatment plant upgrades - \$7,888,592
- Electric distribution system improvements - \$1,689,884
- Gas system improvements - \$1,148,265
- Sewer system improvements - \$1,386,452
- Christensen Field Energy Efficiency - \$953,451
- Military Avenue Business Park paving - \$768,474
- Municipal office building improvements - \$757,847
- Water system improvements - \$227,552

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

- Library Expansion - \$7,386,968
- Wastewater treatment plant upgrades - \$4,434,632
- Substation addition - \$1,878,769
- ELG regulation bottom ash upgrade - \$951,677
- Coal Handling stock out upgrade - \$495,284
- Washington Heights rebuild - \$449,162
- Warehouse office modifications - \$315,929
- N Lincoln Ave & 29th St paving - \$295,492

City of Fremont's Capital, Lease and Subscription Assets (net of depreciation and amortization)

| | Year Ended September 30, 2023 | | | Year Ended September 30, 2022 | | |
|---|-------------------------------|-----------------------------|-----------------------|-------------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Land | \$ 6,942,412 | \$ 5,052,174 | \$ 11,994,586 | \$ 7,101,556 | \$ 5,052,174 | \$ 12,153,730 |
| Construction in progress | 16,153,081 | 7,958,259 | 24,111,340 | 9,058,855 | 13,109,394 | 22,168,249 |
| Lease asset - land | 86,781 | - | 86,781 | 97,885 | - | 97,885 |
| Infrastructure | 65,526,309 | - | 65,526,309 | 38,364,116 | - | 38,364,116 |
| Buildings and improvements | 12,306,496 | - | 12,306,496 | 11,867,416 | - | 11,867,416 |
| Machinery and equipment | 4,186,119 | 10,346,382 | 14,532,501 | 4,719,584 | 8,617,655 | 13,337,239 |
| Distribution systems, buildings, and equipment | - | 192,252,444 | 192,252,444 | - | 183,498,083 | 183,498,083 |
| Office furniture and equipment | - | 266,866 | 266,866 | - | 338,256 | 338,256 |
| Subscription assets | 52,175 | 64,093 | 116,268 | 48,382 | - | 48,382 |
| Vehicles | - | 3,294,503 | 3,294,503 | - | 2,982,882 | 2,982,882 |
| Total | \$ 105,253,373 | \$ 219,234,721 | \$ 324,488,094 | \$ 71,257,794 | \$ 213,598,444 | \$ 284,856,238 |

Additional information on the City of Fremont's capital, lease and subscription 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, lease and subscription payable (excluding TIF bonds payable) outstanding of \$115,368,531.

City of Fremont's Outstanding Debt

| | Year Ended September 30, 2023 | | | Year Ended September 30, 2022 | | |
|--------------------------|-------------------------------|-----------------------------|-----------------------|-------------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| General obligation bonds | \$ 10,382,014 | \$ - | \$ 10,382,014 | \$ 9,938,925 | \$ - | \$ 9,938,925 |
| Revenue bonds | - | 104,845,641 | 104,845,641 | - | 111,266,040 | 111,266,040 |
| Leases payable | 91,321 | - | 91,321 | 94,257 | - | 94,257 |
| Subscriptions payable | 49,555 | - | 49,555 | 48,382 | 42,773 | 91,155 |
| Financed purchases | - | - | - | 242,859 | - | 242,859 |
| Total | \$ 10,522,890 | \$ 104,845,641 | \$ 115,368,531 | \$ 10,324,423 | \$ 111,308,813 | \$ 121,633,236 |

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued FOR THE YEAR ENDED SEPTEMBER 30, 2023

The City of Fremont's total debt decreased by \$6,264,705 (5.2 percent). The City issued \$2,000,000 in bonded indebtedness to finance library expansion costs. The increase was offset by scheduled principal payments of debt.

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

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. The energy credits have 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 additional shift at the hog processing plant has been delayed.
- 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, there were eight firefighter positions unfilled due to a lack of candidates.
- 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 completed in Fall 2023.
 - 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.

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued FOR THE YEAR ENDED SEPTEMBER 30, 2023

- 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.
 - 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 canceled 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 another increase of ten-point zero (10.0) percent effective April 1, 2024. Additionally on April 1, 2024, an increase of 20.0 percent of the 10.0 increase in rates will also take effect.

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, 2023

| | Primary Government | | Total |
|--|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 41,605,769 | \$ 28,116,357 | \$ 69,722,126 |
| Investments | 30,786,762 | 26,097,459 | 56,884,221 |
| County treasurer cash | 206,475 | - | 206,475 |
| Receivables: | | | |
| Special assessments | 230,002 | - | 230,002 |
| Accounts, net of allowance for doubtful accounts | 827,800 | 5,986,536 | 6,814,336 |
| Notes, net of allowance | - | 798,403 | 798,403 |
| Leases | 954,240 | 562,636 | 1,516,876 |
| Unbilled revenue | - | 6,039,149 | 6,039,149 |
| Interest | 557,823 | 724,294 | 1,282,117 |
| Property tax | 60,666 | - | 60,666 |
| Business tax | 199,751 | - | 199,751 |
| Other tax | 355,640 | - | 355,640 |
| Receivable/payable to other funds | 403,743 | (403,743) | - |
| Due from other governments | 2,839,967 | 70,367 | 2,910,334 |
| Inventory | - | 14,715,401 | 14,715,401 |
| Prepaid expenses | 97,394 | 287,724 | 385,118 |
| Total current assets | <u>79,126,032</u> | <u>82,994,583</u> | <u>162,120,615</u> |
| Noncurrent assets: | | | |
| Restricted cash and cash equivalents | 49,019 | 1,597,678 | 1,646,697 |
| Restricted investments | - | 11,113,398 | 11,113,398 |
| Notes receivable, net of allowance | 2,730,539 | 12,393,168 | 15,123,707 |
| Regulatory asset | - | 9,710,338 | 9,710,338 |
| Capital, lease and subscription assets: | | | |
| Land | 6,942,412 | 5,052,174 | 11,994,586 |
| Construction in progress | 16,153,081 | 7,958,259 | 24,111,340 |
| Other capital, lease and subscription assets, net of depreciation and amortization | 82,157,880 | 206,224,288 | 288,382,168 |
| Net capital, lease and subscription assets | <u>105,253,373</u> | <u>219,234,721</u> | <u>324,488,094</u> |
| Total noncurrent assets | <u>108,032,931</u> | <u>254,049,303</u> | <u>362,082,234</u> |
| Total assets | <u>187,158,963</u> | <u>337,043,886</u> | <u>524,202,849</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred loss on bond refundings | 1,528 | 1,914,465 | 1,915,993 |
| Total deferred outflows of resources | <u>1,528</u> | <u>1,914,465</u> | <u>1,915,993</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 3,785,720 | 8,237,633 | 12,023,353 |
| Claims liability | 621,738 | 13,048 | 634,786 |
| Accrued expenses | 343,703 | 1,741,324 | 2,085,027 |
| Due to other governments | 1,849 | - | 1,849 |
| Unearned revenues | 8,114,298 | 578,401 | 8,692,699 |
| Customer deposits | 19,978 | 690,486 | 710,464 |
| Current portion of long-term liabilities | 2,513,330 | 6,903,377 | 9,416,707 |
| Total current liabilities | <u>15,400,616</u> | <u>18,164,269</u> | <u>33,564,885</u> |
| Noncurrent liabilities: | | | |
| Noncurrent portion of long-term liabilities | 9,551,413 | 100,223,112 | 109,774,525 |
| Total noncurrent liabilities | <u>9,551,413</u> | <u>100,223,112</u> | <u>109,774,525</u> |
| Total liabilities | <u>24,952,029</u> | <u>118,387,381</u> | <u>143,339,410</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows on lease receivables | 938,232 | 531,336 | 1,469,568 |
| Deferred gain on bond refundings | - | 933,540 | 933,540 |
| Total deferred inflows of resources | <u>938,232</u> | <u>1,464,876</u> | <u>2,403,108</u> |
| NET POSITION | | | |
| Net investment in capital assets | 91,771,401 | 109,351,350 | 201,122,751 |
| Restricted for: | | | |
| Debt service | 283,893 | 7,837,000 | 8,120,893 |
| Fly ash disposal | - | 941,384 | 941,384 |
| Street improvements | 15,345,304 | - | 15,345,304 |
| Federal grant programs | 512,911 | - | 512,911 |
| Expendable | 24,705,531 | - | 24,705,531 |
| Non expendable | 125,000 | - | 125,000 |
| Unrestricted | 28,526,190 | 100,976,360 | 129,502,550 |
| Total net position | <u>\$ 161,270,230</u> | <u>\$ 219,106,094</u> | <u>\$ 380,376,324</u> |

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Activities
For the Year Ended September 30, 2023

| Functions/Programs | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position | | | |
|-----------------------------------|-----------------------|-----------------------|------------------------------------|---|-------------------------|--------------------------|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 9,795,751 | \$ 2,236,490 | \$ 989,757 | \$ - | \$ (6,569,504) | \$ - | \$ (6,569,504) |
| Public safety | 11,570,289 | 2,434,113 | 142,808 | 33,268 | (8,960,100) | - | (8,960,100) |
| Public works | 9,375,398 | 906,036 | 1,703,785 | 29,720,384 | 22,954,807 | - | 22,954,807 |
| Environment and leisure | 5,122,457 | 660,743 | 27,746 | 1,514,332 | (2,919,636) | - | (2,919,636) |
| Non-departmental | 354,845 | - | - | - | (354,845) | - | (354,845) |
| Interest on long-term debt | 160,014 | - | - | - | (160,014) | - | (160,014) |
| Total governmental activities | 36,378,754 | 6,237,382 | 2,864,096 | 31,267,984 | 3,990,708 | - | 3,990,708 |
| Business-type activities: | | | | | | | |
| Electric | 46,654,918 | 57,500,599 | - | - | - | 10,845,681 | 10,845,681 |
| Water | 4,359,205 | 5,666,199 | - | 178,000 | - | 1,484,994 | 1,484,994 |
| Sewer | 10,305,259 | 7,558,607 | 3,700 | 90,594 | - | (2,652,358) | (2,652,358) |
| Gas | 25,779,203 | 28,373,740 | - | - | - | 2,594,537 | 2,594,537 |
| Total business-type activities | 87,098,585 | 99,099,145 | 3,700 | 268,594 | - | 12,272,854 | 12,272,854 |
| Total primary government | \$ 123,477,339 | \$ 105,336,527 | \$ 2,867,796 | \$ 31,536,578 | \$ 3,990,708 | \$ 12,272,854 | \$ 16,263,562 |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property | | | | | 6,591,318 | - | 6,591,318 |
| Motor vehicle | | | | | 654,532 | - | 654,532 |
| Sales tax | | | | | 10,060,587 | - | 10,060,587 |
| Payments in lieu of taxes | | | | | 10,625 | - | 10,625 |
| Franchise | | | | | 250,214 | - | 250,214 |
| Other taxes | | | | | 1,985,682 | - | 1,985,682 |
| State allocation | | | | | 4,077,842 | - | 4,077,842 |
| Keno | | | | | 1,002,983 | - | 1,002,983 |
| Miscellaneous | | | | | 16,641 | - | 16,641 |
| Investment income | | | | | 1,501,486 | 2,098,009 | 3,599,495 |
| Transfer (to) from other funds | | | | | 4,104,026 | (4,104,026) | - |
| Total general revenues | | | | | 30,255,936 | (2,006,017) | 28,249,919 |
| Change in net position | | | | | 34,246,644 | 10,266,837 | 44,513,481 |
| Net position - September 30, 2022 | | | | | 127,023,586 | 208,839,257 | 335,862,843 |
| Net position - September 30, 2023 | | | | | 161,270,230 | 219,106,094 | 380,376,324 |

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Balance Sheet - Governmental Funds
September 30, 2023

| | General | Street | Sales Tax | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|----------------------|----------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 10,064,430 | \$ 10,041,301 | \$ 15,726,894 | \$ 3,533,893 | \$ 39,366,518 |
| Investments | 11,506,528 | 4,999,241 | 4,000,000 | 7,280,993 | 27,786,762 |
| County treasurer cash | 137,242 | 57,103 | - | 12,130 | 206,475 |
| Receivables: | | | | | |
| Special assessments | 28,054 | 39,125 | - | 162,823 | 230,002 |
| Accounts, net of allowance for doubtful accounts | 654,813 | 15,044 | - | 157,943 | 827,800 |
| Notes receivable, net of allowance for doubtful accounts | - | - | 2,481,767 | 248,772 | 2,730,539 |
| Leases | 246,798 | - | 90,712 | 616,730 | 954,240 |
| Interest | 310,070 | 40,850 | 92,287 | 87,027 | 530,234 |
| Property tax | 44,610 | - | - | 16,056 | 60,666 |
| Business tax | 186,698 | - | - | 13,053 | 199,751 |
| Other tax | - | 355,640 | - | - | 355,640 |
| Due from other governments | 528,550 | 31,613 | 1,798,296 | 481,508 | 2,839,967 |
| Due from other funds | 1,730,136 | 38,767 | 112,498 | 459,941 | 2,341,342 |
| Prepaid expenses | 50,320 | - | - | - | 50,320 |
| Total assets | \$ 25,488,249 | \$ 15,618,684 | \$ 24,302,454 | \$ 13,070,869 | \$ 78,480,256 |
| LIABILITIES | | | | | |
| Accounts payable | \$ 1,916,038 | \$ 1,536,471 | \$ 124 | \$ 163,089 | \$ 3,615,722 |
| Accrued expenses | 231,580 | 32,928 | - | 23,699 | 288,207 |
| Due to other governments | 1,849 | - | - | - | 1,849 |
| Due to other funds | 574,303 | 9,229 | 51,921 | 1,302,146 | 1,937,599 |
| Unearned revenue | - | 3,441,000 | - | 4,673,298 | 8,114,298 |
| Customer deposits | 15,253 | - | 1,125 | 3,600 | 19,978 |
| Total liabilities | 2,739,023 | 5,019,628 | 53,170 | 6,165,832 | 13,977,653 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | - | - | - | 11,282 | 11,282 |
| Unavailable revenue - other local taxes | 28,054 | 39,125 | - | 19,500 | 86,679 |
| Unavailable revenue - fees and other | 568,857 | 74,694 | 92,136 | 507,495 | 1,243,182 |
| Lease receivables revenue | 241,599 | - | 89,184 | 607,449 | 938,232 |
| Total deferred inflows of resources | 838,510 | 113,819 | 181,320 | 1,145,726 | 2,279,375 |
| FUND BALANCES (DEFICIT) | | | | | |
| Nonspendable: | | | | | |
| Permanent fund principle | - | - | - | 125,000 | 125,000 |
| Prepaid expenses | 50,320 | - | - | - | 50,320 |
| Restricted for: | | | | | |
| Airport | - | - | - | 400,109 | 400,109 |
| Downtown improvements/parking | - | - | - | 93,452 | 93,452 |
| Debt service | - | - | - | 283,893 | 283,893 |
| Street improvements | - | 10,485,237 | 4,746,248 | - | 15,231,485 |
| Public safety | - | - | 6,206,545 | 459,871 | 6,666,416 |
| Infrastructure | - | - | 7,183,947 | - | 7,183,947 |
| Property tax relief | - | - | 599,432 | - | 599,432 |
| Economic development | - | - | 5,331,792 | 811,716 | 6,143,508 |
| Capital/special projects | - | - | - | 2,509,697 | 2,509,697 |
| Federal programs | - | - | - | 349,572 | 349,572 |
| Community betterment | - | - | - | 793,652 | 793,652 |
| Committed for: | | | | | |
| Code enforcement/defense | 1,334,742 | - | - | - | 1,334,742 |
| Capital improvement projects | 7,348,873 | - | - | - | 7,348,873 |
| Unassigned | 13,176,781 | - | - | (67,651) | 13,109,130 |
| Total fund balances | 21,910,716 | 10,485,237 | 24,067,964 | 5,759,311 | 62,223,228 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 25,488,249 | \$ 15,618,684 | \$ 24,302,454 | \$ 13,070,869 | \$ 78,480,256 |

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Position
September 30, 2023

| | | |
|--|--------------|------------------------------|
| Total fund balances - governmental funds | | \$ 62,223,228 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | |
| Capital, lease, and subscription 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 \$148,482,343 and the accumulated depreciation and amortization is \$43,228,970. | | 105,253,373 |
| Deferred amounts on bond refundings are not financial resources and, therefore, are not reported as assets in governmental funds. | | 1,528 |
| 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. | | 4,571,197 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and are shown as deferred inflows of resources in the fund statements. | | 1,341,143 |
| Long-term liabilities, including bonds, leases and subscriptions 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 | (55,496) | |
| Compensated absences | (1,558,481) | |
| Other long-term debt | (10,506,262) | (12,120,239) |
| | | |
| Total net position - governmental activities | | <u>\$ 161,270,230</u> |

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, 2023

| | General | Street | Sales Tax | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------|--------------------|-----------------------------------|--------------------------------|
| REVENUES | | | | | |
| Taxes: | | | | | |
| Property | \$ 6,045,075 | \$ - | \$ - | \$ 534,961 | \$ 6,580,036 |
| Motor vehicle | - | 654,532 | - | - | 654,532 |
| Sales tax | - | - | 10,060,587 | - | 10,060,587 |
| Payments in lieu of taxes | 9,762 | - | - | 863 | 10,625 |
| Franchise | 250,214 | - | - | - | 250,214 |
| Business | 1,897,658 | - | - | 88,024 | 1,985,682 |
| Intergovernmental | 349,994 | 4,623,876 | - | 2,194,023 | 7,167,893 |
| Keno | - | - | - | 1,002,983 | 1,002,983 |
| Charges for services | 4,632,683 | 71,213 | 11,814 | 252,417 | 4,968,127 |
| Donations | 168,621 | 1,233,234 | - | 1,250,623 | 2,652,478 |
| Investment income | 264,844 | 240,726 | 374,163 | 257,465 | 1,137,198 |
| Sales proceeds on capital assets | 3,582 | 2,250 | 140,596 | - | 146,428 |
| Other income | 14,289 | 330 | - | 1,943 | 16,562 |
| Total revenues | 13,636,722 | 6,826,161 | 10,587,160 | 5,583,302 | 36,633,345 |
| EXPENDITURES | | | | | |
| General government | 5,866,501 | - | 922,307 | 1,045,993 | 7,834,801 |
| Public safety | 9,868,612 | - | 2,604 | 1,066,562 | 10,937,778 |
| Public works | 405,093 | 7,447,867 | - | 3,179 | 7,856,139 |
| Environment and leisure | 11,046,282 | - | - | 839,039 | 11,885,321 |
| Employee insurance | 354,845 | - | - | - | 354,845 |
| Lease and subscription principal payments | - | - | - | 21,873 | 21,873 |
| Lease and subscription interest payments | - | - | - | 2,573 | 2,573 |
| Principal payments on long-term debt | 249,017 | 1,040,000 | - | 465,000 | 1,754,017 |
| Interest on long-term debt | 7,958 | 103,875 | - | 92,778 | 204,611 |
| Total expenditures | 27,798,308 | 8,591,742 | 924,911 | 3,536,997 | 40,851,958 |
| Excess (deficiency) of revenues over expenditures | (14,161,586) | (1,765,581) | 9,662,249 | 2,046,305 | (4,218,613) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Bond proceeds | - | - | - | 2,000,000 | 2,000,000 |
| Bond discount | - | - | - | (17,710) | (17,710) |
| Issuance of leases and subscriptions | 14,413 | - | - | 8,777 | 23,190 |
| Transfers in | 13,685,630 | 715,297 | - | 159,914 | 14,560,841 |
| Transfers out | (100,362) | - | (5,097,386) | (5,259,067) | (10,456,815) |
| Net other sources and (uses) | 13,599,681 | 715,297 | (5,097,386) | (3,108,086) | 6,109,506 |
| Net change in fund balances | (561,905) | (1,050,284) | 4,564,863 | (1,061,781) | 1,890,893 |
| Fund balances - September 30, 2022 | 22,472,621 | 11,535,521 | 19,503,101 | 6,821,092 | 60,332,335 |
| Fund balances - September 30, 2023 | \$ 21,910,716 | \$ 10,485,237 | \$ 24,067,964 | \$ 5,759,311 | \$ 62,223,228 |

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, 2023

| | |
|--|-----------------------------|
| Total net change in fund balances - governmental funds | \$ 1,890,893 |
| 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. | 4,423,995 |
| The net effect of various miscellaneous transactions involving capital assets (contributions, disposals, etc.) | 30,629,985 |
| Deferred outflows of resources relating to loss on refundings of long-term debt are not current financial resources, and therefore, the amortization of these deferred outflows are not reported as expenditures in the funds | (540) |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue of the Internal Service Fund is reported with governmental activities in the statement of activities. | (1,843,068) |
| The change in noncurrent compensated absences is reported as an expense in the statement of activities. Noncurrent compensated absences are not reported in the governmental funds. | (48,316) |
| 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. | (797,300) |
| Payment of pollution remediation liability is an expenditure in the governmental funds, but the payment reduces the accrued expenses in the statement of net position. | 197,395 |
| Issuance of long-term debt, including original issue discount, is a net receipt in the governmental funds, but the issuance increases long-term liabilities in the statement of net position. | (1,982,290) |
| Repayment of bond, lease and subscription principal, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | <u>1,775,890</u> |
| Change in net position of governmental activities | <u>\$ 34,246,644</u> |

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Net Position - Proprietary Funds
September 30, 2023

| | Enterprise Funds | | | | Total | Internal Service Funds |
|--|-----------------------|----------------------|----------------------|----------------------|-----------------------|------------------------------|
| | Electric Fund | Water Fund | Sewer Fund | Gas Fund | | |
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 16,285,414 | \$ 4,194,484 | \$ 3,469,071 | \$ 4,167,388 | \$ 28,116,357 | \$ 2,239,251 |
| Investments | 19,336,363 | 3,021,096 | 241,519 | 3,498,481 | 26,097,459 | 3,000,000 |
| Receivables: | | | | | | |
| Accounts, net of allowance for doubtful accounts | 3,625,154 | 1,230,276 | 383,461 | 747,645 | 5,986,536 | - |
| Notes, net | - | - | 798,403 | - | 798,403 | - |
| Leases | 456,514 | 106,122 | - | - | 562,636 | - |
| Unbilled revenue | 3,621,526 | 408,005 | 534,728 | 1,474,890 | 6,039,149 | - |
| Due from other funds | 243,717 | 7,506 | 7,542 | 69,618 | 328,383 | - |
| Due from other governments | 47,877 | 22,490 | - | - | 70,367 | - |
| Interest | 573,341 | 75,682 | 5,928 | 69,343 | 724,294 | 27,589 |
| Inventory | 12,308,548 | 285,892 | 163,495 | 1,957,466 | 14,715,401 | - |
| Prepaid expenses | 148,651 | 33,836 | 33,836 | 71,401 | 287,724 | 47,074 |
| Total current assets | <u>56,647,105</u> | <u>9,385,389</u> | <u>5,637,983</u> | <u>12,056,232</u> | <u>83,726,709</u> | <u>5,313,914</u> |
| Noncurrent assets: | | | | | | |
| Restricted cash and cash equivalents | - | - | 1,597,678 | - | 1,597,678 | 49,019 |
| Restricted investments | 8,552,029 | 524,085 | 2,037,284 | - | 11,113,398 | - |
| Long-term notes receivable | - | - | 12,393,168 | - | 12,393,168 | - |
| Regulatory assets | 7,786,527 | - | - | 1,923,811 | 9,710,338 | - |
| Capital assets: | | | | | | |
| Land | 2,003,254 | 1,890,618 | 1,041,962 | 116,340 | 5,052,174 | - |
| Construction in progress | 6,890,457 | 511,703 | 244,430 | 311,669 | 7,958,259 | - |
| Depreciable capital assets | 235,919,962 | 45,194,996 | 110,387,139 | 23,715,247 | 415,217,344 | - |
| Less accumulated depreciation | <u>(134,028,312)</u> | <u>(23,257,297)</u> | <u>(38,236,636)</u> | <u>(13,470,811)</u> | <u>(208,993,056)</u> | <u>-</u> |
| Net capital assets | 110,785,361 | 24,340,020 | 73,436,895 | 10,672,445 | 219,234,721 | - |
| Total noncurrent assets | <u>127,123,917</u> | <u>24,864,105</u> | <u>89,465,025</u> | <u>12,596,256</u> | <u>254,049,303</u> | <u>49,019</u> |
| Total assets | <u>183,771,022</u> | <u>34,249,494</u> | <u>95,103,008</u> | <u>24,652,488</u> | <u>337,776,012</u> | <u>5,362,933</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Deferred outflows on bond refundings | 381,503 | 9,426 | 1,523,536 | - | 1,914,465 | - |
| Total deferred outflows of resources | <u>381,503</u> | <u>9,426</u> | <u>1,523,536</u> | <u>-</u> | <u>1,914,465</u> | <u>-</u> |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 2,709,560 | \$ 46,147 | \$ 4,884,608 | \$ 597,318 | \$ 8,237,633 | \$ 169,998 |
| Due to other funds | 537,849 | 63,046 | 114,720 | 16,511 | 732,126 | - |
| Accrued payroll | 282,070 | 13,166 | 30,601 | 25,850 | 351,687 | - |
| Sales tax payable | 317,843 | 1,494 | - | 1,802 | 321,139 | - |
| Accrued interest payable | 346,347 | 18,773 | 703,378 | - | 1,068,498 | - |
| Unearned revenue | 578,401 | - | - | - | 578,401 | - |
| Customer deposits | 689,454 | 1,032 | - | - | 690,486 | - |
| Claims liability | 13,048 | - | - | - | 13,048 | 621,738 |
| Current portion of long-term obligations | 3,973,821 | 357,038 | 2,519,247 | 53,271 | 6,903,377 | - |
| Total current liabilities | <u>9,448,393</u> | <u>500,696</u> | <u>8,252,554</u> | <u>694,752</u> | <u>18,896,395</u> | <u>791,736</u> |
| Noncurrent liabilities: | | | | | | |
| Noncurrent portion of long-term obligations | 45,568,404 | 1,480,576 | 53,109,641 | 64,491 | 100,223,112 | - |
| Total noncurrent liabilities | <u>45,568,404</u> | <u>1,480,576</u> | <u>53,109,641</u> | <u>64,491</u> | <u>100,223,112</u> | <u>-</u> |
| Total liabilities | <u>55,016,797</u> | <u>1,981,272</u> | <u>61,362,195</u> | <u>759,243</u> | <u>119,119,507</u> | <u>791,736</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred inflows of lease receivables | 436,183 | 95,153 | - | - | 531,336 | - |
| Deferred gain on bond refundings | 933,540 | - | - | - | 933,540 | - |
| Total deferred inflows of resources | <u>1,369,723</u> | <u>95,153</u> | <u>-</u> | <u>-</u> | <u>1,464,876</u> | <u>-</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | 61,468,547 | 22,508,420 | 14,701,938 | 10,672,445 | 109,351,350 | - |
| Restricted for: | | | | | | |
| Debt service | 5,443,500 | 334,500 | 2,059,000 | - | 7,837,000 | - |
| Fly ash disposal | 941,384 | - | - | - | 941,384 | - |
| Unrestricted | 59,912,574 | 9,339,575 | 18,503,411 | 13,220,800 | 100,976,360 | 4,571,197 |
| Total net position | <u>\$ 127,766,005</u> | <u>\$ 32,182,495</u> | <u>\$ 35,264,349</u> | <u>\$ 23,893,245</u> | <u>\$ 219,106,094</u> | <u>\$ 4,571,197</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, 2023

| | Enterprise Funds | | | | Total | Internal Service Funds |
|--|------------------|---------------|---------------|---------------|----------------|------------------------------|
| | Electric Fund | Water Fund | Sewer Fund | Gas Fund | | |
| Operating revenues: | | | | | | |
| Charges for services | \$ 57,277,722 | \$ 5,649,457 | \$ 7,071,965 | \$ 28,373,740 | \$ 98,372,884 | \$ 3,683,542 |
| Contributions from other funds | - | - | - | - | - | 1,639,491 |
| Other revenue | 222,877 | 16,742 | 486,642 | - | 726,261 | - |
| Total operating revenues | 57,500,599 | 5,666,199 | 7,558,607 | 28,373,740 | 99,099,145 | 5,323,033 |
| Operating expenses: | | | | | | |
| Cost of power/gas | 8,104,083 | - | - | 21,875,343 | 29,979,426 | - |
| Production | 24,911,060 | 1,178,806 | 3,757,747 | - | 29,847,613 | - |
| Distribution | 4,552,325 | 1,204,798 | 632,313 | 1,654,124 | 8,043,560 | - |
| Customer accounting and collections | 2,321,455 | 774,519 | 790,784 | 1,551,971 | 5,438,729 | - |
| Administrative and general | 2,408 | 1,091 | 1,651 | - | 5,150 | 4,194 |
| Employee insurance | - | - | - | - | - | 6,733,032 |
| Workers' compensation | - | - | - | - | - | 546,757 |
| Depreciation and amortization | 5,677,724 | 1,147,152 | 3,351,921 | 668,055 | 10,844,852 | - |
| Total operating expenses | 45,569,055 | 4,306,366 | 8,534,416 | 25,749,493 | 84,159,330 | 7,283,983 |
| Operating income (loss) | 11,931,544 | 1,359,833 | (975,809) | 2,624,247 | 14,939,815 | (1,960,950) |
| Nonoperating revenues (expenses): | | | | | | |
| Investment income | 1,038,746 | 134,481 | 771,452 | 163,050 | 2,107,729 | 117,882 |
| Interest expense | (1,003,740) | (53,818) | (1,770,843) | - | (2,828,401) | - |
| Gain (loss) on sale of assets | (90,864) | - | - | (29,710) | (120,574) | - |
| Grant revenue | - | - | 3,700 | - | 3,700 | - |
| Total nonoperating revenues (expenses) | (55,858) | 80,663 | (995,691) | 133,340 | (837,546) | 117,882 |
| Income (loss) before net contributed capital and interfund transfers | 11,875,686 | 1,440,496 | (1,971,500) | 2,757,587 | 14,102,269 | (1,843,068) |
| Contributed capital (CC) | 90,571 | 178,000 | 192,951 | - | 461,522 | - |
| Cost recovered through CC | (90,571) | - | (102,357) | - | (192,928) | - |
| Transfers from other funds | 54,003 | - | - | - | 54,003 | - |
| Transfer to other funds | (2,976,814) | (338,854) | (402,263) | (440,098) | (4,158,029) | - |
| Net CC and transfers | (2,922,811) | (160,854) | (311,669) | (440,098) | (3,835,432) | - |
| Change in net position | 8,952,875 | 1,279,642 | (2,283,169) | 2,317,489 | 10,266,837 | (1,843,068) |
| Net position - September 30, 2022 | 118,813,130 | 30,902,853 | 37,547,518 | 21,575,756 | 208,839,257 | 6,414,265 |
| Net position - September 30, 2023 | \$ 127,766,005 | \$ 32,182,495 | \$ 35,264,349 | \$ 23,893,245 | \$ 219,106,094 | \$ 4,571,197 |

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Cash Flows - Proprietary Funds - Continued
For the Year Ended September 30, 2023

| | Enterprise Funds | | | | Internal Service Fund |
|--|------------------|---------------|---------------|---------------|-----------------------------|
| | Electric Fund | Water Fund | Sewer Fund | Gas Fund | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Receipts from customers | \$ 54,710,573 | \$ 5,113,736 | \$ 7,825,099 | \$ 24,550,017 | \$ 92,199,425 |
| Receipts from interfund services provided | 1,802,079 | 490,062 | 54,109 | 3,384,425 | 5,730,675 |
| Payments to suppliers | (26,140,219) | (1,876,281) | (1,876,281) | (25,309,796) | (55,157,142) |
| Payments for interfund services provided | (2,980,509) | (639,471) | (1,712,109) | (38,104) | (5,370,193) |
| Payments to employees | (12,611,639) | (750,854) | (1,600,657) | (1,196,009) | (16,159,159) |
| Net cash provided by (used in) operating activities | 14,780,285 | 2,382,627 | 2,690,161 | 1,390,533 | 21,243,606 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| Transfers from other funds | 54,003 | - | - | - | 54,003 |
| Transfers to other funds | (2,976,814) | (338,854) | (402,263) | (440,098) | (4,158,029) |
| Interfund loans | 39,848 | 11,013 | (22,900) | 39,781 | 67,742 |
| Net cash used in noncapital financing activities | (2,882,963) | (327,841) | (425,163) | (400,317) | (4,036,284) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Purchase of property and equipment | (5,871,926) | (196,908) | (7,395,617) | (1,498,021) | (14,962,472) |
| Proceeds from sale of property and equip. | 880 | - | - | - | 880 |
| Proceeds from capital grant | 9,709 | 209 | 4,082 | 703 | 14,703 |
| Lease principal collections | 18,818 | 34,725 | - | - | 53,543 |
| Lease interest collections | 8,811 | 1,275 | - | - | 10,086 |
| Principal payments on notes receivable | - | - | 786,627 | - | 786,627 |
| Principal payments on subscriptions payable | (27,142) | - | - | - | (27,142) |
| Interest paid on subscriptions payable | (168) | - | - | - | (168) |
| Principal payments on capital debt | (3,058,610) | (360,500) | (2,770,890) | - | (6,190,000) |
| Interest paid on capital debt | (1,302,400) | (66,408) | (1,316,854) | - | (2,685,662) |
| Increase in fly ash liability | 102,369 | - | - | - | 102,369 |
| Net cash used in capital and related financing activities | (10,119,659) | (587,507) | (10,692,652) | (1,497,318) | (22,897,236) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Net (purchases) and sales of investments | (4,028,043) | (2,393,614) | 4,220,442 | 501,519 | (1,699,696) |
| Interest received on investments | 507,692 | 64,540 | 775,798 | 103,796 | 1,451,826 |
| Net cash provided by (used in) investing activities | (3,520,351) | (2,329,074) | 4,996,240 | 605,315 | (247,870) |
| Increase (decrease) in cash and cash equivalents | (1,742,688) | (861,895) | (3,431,414) | 98,213 | (5,937,784) |
| Cash and cash equivalents - beginning of the year | 18,028,102 | 5,056,379 | 8,498,163 | 4,069,175 | 35,651,819 |
| Cash and cash equivalents - end of the year | \$ 16,285,414 | \$ 4,194,484 | \$ 5,066,749 | \$ 4,167,388 | \$ 29,714,035 |
| Composition of cash and cash equivalents: | | | | | |
| Cash and cash equivalents | \$ 16,285,414 | \$ 4,194,484 | \$ 3,469,071 | \$ 4,167,388 | \$ 28,116,357 |
| Restricted cash and cash equivalents | - | - | 1,597,678 | - | 1,597,678 |
| Total cash and cash equivalents | \$ 16,285,414 | \$ 4,194,484 | \$ 5,066,749 | \$ 4,167,388 | \$ 29,714,035 |

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2023

| | Enterprise Funds | | | | Internal Service Fund |
|----|-------------------|------------------|------------------|------------------|-----------------------------|
| | Electric Fund | Water Fund | Sewer Fund | Gas Fund | |
| \$ | 11,931,544 | 1,359,833 | (975,809) | 2,624,247 | \$ (1,960,950) |
| | 7,072,326 | 1,147,152 | 3,351,921 | 773,978 | - |
| | (1,019,810) | (21,621) | 320,601 | (439,298) | 428,839 |
| | (3,400,378) | (50,381) | 5,432 | 565,036 | - |
| | (14,281) | (7,183) | (7,183) | (14,500) | (47,074) |
| | 76,683 | (2,008) | (15,013) | (2,102,437) | 48,139 |
| | 46,620 | (2,411) | (631) | 1,604 | - |
| | 45,166 | (1,381) | 10,843 | (19,196) | - |
| | 10,752 | 1,406 | - | 1,099 | - |
| | 89,223 | - | - | - | - |
| | (29,464) | 1 | - | - | - |
| | 840 | - | - | - | 141,492 |
| | (28,736) | (40,780) | - | - | - |
| | <u>14,780,285</u> | <u>2,382,627</u> | <u>2,690,161</u> | <u>1,390,533</u> | <u>21,243,606</u> |
| | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> |

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:

| | |
|--|--|
| Operating income (loss) | |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | |
| Depreciation and amortization expense | |
| Change in assets and liabilities: | |
| Accounts receivable and unbilled revenue | |
| Inventories | |
| Prepaid expenses | |
| Accounts payable | |
| Accrued payroll | |
| Accrued compensated absences | |
| Other accrued expenses | |
| Unearned revenue | |
| Customer deposits | |
| Claims liability | |
| Deferred inflows on leases receivable | |
| Net cash provided by (used in) operating activities | |

Supplemental Cash Flows Information

| | | | | | |
|---|--------------|-----------|--------------|------|--------------|
| Payables incurred for acquisition of capital, lease and subscription assets | \$ 1,239,404 | \$ 26,069 | \$ 4,823,095 | \$ - | \$ 6,088,568 |
| Contributed capital, net | - | 178,000 | 90,594 | - | 268,594 |
| Amortization of bond premium/discount, net | 209,970 | 10,693 | 9,736 | - | 230,399 |
| Unrealized gain on investments | 17,453 | - | 77,614 | - | 95,067 |

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Fiduciary Net Position
September 30, 2023

| | Custodial Fund |
|--|-------------------|
| ASSETS | |
| Cash | \$ 2,012,898 |
| Property tax receivables | 75,838 |
| Total assets | 2,088,736 |
| LIABILITIES - DUE TO OTHERS | |
| | 2,012,898 |
| FIDUCIARY NET POSITION | |
| Restricted for other organizations | 75,838 |
| Total fiduciary net position | \$ 75,838 |

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2023

| | Custodial Fund |
|--|-------------------|
| ADDITIONS | |
| Tax increment financing revenues | \$ 3,555,918 |
| Interest income | 67,606 |
| Total additions | 3,623,524 |
| DEDUCTIONS | |
| Tax increment financing expenditures | 3,657,679 |
| Other | 33,585 |
| Total deductions | 3,691,264 |
| NET DECREASE IN FIDUCIARY NET POSITION | (67,740) |
| FIDUCIARY NET POSITION, BEGINNING OF YEAR | 143,578 |
| FIDUCIARY NET POSITION, END OF YEAR | \$ 75,838 |

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, 2023

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; public transit, 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 it 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, 2023

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, 2023

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:

| <i>Major:</i> | <u>Fund</u> | <u>Brief Description</u> |
|---------------|--------------------|--|
| 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 the local sales tax collected. |

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2023

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, 2023

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. |
| Transit Lines | Accounts for State and Federal grant proceeds and payments from the Department of Transportation to initiate public transportation services to nonurbanized areas (under 50,000 in population) for the operation and maintenance of our demand-response (non-fixed route) transit service available to the public. |

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, 2023

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 \$6,039,149, representing consumer usage for the period between the last reading date and the end of the period, was recorded as of September 30, 2023.

CITY OF FREMONT, NEBRASKA

Notes to Financial Statements

September 30, 2023

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 | \$ 528,550 | Grant reimbursement & TIF bonds |
| Street | 31,613 | Grant reimbursement |
| Sales tax | 1,798,296 | Sales tax |
| CDBG | 57,042 | Grant reimbursement |
| Enhanced 911 | 283,992 | Interlocal reimbursement |
| Special projects | 140,474 | Grant reimbursement |
| Governmental total | \$ 2,839,967 | |
| | | |
| Electric | \$ 47,877 | Grant reimbursement |
| Water | 22,490 | Grant reimbursement |
| Business-type total | \$ 70,367 | |

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, 2023

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, 2023:

| | <u>Electric</u> | <u>Water</u> | <u>Sewer</u> | <u>Gas</u> | <u>Total</u> |
|-----------------------|----------------------|-------------------|-------------------|---------------------|----------------------|
| Coal | \$ 4,464,043 | \$ - | \$ - | \$ - | \$ 4,464,043 |
| Natural Gas | - | - | - | 1,172,997 | 1,172,997 |
| Production Supplies | 4,851,019 | 285,892 | 163,495 | 146,548 | 5,446,954 |
| Distribution Supplies | 2,531,019 | - | - | 637,921 | 3,168,940 |
| Other | 462,467 | - | - | - | 462,467 |
| | <u>\$ 12,308,548</u> | <u>\$ 285,892</u> | <u>\$ 163,495</u> | <u>\$ 1,957,466</u> | <u>\$ 14,715,401</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, 2023

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 recorded as an allocated expense in the Statement of Activities and depreciation of all proprietary capital assets is separately stated with accumulated depreciation reflected in the Statement of Revenues, Expenses, and Changes in Fund 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.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at and certain payments made before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Unearned Revenues

Unearned revenue represents unearned utility revenues and advances on grants and contract awards for which the City has not met all of the applicable eligibility requirements.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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 assets 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 assets 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.

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

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

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

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

Government-wide Statements

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

Fund Financial Statements

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

Recovery of Plant Costs

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

Net Position Flow Assumption

Government-wide Statements

Net position is classified and displayed in three components:

- a. Net investment in capital assets – Consists of capital, lease and subscription assets, net of accumulated depreciation and 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.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Fund Balance Flow Assumption

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

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

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

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

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

Unassigned – All amounts not included in other spendable classifications.

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

5. Implementation of New Accounting Pronouncement

During 2023, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs) (GASB 96). In governmental funds, the City now recognizes an expenditure for the current year subscription and interest due for SBITAs with payments made during the term of over \$5,000. Payments on contracts under that threshold are recorded as expenditures. In the government-wide statements, the City recognizes a subscription payable and subscription asset for the present value of all future payments at the commencement of the contract for SBITAs with future minimum payments over \$5,000. Adoption of GASB 96 has no effect on beginning net position or fund balances as of October 1, 2022, or on the previously reported change in net position or fund balances.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

6. Revenues, Expenditures, and Expenses

Sales and Use Tax

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

The sales tax is collected by the Nebraska Department of Revenue and remitted to the City in the month following receipt. The Nebraska Department of Revenue receives the sales tax approximately one month after collection by vendors. Sales taxes collected by the State in September and October (which represents sales for August and September) and received by the City in October and November have been accrued and are included under the caption “Due from other governments.”

Property Taxes

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

The tax levies for all political subdivisions in Dodge County are certified by the County Board on or before October 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 2022-2023 are recorded as revenue when expected to be collected within 60 days after September 30, 2023. 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.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

6. Revenues, Expenditures, and Expenses Continued

Interfund Transfers

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

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Fund Accounting Requirements

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

2. Deposit Laws and Regulations

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

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

Cash at the County Treasurer of \$206,475 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.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2023

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

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.
- 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.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2023

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, 2023, 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 | \$ 69,928,601 |
| Restricted | 1,646,697 |
| Investments - | |
| Unrestricted | 56,884,221 |
| Restricted | 11,113,398 |
| Total | <u>\$ 139,572,917</u> |

Investments and cash equivalents consist of the following:

| | |
|-----------------------------------|-----------------------|
| County treasurer cash | \$ 206,475 |
| Certificates of deposit | 67,997,619 |
| Deposit accounts and cash on hand | 53,064,915 |
| External investment pool | 18,303,908 |
| Total | <u>\$ 139,572,917</u> |

Of the business-type restricted assets, \$11,769,692, relates to debt service reserves required by bond agreements. The remaining \$941,384 of restricted cash and investments are restricted to cover fly ash closure costs and other contractually required reserves.

2. Accounts Receivable

Accounts receivable of the business-type activities consists of utilities receivables. Accounts receivable of the governmental activities consist of ambulance (77.35 percent), waste transfer station (8.16 percent), cable franchise tax (3.58 percent), keno proceeds (2.71 percent), fees assessed (1.51 percent), and other (6.70 percent) receivables. Receivables at September 30, 2023, are as follows:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---------------------------------|------------------------------------|-------------------------------------|---------------------|
| Accounts receivable | \$ 1,678,899 | \$ 6,315,535 | \$ 7,994,434 |
| Allowance for doubtful accounts | <u>(851,099)</u> | <u>(328,999)</u> | <u>(1,180,098)</u> |
| Net accounts receivable | <u>\$ 827,800</u> | <u>\$ 5,986,536</u> | <u>\$ 6,814,336</u> |

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2023

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

3. Notes Receivable

| <u>Company</u> | <u>Loan Amount</u> | <u>Date Issued</u> | <u>Interest</u> | <u>Type</u> | <u>Balance</u> |
|--|--------------------|--------------------|-----------------|-------------------|----------------------------|
| Sales Tax Fund (LB840): | | | | | |
| Costco | \$ 1,000,000 | 7/22/2019 | 0% | Performance Based | \$ 200,000 |
| 505 Brewing Company | 165,000 | 12/9/2019 | 0% | Performance Based | 66,000 |
| Summit Medical Staffing | 493,758 | 4/7/2021 | 0% | Performance Based | 296,255 |
| Summit Medical Staffing | 50,000 | 7/2/2020 | 0% | Performance Based | 20,000 |
| Tech Partners | 24,188 | 12/8/2020 | 0% | Performance Based | 14,512 |
| WLG Fremont | 600,000 | 10/6/2020 | 0% | Performance Based | 360,000 |
| Wholestone Farms | 1,300,000 | 2/17/2021 | 0% | Performance Based | 780,000 |
| EleMETAL Fabrication | 200,000 | 2/5/2021 | 0% | Performance Based | 120,000 |
| 505 Main Street Group LLC | 465,000 | 7/5/2021 | 0% | Performance Based | 465,000 |
| My Central Supply | 200,000 | 2/24/2022 | 0% | Performance Based | 160,000 |
| <i>Total Sales Tax Fund</i> | | | | | <u>2,481,767</u> |
| <u>Weatherization EDA (HUD) Fund:</u> | | | | | |
| Interest bearing notes | \$ 19,998 | Various | 1% | Repayable | 14,747 |
| Non-interest bearing notes | 235,441 | Various | 0% | Forgivable | 69,025 |
| <i>Total Weatherization Fund</i> | | | | | <u>83,772</u> |
| <u>Economic Enhancement Fund:</u> | | | | | |
| Costco | \$ 175,000 | 7/22/2019 | 0% | Performance Based | 35,000 |
| WLG Fremont | 100,000 | 10/6/2020 | 0% | Performance Based | 70,000 |
| Costco | 175,000 | 7/22/2020 | 0% | Performance Based | 60,000 |
| <i>Total Economic Enhancement Fund</i> | | | | | <u>165,000</u> |
| <i>Total Notes Receivable</i> | | | | | <u><u>\$ 2,730,539</u></u> |
| <u>Business-type Activities</u> | | | | | |
| <u>Sewer Fund:</u> | | | | | |
| Wholestone Farms | \$ 15,000,000 | 3/1/2021 | 4% | Repayable | <u>\$ 13,191,571</u> |

4. Lease 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 \$198,623 for the year ended September 30, 2023, which includes both lease revenue and interest, included 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.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2023

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

5. Capital, Lease and Subscription Assets

Governmental Activities

Capital, lease and subscription asset activity for the year ended September 30, 2023, was as follows:

| | Balance at October 1, 2022 (Restated) | Additions | Disposals | Transfers | Balance at September 30, 2023 |
|--|--|----------------------|---------------------|--------------------|-------------------------------------|
| Governmental Activities: | | | | | |
| Capital, lease and subscription assets not being depreciation or amortized: | | | | | |
| Land | \$ 7,101,556 | \$ - | \$ (159,144) | \$ - | \$ 6,942,412 |
| Construction in progress | 9,058,855 | 8,196,921 | - | (1,102,695) | 16,153,081 |
| Total capital assets not being depreciated or amortized | <u>16,160,411</u> | <u>8,196,921</u> | <u>(159,144)</u> | <u>(1,102,695)</u> | <u>23,095,493</u> |
| Other capital, lease and subscription assets being depreciated or amortized: | | | | | |
| Lease asset - land | 97,885 | - | - | - | 97,885 |
| Infrastructure | 56,434,676 | 29,870,763 | - | 58,855 | 86,364,294 |
| Buildings and improvements | 22,472,486 | 152,408 | - | 953,451 | 23,578,345 |
| Machinery and equipment | 14,910,986 | 382,221 | (108,842) | 90,389 | 15,274,754 |
| Subscription assets | 48,382 | 23,190 | - | - | 71,572 |
| Total other capital, lease and subscription assets at historical cost | <u>93,964,415</u> | <u>30,428,582</u> | <u>(108,842)</u> | <u>1,102,695</u> | <u>125,386,850</u> |
| Less accumulated depreciation and amortization for: | | | | | |
| Lease asset - land | - | (11,104) | - | - | (11,104) |
| Infrastructure | (18,070,560) | (2,767,425) | - | - | (20,837,985) |
| Buildings and improvements | (10,605,070) | (666,779) | - | - | (11,271,849) |
| Machinery and equipment | (10,191,402) | (1,006,075) | 108,842 | - | (11,088,635) |
| Subscription assets | - | (19,397) | - | - | (19,397) |
| Total accumulated depreciation and amortization | <u>(38,867,032)</u> | <u>(4,470,780) *</u> | <u>108,842</u> | <u>-</u> | <u>(43,228,970)</u> |
| Other capital, lease and subscription assets, net | <u>55,097,383</u> | <u>25,957,802</u> | <u>-</u> | <u>1,102,695</u> | <u>82,157,880</u> |
| Governmental activities capital, lease and subscription assets, net | <u>\$ 71,257,794</u> | <u>\$ 34,154,723</u> | <u>\$ (159,144)</u> | <u>\$ -</u> | <u>\$ 105,253,373</u> |

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2023

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

5. Capital, Lease and Subscription Assets, Continued

* Depreciation and amortization expense was incurred by the following governmental activities:

| | |
|---|-------------------------|
| General government | \$ 90,937 |
| Public safety | |
| Police | 345,570 |
| Fire | 288,757 |
| E911 | 130,859 |
| Civil Service | 740 |
| Total public safety | <u>765,926</u> |
| Public works | |
| Civil engineering | 122,152 |
| Streets | 2,556,821 |
| Total public works | <u>2,678,973</u> |
| Environment and leisure | |
| Culture and recreation | 648,775 |
| Transit lines | 2,734 |
| Airport | 280,492 |
| Business improvement district | 2,943 |
| Total environment and leisure | <u>934,944</u> |
| Total governmental activities depreciation and amortization | <u>\$ 4,470,780</u> |

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2023

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

5. Capital, Lease and Subscription Assets, Continued

Business-type Activities

Capital, lease and subscription asset activity for the year ended September 30, 2023, was as follows:

| | Balance at October 1, 2022 (restated) | Additions | Disposals | Transfers | Balance at September 30, 2023 |
|--|---|---------------------|--------------------|--------------------|-------------------------------------|
| <u>Business-type Activities:</u> | | | | | |
| Capital and subscription assets not being depreciated or amortized: | | | | | |
| Land | \$ 5,052,174 | \$ - | \$ - | \$ - | \$ 5,052,174 |
| Construction in progress | 13,109,394 | - | - | (5,151,135) | 7,958,259 |
| Total capital and subscription assets not being depreciated or amortized | <u>18,161,568</u> | <u>-</u> | <u>-</u> | <u>(5,151,135)</u> | <u>13,010,433</u> |
| Other capital and subscription assets being depreciated or amortized: | | | | | |
| Distribution systems, buildings, and equipment | 358,138,929 | 12,386,657 | (59,876) | 5,151,135 | 375,616,845 |
| Machinery and equipment | 24,991,770 | 3,058,664 | - | - | 28,050,434 |
| Office furniture and equipment | 3,017,236 | 59,862 | (41,240) | - | 3,035,858 |
| Vehicles | 7,522,478 | 921,814 | - | - | 8,444,292 |
| Subscription assets | - | 69,915 | - | - | 69,915 |
| Total other capital and subscription assets at historical cost | <u>393,670,413</u> | <u>16,496,912</u> | <u>(101,116)</u> | <u>5,151,135</u> | <u>415,217,344</u> |
| Less accumulated depreciation and amortization for: | | | | | |
| Distribution systems, buildings, and equipment | (174,640,846) | (8,768,148) | 44,593 | - | (183,364,401) |
| Machinery and equipment | (16,374,115) | (1,329,937) | - | - | (17,704,052) |
| Office furniture and equipment | (2,678,980) | (130,752) | 40,740 | - | (2,768,992) |
| Vehicles | (4,539,596) | (610,193) | - | - | (5,149,789) |
| Subscription assets | - | (5,822) | - | - | (5,822) |
| Total accumulated depreciation and amortization | <u>(198,233,537)</u> | <u>(10,844,852)</u> | <u>85,333</u> | <u>-</u> | <u>(208,993,056)</u> |
| Other capital and subscription assets, net | <u>195,436,876</u> | <u>5,652,060</u> | <u>(15,783)</u> | <u>5,151,135</u> | <u>206,224,288</u> |
| Business-type activities capital and subscription assets, net | <u>\$ 213,598,444</u> | <u>\$ 5,652,060</u> | <u>\$ (15,783)</u> | <u>\$ -</u> | <u>\$ 219,234,721</u> |

* Depreciation and amortization expense was charged to functions as follows:

| | |
|--|----------------------|
| Electric | \$ 5,677,724 |
| Water | 1,147,152 |
| Sewer | 3,351,921 |
| Gas | 668,055 |
| Total business-type activities depreciation and amortization | <u>\$ 10,844,852</u> |

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2023

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, 2023:

| | Balance at October 1, 2022 (restated) | Additions | Deductions | Balance at September 30, 2023 | Amounts Due Within One Year |
|--------------------------------------|---|---------------------|-----------------------|-------------------------------------|-----------------------------------|
| Governmental Activities: | | | | | |
| Compensated absences | \$ 1,510,164 | \$ 1,270,875 | \$ (1,222,558) | \$ 1,558,481 | \$ 860,715 |
| Bonds payable | 9,670,000 | 2,000,000 | (1,505,000) | 10,165,000 | 1,625,000 |
| Unamortized bond premium | 268,925 | - | (51,911) | 217,014 | - |
| Unamortized bond discount | - | (17,710) | 1,082 | (16,628) | - |
| Leases payable | 94,257 | - | (2,936) | 91,321 | 6,115 |
| Subscriptions payable | 48,382 | 23,190 | (22,017) | 49,555 | 21,500 |
| Financed purchase - direct borrowing | 242,859 | - | (242,859) | - | - |
| Total | <u>\$ 11,834,587</u> | <u>\$ 3,276,355</u> | <u>\$ (3,046,199)</u> | <u>\$ 12,064,743</u> | <u>\$ 2,513,330</u> |
| Business-type Activities: | | | | | |
| Bonds payable | \$ 108,895,000 | \$ - | \$ (6,190,000) | \$ 102,705,000 | \$ 6,020,000 |
| Unamortized bond premium | 2,536,327 | - | (238,698) | 2,297,629 | - |
| Unamortized bond discount | (165,287) | - | 8,299 | (156,988) | - |
| Total bonds payable | <u>111,266,040</u> | <u>-</u> | <u>(6,420,399)</u> | <u>104,845,641</u> | <u>6,020,000</u> |
| Compensated absences | 1,644,026 | 1,410,226 | (1,374,793) | 1,679,459 | 857,127 |
| Fly ash liability | 456,247 | 102,369 | - | 558,616 | - |
| Subscriptions payable | - | 69,915 | (27,142) | 42,773 | 26,250 |
| Total | <u>\$ 113,366,313</u> | <u>\$ 1,582,510</u> | <u>\$ (7,822,334)</u> | <u>\$ 107,126,489</u> | <u>\$ 6,903,377</u> |

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2023 are as follows:

| Year Ending September 30, | Governmental Activities | | Business-type Activities | |
|------------------------------|-------------------------|---------------------|--------------------------|----------------------|
| | Principal | Interest | Principal | Interest |
| 2024 | \$ 1,625,000 | \$ 203,197 | \$ 6,020,000 | \$ 2,884,071 |
| 2025 | 1,675,000 | 170,854 | 6,365,000 | 2,641,921 |
| 2026 | 1,545,000 | 136,557 | 6,505,000 | 2,427,871 |
| 2027 | 1,370,000 | 108,962 | 6,720,000 | 2,219,071 |
| 2028 | 1,385,000 | 89,589 | 6,505,000 | 2,067,021 |
| 2029-2033 | 1,325,000 | 316,254 | 34,205,000 | 7,514,973 |
| 2034-2038 | 1,240,000 | 109,980 | 28,265,000 | 3,341,642 |
| 2039-2042 | - | - | 8,120,000 | 523,875 |
| | <u>\$ 10,165,000</u> | <u>\$ 1,135,393</u> | <u>\$ 102,705,000</u> | <u>\$ 23,620,445</u> |

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2023

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 that expired in 2023, at which time title conveyed to the City. The net book value of the financed purchase assets is approximately \$111,600.

As of September 30, 2023, 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 Library Bonds, Series 2022 | 11/17/2022 | 12/15/2037 | 11/17/2027 | 3.50 - 4.75% | \$ 2,000,000 |
| General Obligation Auditorium Bonds, Series 2020 | 12/09/2020 | 12/15/2035 | 12/09/2025 | 0.35 - 1.65% | 1,750,000 |
| General Obligation Highway Allocation Fund Pledge Bonds, Series 2020 | 11/23/2020 | 12/15/2027 | 11/23/2025 | 1.25 - 2.00% | 5,525,000 |
| General Obligation Swimming Pool Refunding Bonds | 08/01/2017 | 08/01/2026 | 08/01/2022 | 1.10 - 2.30% | 890,000 |
| Total governmental activities | | | | | <u>\$ 10,165,000</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% | \$ 24,110,000 |
| Combined Utilities Revenue Refunding Bonds, Series 2021B | 06/24/2021 | 11/15/2038 | 06/24/2028 | 2.00 - 2.375% | 38,210,000 |
| Combined Utilities Revenue Refunding Bonds, Series 2021A | 06/23/2021 | 07/15/2034 | 06/23/2028 | 1.75 - 5.00% | 26,000,000 |
| Combined Utilities Revenue Refunding Bonds, Series 2020 | 10/21/2020 | 07/15/2033 | 10/21/2025 | 1.00 - 5.00% | 5,790,000 |
| Combined Utilities Revenue Refunding Bonds, Series 2012 | 03/06/2012 | 10/15/2026 | 03/06/2022 | 0.35 - 4.00% | 8,595,000 |
| Total business-type activities | | | | | <u>\$ 102,705,000</u> |

Debt Issuance

In November 2022, the City issued General Obligation Library Bonds, Series 2022 in the amount of \$2,000,000 for the purpose of renovating and equipping the Library and related improvements. The bonds bear interest payable semiannually, at rates of 3.50% to 4.75%, which began on June 15, 2023. The bonds are subject to optional redemption prior to maturity on or after the fifth anniversary of the date of issue. Principal maturities will begin December 15, 2023 and continue until 2037.

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 \$5,737,000 with annual payments expected to require approximately 31% 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.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2023

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

7. Long-term Debt and Liability, Continued

Leases Payable

The City leases land for its operations, the terms of which expire in various years through 2040. During 2023, there were no variable payments not previously included in the measurement of the lease payable.

The following is a schedule by year of payments under the leases as of September 30, 2023:

| <u>Year Ending</u> <u>September 30,</u> | <u>Governmental Activities</u> | |
|--|--------------------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2024 | \$ 3,180 | \$ 1,133 |
| 2025 | 3,438 | 1,089 |
| 2026 | 3,711 | 1,042 |
| 2027 | 3,998 | 992 |
| 2028 | 4,301 | 937 |
| 2029-2033 | 26,659 | 3,716 |
| 2034-2038 | 37,102 | 1,634 |
| 2039-2040 | 8,932 | 25 |
| | \$ 91,321 | \$ 10,568 |

Subscriptions Payable

The City has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years through 2027. The subscriptions were measured based upon the rates at commencement of the SBITA term. During the year ended September 30, 2023, there were no variable payments not previously included in the measurement of the subscription payable.

The following is a schedule by year of payments under the SBITAs as of September 30, 2023:

| <u>Year Ending</u> <u>September 30,</u> | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | |
|--|--------------------------------|-----------------|---------------------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2024 | \$ 21,500 | \$ 998 | \$ 26,250 | \$ 1,182 |
| 2025 | 22,221 | 395 | 16,523 | 363 |
| 2026 | 2,889 | 99 | - | - |
| 2027 | 2,945 | 8 | - | - |
| | \$ 49,555 | \$ 1,500 | \$ 42,773 | \$ 1,545 |

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2023

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, 2023, the City had incurred a liability of \$558,616 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, 2023 were \$3,555,918.

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, 2023

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

10. Interfund Transactions and Balances

At September 30, 2023 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 | \$ 459,941 |
| Payment for service provided | Electric | General | 102,074 |
| Payment for service provided | Water | General | 4,171 |
| Payment for service provided | Sewer | General | 1,623 |
| Payment for service provided | Gas | General | 6,495 |
| Capital expenditures | General | Sales Tax | 14,927 |
| Capital expenditures | Street | Sales Tax | 36,994 |
| Reimburse shared expenses and payment for service provided | Electric | Street | 9,146 |
| Payment for service provided | Water | Street | 39 |
| Payment for service provided | Sewer | Street | 11 |
| Payment for service provided | Gas | Street | 34 |
| Service cash flow needs | General | Transit Line | 50,193 |
| Reimburse expense | Electric | Transit Line | 407 |
| South Hangar complex reimbursement | Sales Tax | Airport | 112,498 |
| Payment for service provided | Electric | Airport | 1,825 |
| Payment for service provided | Water | Airport | 210 |
| Payment for service provided | Sewer | Airport | 12 |
| Service cash flow needs | General | CDBG | 537,000 |
| Service cash flow needs | General | E911 | 600,000 |
| Reimburse expense | Electric | E911 | 1 |
| Reimburse Shared Services | General | Electric | 503,682 |
| Reimburse Shared Services | General | Water | 6,084 |
| Reimburse Shared Services | General | Sewer | 6,084 |
| Reimburse Shared Services | General | Gas | 12,169 |
| Reimburse payment for service provided | Street | Water | 895 |
| Reimburse payment for service provided | Street | Sewer | 616 |
| Reimburse payment for service provided | Street | Gas | 261 |
| Payment for service provided | Electric | Electric | 5,507 |
| Payment for service provided | Electric | Water | 56,064 |
| Payment for service provided | Electric | Sewer | 66,051 |
| Payment for service provided | Electric | Gas | 2,641 |
| Payment for service provided | Water | Electric | 3,077 |
| Payment for service provided | Water | Sewer | 11 |
| Payment for service provided | Sewer | Electric | 4,454 |
| Payment for service provided | Sewer | Water | 2 |
| Payment for service provided | Sewer | Gas | 1,440 |
| Payment for service provided | Gas | Electric | 21,130 |
| Payment for service provided | Gas | Sewer | 41,959 |
| | | | <u>\$ 2,669,728</u> |

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2023

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 | \$ 4,368,534 | \$ - |
| Keno | Property tax relief | 650,000 | - |
| Debt service | Bond proceeds | 1,964,290 | - |
| Public use property special projects | Library expansion | 2,641,964 | - |
| CDBG | Deobligation of funds | 1,042 | - |
| Airport | Capital project | - | (24,519) |
| Drug task force | City's share of multi-jurisdictional task force | 1,771 | - |
| Transit line | Capital project | - | (21,840) |
| Electric | Utility transfer in; expense reimbursement for IT purchases | 2,926,814 | (54,003) |
| Water | Utility transfer in | 338,854 | - |
| Sewer | Utility transfer in | 402,263 | - |
| Gas | Utility transfer in | 390,098 | - |
| Total General fund | | <u>13,685,630</u> | <u>(100,362)</u> |
| Street fund: | | | |
| Sales tax | Various street improvement projects; drainage improvements; reimburse property insurance | 715,297 | - |
| Total Street fund | | <u>715,297</u> | <u>-</u> |
| Sales tax fund: | | | |
| General | Property tax relief; operating transfers; capital projects | - | (4,368,534) |
| Street | Various street improvement projects; drainage improvements; reimburse property insurance | - | (715,297) |
| Public use property special projects | Trail improvements | - | (13,555) |
| Total Sales tax fund | | <u>-</u> | <u>(5,097,386)</u> |
| Non-major funds | Economic development – electric, water, sewer and gas to economic enhancement | 100,000 | - |
| | Others see above | - | (5,259,067) |
| | Airport - capital projects | 24,519 | - |
| | Transit line - capital projects | 21,840 | - |
| | Public use property special projects - trail improvements | 13,555 | - |
| Total Non-major funds | | <u>159,914</u> | <u>(5,259,067)</u> |
| Enterprise funds | See above | 54,003 | (4,158,029) |
| Total operating transfers | | <u>\$ 14,614,844</u> | <u>\$ (14,614,844)</u> |

11. Deficit Fund Balance

At September 30, 2023 the CDBG Fund and Transit Line Fund had a deficit balance of \$12,184 and \$55,467, respectively. Some of these deficits will be offset by intergovernmental revenues in future years.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2023

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 \$842,840 and \$1,013,274, respectively, as required by the plan for the fiscal year ended September 30, 2023. Forfeitures used to reduce employer contributions as allowed under the Plan were \$42,876. 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 \$229,447 and \$229,447, respectively, as required by the Plan for the fiscal year ended September 30, 2023. Forfeitures used to reduce employer contributions as allowed under the Plan were \$20,359. 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 \$126,200 and \$252,399, respectively, as required by the Plan for the fiscal year ended September 30, 2023. Forfeitures used to reduce employer contributions as allowed under the Plan were \$21,604. 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, 2023

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 \$344,851 and the City contributed \$0 under the plan for the year ended September 30, 2023.

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 252 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 \$560,892. 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 \$60,846. This has been included as a current year expenditure. For all of the self-insured funds, an unreserved fund balance of \$4,571,197 was in the Internal Service Fund at September 30, 2023.

| | | |
|---------------------------------------|----|--------------------|
| Claim Liability at October 1, 2022 | \$ | 480,246 |
| Claims Incurred during current year | | 6,011,753 |
| Claims Paid during current year | | <u>(5,870,261)</u> |
| Claim Liability at September 30, 2023 | \$ | <u>621,738</u> |

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2023

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, 2023, the City's investments consisted of certificates of deposit and treasury notes at the following institutions:

| <u>Financial Institution</u> | <u>Amount</u> |
|---|----------------------|
| Cornerstone Bank, Columbus | \$ 35,475,000 * |
| First Community Bank | 12,916,511 * |
| Nebraska Public Agency Investment Trust | 18,303,908 * |
| Pinnacle Bank | 1,302,200 |
| Totals | <u>\$ 67,997,619</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, 2023.

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, 2023 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 2023 | \$ 8,144,624 |
| November 2023 | 3,624,775 |
| December 2023 | 6,495,401 |
| January 2024 | 3,299,708 |
| March 2024 | 9,067,200 |
| April 2024 | 16,000,000 |
| May 2024 | 2,635,000 |
| June 2024 | 3,850,000 |
| July 2024 | 2,274,278 |
| August 2024 | 9,106,633 |
| September 2024 | 3,500,000 |
| | <u>\$ 67,997,619</u> |

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2023

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 9/30/2023</u> | <u>Obligation Pending</u> | <u>Expected Completion</u> |
|--|------------------------|-------------------------------|---------------------------|----------------------------|
| Governmental: | | | | |
| 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, 2029 |
| N Lincoln Ave & 29th St | 3,797,247 | 3,356,797 | 440,450 | September 30, 2025 |
| Library Expansion | 9,099,371 | 7,502,961 | 1,596,410 | October 31, 2024 |
| Multipurpose Building | 625,700 | 112,480 | 513,220 | December 31, 2024 |
| Clarkson Asphalt Overlay | 635,433 | 512,972 | 122,461 | May 1, 2024 |
| Bell St Viaduct Rehab | 316,088 | 224,110 | 91,978 | June 30, 2024 |
| 2023 Ford Police vehicle | 102,248 | - | 102,248 | February 29, 2024 |
| Council chamber AV system | 276,306 | - | 276,306 | December 31, 2024 |
| Bell St Viaduct | 2,778,390 | 935,589 | 1,842,801 | June 30, 2024 |
| 2024 International | 268,260 | 100,750 | 167,510 | April 30, 2024 |
| Fire department equipment | 176,732 | - | 176,732 | April 30, 2024 |
| Ridge Cemetery Office | 144,600 | 58,250 | 86,350 | January 31, 2024 |
| Pavement Rehab | 519,471 | 396,689 | 122,782 | November 30, 2024 |
| 23rd St Traffic Signal Improvements | 149,795 | 75,205 | 74,590 | September 30, 2028 |
| Hormel Park Boat Ramp | 72,000 | 31,925 | 40,075 | September 30, 2024 |
| Police vehicle unfitting | 35,512 | - | 35,512 | February 29, 2024 |
| Ambulance | 465,280 | - | 465,280 | July 31, 2025 |
| Fremont runway pavement rehabilitation | 623,367 | 309,542 | 313,825 | September 30, 2024 |
| Lincoln Avenue asphalt overlay | 1,080,361 | 932,513 | 147,848 | May 1, 2024 |
| Library cameras | 81,103 | 48,755 | 32,348 | December 31, 2023 |
| Fire engine | 669,115 | - | 669,115 | October 31, 2024 |

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2023

NOTE D – OTHER NOTES, CONTINUED

3. Commitments and Contingencies, Continued

Construction, Continued

| <u>Project</u> | <u>Contract Amount</u> | <u>Paid Through 9/30/2023</u> | <u>Obligation Pending</u> | <u>Expected Completion</u> |
|--|------------------------|-------------------------------|---------------------------|----------------------------|
| <u>Enterprise Funds:</u> | | | | |
| WWTP Upgrade | \$ 8,712,731 | \$ 8,394,999 | \$ 317,732 | May 31, 2024 |
| WWTP Improvements Phase II | 21,463,277 | 21,256,067 | 207,210 | May 31, 2024 |
| SCADA control system | 2,253,883 | 1,377,055 | 876,828 | June 30, 2025 |
| Honeywell EHPM Controls Upgrade Phases 4-7 | 723,115 | 689,500 | 33,615 | May 31, 2024 |
| U8 ELG Rule Implementation | 190,015 | 67,058 | 122,957 | December 31, 2025 |
| U8 Submerged Ash Conveyor System (ELG) | 6,067,359 | 910,104 | 5,157,255 | December 31, 2025 |
| Substation Transformers | 4,040,119 | 1,875,216 | 2,164,903 | June 30, 2024 |
| 2026 Altec Digger Line truck | 423,752 | - | 423,752 | February 28, 2026 |
| 2022 Chevy 2500 HD | 47,633 | - | 47,633 | December 31, 2023 |
| Altec AM55 Bucket truck | 335,066 | - | 335,066 | February 28, 2024 |
| Portable air compressor | 36,858 | - | 36,858 | May 1, 2024 |
| 2023 International CV515 Truck | 169,501 | - | 169,501 | June 30, 2024 |
| 938M Loader | 328,164 | - | 328,164 | January 31, 2024 |
| Monument sign for Municipal Building | 25,092 | 2,570 | 22,522 | September 30, 2024 |
| Altec 2027 Articulating Device | 265,344 | - | 265,344 | July 31, 2024 |
| 2023 International CV515 truck | 70,826 | - | 70,826 | June 30, 2024 |
| Total | <u>\$ 67,325,844</u> | <u>\$ 49,396,808</u> | <u>\$ 17,929,036</u> | |

Claims and Litigation

The City was a defendant in a lawsuit that asserted claims for Breach of Contract, Unjust Enrichment, and Violations of the Nebraska Construction Prompt Pay Act. The plaintiff claimed actual damages of in an amount to be proven at trial, but not less than \$5,000,000, plus \$1,533,227 in retainage, or such other amount as is proven at trial, plus pre- and post-judgment interest, costs, and attorneys' fees as allowed by law. This claim was increased to \$9,500,000 at the time of mediation. Based on the advice of counsel and in consideration of the potential exposure for the City, the City accrued an amount that, in the opinion of counsel and management, was the best estimate of loss that would result from the litigation, including defense costs. The City filed a counterclaim and ultimately this dispute was resolved via a mediated settlement agreement in November 2023 with the City paying \$3,400,000 in exchange for a release of all claims. This claim was recorded in accounts payable in the government-wide Statement of Net Position as of September 30, 2023.

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. In February 2024, the City Council approved a return of funds to Nebraska Department of Economic Development of approximately \$975,000 of federal funds in which the City project did not meet the national objectives.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2023

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, 2023 investments of \$8,552,029 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, 2023, the City had purchased 377,558 of the tons required under this contract. In October 2023, this agreement was extended through December 2025.

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 October 2023, the agreement was extended through December 2028. Under the terms of the agreement, the shipping rate will increase 5.00 percent from the shipping rate effective December 31, 2023. The price will further be adjusted by 5.00 percent annually over the term of the contract. The City must use Union Pacific to ship a minimum of 275,000 tons and a maximum volume of 400,000 tons for each twelve month(s) period.

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 contract year, the City may exercise its option to purchase the facility property within 180 days after the end of the term.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2023

NOTE D – OTHER NOTES, CONTINUED

3. Commitments and Contingencies, Continued

Gas Department

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

The Gas Department entered into an agreement to purchase natural gas from BP Canada Energy Marketing Corp. on September 18, 2012. The agreement was extended in June 2016, effective through October 31, 2020, extended again April 1, 2020 through March 31, 2023, and extended again in 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.

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.

4. Major Customers

| | Electric Revenue | Water Revenue | Sewer Revenue | Gas Revenue | Total Revenue |
|----------------------------|-----------------------|----------------------|------------------------|------------------------|-------------------------|
| | <u>(% of TBR)</u> | <u>(% of TBR)</u> | <u>(% of TBR)</u> | <u>(% of TBR)</u> | <u>(% of TBR)</u> |
| 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.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2023

NOTE D – OTHER NOTES, CONTINUED

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.

In September 2023, the City approved the 2023-2025 Collective Bargaining Agreement between the City of Fremont and the Fraternal Order of Police Local 37, effective October 1, 2023 - September 30, 2025.

6. Subsequent Events

In February 2024, the City executed a Memorandum of Understanding *(MOU) with Omaha Public Power District (OPPD) related to a cost sharing transformer replacement project impacting OPPD Substation 976, Fremont Substations B, D and G, and Nebraska Public Power District (NPPD) Fremont Substation. Related to this agreement, in March 2024, the City executed a Facilities Agreement with NPPD for the replacement of transformer T1 at NPPD's Fremont Substation with expected costs to the City of approximately \$6,000,000 to be repaid over the next three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FREMONT, NEBRASKA
Budgetary Comparison Schedule - General Fund
For the Year Ended September 30, 2023

| | Budget (Original and Final) | Actual | Variances - Actual Over (Under) Final Budget |
|--|-----------------------------------|---------------------|---|
| RESOURCES (INFLOWS) | | | |
| Taxes: | | | |
| Property | \$ 5,769,828 | \$ 6,086,342 | \$ 316,514 |
| Payments in lieu of taxes | 9,000 | 9,815 | 815 |
| Franchise | 280,000 | 268,826 | (11,174) |
| Business | 1,715,000 | 1,907,562 | 192,562 |
| Intergovernmental | 633,831 | 1,013,179 | 379,348 |
| Charges for services | 3,431,800 | 4,280,755 | 848,955 |
| Donations | 4,230,419 | 168,621 | (4,061,798) |
| Investment income | 45,000 | 143,882 | 98,882 |
| Sales proceeds on capital assets | - | 3,582 | 3,582 |
| Other | 3,500 | 14,289 | 10,789 |
| | <u>16,118,378</u> | <u>13,896,853</u> | <u>(2,221,525)</u> |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | |
| General government | 6,665,602 | 5,900,776 | 764,826 |
| Public safety | 17,810,218 | 9,868,612 | 7,941,606 |
| Public works | 693,989 | 405,093 | 288,896 |
| Environment and leisure | 8,241,387 | 11,045,658 | (2,804,271) |
| Employee insurance | 364,009 | 354,845 | 9,164 |
| Principal payments on long-term debt | 242,858 | 249,017 | (6,159) |
| Interest on long-term debt | 7,188 | 7,958 | (770) |
| | <u>34,025,251</u> | <u>27,831,959</u> | <u>6,193,292</u> |
| Total changes to appropriations | | | |
| Resources over (under) charges to appropriations | <u>(17,906,873)</u> | <u>(13,935,106)</u> | <u>3,971,767</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 13,424,130 | 13,685,630 | 261,500 |
| Transfers out | <u>(2,403,334)</u> | <u>(100,362)</u> | <u>2,302,972</u> |
| Total other financing sources (uses) | <u>11,020,796</u> | <u>13,585,268</u> | <u>2,564,472</u> |
| RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS | | | |
| | <u>\$ (6,886,077)</u> | <u>\$ (349,838)</u> | <u>\$ 6,536,239</u> |

CITY OF FREMONT, NEBRASKA
Budgetary Comparison Schedule - Street Fund
For the Year Ended September 30, 2023

| | Budget (Original and Final) | Actual | Variances - Actual Over (Under) Final Budget |
|--|-----------------------------------|---------------------|---|
| RESOURCES (INFLOWS) | | | |
| Motor vehicle | \$ 743,000 | \$ 600,945 | \$ (142,055) |
| Intergovernmental | 5,178,000 | 4,260,072 | (917,928) |
| Charges for services | 45,000 | 81,952 | 36,952 |
| Donations | - | 1,233,234 | 1,233,234 |
| Investment income | 2,000 | 196,841 | 194,841 |
| Sales proceeds on capital assets | - | 2,250 | 2,250 |
| Other | - | 330 | 330 |
| Total resources | <u>5,968,000</u> | <u>6,375,624</u> | <u>407,624</u> |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | |
| Public works | 12,617,273 | 6,687,632 | 5,929,641 |
| Principal payments on long-term debt | 1,040,000 | 1,040,000 | - |
| Interest on long-term debt | 103,875 | 103,875 | - |
| Total changes to appropriations | <u>13,761,148</u> | <u>7,831,507</u> | <u>5,929,641</u> |
| Resources over (under) charges to appropriations | <u>(7,793,148)</u> | <u>(1,455,883)</u> | <u>6,337,265</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | <u>6,350,000</u> | <u>715,297</u> | <u>(5,634,703)</u> |
| Total other financing sources (uses) | <u>6,350,000</u> | <u>715,297</u> | <u>(5,634,703)</u> |
| RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS | | | |
| | <u>\$ (1,443,148)</u> | <u>\$ (740,586)</u> | <u>\$ 702,562</u> |

CITY OF FREMONT, NEBRASKA
Budgetary Comparison Schedule - Sales Tax Fund
For the Year Ended September 30, 2023

| | Budget (Original and Final) | Actual | Variances - Actual Over (Under) Final Budget |
|--|-----------------------------------|---------------------|---|
| RESOURCES (INFLOWS) | | | |
| Sales tax | \$ 9,846,000 | \$ 9,951,863 | \$ 105,863 |
| Charges for services | 16,800 | 11,814 | (4,986) |
| Investment income | 22,000 | 374,163 | 352,163 |
| Sales proceeds on capital assets | - | 140,596 | 140,596 |
| | <u>9,884,800</u> | <u>10,478,436</u> | <u>593,636</u> |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | |
| General government | 1,131,100 | 929,943 | 201,157 |
| Public safety | 7,000 | 12,084 | (5,084) |
| | <u>1,138,100</u> | <u>942,027</u> | <u>196,073</u> |
| Total changes to appropriations | | | |
| Resources over (under) charges to appropriations | <u>8,746,700</u> | <u>9,536,409</u> | <u>789,709</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | <u>(10,956,271)</u> | <u>(5,097,386)</u> | <u>5,858,885</u> |
| Total other financing sources (uses) | <u>(10,956,271)</u> | <u>(5,097,386)</u> | <u>5,858,885</u> |
| RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS | <u>\$ (2,209,571)</u> | <u>\$ 4,439,023</u> | <u>\$ 6,648,594</u> |

City of Fremont, Nebraska
Budgetary Comparison Schedule
Notes to Required Supplementary Information
For the Year Ended September 30, 2023

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, 2023, 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 | \$ 13,896,853 | \$ 6,375,624 | \$ 10,478,436 |
| Differences - budget to modified accrual: | | | |
| Cash to accrual adjustments | <u>(260,131)</u> | <u>450,537</u> | <u>108,724</u> |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$ 13,636,722</u> | <u>\$ 6,826,161</u> | <u>\$ 10,587,160</u> |
| Uses/outflows of resources: | | | |
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedules | \$ 27,831,959 | \$ 7,831,507 | \$ 942,027 |
| Differences - budget to modified accrual: | | | |
| Cash to accrual adjustments | <u>(33,651)</u> | <u>760,235</u> | <u>(17,116)</u> |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$ 27,798,308</u> | <u>\$ 8,591,742</u> | <u>\$ 924,911</u> |
| Other financing sources (uses): | | | |
| Actual amounts (budgetary basis) "total other financing sources (uses)" from the budgetary comparison schedules | \$ 13,585,268 | \$ 715,297 | \$ (5,097,386) |
| Differences - budget to modified accrual: | | | |
| Cash to accrual adjustments | <u>14,413</u> | <u>-</u> | <u>-</u> |
| Total transfers as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$ 13,599,681</u> | <u>\$ 715,297</u> | <u>\$ (5,097,386)</u> |

OTHER SUPPLEMENTARY INFORMATION

CITY OF FREMONT, NEBRASKA
Combining Balance Sheet - Non-major Governmental Funds
September 30, 2023

| | Special Revenue Funds | | | | | | | |
|--|-----------------------|-----------------------------|----------------------------------|--------------------------------------|-------------------|-------------------|--------------------------|----------------------|
| | Debt Service | Paving & Sidewalk Districts | Business Improvement District #1 | Public Use Property Special Projects | Keno | CDBG | Weatherization EDA (HUD) | Economic Enhancement |
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 266,989 | \$ 438,180 | \$ 97,451 | \$ 26,847 | \$ 389,782 | \$ 491,124 | \$ 166,604 | \$ 646,716 |
| Investments | - | 1,650,000 | - | 125,000 | 399,360 | - | - | - |
| County treasurer cash | 12,130 | - | - | - | - | - | - | - |
| Receivables: | | | | | | | | |
| Special assessments | - | 143,323 | 19,500 | - | - | - | - | - |
| Accounts, net of allowance for doubtful accounts | - | - | - | - | 45,443 | - | 1,104 | - |
| Notes, net of allowance for doubtful accounts | - | - | - | - | - | - | 83,772 | 165,000 |
| Leases | - | - | - | - | - | - | - | - |
| Interest | - | 46,850 | - | 1,354 | 7,565 | - | - | - |
| Property tax | 16,056 | - | - | - | - | - | - | - |
| Business tax | - | - | - | - | - | - | - | - |
| Due from other governments | - | - | - | - | - | 57,042 | - | - |
| Due from other funds | - | - | - | - | - | - | - | - |
| Total assets | \$ 295,175 | \$ 2,278,353 | \$ 116,951 | \$ 153,201 | \$ 842,150 | \$ 548,166 | \$ 251,480 | \$ 811,716 |
| LIABILITIES | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 3,999 | \$ - | \$ 48,498 | \$ 23,350 | \$ 276 | \$ - |
| Accrued expenses | - | 200 | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | 537,000 | - | - |
| Unearned revenue | - | - | - | - | - | - | - | - |
| Customer deposits | - | - | - | - | - | - | - | - |
| Total liabilities | - | 200 | 3,999 | - | 48,498 | 560,350 | 276 | - |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | |
| Unavailable revenue -- property taxes | 11,282 | - | - | - | - | - | - | - |
| Unavailable revenue -- other local taxes | - | 164,147 | 19,500 | 685 | - | - | 1,104 | - |
| Unavailable revenue -- fees and other | - | - | - | - | - | - | - | - |
| Lease receivables revenue | - | - | - | - | - | - | - | - |
| Total deferred inflows of resources | 11,282 | 164,147 | 19,500 | 685 | - | - | 1,104 | - |
| FUND BALANCES (DEFICITS) | | | | | | | | |
| Nonspendable: | | | | | | | | |
| Permanent fund principle | - | - | - | 125,000 | - | - | - | - |
| Restricted for: | | | | | | | | |
| Airport | - | - | - | - | - | - | - | - |
| Downtown improvements/parking | - | - | 93,452 | - | - | - | - | - |
| Debt service | 283,893 | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - | - | - |
| Economic development | - | - | - | - | - | - | - | - |
| Capital/special projects | - | 2,114,006 | - | 27,516 | - | - | - | 811,716 |
| Federal programs | - | - | - | - | - | - | 250,100 | - |
| Community betterment | - | - | - | - | 793,652 | - | - | - |
| Unassigned | - | - | - | - | - | (12,184) | - | - |
| Total fund balances (deficit) | 283,893 | 2,114,006 | 93,452 | 152,516 | 793,652 | (12,184) | 250,100 | 811,716 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 295,175 | \$ 2,278,353 | \$ 116,951 | \$ 153,201 | \$ 842,150 | \$ 548,166 | \$ 251,480 | \$ 811,716 |

CITY OF FREMONT, NEBRASKA
Combining Balance Sheet - Non-major Governmental Funds
September 30, 2023

| | Special Revenue Funds | | | | | Capital Projects | | Total Non-Major Governmental Funds |
|--|-----------------------|-------------------------|-----------------|----------------------|---------------|-------------------|----------------------|------------------------------------|
| | Airport | Enhanced & Wireless 911 | Drug Task Force | American Rescue Plan | Transit Lines | Special Projects | | |
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 136,595 | \$ 91,203 | \$ 9,347 | \$ 378,818 | \$ - | \$ 394,237 | \$ 3,533,893 | |
| Investments | 316,511 | 400,000 | - | 4,390,122 | - | - | 7,280,993 | |
| County treasurer cash | - | - | - | - | - | - | 12,130 | |
| Receivables: | | | | | | | | |
| Special assessments | - | - | - | - | - | - | 162,823 | |
| Accounts, net of allowance for doubtful accounts | 111,396 | - | - | - | - | - | 157,943 | |
| Notes, net of allowance for doubtful accounts | - | - | - | - | - | - | 248,772 | |
| Leases | 616,730 | - | - | - | - | - | 616,730 | |
| Interest | 4,062 | 5,435 | - | 21,761 | - | - | 87,027 | |
| Property tax | - | - | - | - | - | - | 16,056 | |
| Business tax | - | 13,053 | - | - | - | - | 13,053 | |
| Due from other governments | - | 283,992 | - | - | - | 140,474 | 481,508 | |
| Due from other funds | - | 459,941 | - | - | - | - | 459,941 | |
| Total assets | \$ 1,185,294 | \$ 1,253,624 | \$ 9,347 | \$ 4,790,701 | \$ - | \$ 534,711 | \$ 13,070,869 | |
| LIABILITIES | | | | | | | | |
| Accounts payable | \$ 54,151 | \$ 5,017 | \$ - | \$ - | \$ 1,736 | \$ 26,062 | \$ 163,089 | |
| Accrued expenses | 678 | 19,690 | - | - | 3,131 | - | 23,699 | |
| Due to other funds | 114,545 | 600,001 | - | - | 50,600 | - | 1,302,146 | |
| Unearned revenue | 3,830 | - | - | 4,669,468 | - | - | 4,673,298 | |
| Customer deposits | 3,600 | - | - | - | - | - | 3,600 | |
| Total liabilities | 176,804 | 624,708 | - | 4,669,468 | 55,467 | 26,062 | 6,165,832 | |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | |
| Unavailable revenue - property taxes | - | - | - | - | - | - | 11,282 | |
| Unavailable revenue - other local taxes | - | - | - | - | - | - | 19,500 | |
| Unavailable revenue - fees and other | 932 | 178,392 | - | 21,761 | - | 140,474 | 507,495 | |
| Lease receivables revenue | 607,449 | - | - | - | - | - | 607,449 | |
| Total deferred inflows of resources | 608,381 | 178,392 | - | 21,761 | - | 140,474 | 1,145,726 | |
| FUND BALANCES (DEFICITS) | | | | | | | | |
| Nonspendable: | | | | | | | | |
| Permanent fund principle | - | - | - | - | - | - | 125,000 | |
| Restricted for: | | | | | | | | |
| Airport | 400,109 | - | - | - | - | - | 400,109 | |
| Downtown improvements/parking | - | - | - | - | - | - | 93,452 | |
| Debt service | - | - | - | - | - | - | 283,893 | |
| Public safety | - | 450,524 | 9,347 | - | - | - | 459,871 | |
| Economic development | - | - | - | - | - | - | 811,716 | |
| Capital/special projects | - | - | - | - | - | 388,175 | 2,509,697 | |
| Federal programs | - | - | - | 99,472 | - | - | 349,572 | |
| Community betterment | - | - | - | - | - | - | 793,652 | |
| Unassigned | - | - | - | - | (55,467) | - | (67,651) | |
| Total fund balances (deficit) | 400,109 | 450,524 | 9,347 | 99,472 | (55,467) | 368,175 | 5,759,311 | |
| Total liabilities, deferred inflows of resources and fund balances | \$ 1,185,294 | \$ 1,253,624 | \$ 9,347 | \$ 4,790,701 | \$ - | \$ 534,711 | \$ 13,070,869 | |

CITY OF FREMONT, NEBRASKA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds
For the Year Ended September 30, 2023

| | Special Revenue Funds | | | | | | | | | | | | | | | |
|--|-----------------------|----|-----------------------------|----|----------------------------------|----|--------------------------------------|----|-----------|----|-----------|----|--------------------------|----|----------------------|----|
| | Debt Service | | Paving & Sidewalk Districts | | Business Improvement District #1 | | Public Use Property Special Projects | | Keno | | CDBG | | Weatherization EDA (HUD) | | Economic Enhancement | |
| REVENUES | | | | | | | | | | | | | | | | |
| Property tax | 534,961 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ |
| Payments in lieu of taxes | 863 | | - | | - | | - | | - | | - | | - | | - | |
| Business | - | | - | | - | | - | | - | | - | | - | | - | |
| Intergovernmental | - | | - | | - | | - | | - | | 986,332 | | - | | - | |
| Keno | - | | - | | - | | - | | 1,002,983 | | - | | - | | - | |
| Charges for services | - | | 26,234 | | - | | 44,139 | | - | | - | | - | | - | |
| Donations | - | | - | | - | | - | | 1,250,623 | | - | | - | | - | |
| Investment income | 11,106 | | 52,268 | | - | | 1,360 | | 26,013 | | - | | - | | 2,007 | |
| Other income | - | | - | | - | | - | | 1,943 | | - | | - | | - | |
| Total revenues | 546,930 | | 78,502 | | 45,499 | | 1,276,636 | | 1,014,994 | | 986,332 | | 2,007 | | 6,778 | |
| EXPENDITURES | | | | | | | | | | | | | | | | |
| General government | 28,734 | | - | | 45,296 | | - | | - | | 787,413 | | 94,550 | | 90,000 | |
| Public safety | - | | - | | - | | - | | - | | - | | - | | - | |
| Public works | - | | 3,179 | | - | | - | | - | | - | | - | | - | |
| Environment and leisure | - | | - | | - | | - | | 259,409 | | - | | - | | - | |
| Lease and subscription principal payments | - | | - | | - | | - | | - | | - | | - | | - | |
| Lease and subscription interest payments | - | | - | | - | | - | | - | | - | | - | | - | |
| Principal payments on long-term debt | 465,000 | | - | | - | | - | | - | | - | | - | | - | |
| Interest on long-term debt | 92,778 | | - | | - | | - | | - | | - | | - | | - | |
| Total expenditures | 586,512 | | 3,179 | | 45,296 | | - | | 259,409 | | 787,413 | | 94,550 | | 90,000 | |
| Excess (deficiency) of revenues over expenditures | (39,582) | | 75,323 | | 203 | | 1,276,636 | | 755,585 | | 198,919 | | (92,543) | | (83,222) | |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | | | | | | |
| Bond proceeds | 2,000,000 | | - | | - | | - | | - | | - | | - | | - | |
| Bond discount | (17,710) | | - | | - | | - | | - | | - | | - | | - | |
| Issuance of leases and subscriptions | - | | - | | - | | - | | - | | - | | - | | - | |
| Transfers in | - | | - | | - | | - | | - | | - | | - | | - | |
| Transfers out | (1,964,290) | | - | | - | | (2,641,964) | | (650,000) | | - | | (1,042) | | 100,000 | |
| Total other financing sources (uses) | 18,000 | | - | | - | | (2,641,964) | | (650,000) | | - | | (1,042) | | 100,000 | |
| Net change in fund balances | (21,562) | | 75,323 | | 203 | | (1,365,328) | | 105,585 | | 198,919 | | (93,585) | | 16,778 | |
| Fund balance (deficit) - September 30, 2022 | 305,475 | | 2,038,683 | | 93,249 | | 1,517,844 | | 688,067 | | (211,103) | | 343,685 | | 794,938 | |
| Fund balance (deficit) - September 30, 2023 | 283,913 | | 2,114,006 | | 93,452 | | 152,516 | | 793,652 | | (12,184) | | 250,100 | | 811,716 | |

CITY OF FREMONT, NEBRASKA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds
For the Year Ended September 30, 2023

| | Special Revenue Funds | | | | | Capital Projects Funds | | | Total Non-Major Governmental Funds |
|--|-----------------------|-------------------------|-----------------|----------------------|---------------|------------------------|--------|------|------------------------------------|
| | Airport | Enhanced & Wireless 911 | Drug Task Force | American Rescue Plan | Transit Lines | Special Projects | | | |
| REVENUES | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 534,961 |
| Property tax | - | - | - | - | - | - | - | - | 863 |
| Payments in lieu of taxes | - | - | - | - | - | - | - | - | 88,024 |
| Business | - | 88,024 | - | - | - | - | - | - | 2,194,023 |
| Intergovernmental | 262,279 | 945,412 | - | - | - | - | - | - | 1,002,983 |
| Keno | - | - | - | - | - | - | - | - | 252,417 |
| Charges for services | 182,044 | - | - | - | - | - | - | - | 1,250,623 |
| Donations | - | - | - | - | - | - | - | - | 257,465 |
| Investment income | 17,639 | 5,275 | - | 120,262 | (104) | - | 4,793 | - | 1,943 |
| Other income | - | - | - | - | - | - | - | - | - |
| Total revenues | 461,962 | 1,038,711 | - | 120,262 | (104) | - | 4,793 | - | 5,583,302 |
| EXPENDITURES | - | - | - | - | - | - | - | - | 1,045,993 |
| General government | - | 1,065,109 | 1,453 | - | - | - | - | - | 1,066,562 |
| Public safety | - | - | - | - | - | - | - | - | 3,179 |
| Public works | - | - | - | - | - | - | - | - | 839,039 |
| Environment and leisure | 456,947 | - | - | - | 77,203 | - | 45,480 | - | 21,873 |
| Lease and subscription principal payments | - | 21,873 | - | - | - | - | - | - | 2,573 |
| Lease and subscription interest payments | - | 2,573 | - | - | - | - | - | - | 465,000 |
| Principal payments on long-term debt | - | - | - | - | - | - | - | - | 92,778 |
| Interest on long-term debt | - | - | - | - | - | - | - | - | - |
| Total expenditures | 456,947 | 1,089,555 | 1,453 | - | 77,203 | - | 45,480 | - | 3,536,997 |
| Excess (deficiency) of revenues over expenditures | 5,015 | (50,844) | (1,453) | 120,262 | (77,307) | (40,687) | | | 2,046,305 |
| OTHER FINANCING SOURCES (USES) | - | - | - | - | - | - | - | - | 2,000,000 |
| Bond proceeds | - | - | - | - | - | - | - | - | (17,710) |
| Bond discount | - | - | - | - | - | - | - | - | 8,777 |
| Issuance of leases and subscriptions | - | 8,777 | - | - | - | - | - | - | 159,914 |
| Transfers in | 24,519 | - | (1,771) | - | 21,840 | - | 13,555 | - | (5,259,067) |
| Transfers out | - | - | (1,771) | - | - | - | - | - | (3,108,086) |
| Total other financing sources (uses) | 24,519 | 8,777 | (1,771) | - | 21,840 | - | 13,555 | - | (1,061,781) |
| Net change in fund balances | 29,534 | (42,067) | (3,224) | 120,262 | (55,467) | (27,132) | | | 6,821,092 |
| Fund balance (deficit) - September 30, 2022 | 370,575 | 492,591 | 12,571 | (20,790) | - | 395,307 | | | 5,759,311 |
| Fund balance (deficit) - September 30, 2023 | 400,109 | 450,524 | 9,347 | 99,472 | (55,467) | 368,175 | | | |

CITY OF FREMONT, NEBRASKA
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

| <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 | 3-31-0029-016 | \$ - | \$ 267,583 |
| Passed through Nebraska Department of Transportation: | | | | |
| Formula Grants for Rural Areas and Tribal Transit Program | 20.509 | NE-2020-013-01 | - | 38,661 |
| Total Department of Transportation | | | <u>-</u> | <u>306,244</u> |
| <u>Department of Homeland Security</u> | | | | |
| Passed through Nebraska Emergency Management Agency: | | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | None | - | 31,925 |
| Total Department of Homeland Security | | | <u>-</u> | <u>31,925</u> |
| <u>Department of Housing and Urban Development</u> | | | | |
| Passed through Nebraska Department of Economic Development: | | | | |
| Community Development Block Grants | 14.228 | 19-EM-002 | - | 11,470 |
| | 14.228 | 20-EMCV-003 | - | 234,195 |
| | 14.228 | 20-EMCV-004 | - | 250,374 |
| | 14.228 | 20-EMCV-006 | - | 291,040 |
| Total Department of Housing and Urban Development | | | <u>-</u> | <u>787,079</u> |
| Total Expenditures of Federal Awards | | | <u>\$ -</u> | <u>\$ 1,125,248</u> |

The accompanying notes are an integral part of this Schedule.

CITY OF FREMONT, NEBRASKA
Notes to the Schedule of Expenditures of Federal Awards
September 30, 2023

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, 2023. 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 D: Subrecipients

The City had no subrecipients during the year ended September 30, 2023.



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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, 2023, and the related notes to the financial statements, and have issued our report thereon dated April 11, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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
April 11, 2024



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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, 2023. 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 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended September 30, 2023.

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 each 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
April 11, 2024

CITY OF FREMONT, NEBRASKA
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2023

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

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

Section II – Financial Statement Findings

| Reference Number | Finding |
|----------------------------|---------|
| No matters are reportable. | |

Section III – Federal Award Findings and Questioned Costs

| Reference Number | Finding |
|----------------------------|---------|
| No matters are reportable. | |

CITY OF FREMONT, NEBRASKA
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2023

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

No matters are reportable.