



CITY OF
FREMONT
NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2024

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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, 2024, 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, 2024, 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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The non-major governmental funds combining financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the non-major governmental funds combining financial statements and 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 March 28, 2025, 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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Omaha, Nebraska
March 28, 2025**

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED SEPTEMBER 30, 2024

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, 2024.

Financial Highlights

- The assets and deferred outflows of resources of the City of Fremont exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$400,314,726 (*net position*). Of this amount, \$119,790,721 (*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 \$167,314,399. Approximately 15.7 percent of this total amount, \$26,242,751 is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,690,004, or 42.7 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 14 and 15 of this report.

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued FOR THE YEAR ENDED SEPTEMBER 30, 2024

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 biannual 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 16 - 19 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 20 - 23 of this report.

CITY OF FREMONT, NEBRASKA

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued FOR THE YEAR ENDED SEPTEMBER 30, 2024

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 24-25 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 27-61 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 63-66 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 68-71 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$400,314,726 at the close of the most recent fiscal year.

Summary of Net Position

	September 30, 2024			September 30, 2023		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 82,974,050	\$ 117,736,273	\$ 200,710,323	\$ 81,905,590	\$ 117,809,165	\$ 199,714,755
Capital, Lease and Subscription Assets	107,973,614	225,998,212	333,971,826	105,253,373	219,234,721	324,488,094
Deferred Outflow of Resources	988	1,781,241	1,782,229	1,528	1,914,465	1,915,993
Total Assets and Deferred Outflows	<u>190,948,652</u>	<u>345,515,726</u>	<u>536,464,378</u>	<u>187,160,491</u>	<u>338,958,351</u>	<u>526,118,842</u>
Current Liabilities	14,516,430	17,453,297	31,969,727	15,400,616	18,164,269	33,564,885
Long-term Liabilities	7,828,878	93,753,471	101,582,349	9,551,413	100,223,112	109,774,525
Deferred Inflow of Resources	1,288,945	1,308,631	2,597,576	938,232	1,464,876	2,403,108
Total Liabilities and Deferred Inflows	<u>23,634,253</u>	<u>112,515,399</u>	<u>136,149,652</u>	<u>25,890,261</u>	<u>119,852,257</u>	<u>145,742,518</u>
Net Position:						
Net Investment in Capital Assets	98,189,679	125,766,663	223,956,342	91,771,401	109,351,350	201,122,751
Restricted						
Expendable	42,756,969	13,685,694	56,442,663	40,847,639	8,778,384	49,626,023
Nonexpendable	125,000	-	125,000	125,000	-	125,000
Unrestricted	26,242,751	93,547,970	119,790,721	28,526,190	100,976,360	129,502,550
Total Net Position	<u>\$ 167,314,399</u>	<u>\$ 233,000,327</u>	<u>\$ 400,314,726</u>	<u>\$ 161,270,230</u>	<u>\$ 219,106,094</u>	<u>\$ 380,376,324</u>

The largest portion of the City of Fremont’s net position (55.9 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 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

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued FOR THE YEAR ENDED SEPTEMBER 30, 2024

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 (14.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$119,790,721) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental Activities. Net position increased \$6,044,169 in the governmental activities during the year ended September 30, 2024, accounting for 30.3 percent of the total growth of the City for the year ended September 30, 2024. Key elements of this increase are as follows:

Expenses and Program Revenues - Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2024</u>		<u>Year Ended September 30, 2023</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General government	\$ 9,225,037	\$ 11,671,324	\$ 3,226,247	\$ 9,795,751
Public safety	2,088,551	12,636,386	2,610,189	11,570,289
Public works	3,256,225	10,713,669	32,330,205	9,375,398
Environment and leisure	5,407,660	10,872,109	2,202,821	5,122,457
Non-departmental	-	202,725	-	354,845
Interest on long-term debt	-	161,525	-	160,014
Total	<u>\$ 19,977,473</u>	<u>\$ 46,257,738</u>	<u>\$ 40,369,462</u>	<u>\$ 36,378,754</u>

Revenues by Source - Governmental Activities

	<u>Year Ended September 30, 2024</u>		<u>Year Ended September 30, 2023</u>	
Charges for services	\$ 7,072,667	13.52 %	\$ 6,237,382	8.83 %
Operating grants and contributions	4,309,395	8.24	2,864,096	4.06
Capital grants and contributions	8,595,411	16.43	31,267,984	44.27
Property taxes	6,789,130	12.98	6,591,318	9.33
Motor vehicle taxes	676,030	1.29	654,532	0.93
Sales tax	10,371,722	19.83	10,060,587	14.24
Payments in lieu of taxes	-	-	10,625	0.02
Franchise taxes	184,825	0.35	250,214	0.35
Other taxes	2,033,934	3.89	1,985,682	2.81
State allocation	4,062,970	7.77	4,077,842	5.77
Keno	999,643	1.91	1,002,983	1.42
Miscellaneous	39,398	0.08	16,641	0.02
Investment income	2,578,140	4.93	1,501,486	2.13
Gain on sale of assets	153,541	0.29	-	-
Transfer from other funds	4,435,101	8.49	4,104,026	5.82
Total	<u>\$ 52,301,907</u>	<u>100.00 %</u>	<u>\$ 70,625,398</u>	<u>100.00 %</u>

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued FOR THE YEAR ENDED SEPTEMBER 30, 2024

Business-type Activities. Business-type activities increased the City of Fremont's net position by \$13,894,233, accounting for 69.7 percent of the total growth in the City's net position for the year ended September 30, 2024. Key elements of this increase are as follows:

<u>Function</u>	Expenses and Program Revenues - Business-type Activities			
	<u>Year Ended September 30, 2024</u>		<u>Year Ended September 30, 2023</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 58,289,334	\$ 47,212,354	\$ 57,500,599	\$ 46,654,918
Water	6,480,967	4,299,500	5,844,199	4,359,205
Sewer	10,635,650	10,955,867	7,652,901	10,305,259
Gas	<u>17,280,166</u>	<u>14,961,842</u>	<u>28,373,740</u>	<u>25,779,203</u>
Total	<u>\$ 92,686,117</u>	<u>\$ 77,429,563</u>	<u>\$ 99,371,439</u>	<u>\$ 87,098,585</u>

	Revenues by Source - Business-type Activities			
	<u>Year Ended September 30, 2024</u>		<u>Year Ended September 30, 2023</u>	
Charges for services	\$ 89,735,475	98.26 %	\$ 99,099,145	101.78 %
Operating grants and contributions	4,200	-	3,700	-
Capital grants and contributions	2,946,442	3.23	268,594	0.28
Investment income	3,070,305	3.36	2,098,009	2.15
Gain on sale of assets	2,475	-	-	-
Transfer to other funds	<u>(4,435,101)</u>	<u>(4.85)</u>	<u>(4,104,026)</u>	<u>(4.21)</u>
Total	<u>\$ 91,323,796</u>	<u>100.00 %</u>	<u>\$ 97,365,422</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 \$64,936,067. Approximately 18.0 percent of this total amount (\$11,678,029) 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 (\$281,937), 2) restricted for street improvements (\$16,304,985), 3) restricted for public safety (\$8,805,672), 4) restricted for infrastructure (\$7,164,687), 5) restricted for property tax relief (\$600,757), 6) restricted for economic development (\$5,352,478), 7) restricted for a variety of capital/special projects (\$2,432,289), 8) restricted for Federal programs (\$536,929), 9) restricted for community betterment (\$98,571), 10) committed for code enforcement/defense (\$1,314,725), 11) committed for capital improvement projects (\$9,905,596), 12) restricted for downtown improvement projects (\$193,946), 13) restricted for the airport (\$87,862), 14) endowed as non-spendable principal (\$125,000), 15) non-spendable prepaid expense (\$50,644), or 16) restricted for Transit (\$1,960).

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued FOR THE YEAR ENDED SEPTEMBER 30, 2024

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 \$11,690,004. 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 42.7 percent of total General Fund expenditures.

The fund balance of the City of Fremont's General Fund increased by \$1,050,253 during the current fiscal year, which was \$12,542,416 more than was budgeted. The fund increase is largely due to the timing of capital projects for Police and Streets.

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 - \$55,681,131, Water Fund - \$10,681,175, Sewer Fund - \$11,820,255, and Gas Fund - \$15,365,409. The change in net position for the proprietary funds was as follows: Electric Fund - \$9,673,405, Water Fund - \$2,107,890, Sewer Fund - \$(127,192), and Gas Fund - \$2,240,130. The increase in the Electric Fund net position is linked to an increased investment income, insurance proceeds from the May 2024 storms, increased off system sales, and a decrease in purchased power. The consumption of the Electric Fund increased slightly driven by large volume customers. Billed revenue for the Electric Fund decreased driven by a drop in consumption of commercial and residential customers. The Water Fund realized a drop in consumption and billed revenue as a result of little to no rain in Q4 FY24 despite more rainfall overall for the full year. The Sewer Fund consumption and billed revenue increased because of rate increases implemented in FY24 detailed later in this section. However, the decrease in the Sewer Fund change in net position is attributable to additional production costs related to industrial customers based on concentration of waste, as well as annual debt service costs. For the Gas Fund consumption decreased, driven by lower heating demand and billed revenue decreased, driven by a drop in natural gas prices. 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, 2024, amounts to \$333,971,826 (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.

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued FOR THE YEAR ENDED SEPTEMBER 30, 2024

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:

- Library renovation - \$9,717,154
- Electric distribution system improvements - \$3,093,182
- Diers 8th addition paving - \$1,994,652
- Cloverly and Broad improvements - \$1,069,503
- Water system improvements - \$964,346
- Coal Handling stock out upgrades - \$744,544
- Power Plant rail car mover - \$618,357
- Electric transmission system improvements - \$585,194
- Sewer system improvements - \$558,483
- Gas system improvements - \$459,801
- Power Plant CAT wheel loader - \$363,685
- Hormel Park boat ramp - \$355,957
- Pothole patching machine - \$313,081
- Streets department truck - \$268,276
- Municipal office building improvements - \$214,986
- Underground puller trailer - \$208,405
- Tech Park land - \$201,300

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

- Substation addition - \$4,720,113
- Unit 8 generator stator rewind - \$1,613,745
- ELG regulation bottom ash upgrade - \$1,400,792
- Lake Ventura rebuild - \$734,887
- Multi department building - \$448,488
- SCADA Sewer upgrades - \$291,174
- Traffic signal improvement - \$344,832
- Heavy rescue truck - \$274,857
- South Howard street paving - \$259,906

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

	Year Ended September 30, 2024			Year Ended September 30, 2023		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 7,143,713	\$ 5,052,174	\$ 12,195,887	\$ 6,942,412	\$ 5,052,174	\$ 11,994,586
Construction in progress	8,432,568	16,452,913	24,885,481	16,153,081	7,958,259	24,111,340
Lease asset - land	81,721	-	81,721	86,781	-	86,781
Infrastructure	65,295,221	-	65,295,221	65,526,309	-	65,526,309
Buildings and improvements	21,546,926	-	21,546,926	12,306,496	-	12,306,496
Machinery and equipment	5,441,587	10,276,182	15,717,769	4,186,119	10,346,382	14,532,501
Distribution systems, buildings, and equipment	-	190,070,439	190,070,439	-	192,252,444	192,252,444
Office furniture and equipment	-	184,760	184,760	-	266,866	266,866
Subscription assets	31,878	318,232	350,110	52,175	64,093	116,268
Vehicles	-	3,643,512	3,643,512	-	3,294,503	3,294,503
Total	<u>\$ 107,973,614</u>	<u>\$ 225,998,212</u>	<u>\$ 333,971,826</u>	<u>\$ 105,253,373</u>	<u>\$ 219,234,721</u>	<u>\$ 324,488,094</u>

Additional information on the City of Fremont's capital, lease and subscription assets can be found in Note C5 on pages 44 - 46 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 \$107,657,691.

City of Fremont's Outstanding Debt

	Year Ended September 30, 2024			Year Ended September 30, 2023		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 8,689,627	\$ -	\$ 8,689,627	\$ 10,365,386	\$ -	\$ 10,365,386
Revenue bonds	-	98,594,023	98,594,023	-	104,845,641	104,845,641
Leases payable	88,141	-	88,141	91,321	-	91,321
Subscriptions payable	28,065	257,835	285,900	49,555	42,773	92,328
Total	<u>\$ 8,805,833</u>	<u>\$ 98,851,858</u>	<u>\$ 107,657,691</u>	<u>\$ 10,506,262</u>	<u>\$ 104,888,414</u>	<u>\$ 115,394,676</u>

The City of Fremont's total debt decreased by \$7,736,985 (6.7 percent). The decrease is due to scheduled principal payments of debt. The City did not issue any new debt in FY24.

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 47-49 of this report.

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued FOR THE YEAR ENDED SEPTEMBER 30, 2024

Economic Factors and Next Year's Budgets and Rates

- The City is in the second year of the two-year budget cycle for 2024 and 2025.
- Property tax assessment for the year ending September 30, 2024 is \$6,991,940 which is 3.1% higher than the assessment for the year ended September 30, 2023. However the levy rate dropped to \$0.247951 from \$0.278497 in the prior year. This is a result of the City not seeking an increase despite the rising property valuations as it remains committed to responsible financial stewardship and providing essential services to its residents. 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 \$9,905,596 for capital improvement projects.
- The City expanded Transit services with 2 FTE. The City also hired in FY24, an Assistant Fire Chief and an Assistant Police Chief. The City replaced 3 police reserve officers with 2 full-time officers. In Public Works, a FTE was added for an Assistant Public Works Director, but competitive hiring challenges have left key positions unfilled. Parks restructured by outsourcing custodial duties, increased maintenance staff by 2 FTEs, while eliminating 10 less-than-full-time seasonal workers.
- The Utility successfully completed the expansions budgeted for FY22 and FY23, accommodating our industrial customers, while also implementing slight service increases to accommodate modest growth. Additionally, expenditure adjustments were made to account for inflation. Similar to the City, the Utility faces staffing challenges in an increasingly competitive job market, particularly due to the proximity of larger metro areas. The Utility over the last year has evaluated the rates for all four utilities (those are detailed later in this document) to keep up with increasing costs.
- The City has budgeted to make significant expenditures for the following capital projects during the next fiscal year, (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 - \$17,300,000 Project underway
 - Various citywide paving and resurfacing projects - \$9,559,250 Projects underway
 - New Law Enforcement Center, \$17,250,000 Project underway
 - Multi Use Building for Streets and Park - \$12,000,000
 - Effluent Limitation Guidelines (ELG) power plant improvements - \$6,575,000 Project underway
 - 50T Emergency Black Start unit - \$3,500,000
 - Wellfield Water Treatment facility (engineering only) \$5,000,000
 - Substation addition - \$8,000,000 Project underway
 - Storm Sewer Cleanout/Jet Vac Services-\$1,923,240 and Stormwater Master Plan \$1,802,350 using American Rescue Plan Act Funds. Funds are available until December 2026.

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued FOR THE YEAR ENDED SEPTEMBER 30, 2024

- The City Council approved a two-point-eight (2.8) percent increase in rates for the Gas Fund effective September 1, 2024 and another increase of zero-point-five (0.5) percent effective September 1, 2025.
- The City Council approved a ten-point-zero (10.0) percent increase in rates for the Sewer Fund effective April 1, 2024. Additionally on April 1, 2024, an increase of an additional twenty-point-zero (20.0) percent, in addition to the already approved ten-point-zero (10.0) percent increase in rates took effect.
- The City Council approved a fifteen-point-zero (15.0) percent increase in rates for the Water Fund effective November 1, 2024 and another increase of fifteen-point-zero (15.0) percent effective November 1, 2025.

Most of these factors, except for subsequent events were considered in preparing the City of Fremont's budget for the 2024 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, 2024

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 44,668,733	\$ 26,366,937	\$ 71,035,670
Investments	29,025,098	25,185,622	54,210,720
County treasurer cash	202,055	-	202,055
Receivables:			
Special assessments	240,318	-	240,318
Accounts, net of allowance for doubtful accounts	1,743,146	5,196,259	6,939,405
Notes, net of allowance	-	852,030	852,030
Leases	143,295	507,247	650,542
Unbilled revenue	-	5,697,090	5,697,090
Interest	780,487	1,065,373	1,845,860
Property tax	59,581	-	59,581
Business tax	193,915	-	193,915
Other tax	373,329	-	373,329
Receivable/payable to other funds	(282,269)	282,269	-
Due from other governments	2,887,353	25,319	2,912,672
Inventory	-	14,282,985	14,282,985
Prepaid expenses	54,394	338,010	392,404
Total current assets	<u>80,089,435</u>	<u>79,799,141</u>	<u>159,888,576</u>
Noncurrent assets:			
Restricted cash and cash equivalents	53,602	1,606,316	1,659,918
Restricted investments	-	12,079,378	12,079,378
Notes receivable, net of allowance	1,706,635	11,520,864	13,227,499
Leases receivable	1,124,378	-	1,124,378
Regulatory asset	-	12,730,574	12,730,574
Capital, lease and subscription assets:			
Land	7,241,597	5,052,174	12,293,771
Construction in progress	8,432,568	16,452,913	24,885,481
Other capital, lease and subscription assets, net of depreciation and amortization	92,299,449	204,493,125	296,792,574
Net capital, lease and subscription assets	<u>107,973,614</u>	<u>225,998,212</u>	<u>333,971,826</u>
Total noncurrent assets	<u>110,858,229</u>	<u>263,935,344</u>	<u>374,793,573</u>
Total assets	<u>190,947,664</u>	<u>343,734,485</u>	<u>534,682,149</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refundings	988	1,781,241	1,782,229
Total deferred outflows of resources	<u>988</u>	<u>1,781,241</u>	<u>1,782,229</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,334,833	7,077,764	9,412,597
Claims liability	1,373,708	13,632	1,387,340
Accrued expenses	456,650	1,857,526	2,314,176
Due to other governments	2,046	-	2,046
Unearned revenues	7,708,318	367,368	8,075,686
Customer deposits	17,535	712,827	730,362
Current portion of long-term liabilities	2,623,340	7,424,180	10,047,520
Total current liabilities	<u>14,516,430</u>	<u>17,453,297</u>	<u>31,969,727</u>
Noncurrent liabilities:			
Noncurrent portion of long-term liabilities	7,828,878	93,753,471	101,582,349
Total noncurrent liabilities	<u>7,828,878</u>	<u>93,753,471</u>	<u>101,582,349</u>
Total liabilities	<u>22,345,308</u>	<u>111,206,768</u>	<u>133,552,076</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on lease receivables	1,288,945	462,233	1,751,178
Deferred gain on bond refundings	-	846,398	846,398
Total deferred inflows of resources	<u>1,288,945</u>	<u>1,308,631</u>	<u>2,597,576</u>
NET POSITION			
Net investment in capital assets	98,189,679	125,766,663	223,956,342
Restricted for:			
Debt service	292,787	12,735,176	13,027,963
Fly ash disposal	-	950,518	950,518
Street improvements	16,373,848	-	16,373,848
Federal grant programs	941,059	-	941,059
Transit	1,960	-	1,960
Expendable	25,147,315	-	25,147,315
Non expendable	125,000	-	125,000
Unrestricted	26,242,751	93,547,970	119,790,721
Total net position	<u>\$ 167,314,399</u>	<u>\$ 233,000,327</u>	<u>\$ 400,314,726</u>

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Activities
For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 11,671,324	\$ 4,246,736	\$ 2,350,594	\$ 2,627,707	\$ (2,446,287)	\$ -	\$ (2,446,287)
Public safety	12,636,386	1,764,113	268,470	55,968	(10,547,835)	-	(10,547,835)
Public works	10,713,669	255,150	890,003	2,111,072	(7,457,444)	-	(7,457,444)
Environment and leisure	10,872,109	806,668	800,328	3,800,664	(5,464,449)	-	(5,464,449)
Non-departmental	202,725	-	-	-	(202,725)	-	(202,725)
Interest on long-term debt	161,525	-	-	-	(161,525)	-	(161,525)
Total governmental activities	<u>46,257,738</u>	<u>7,072,667</u>	<u>4,309,395</u>	<u>8,595,411</u>	<u>(26,280,265)</u>	<u>-</u>	<u>(26,280,265)</u>
Business-type activities:							
Electric	47,212,354	57,226,199	-	1,063,135	-	11,076,980	11,076,980
Water	4,299,500	5,520,925	-	960,042	-	2,181,467	2,181,467
Sewer	10,955,867	9,753,944	4,200	877,506	-	(320,217)	(320,217)
Gas	14,961,842	17,234,407	-	45,759	-	2,318,324	2,318,324
Total business-type activities	<u>77,429,563</u>	<u>89,735,475</u>	<u>4,200</u>	<u>2,946,442</u>	<u>-</u>	<u>15,256,554</u>	<u>15,256,554</u>
Total primary government	<u>\$ 123,687,301</u>	<u>\$ 96,808,142</u>	<u>\$ 4,313,595</u>	<u>\$ 11,541,853</u>	<u>\$ (26,280,265)</u>	<u>\$ 15,256,554</u>	<u>\$ (11,023,711)</u>
General revenues:							
Taxes:							
Property					6,789,130	-	6,789,130
Motor vehicle					676,030	-	676,030
Sales tax					10,371,722	-	10,371,722
Franchise					184,825	-	184,825
Other taxes					2,033,934	-	2,033,934
State allocation					4,062,970	-	4,062,970
Keno					999,643	-	999,643
Miscellaneous					39,398	-	39,398
Investment income					2,578,140	3,070,305	5,648,445
Gain on sale of assets					153,541	2,475	156,016
Transfer (to) from other funds					4,435,101	(4,435,101)	-
Total general revenues					<u>32,324,434</u>	<u>(1,362,321)</u>	<u>30,962,113</u>
Change in net position					<u>6,044,169</u>	<u>13,894,233</u>	<u>19,938,402</u>
Net position - September 30, 2023					<u>161,270,230</u>	<u>219,106,094</u>	<u>380,376,324</u>
Net position - September 30, 2024					<u>\$ 167,314,399</u>	<u>\$ 233,000,327</u>	<u>\$ 400,314,726</u>

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Balance Sheet - Governmental Funds
September 30, 2024

	General	Street	Sales Tax	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 10,430,557	\$ 8,552,018	\$ 19,831,162	\$ 4,532,891	\$ 43,346,628
Investments	11,499,743	5,500,000	3,000,000	6,025,355	26,025,098
County treasurer cash	130,147	57,306	-	14,602	202,055
Receivables:					
Special assessments	37,573	33,155	-	169,590	240,318
Accounts, net of allowance for doubtful accounts	1,462,555	108,242	-	172,349	1,743,146
Notes receivable, net of allowance for doubtful accounts	-	-	1,582,178	124,457	1,706,635
Leases	213,960	-	86,479	967,234	1,267,673
Interest	449,515	133,248	75,680	96,487	754,930
Property tax	43,986	-	-	15,595	59,581
Business tax	175,275	-	-	18,640	193,915
Other tax	-	373,329	-	-	373,329
Due from other governments	612,416	-	1,716,721	558,216	2,887,353
Due from other funds	1,956,451	959,732	284,594	676,774	3,877,551
Prepaid expenses	50,644	-	-	-	50,644
Total assets	\$ 27,062,822	\$ 15,717,030	\$ 26,576,814	\$ 13,372,190	\$ 82,728,856
LIABILITIES					
Accounts payable	\$ 668,251	\$ 1,246,301	\$ 27	\$ 356,616	\$ 2,271,195
Accrued expenses	318,391	44,276	-	32,361	395,028
Due to other governments	2,046	-	-	-	2,046
Due to other funds	1,838,270	4,553	513,910	1,803,105	4,159,838
Unearned revenue	-	3,441,000	-	4,267,318	7,708,318
Customer deposits	12,810	-	1,125	3,600	17,535
Total liabilities	2,839,768	4,736,130	515,062	6,463,000	14,553,960
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	1,576	-	-	10,850	12,426
Unavailable revenue - other local taxes	37,573	33,155	-	31,792	102,520
Unavailable revenue - fees and other	1,015,776	35,766	75,537	707,859	1,834,938
Lease receivables revenue	207,160	-	84,229	997,556	1,288,945
Total deferred inflows of resources	1,262,085	68,921	159,766	1,748,057	3,238,829
FUND BALANCES (DEFICIT)					
Nonspendable:					
Permanent fund principal	-	-	-	125,000	125,000
Prepaid expenses	50,644	-	-	-	50,644
Restricted for:					
Airport	-	-	-	87,862	87,862
Downtown improvements/parking	-	-	-	193,946	193,946
Debt service	-	-	-	281,937	281,937
Street improvements	-	10,911,979	5,393,006	-	16,304,985
Public safety	-	-	8,222,979	582,693	8,805,672
Infrastructure	-	-	7,164,687	-	7,164,687
Property tax relief	-	-	600,757	-	600,757
Economic development	-	-	4,520,557	831,921	5,352,478
Capital/special projects	-	-	-	2,432,289	2,432,289
Federal programs	-	-	-	536,929	536,929
Community betterment	-	-	-	98,571	98,571
Transit	-	-	-	1,960	1,960
Committed for:					
Code enforcement/defense	1,314,725	-	-	-	1,314,725
Capital improvement projects	9,905,596	-	-	-	9,905,596
Unassigned	11,690,004	-	-	(11,975)	11,678,029
Total fund balances	22,960,969	10,911,979	25,901,986	5,161,133	64,936,067
Total liabilities, deferred inflows of resources and fund balances	\$ 27,062,822	\$ 15,717,030	\$ 26,576,814	\$ 13,372,190	\$ 82,728,856

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Position
September 30, 2024

Total fund balances - governmental funds		\$ 64,936,067
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 \$156,297,327 and the accumulated depreciation and amortization is \$48,323,713.		107,973,614
Deferred amounts on bond refundings are not financial resources and, therefore, are not reported as assets in governmental funds.		988
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.		2,958,629
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.		1,949,884
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	(52,565)	
Compensated absences	(1,646,385)	
Other long-term debt	(8,805,833)	(10,504,783)
Total net position - governmental activities		<u>\$ 167,314,399</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, 2024

	General	Street	Sales Tax	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 6,104,270	\$ -	\$ -	\$ 683,716	\$ 6,787,986
Motor vehicle	-	676,030	-	-	676,030
Sales tax	-	-	10,371,722	-	10,371,722
Franchise	184,825	-	-	-	184,825
Business	1,915,861	-	-	118,073	2,033,934
Intergovernmental	790,516	4,728,556	-	5,575,014	11,094,086
Keno	-	-	-	999,643	999,643
Charges for services	4,334,050	118,572	21,880	187,649	4,662,151
Donations	194,024	126,611	-	1,920,246	2,240,881
Investment income	834,575	442,018	766,236	428,354	2,471,183
Sales proceeds on capital assets	20,831	132,710	-	-	153,541
Other income	21,440	15,464	-	2,494	39,398
Total revenues	<u>14,400,392</u>	<u>6,239,961</u>	<u>11,159,838</u>	<u>9,915,189</u>	<u>41,715,380</u>
EXPENDITURES					
General government	7,487,584	-	2,087,012	686,726	10,261,322
Public safety	11,871,285	-	2,370	1,355,811	13,229,466
Public works	521,879	8,128,456	-	3,295	8,653,630
Environment and leisure	7,258,972	-	-	5,335,638	12,594,610
Employee insurance	203,934	-	-	-	203,934
Lease and subscription principal payments	2,693	-	-	21,977	24,670
Lease and subscription interest payments	293	-	-	1,783	2,076
Principal payments on long-term debt	-	1,065,000	-	560,000	1,625,000
Interest on long-term debt	-	82,825	-	120,373	203,198
Total expenditures	<u>27,346,640</u>	<u>9,276,281</u>	<u>2,089,382</u>	<u>8,085,603</u>	<u>46,797,906</u>
Excess (deficiency) of revenues over expenditures	<u>(12,946,248)</u>	<u>(3,036,320)</u>	<u>9,070,456</u>	<u>1,829,586</u>	<u>(5,082,526)</u>
OTHER FINANCING SOURCES (USES)					
Insurance recoveries	2,498,207	437,906	-	472,980	3,409,093
Leases terminated	-	-	-	(48,829)	(48,829)
Transfers in	11,915,454	3,025,156	-	373,963	15,314,573
Transfers out	(417,160)	-	(7,236,434)	(3,225,878)	(10,879,472)
Net other sources and (uses)	<u>13,996,501</u>	<u>3,463,062</u>	<u>(7,236,434)</u>	<u>(2,427,764)</u>	<u>7,795,365</u>
Net change in fund balances	<u>1,050,253</u>	<u>426,742</u>	<u>1,834,022</u>	<u>(598,178)</u>	<u>2,712,839</u>
Fund balances - September 30, 2023	<u>21,910,716</u>	<u>10,485,237</u>	<u>24,067,964</u>	<u>5,759,311</u>	<u>62,223,228</u>
Fund balances - September 30, 2024	<u>\$ 22,960,969</u>	<u>\$ 10,911,979</u>	<u>\$ 25,901,986</u>	<u>\$ 5,161,133</u>	<u>\$ 64,936,067</u>

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2024

Total net change in fund balances - governmental funds	\$	2,712,839
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.		982,288
The net effect of various miscellaneous transactions involving capital assets (contributions, disposals, etc.)		2,729,875
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.		(1,612,568)
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.		(87,904)
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.		(329,491)
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>1,649,670</u>
Change in net position of governmental activities	\$	<u>6,044,169</u>

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Net Position - Proprietary Funds
September 30, 2024

	Enterprise Funds				Total	Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Gas Fund		
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 12,183,446	\$ 6,282,239	\$ -	\$ 7,901,252	\$ 26,366,937	\$ 1,322,105
Investments	18,448,651	3,236,971	-	3,500,000	25,185,622	3,000,000
Receivables:						
Accounts, net of allowance for doubtful accounts	3,494,775	344,719	1,175,308	181,457	5,196,259	-
Notes, net	-	-	852,030	-	852,030	-
Leases	436,172	71,075	-	-	507,247	-
Unbilled revenue	3,613,346	463,622	840,101	780,021	5,697,090	-
Due from other funds	2,302,148	28,702	39,994	126,514	2,497,358	-
Due from other governments	19,697	5,622	-	-	25,319	-
Interest	746,799	122,502	91,069	105,003	1,065,373	25,557
Inventory	12,436,672	344,886	160,124	1,341,303	14,282,985	-
Prepaid expenses	171,494	41,850	39,244	85,422	338,010	3,750
Total current assets	<u>53,853,200</u>	<u>10,942,188</u>	<u>3,197,870</u>	<u>14,020,972</u>	<u>82,014,230</u>	<u>4,351,412</u>
Noncurrent assets:						
Restricted cash and cash equivalents	-	-	1,606,316	-	1,606,316	53,602
Restricted investments	9,440,849	597,529	2,041,000	-	12,079,378	-
Long-term notes receivable	-	-	11,520,864	-	11,520,864	-
Regulatory assets	8,791,925	-	-	3,938,649	12,730,574	-
Capital assets:						
Land	2,003,254	116,340	1,890,618	1,041,962	5,052,174	-
Construction in progress	14,209,857	506,327	1,113,817	622,912	16,452,913	-
Depreciable capital assets	242,126,500	48,141,798	110,425,030	23,206,476	423,899,804	-
Less accumulated depreciation	<u>(139,397,599)</u>	<u>(24,290,101)</u>	<u>(41,701,096)</u>	<u>(14,017,883)</u>	<u>(219,406,679)</u>	<u>-</u>
Net capital assets	<u>118,942,012</u>	<u>24,474,364</u>	<u>71,728,369</u>	<u>10,853,467</u>	<u>225,998,212</u>	<u>-</u>
Total noncurrent assets	<u>137,174,786</u>	<u>25,071,893</u>	<u>86,896,549</u>	<u>14,792,116</u>	<u>263,935,344</u>	<u>53,602</u>
Total assets	<u>191,027,986</u>	<u>36,014,081</u>	<u>90,094,419</u>	<u>28,813,088</u>	<u>345,949,574</u>	<u>4,405,014</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows on bond refundings	348,470	7,082	1,425,689	-	1,781,241	-
Total deferred outflows of resources	<u>348,470</u>	<u>7,082</u>	<u>1,425,689</u>	<u>-</u>	<u>1,781,241</u>	<u>-</u>
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 3,959,240	\$ 76,367	\$ 591,663	\$ 2,450,494	\$ 7,077,764	\$ 72,677
Due to other funds	232,562	68,330	1,844,122	70,075	2,215,089	-
Accrued payroll	376,387	19,589	48,023	30,033	474,032	-
Sales tax payable	385,934	1,429	-	2,572	389,935	-
Accrued interest payable	305,855	14,029	673,675	-	993,559	-
Unearned revenue	367,368	-	-	-	367,368	-
Customer deposits	711,796	1,031	-	-	712,827	-
Claims liability	13,632	-	-	-	13,632	1,373,708
Current portion of long-term obligations	4,289,783	445,866	2,630,078	58,453	7,424,180	-
Total current liabilities	<u>10,642,557</u>	<u>626,641</u>	<u>5,787,561</u>	<u>2,611,627</u>	<u>19,668,386</u>	<u>1,446,385</u>
Noncurrent liabilities:						
Noncurrent portion of long-term obligations	42,040,231	1,049,764	50,595,390	68,086	93,753,471	-
Total noncurrent liabilities	<u>42,040,231</u>	<u>1,049,764</u>	<u>50,595,390</u>	<u>68,086</u>	<u>93,753,471</u>	<u>-</u>
Total liabilities	<u>52,682,788</u>	<u>1,676,405</u>	<u>56,382,951</u>	<u>2,679,713</u>	<u>113,421,857</u>	<u>1,446,385</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of lease receivables	407,860	54,373	-	-	462,233	-
Deferred gain on bond refundings	846,398	-	-	-	846,398	-
Total deferred inflows of resources	<u>1,254,258</u>	<u>54,373</u>	<u>-</u>	<u>-</u>	<u>1,308,631</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	72,317,430	23,011,681	19,669,586	10,767,966	125,766,663	-
Restricted for:						
Debt service	8,490,331	597,529	3,647,316	-	12,735,176	-
Fly ash disposal	950,518	-	-	-	950,518	-
Unrestricted	55,681,131	10,681,175	11,820,255	15,365,409	93,547,970	2,958,629
Total net position	<u>\$ 137,439,410</u>	<u>\$ 34,290,385</u>	<u>\$ 35,137,157</u>	<u>\$ 26,133,375</u>	<u>\$ 233,000,327</u>	<u>\$ 2,958,629</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, 2024

	Enterprise Funds				Total	Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Gas Fund		
Operating revenues:						
Charges for services	\$ 56,979,873	\$ 5,465,938	\$ 9,085,855	\$ 17,234,407	\$ 88,766,073	\$ 4,737,564
Contributions from other funds	-	-	-	-	-	1,708,543
Other revenue	246,326	54,987	668,089	-	969,402	-
Total operating revenues	<u>57,226,199</u>	<u>5,520,925</u>	<u>9,753,944</u>	<u>17,234,407</u>	<u>89,735,475</u>	<u>6,446,107</u>
Operating expenses:						
Cost of power/gas	6,816,851	-	-	10,651,657	17,468,508	-
Production	25,849,807	1,148,912	3,945,524	-	30,944,243	-
Distribution	5,144,325	1,068,959	839,926	1,713,413	8,766,623	-
Customer accounting and collections	2,476,614	928,186	932,679	1,845,215	6,182,694	-
Administrative and general	5,711	2,070	1,819	-	9,600	4,440
Employee insurance	-	-	-	-	-	7,454,611
Workers' compensation	-	-	-	-	-	779,061
Depreciation and amortization	5,879,258	1,113,131	3,529,790	714,818	11,236,997	-
Total operating expenses	<u>46,172,566</u>	<u>4,261,258</u>	<u>9,249,738</u>	<u>14,925,103</u>	<u>74,608,665</u>	<u>8,238,112</u>
Operating income (loss)	<u>11,053,633</u>	<u>1,259,667</u>	<u>504,206</u>	<u>2,309,304</u>	<u>15,126,810</u>	<u>(1,792,005)</u>
Nonoperating revenues (expenses):						
Investment income	1,830,234	269,715	634,751	335,605	3,070,305	179,437
Interest expense	(882,431)	(38,242)	(1,706,129)	-	(2,626,802)	-
Gain (loss) on sale of assets	(157,357)	2,475	-	(36,739)	(191,621)	-
Grant revenue	-	-	4,200	-	4,200	-
Insurance recoveries	1,063,135	58,214	761,106	45,759	1,928,214	-
Total nonoperating revenues (expenses)	<u>1,853,581</u>	<u>292,162</u>	<u>(306,072)</u>	<u>344,625</u>	<u>2,184,296</u>	<u>179,437</u>
Income (loss) before net contributed capital and interfund transfers	<u>12,907,214</u>	<u>1,551,829</u>	<u>198,134</u>	<u>2,653,929</u>	<u>17,311,106</u>	<u>(1,612,568)</u>
Contributed capital (CC)	92,648	901,828	116,400	-	1,110,876	-
Cost recovered through CC	(92,648)	-	-	-	(92,648)	-
Transfers from other funds	143,197	-	-	-	143,197	-
Transfer to other funds	(3,377,006)	(345,767)	(441,726)	(413,799)	(4,578,298)	-
Net CC and transfers	<u>(3,233,809)</u>	<u>556,061</u>	<u>(325,326)</u>	<u>(413,799)</u>	<u>(3,416,873)</u>	<u>-</u>
Change in net position	<u>9,673,405</u>	<u>2,107,890</u>	<u>(127,192)</u>	<u>2,240,130</u>	<u>13,894,233</u>	<u>(1,612,568)</u>
Net position - September 30, 2023	<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>
Net position - September 30, 2024	<u>\$ 137,439,410</u>	<u>\$ 34,290,385</u>	<u>\$ 35,137,157</u>	<u>\$ 26,133,375</u>	<u>\$ 233,000,327</u>	<u>\$ 2,958,629</u>

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2024

	Enterprise Funds				Total	Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Gas Fund		
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 55,577,976	\$ 6,051,248	\$ 8,600,984	\$ 16,351,965	\$ 86,582,173	\$ 4,737,564
Receipts from interfund services provided	1,570,352	258,836	55,740	2,143,499	4,028,427	1,708,543
Payments to suppliers	(23,943,472)	(1,764,439)	(2,369,911)	(12,638,696)	(40,716,518)	(7,540,139)
Payments for interfund services provided	(1,998,209)	(609,045)	(1,450,693)	(20,598)	(4,078,545)	-
Payments to employees	(14,618,085)	(775,795)	(1,806,304)	(1,182,281)	(18,382,465)	-
Net cash provided by (used in) operating activities	<u>16,588,562</u>	<u>3,160,805</u>	<u>3,029,816</u>	<u>4,653,889</u>	<u>27,433,072</u>	<u>(1,094,032)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers from other funds	143,197	-	-	-	143,197	-
Transfers to other funds	(3,377,006)	(345,767)	(441,726)	(413,799)	(4,578,298)	-
Interfund loans	(2,272,135)	3,103	1,701,844	40,433	(526,755)	-
Net cash provided by (used in) noncapital financing activities	<u>(5,505,944)</u>	<u>(342,664)</u>	<u>1,260,118</u>	<u>(373,366)</u>	<u>(4,961,856)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Purchase of property and equipment	(13,300,363)	(371,716)	(6,058,260)	(851,918)	(20,582,257)	-
Proceeds from sale of property and equipment	17,122	2,475	-	4,840	24,437	-
Proceeds from capital grant	28,180	16,868	4,200	-	49,248	-
Lease principal collections	20,341	35,048	-	-	55,389	-
Lease interest collections	8,648	952	-	-	9,600	-
Principal payments on notes receivable	-	-	818,677	-	818,677	-
Principal payments on subscriptions payable	(106,340)	-	-	-	(106,340)	-
Interest paid on subscriptions payable	(1,986)	-	-	-	(1,986)	-
Principal payments on capital debt	(3,274,610)	(334,500)	(2,410,890)	-	(6,020,000)	-
Interest paid on capital debt	(1,185,016)	(51,335)	(1,647,721)	-	(2,884,072)	-
Decrease in fly ash liability	(9,134)	-	-	-	(9,134)	-
Proceeds from insurance settlements	971,552	39,199	756,212	1,994	1,768,957	-
Net cash used in capital and related financing activities	<u>(16,831,606)</u>	<u>(663,009)</u>	<u>(8,537,782)</u>	<u>(845,084)</u>	<u>(26,877,481)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Net (purchases) and sales of investments	(1,108)	(289,319)	237,803	(1,519)	(54,143)	-
Interest received on investments	1,648,128	221,942	549,612	299,944	2,719,626	181,469
Net cash provided by (used in) investing activities	<u>1,647,020</u>	<u>(67,377)</u>	<u>787,415</u>	<u>298,425</u>	<u>2,665,483</u>	<u>181,469</u>
Increase (decrease) in cash and cash equivalents	(4,101,968)	2,087,755	(3,460,433)	3,733,864	(1,740,782)	(912,563)
Cash and cash equivalents - beginning of the year	16,285,414	4,194,484	5,066,749	4,167,388	29,714,035	2,288,270
Cash and cash equivalents - end of the year	<u>\$ 12,183,446</u>	<u>\$ 6,282,239</u>	<u>\$ 1,606,316</u>	<u>\$ 7,901,252</u>	<u>\$ 27,973,253</u>	<u>\$ 1,375,707</u>
Composition of cash and cash equivalents:						
Cash and cash equivalents	\$ 12,183,446	\$ 6,282,239	\$ -	\$ 7,901,252	26,366,937	\$ 1,322,105
Restricted cash and cash equivalents	-	-	1,606,316	-	1,606,316	53,602
Total cash and cash equivalents	<u>\$ 12,183,446</u>	<u>\$ 6,282,239</u>	<u>\$ 1,606,316</u>	<u>\$ 7,901,252</u>	<u>\$ 27,973,253</u>	<u>\$ 1,375,707</u>

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Cash Flows - Proprietary Funds - Continued
For the Year Ended September 30, 2024

	Enterprise Funds				Total	Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Gas Fund		
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 11,053,633	\$ 1,259,667	\$ 504,206	\$ 2,309,304	\$ 15,126,810	\$ (1,792,005)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization expense	5,879,258	1,113,131	3,529,790	714,818	11,236,997	-
Change in assets and liabilities:						
Accounts receivable and unbilled revenue	138,559	829,940	(1,097,220)	1,261,057	1,132,336	-
Inventories	(128,124)	(58,994)	3,371	616,163	432,416	-
Regulatory asset	(1,005,398)	-	-	(2,014,838)	(3,020,236)	-
Prepaid expenses	(22,843)	(8,014)	(5,408)	(14,021)	(50,286)	43,324
Accounts payable	661,057	56,289	60,451	1,767,675	2,545,472	(97,321)
Accrued payroll	94,317	6,423	17,422	4,183	122,345	-
Accrued compensated absences	66,442	3,209	17,204	8,778	95,633	-
Other accrued expenses	68,091	(65)	-	770	68,796	-
Unearned revenue	(211,033)	-	-	-	(211,033)	-
Customer deposits	22,342	(1)	-	-	22,341	-
Claims liability	584	-	-	-	584	751,970
Deferred inflows on leases receivable	(28,323)	(40,780)	-	-	(69,103)	-
Net cash provided by (used in) operating activities	<u>\$ 16,588,562</u>	<u>\$ 3,160,805</u>	<u>\$ 3,029,816</u>	<u>\$ 4,653,889</u>	<u>\$ 27,433,072</u>	<u>\$ (1,094,032)</u>
Supplemental Cash Flows Information						
Payables incurred for acquisition of capital, lease and subscription assets	\$ 1,758,697	\$ -	\$ 469,699	\$ 85,501	\$ 2,313,897	\$ -
Subscription payables incurred for subscription assets	321,402	-	-	-	321,402	-
Contributed capital, net	-	901,828	116,400	-	1,018,228	-
Amortization of bond premium/discount, net	211,189	10,693	9,736	-	231,618	-

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Fiduciary Net Position
September 30, 2024

	<u>Custodial Fund</u>
ASSETS	
Cash	\$ 495,724
Total assets	<u>495,724</u>
 LIABILITIES - DUE TO OTHERS	 <u>495,724</u>
 FIDUCIARY NET POSITION	 \$ - <u><u> </u></u>

See notes to financial statements

CITY OF FREMONT, NEBRASKA
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2024

	Custodial Fund
ADDITIONS	
Tax increment financing revenues	\$ 3,430,472
Interest income	92,216
Total additions	3,522,688
DEDUCTIONS	
Tax increment financing expenditures	3,566,339
Other	32,187
Total deductions	3,598,526
NET DECREASE IN FIDUCIARY NET POSITION	(75,838)
FIDUCIARY NET POSITION, BEGINNING OF YEAR	75,838
FIDUCIARY NET POSITION, END OF YEAR	\$ -

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, 2024

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, 2024

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, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

2. Basis of Presentation, Continued

Capital Projects Fund

The Capital Projects Fund is 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).

Proprietary Funds

Enterprise Fund

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 Fund

The Internal Service Fund 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

The 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, 2024

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 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.
Community Development Block Grant (CDBG)	Accounts for revolving loans funded by CDBG grants.
Weatherization Economic Development Administration (EDA) (HUD)	Accounts for weatherization revolving loans funded by the Department of Housing and Urban Development (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, 2024

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 leases or subscriptions are reported as other financing sources.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

3. Measurement Focus and Basis of Accounting, Continued

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

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

Estimates

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

Cash and Investments

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

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

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

Receivables

Receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include special assessments and property taxes. Business-type activities report utility billings as their major receivables. Unbilled revenue of \$5,697,090, representing consumer usage for the period between the last reading date and the end of the period, was recorded as of September 30, 2024.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2024

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. Notes Receivable for business activities include interest-bearing loans made to local businesses to promote economic growth.

Due from Other Governments

The total due from other governments includes the following amounts:

<u>Fund</u>	<u>Amount</u>	<u>Description</u>
General	\$ 612,416	Grant reimbursement & TIF bonds
Sales tax	1,716,721	Sales tax
Airport	323,226	Grant reimbursement
CDBG	3,018	Grant reimbursement
Enhanced 911	121,403	Interlocal reimbursement
Transit	110,569	Grant reimbursement
Governmental total	<u>\$ 2,887,353</u>	
Electric	\$ 19,697	Grant reimbursement
Water	5,622	Grant reimbursement
Business-type total	<u>\$ 25,319</u>	

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. FY24 resulted in some lease terminations as tenants transitioned from previous agreements to updated lease structures with revised rates. The City has some tenants remaining under existing agreements until they expire. These policy adjustments were necessary to improve alignment between lease revenues and the cost of airport operations.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Inventory

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

Inventories consist of the following at September 30, 2024:

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Total</u>
Coal	\$ 4,138,941	\$ -	\$ -	\$ -	\$ 4,138,941
Natural Gas	-	-	-	611,033	611,033
Production Supplies	5,251,090	344,886	160,124	161,079	5,917,179
Distribution Supplies	2,563,609	-	-	569,191	3,132,800
Other	483,032	-	-	-	483,032
	<u>\$ 12,436,672</u>	<u>\$ 344,886</u>	<u>\$ 160,124</u>	<u>\$ 1,341,303</u>	<u>\$ 14,282,985</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 Sheet 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 acquisition 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, 2024

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 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, 2024

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 loss on refunding reported in the government-wide statement of net position. A deferred loss 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 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 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, 2024

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 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, 2024

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.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

5. 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 2023-2024 are recorded as revenue when expected to be collected within 60 days after September 30, 2024. 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, 2024

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 \$202,055 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, 2024

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, 2024

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, 2024, 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	\$ 71,237,725
Restricted	1,659,918
Investments -	
Unrestricted	54,210,720
Restricted	12,079,378
Total	<u>\$ 139,187,741</u>

Investments and cash equivalents consist of the following:

County treasurer cash	\$ 202,055
Certificates of deposit	65,290,098
Deposit accounts and cash on hand	72,695,588
External investment pool	1,000,000
Total	<u>\$ 139,187,741</u>

Of the business-type restricted assets, \$12,735,176, relates to debt service reserves required by bond agreements. The remaining 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 (64.55 percent), waste transfer station (8.23 percent), cable franchise tax (1.35 percent), Keno proceeds (2.05 percent), fees assessed (14.41 percent), and other (9.41 percent) receivables. Receivables at September 30, 2024, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts receivable	\$ 2,358,793	\$ 5,525,258	\$ 7,884,051
Allowance for doubtful accounts	<u>(615,647)</u>	<u>(328,999)</u>	<u>(944,646)</u>
Net accounts receivable	<u>\$ 1,743,146</u>	<u>\$ 5,196,259</u>	<u>\$ 6,939,405</u>

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2024

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):					
505 Brewing Company	\$ 165,000	12/9/2019	0%	Performance Based	\$ 33,000
Summit Medical Staffing	493,758	4/7/2021	0%	Performance Based	197,503
Summit Medical Staffing	50,000	7/2/2020	0%	Performance Based	10,000
Tech Partners	24,188	12/8/2020	0%	Performance Based	9,675
WLG Fremont	600,000	10/6/2020	0%	Performance Based	240,000
Wholestone Farms	1,300,000	2/17/2021	0%	Performance Based	520,000
EleMETAL Fabrication	200,000	2/5/2021	0%	Performance Based	80,000
505 Main Street Group LLC	465,000	7/5/2021	0%	Performance Based	372,000
My Central Supply	200,000	2/24/2022	0%	Performance Based	120,000
<i>Total Sales Tax Fund</i>					<u>1,582,178</u>
Weatherization EDA (HUD) Fund:					
Interest bearing notes	\$ 19,998	12/06/2017	1%	Repayable	13,787
Non-interest bearing notes	20,000	11/16/2027	0%	Repayable	9,305
Non-interest bearing notes	215,441	Various	0%	Forgivable	26,365
<i>Total Weatherization Fund</i>					<u>49,457</u>
Economic Enhancement Fund:					
WLG Fremont	100,000	10/6/2020	0%	Performance Based	40,000
Costco	175,000	7/22/2020	0%	Performance Based	35,000
<i>Total Economic Enhancement Fund</i>					<u>75,000</u>
<i>Total Notes Receivable</i>					<u><u>\$ 1,706,635</u></u>
Business-type Activities					
Sewer Fund:					
Wholestone Farms	\$ 15,000,000	3/1/2021	4%	Repayable	<u><u>\$ 12,372,894</u></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 \$243,465 for the year ended September 30, 2024, 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, 2024

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, 2024, was as follows:

	Balance at October 1, 2023	Additions	Disposals	Transfers	Balance at September 30, 2024
Governmental Activities:					
Capital, lease and subscription assets not being depreciation or amortized:					
Land	\$ 6,942,412	\$ 201,301	\$ -	\$ -	\$ 7,143,713
Construction in progress	16,153,081	4,324,636	-	(12,045,149)	8,432,568
Total capital assets not being depreciated or amortized	<u>23,095,493</u>	<u>4,525,937</u>	<u>-</u>	<u>(12,045,149)</u>	<u>15,576,281</u>
Other capital, lease and subscription assets being depreciated or amortized:					
Lease asset - land	97,885	-	-	-	97,885
Infrastructure	86,364,294	2,080,742	(4,524)	1,831,601	90,272,113
Buildings and improvements	23,578,345	425,651	(596,829)	9,880,310	33,287,477
Machinery and equipment	15,274,754	1,970,150	(586,143)	333,238	16,991,999
Subscription assets	71,572	-	-	-	71,572
Total other capital, lease and subscription assets at historical cost	<u>125,386,850</u>	<u>4,476,543</u>	<u>(1,187,496)</u>	<u>12,045,149</u>	<u>140,721,046</u>
Less accumulated depreciation and amortization for:					
Lease asset - land	(11,104)	(5,060)	-	-	(16,164)
Infrastructure	(20,837,985)	(4,143,432)	4,525	-	(24,976,892)
Buildings and improvements	(11,271,849)	(821,605)	352,903	-	(11,740,551)
Machinery and equipment	(11,088,635)	(1,035,222)	573,445	-	(11,550,412)
Subscription assets	(19,397)	(20,297)	-	-	(39,694)
Total accumulated depreciation and amortization	<u>(43,228,970)</u>	<u>(6,025,616) *</u>	<u>930,873</u>	<u>-</u>	<u>(48,323,713)</u>
Other capital, lease and subscription assets, net	<u>82,157,880</u>	<u>(1,549,073)</u>	<u>(256,623)</u>	<u>12,045,149</u>	<u>92,397,333</u>
Governmental activities capital, lease and subscription assets, net	<u>\$ 105,253,373</u>	<u>\$ 2,976,864</u>	<u>\$ (256,623)</u>	<u>\$ -</u>	<u>\$ 107,973,614</u>

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2024

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	\$ 100,067
Public safety	
Police	300,071
Fire	258,326
E911	124,195
Civil Service	12,657
Total public safety	<u>695,249</u>
Public works	
Civil engineering	132,240
Streets	3,953,494
Total public works	<u>4,085,734</u>
Environment and leisure	
Culture and recreation	850,869
Transit lines	5,467
Airport	282,345
Business improvement district	5,885
Total environment and leisure	<u>1,144,566</u>
 Total governmental activities depreciation and amortization	 <u><u>\$ 6,025,616</u></u>

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2024

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

5. Capital, Lease and Subscription Assets, Continued

Business-type Activities

Capital and subscription asset activity for the year ended September 30, 2024, was as follows:

	Balance at October 1, 2023	Additions	Disposals	Transfers	Balance at September 30, 2024
<u>Business-type Activities:</u>					
Capital and subscription assets not being depreciated or amortized:					
Land	\$ 5,052,174	\$ -	\$ -	\$ -	\$ 5,052,174
Construction in progress	7,958,259	8,494,654	-	-	16,452,913
Total capital and subscription assets not being depreciated or amortized	<u>13,010,433</u>	<u>8,494,654</u>	<u>-</u>	<u>-</u>	<u>21,505,087</u>
Other capital and subscription assets being depreciated or amortized:					
Distribution systems, buildings, and equipment	375,616,845	6,788,479	(79,436)	-	382,325,888
Machinery and equipment	28,050,434	1,471,935	(769,388)	-	28,752,981
Office furniture and equipment	3,035,858	23,421	(5,408)	-	3,053,871
Vehicles	8,444,292	1,067,312	(135,857)	-	9,375,747
Subscription assets	69,915	321,402	-	-	391,317
Total other capital and subscription assets at historical cost	<u>415,217,344</u>	<u>9,672,549</u>	<u>(990,089)</u>	<u>-</u>	<u>423,899,804</u>
Less accumulated depreciation and amortization for:					
Distribution systems, buildings, and equipment	(183,364,401)	(8,959,591)	68,543	-	(192,255,449)
Machinery and equipment	(17,704,052)	(1,392,090)	619,343	-	(18,476,799)
Office furniture and equipment	(2,768,992)	(105,527)	5,408	-	(2,869,111)
Vehicles	(5,149,789)	(712,526)	130,080	-	(5,732,235)
Subscription assets	(5,822.00)	(67,263)	-	-	(73,085)
Total accumulated depreciation and amortization	<u>(208,993,056)</u>	<u>(11,236,997)*</u>	<u>823,374</u>	<u>-</u>	<u>(219,406,679)</u>
Other capital and subscription assets, net	<u>206,224,288</u>	<u>(1,564,448)</u>	<u>(166,715)</u>	<u>-</u>	<u>204,493,125</u>
Business-type activities capital and subscription assets, net	<u>\$ 219,234,721</u>	<u>\$ 6,930,206</u>	<u>\$ (166,715)</u>	<u>\$ -</u>	<u>\$ 225,998,212</u>

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

Electric	\$ 5,879,258
Water	1,113,131
Sewer	3,529,790
Gas	<u>714,818</u>
Total business-type activities depreciation and amortization	<u>\$ 11,236,997</u>

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2024

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 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, 2024:

	Balance at October 1, 2023	Additions	Deductions	Balance at September 30, 2024	Amounts Due Within One Year
Governmental Activities:					
Bonds payable	\$ 10,165,000	\$ -	\$ (1,625,000)	\$ 8,540,000	\$ 1,675,000
Unamortized bond premium	217,014	-	(50,952)	166,062	-
Unamortized bond discount	(16,628)	-	193	(16,435)	-
Total bonds payable	10,365,386	-	(1,675,759)	8,689,627	1,675,000
Compensated absences	1,558,481	1,409,034	(1,321,130)	1,646,385	922,690
Leases payable	91,321	-	(3,180)	88,141	3,439
Subscriptions payable	49,555	-	(21,490)	28,065	22,211
Total	<u>\$ 12,064,743</u>	<u>\$ 1,409,034</u>	<u>\$ (3,021,559)</u>	<u>\$ 10,452,218</u>	<u>\$ 2,623,340</u>
Business-type Activities:					
Bonds payable	\$ 102,705,000	\$ -	\$ (6,020,000)	\$ 96,685,000	\$ 6,365,000
Unamortized bond premium	2,297,629	-	(238,698)	2,058,931	-
Unamortized bond discount	(156,988)	-	7,080	(149,908)	-
Total bonds payable	104,845,641	-	(6,251,618)	98,594,023	6,365,000
Compensated absences	1,679,459	\$ 2,190,249	\$ (2,094,615)	\$ 1,775,093	\$ 965,381
Fly ash liability	558,616	-	(7,916)	550,700	-
Subscriptions payable	42,773	321,402	(106,340)	257,835	93,799
Total	<u>\$ 107,126,489</u>	<u>\$ 2,511,651</u>	<u>\$ (8,460,489)</u>	<u>\$ 101,177,651</u>	<u>\$ 7,424,180</u>

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2024 are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
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	250,000	76,778	6,665,000	1,858,416
2030-2034	1,365,000	279,744	35,005,000	6,658,215
2035-2039	950,000	69,713	25,660,000	2,574,453
2040-2042	-	-	3,260,000	289,406
	<u>\$ 8,540,000</u>	<u>\$ 932,197</u>	<u>\$ 96,685,000</u>	<u>\$ 20,736,374</u>

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2024

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

7. Long-term Debt and Liabilities, Continued

As of September 30, 2024, 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%	\$ 1,905,000
General Obligation Auditorium Bonds, Series 2020	12/09/2020	12/15/2035	12/09/2025	0.35 - 1.65%	1,620,000
General Obligation Highway Allocation Fund Pledge Bonds, Series 2020	11/23/2020	12/15/2027	11/23/2025	1.25 - 2.00%	4,460,000
General Obligation Swimming Pool Refunding Bonds	08/01/2017	08/01/2026	08/01/2022	1.10 - 2.30%	555,000
Total governmental activities					<u>\$ 8,540,000</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%	\$ 23,030,000
Combined Utilities Revenue Refunding Bonds, Series 2021B	06/24/2021	11/15/2038	06/24/2028	2.00 - 2.375%	36,580,000
Combined Utilities Revenue Refunding Bonds, Series 2021A	06/23/2021	07/15/2034	06/23/2028	1.75 - 5.00%	24,940,000
Combined Utilities Revenue Refunding Bonds, Series 2020	10/21/2020	07/15/2033	10/21/2025	1.00 - 5.00%	5,135,000
Combined Utilities Revenue Refunding Bonds, Series 2012	03/06/2012	10/15/2026	03/06/2022	0.35 - 4.00%	7,000,000
Total business-type activities					<u>\$ 96,685,000</u>

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 approximately \$4,589,000 with annual payments expected to require approximately 25% 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, 2024

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

7. Long-term Debt and Liabilities, Continued

Leases Payable

The City leases land for its operations, the terms of which expire in various years through 2040. During 2024, 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, 2024:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 3,438	\$ 1,089
2026	3,711	1,042
2027	3,998	992
2028	4,301	937
2029	4,621	878
2030-2034	28,535	3,353
2035-2039	39,537	1,143
	\$ 88,141	\$ 9,434

Subscriptions Payable

The City has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years through 2028. The subscriptions were measured based upon the rates at commencement of the SBITA term. During the year ended September 30, 2024, 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, 2024:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 22,210	\$ 405	\$ 93,800	\$ 7,059
2026	2,879	109	79,886	4,158
2027	2,976	8	41,375	2,096
2028	-	-	42,774	734
	\$ 28,065	\$ 522	\$ 257,835	\$ 14,047

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2024

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, 2024, the City had incurred a liability of \$550,700 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, 2024 were \$3,430,472.

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, 2024

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

10. Interfund Transactions and Balances

At September 30, 2024 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	\$ 203,794
Capital expenditures	General	ARPA	272,215
Capital expenditures	Sales Tax	General	177,496
Capital expenditures	Street	Sales Tax	513,928
Payment for service provided	Electric	Airport	1,645
Payment for service provided	Sewer	Airport	16
Payment for service provided	Water	Airport	18
Payment for service provided	Electric	Electric	5,628
Payment for service provided	Gas	Electric	28,670
Payment for service provided	Sewer	Electric	7,225
Payment for service provided	Water	Electric	3,782
Payment for service provided	Electric	Gas	2,628
Payment for service provided	Sewer	Gas	4,023
Payment for service provided	Electric	General	356,491
Payment for service provided	Gas	General	1,961
Payment for service provided	Sewer	General	23,774
Payment for service provided	Water	General	4,612
Payment for service provided	Gas	Sewer	52,100
Payment for service provided	Gas	Street	20
Payment for service provided	Sewer	Street	63
Payment for service provided	Water	Street	195
Payment for service provided	Electric	Water	54,436
Payment for service provided/Cash flow	Electric	Sewer	540,100
Reimburse expense	Electric	Transit	450
Reimburse insurance proceeds	Electric	General	91,583
Reimburse insurance proceeds	Gas	General	43,765
Reimburse insurance proceeds	Sewer	General	4,894
Reimburse insurance proceeds	Water	General	19,015
Reimburse insurance proceeds	Airport	General	472,980
Reimburse insurance proceeds	Street	General	437,906
Reimburse payment for service provided	Street	Gas	2,091
Reimburse payment for service provided	Street	Water	5,806
Reimburse shared expenses and payment for service provided	Electric	Street	4,274
Reimburse Shared Services	General	Electric	187,258
Reimburse Shared Services	General	Gas	61,334
Reimburse Shared Services	General	Sewer	7,009
Reimburse Shared Services	General	Water	7,009
Service cash flow needs	General	Airport	434,469
Service cash flow needs	General	CDBG	237,000
Service cash flow needs	General	E911	600,000
Service cash flow needs	General	Transit	150,193
Service cash flow needs for debt obligations	Electric	Sewer	1,244,913
South Hangar complex reimbursement	Sales Tax	Airport	107,098
			\$ 6,373,867

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2024

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

10. Interfund Transactions and Balances, Continued

Transfers between funds during the year were as follows:

	<u>Purpose</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund:			
Sales tax	Property tax relief; operating transfers; capital projects	\$ 4,211,278	\$ -
Keno	Property tax relief	1,435,200	-
Public use property special projects	Library expansion	1,780,075	-
CDBG	Deobligation of funds	10,186	-
Airport	Capital project	-	(255,000)
Drug task force	City's share of multi-jurisdictional task force	417	-
Transit line	Capital project	-	(18,963)
Electric	Utility transfer in; expense reimbursement for IT purchases	3,327,006	(143,197)
Water	Utility transfer in	345,767	-
Sewer	Utility transfer in	441,726	-
Gas	Utility transfer in	363,799	-
Total General fund		<u>11,915,454</u>	<u>(417,160)</u>
Street fund:			
Sales tax	Various street improvement projects; drainage improvements: reimburse property insurance	3,025,156	-
Total Street fund		<u>3,025,156</u>	<u>-</u>
Sales tax fund:			
General	Property tax relief; operating transfers; capital projects	-	(4,211,278)
Street	Various street improvement projects; drainage improvements: reimburse property insurance	-	(3,025,156)
Total Sales tax fund		<u>-</u>	<u>(7,236,434)</u>
Non-major funds	Economic development – electric, water, sewer and gas to economic enhancement	100,000	-
	Others see above	-	(3,225,878)
	Airport - capital projects	255,000	-
	Transit line - capital projects	18,963	-
Total Non-major funds		<u>373,963</u>	<u>(3,225,878)</u>
Enterprise funds	See above	143,197	(4,578,298)
Total operating transfers		<u>\$ 15,457,770</u>	<u>\$ (15,457,770)</u>

11. Deficit Fund Balance

At September 30, 2024, the CDBG Fund had a deficit balance of \$11,975. Some of the deficit will be offset by intergovernmental revenues in future years.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2024

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 six-point-five (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 \$919,871 and \$1,081,905, respectively, as required by the plan for the fiscal year ended September 30, 2024. Forfeitures used to reduce employer contributions as allowed under the Plan were \$69,583. 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 seven-point-zero (7.0) 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 forty-point-zero (40.0) percent after two years of service, sixty-point-zero (60.0) percent after four years of service, eighty-point-zero (80.0) percent after six years of service and one-hundred-point-zero (100.0) percent after seven years, in the City's contributions to the Plan. The employees and the City contributed \$241,115 and \$241,115, respectively, as required by the Plan for the fiscal year ended September 30, 2024. Forfeitures used to reduce employer contributions as allowed under the Plan were \$42,957. 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, 2024

NOTE D – OTHER NOTES, CONTINUED

1. Employee Pension and Other Benefit Plans, Continued

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 eight-point-seven (8.7) percent and the City contributes thirteen-point-zero (13.0) percent of applicable payroll as defined in state statute. An employee is fully (100 percent) vested in his or her contributions, six-point-five (6.5) percent of monthly compensation, and vests forty-point-zero (40.0) percent after four years of service plus twenty-point-zero (20.0) percent for each year thereafter, up to 100 percent, in the City's contributions to the Plan. The employees and the City contributed \$147,487 and \$294,974, respectively, as required by the Plan for the fiscal year ended September 30, 2024. Forfeitures used to reduce employer contributions as allowed under the Plan were \$4,747. The Plan is administered by, Principal, a trustee independent of the City, and is, therefore, not included in these financial statements.

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 \$375,719 and the City contributed \$0 under the plan for the year ended September 30, 2024.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2024

NOTE D – OTHER NOTES, Continued

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 283 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 \$1,277,895. 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 \$95,813. This has been included as a current year expenditure. For all of the self-insured funds, an unreserved fund balance of \$2,958,629 was in the Internal Service Fund at September 30, 2024.

Claim Liability at October 1, 2023	\$	621,738
Claims Incurred during current year		6,744,442
Claims Paid during current year		<u>(5,992,472)</u>
 Claim Liability at September 30, 2024	 \$	 <u>1,373,708</u>

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, 2024, the City's investments consisted of certificates of deposit and treasury notes at the following institutions:

<u>Financial Institution</u>	<u>Amount</u>
Pinnacle Bank	\$ 1,234,355
First Community Bank	16,225,000 *
Nebraska Public Agency Investment Trust	1,000,000
Cornerstone Bank	<u>47,830,743 *</u>
Totals	<u>\$ 66,290,098</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, 2024.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2024

NOTE D – OTHER NOTES, Continued

2. Risk Management - continued

Deposits and Investments, Continued

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, 2024 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 2024	\$ 12,050,000
November 2024	4,125,000
December 2024	9,000,000
January 2025	3,500,000
February 2025	1,000,000
March 2025	5,981,000
April 2025	14,000,000
May 2025	1,635,000
June 2025	3,850,000
July 2025	2,314,743
August 2025	5,334,355
September 2025	3,500,000
	<u>\$ 66,290,098</u>

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.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2024

NOTE D – OTHER NOTES, CONTINUED

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 9/30/2024</u>	<u>Obligation Pending</u>	<u>Expected Completion</u>
<u>Governmental:</u>				
Airport runway rehabilitation	\$ 4,166,904	\$ 3,913,903	\$ 253,001	March 1, 2025
N Lincoln Ave & 29th St	3,797,247	3,356,797	440,450	September 30, 2025
Police station and dispatch center design	1,242,643	54,897	1,187,746	December 31, 2026
Fire engine	930,733	-	930,733	August 31, 2026
Multi-department building	761,800	560,968	200,832	April 30, 2026
Heavy rescue truck	669,115	272,215	396,900	November 30, 2024
1st St asphalt overlay	653,800	506,436	147,364	May 1, 2025
Fremont runway pavement rehabilitation	641,167	544,946	96,221	January 31, 2025
24th St traffic signal improvements	636,817	580,102	56,715	May 1, 2025
Pavement rehab	519,471	476,791	42,680	January 31, 2025
Ambulance	465,280	57,734	407,546	October 31, 2025
2024 payment rehab	420,872	335,751	85,121	December 31, 2024
Council chamber AV system	276,306	144,035	132,271	June 30, 2025
23rd St traffic signal improvements	181,405	162,910	18,495	May 1, 2025
Christensen field quonset building	123,910	99,128	24,782	December 31, 2024
Broad St resurfacing	58,785	-	58,785	November 1, 2025
<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/2024</u>	<u>Obligation Pending</u>	<u>Expected Completion</u>
<u>Enterprise Funds:</u>				
WWTP upgrade	\$ 8,712,731	\$ 8,460,548	\$ 252,183	September 30, 2025
U8 submerged ash conveyor system	6,469,973	1,947,453	4,522,520	October 31, 2025
U8 turbine valves, generator inspection & stator rewind	3,625,923	1,528,494	2,097,429	October 31, 2025
Substation transformers	2,281,701	1,804,780	476,921	September 30, 2025
SCADA control system	2,253,883	1,803,905	449,978	December 31, 2025
Switchgear	979,785	366,929	612,856	September 30, 2025
Jet-vac truck	581,789	-	581,789	October 31, 2024
2026 Altec digger line truck	423,752	-	423,752	July 31, 2026
Administrative building 2nd floor remodel	364,925	86,633	278,292	June 30, 2025
Altec AM55 bucket truck	335,066	-	335,066	June 30, 2025
Altec 2027 articulating device	265,344	-	265,344	May 31, 2026
U8 ELG rule implementation	203,020	156,348	46,672	October 31, 2025
Substation materials & equipment	177,275	72,600	104,675	August 31, 2025
U8 ELG bottom ash handling system upgrade	95,100	61,636	33,464	October 31, 2025
Total	<u>\$ 42,316,522</u>	<u>\$ 27,355,939</u>	<u>\$ 14,960,583</u>	

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2024

NOTE D – OTHER NOTES, CONTINUED

3. Commitments and Contingencies, Continued

Claims and Litigation

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

Government Grants

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

Regulatory Compliance

The City of Fremont is required by state and federal laws and regulations to make annual contributions to finance fly ash closure and post closure care. The City is in compliance with these requirements, and at September 30, 2024 investments of \$1,500,000 are held for these purposes. These investments are held in certificates of deposit and are presented on the City's balance sheet as restricted investments. Details of the restricted cash and investments are in Note C1. It is anticipated that future inflation costs will be financed in part from earnings on investments. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in post closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future electricity customers, taxpayers, or both.

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

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2024

NOTE D – OTHER NOTES, CONTINUED

3. Commitments and Contingencies, Continued

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, 2024, the City had purchased 314,840 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 two-point-zero-two (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 increased five-point-zero (5.0) percent from the shipping rate effective December 31, 2023. The price will further be adjusted by five-point-zero (5.0) 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.

On March 12, 2024, the Electric Department entered into an agreement with Nebraska Public Power District (NPPD) for the replacement of the T1 transformer at NPPD's Fremont substation. The estimated completion date for this work is December 31, 2027.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2024

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 seventeen (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. In May 2024 the contract term was extended to November 30, 2054. 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 twenty-four (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 fourteen (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 fifteen (15) percent of the City's current requirements.

4. Major Customers

	Electric Revenue <u>(% of TBR)</u>	Water Revenue <u>(% of TBR)</u>	Sewer Revenue <u>(% of TBR)</u>	Gas Revenue <u>(% of TBR)</u>	Total Revenue <u>(% of TBR)</u>
Customer A	\$ 6,238,465 12.1%	\$ 389,994 7.7%	\$ 1,168,131 13.5%	\$ 2,165,600 12.2%	\$ 9,962,190 12.0%
Customer B	\$ 4,870,351 9.5%	\$ 845,831 16.7%	\$ 1,995,476 23.1%	\$ 2,295,233 12.9%	\$ 10,006,891 12.1%
Customer C	\$ 1,636,458 3.18%	\$ 76,354 1.51%	\$ 123,679 1.43%	\$ 2,120,195 11.91%	\$ 3,956,685 4.8%
Total billed revenue (TBR)	\$ 51,482,504	\$ 5,051,939	\$ 8,636,349	\$ 17,805,840	\$ 82,976,632

All customers maintain a current status on their accounts.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2024

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, 2023 - September 30, 2025.

6. Subsequent Events

In October of 2024, the City executed a contract with MECO-HENNE for \$9,021,000 for the construction of the Streets-Parks-Fleet Maintenance building. Related to this agreement, in February 2025, the City executed a change order with Meco-Henne in the amount of \$251,505. In March 2025, the City executed a change order Meco-Henne in the amount \$1,673,148.

In December of 2024, the City executed the Settlement Agreement and Universal Release with Dodge County Humane Society and FurEver Homes Inc which included a purchase agreement for the property for \$342,919.

In January of 2025, the Utility experienced a tube failure at the Lon D. Wright Electric plant with Unit 6 boiler. A claim has been filed with the insurance provider, and the estimate for the repair costs is currently being assessed.

In March of 2025, the city purchased the property that will be utilized for the location for the new Fremont Police Headquarters & Fremont/Dodge County 911 Center related to the purchase agreement executed in August of 2024 for \$1,145,960.

In March of 2025, the City suffered from over 60 mile per hour wind, and multiple inches of dense, wet, snow which caused significant damage to public and private property, leading to wide spread outages. The cost and impact of the sustained damage is currently being assessed.

In March of 2025, the City executed a contract with Virginia Transformer Corporation for the purchase of a substation transformer in the amount of \$1,837,339 to replace a transformer in Substation A, with installation expected before the summer of 2026.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FREMONT, NEBRASKA
Budgetary Comparison Schedule - General Fund
For the Year Ended September 30, 2024

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 6,031,462	\$ 6,113,565	\$ 82,103
Payments in lieu of taxes	9,800	9,762	(38)
Franchise	250,000	250,214	214
Business	1,888,000	1,897,658	9,658
Intergovernmental	417,831	349,994	(67,837)
Charges for services	3,770,015	3,014,358	(755,657)
Donations	2,271,940	194,024	(2,077,916)
Investment income	655,384	1,020,013	364,629
Sales proceeds on capital assets	-	20,831	20,831
Other	10,800	21,440	10,640
	<u>15,305,232</u>	<u>12,891,859</u>	<u>(2,413,373)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	8,316,884	7,487,711	829,173
Public safety	18,346,121	11,871,285	6,474,836
Public works	1,000,295	521,879	478,416
Environment and leisure	9,616,391	7,258,972	2,357,419
Employee insurance	202,725	203,934	(1,209)
Lease and subscription principal payments	-	2,693	(2,693)
Lease and subscription interest payments	-	293	(293)
	<u>37,482,416</u>	<u>27,346,767</u>	<u>10,135,649</u>
Resources over (under) charges to appropriations	<u>(22,177,184)</u>	<u>(14,454,908)</u>	<u>7,722,276</u>
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	-	2,498,207	2,498,207
Transfers in	14,454,021	11,915,454	(2,538,567)
Transfers out	(3,769,000)	(417,160)	3,351,840
	<u>10,685,021</u>	<u>13,996,501</u>	<u>3,311,480</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ (11,492,163)</u>	<u>\$ (458,407)</u>	<u>\$ 11,033,756</u>

CITY OF FREMONT, NEBRASKA
Budgetary Comparison Schedule - Street Fund
For the Year Ended September 30, 2024

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Motor vehicle	\$ 650,000	\$ 618,927	\$ (31,073)
Intergovernmental	4,622,120	4,341,303	(280,817)
Charges for services	60,800	164,034	103,234
Donations	1,345,539	126,611	(1,218,928)
Investment income	180,742	364,446	183,704
Sales proceeds on capital assets	-	132,710	132,710
Other	-	15,464	15,464
	<u>6,859,201</u>	<u>5,763,495</u>	<u>(1,095,706)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	24,763,544	8,407,278	16,356,266
Principal payments on long-term debt	1,065,000	1,065,000	-
Interest on long-term debt	83,000	82,825	175
	<u>25,911,544</u>	<u>9,555,103</u>	<u>16,356,441</u>
Total changes to appropriations	<u>25,911,544</u>	<u>9,555,103</u>	<u>16,356,441</u>
Resources over (under) charges to appropriations	<u>(19,052,343)</u>	<u>(3,791,608)</u>	<u>15,260,735</u>
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	-	437,906	437,906
Transfers in	9,479,961	3,025,156	(6,454,805)
	<u>9,479,961</u>	<u>3,463,062</u>	<u>(6,016,899)</u>
Total other financing sources (uses)	<u>9,479,961</u>	<u>3,463,062</u>	<u>(6,016,899)</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ (9,572,382)</u>	<u>\$ (328,546)</u>	<u>\$ 9,243,836</u>

CITY OF FREMONT, NEBRASKA
Budgetary Comparison Schedule - Sales Tax Fund
For the Year Ended September 30, 2024

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Sales tax	\$ 10,569,000	\$ 10,453,297	\$ (115,703)
Charges for services	20,800	21,880	1,080
Investment income	573,422	766,236	192,814
Total resources	<u>11,163,222</u>	<u>11,241,413</u>	<u>78,191</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	2,960,699	2,087,012	873,687
Public safety	4,000	2,370	1,630
Total changes to appropriations	<u>2,964,699</u>	<u>2,089,382</u>	<u>875,317</u>
Resources over (under) charges to appropriations	<u>8,198,523</u>	<u>9,152,031</u>	<u>953,508</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(14,449,358)</u>	<u>(7,236,434)</u>	<u>7,212,924</u>
Total other financing sources (uses)	<u>(14,449,358)</u>	<u>(7,236,434)</u>	<u>7,212,924</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ (6,250,835)</u>	<u>\$ 1,915,597</u>	<u>\$ 8,166,432</u>

City of Fremont, Nebraska
Budgetary Comparison Schedule
Notes to Required Supplementary Information
For the Year Ended September 30, 2024

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, except for the capital improvement appropriations and certain encumbrances against operating budgets.

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, 2024, 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	\$ 12,891,859	\$ 5,763,495	\$ 11,241,413
Differences - budget to modified accrual:			
Cash to accrual adjustments	<u>1,508,533</u>	<u>476,466</u>	<u>(81,575)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 14,400,392</u>	<u>\$ 6,239,961</u>	<u>\$ 11,159,838</u>
Uses/outflows of resources:			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedules	\$ 27,346,767	\$ 9,555,103	\$ 2,089,382
Differences - budget to modified accrual:			
Cash to accrual adjustments	<u>(127)</u>	<u>(278,822)</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 27,346,640</u>	<u>\$ 9,276,281</u>	<u>\$ 2,089,382</u>
Other financing sources (uses):			
Actual amounts (budgetary basis) "total other financing sources (uses)" from the budgetary comparison schedules	\$ 13,996,501	\$ 3,463,062	\$ (7,236,434)
Differences - budget to modified accrual:			
Cash to accrual adjustments	<u>-</u>	<u>-</u>	<u>-</u>
Total transfers as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 13,996,501</u>	<u>\$ 3,463,062</u>	<u>\$ (7,236,434)</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF FREMONT, NEBRASKA
Combining Balance Sheet - Non-major Governmental Funds
September 30, 2024

	Debt Service		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	\$ 262,590	\$ 539,496	\$ 220,821	\$ 21,335	\$ 114,388	\$ 225,024	\$ 170,147	\$ 756,921
Investments	-	1,650,000	-	125,000	-	-	-	-
County treasurer cash	14,602	-	-	-	-	-	-	-
Receivables:								
Special assessments	-	137,798	31,792	-	-	-	-	-
Accounts, net of allowance for doubtful accounts	-	-	-	-	48,450	-	-	-
Notes, net of allowance for doubtful accounts	-	-	-	-	-	-	49,457	75,000
Leases	-	-	-	-	-	-	-	-
Interest	-	52,791	-	1,910	-	-	-	-
Property tax	15,595	-	-	-	-	-	-	-
Business tax	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	3,018	-	-
Due from other funds	-	-	-	-	-	-	-	-
Total assets	\$ 292,787	\$ 2,380,085	\$ 252,613	\$ 148,245	\$ 162,838	\$ 228,042	\$ 219,604	\$ 831,921
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ 26,875	\$ -	\$ 64,267	\$ 3,017	\$ -	\$ -
Accrued expenses	-	200	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	237,000	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Customer deposits	-	-	-	-	-	-	-	-
Total liabilities	-	200	26,875	-	64,267	240,017	-	-
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - property taxes	10,850	-	-	-	-	-	-	-
Unavailable revenue - other local taxes	-	-	31,792	-	-	-	-	-
Unavailable revenue - fees and other	-	157,678	-	631	-	-	-	-
Lease receivables revenue	-	-	-	-	-	-	-	-
Total deferred inflows of resources	10,850	157,678	31,792	631	-	-	-	-
FUND BALANCES (DEFICITS)								
Nonspendable:								
Permanent fund principal	-	-	-	125,000	-	-	-	-
Restricted for:								
Airport	-	-	-	-	-	-	-	-
Downtown improvements/parking	-	-	193,946	-	-	-	-	-
Debt service	281,937	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	831,921
Capital/special projects	-	2,222,207	-	22,614	-	-	-	-
Federal programs	-	-	-	-	-	-	219,604	-
Community betterment	-	-	-	-	98,571	-	-	-
Transit	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(11,975)	-	-
Total fund balances (deficit)	281,937	2,222,207	193,946	147,614	98,571	(11,975)	219,604	831,921
Total liabilities, deferred inflows of resources and fund balances	\$ 292,787	\$ 2,380,085	\$ 252,613	\$ 148,245	\$ 162,838	\$ 228,042	\$ 219,604	\$ 831,921

CITY OF FREMONT, NEBRASKA
Combining Balance Sheet - Non-major Governmental Funds
September 30, 2024

	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	\$ 800	\$ 547,080	\$ 12,712	\$ 1,376,758	\$ 97,351	\$ 187,468	\$ 4,532,891
Investments	334,355	450,000	-	3,466,000	-	-	6,025,355
County treasurer cash	-	-	-	-	-	-	14,602
Receivables:							
Special assessments	-	-	-	-	-	-	169,590
Accounts, net of allowance for doubtful accounts	123,769	-	-	-	130	-	172,349
Notes, net of allowance for doubtful accounts	-	-	-	-	-	-	124,457
Leases	967,234	-	-	-	-	-	967,234
Interest	4,067	5,681	-	32,038	-	-	96,487
Property tax	-	-	-	-	-	-	15,595
Business tax	-	18,640	-	-	-	-	18,640
Due from other governments	323,226	121,403	-	-	110,569	-	558,216
Due from other funds	472,980	203,794	-	-	-	-	676,774
Total assets	\$ 2,226,431	\$ 1,346,598	\$ 12,712	\$ 4,874,796	\$ 208,050	\$ 187,468	\$ 13,372,190
LIABILITIES							
Accounts payable	\$ 238,504	\$ 23,664	\$ -	\$ -	\$ 289	\$ -	\$ 356,616
Accrued expenses	-	25,869	-	-	6,292	-	32,361
Due to other funds	543,247	600,000	-	272,215	150,643	-	1,803,105
Unearned revenue	14,100	-	-	4,253,218	-	-	4,267,318
Customer deposits	3,600	-	-	-	-	-	3,600
Total liabilities	799,451	649,533	-	4,525,433	157,224	-	6,463,000
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	-	-	-	-	-	-	10,850
Unavailable revenue - other local taxes	-	-	-	-	-	-	31,792
Unavailable revenue - fees and other	341,562	127,084	-	32,038	48,866	-	707,859
Lease receivables revenue	997,556	-	-	-	-	-	997,556
Total deferred inflows of resources	1,339,118	127,084	-	32,038	48,866	-	1,748,057
FUND BALANCES (DEFICITS)							
Nonspendable:							
Permanent fund principal	-	-	-	-	-	-	125,000
Restricted for:							
Airport	87,862	-	-	-	-	-	87,862
Downtown improvements/parking	-	-	-	-	-	-	193,946
Debt service	-	-	-	-	-	-	281,937
Public safety	-	569,981	12,712	-	-	-	582,693
Economic development	-	-	-	-	-	-	831,921
Capital/special projects	-	-	-	-	-	187,468	2,432,289
Federal programs	-	-	-	317,325	-	-	536,929
Community betterment	-	-	-	-	-	-	98,571
Transit	-	-	-	-	1,960	-	1,960
Unassigned	-	-	-	-	-	-	(11,975)
Total fund balances (deficit)	87,862	569,981	12,712	317,325	1,960	187,468	5,161,133
Total liabilities, deferred inflows of resources and fund balances	\$ 2,226,431	\$ 1,346,598	\$ 12,712	\$ 4,874,796	\$ 208,050	\$ 187,468	\$ 13,372,190

CITY OF FREMONT, NEBRASKA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds
For the Year Ended September 30, 2024

	Debt Service			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	\$ 683,716	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	78,397	-	-
Keno	-	-	-	-	999,643	-	-	-
Charges for services	-	5,525	46,607	-	-	-	-	-
Donations	-	-	122,500	1,763,464	-	-	-	-
Investment income	2,455	105,971	3,085	11,709	13,740	-	2,526	10,205
Other income	-	-	-	-	2,494	-	-	-
Total revenues	<u>686,171</u>	<u>111,496</u>	<u>172,192</u>	<u>1,775,173</u>	<u>1,015,877</u>	<u>78,397</u>	<u>2,526</u>	<u>10,205</u>
EXPENDITURES								
General government	7,754	-	71,698	-	-	78,188	22,836	90,000
Public safety	-	-	-	-	-	-	-	-
Public works	-	3,295	-	-	-	-	-	-
Environment and leisure	-	-	-	-	275,758	-	-	-
Lease and subscription principal payments	-	-	-	-	-	-	-	-
Lease and subscription interest payments	-	-	-	-	-	-	-	-
Principal payments on long-term debt	560,000	-	-	-	-	-	-	-
Interest on long-term debt	120,373	-	-	-	-	-	-	-
Total expenditures	<u>688,127</u>	<u>3,295</u>	<u>71,698</u>	<u>-</u>	<u>275,758</u>	<u>78,188</u>	<u>22,836</u>	<u>90,000</u>
Excess (deficiency) of revenues over expenditures	<u>(1,956)</u>	<u>108,201</u>	<u>100,494</u>	<u>1,775,173</u>	<u>740,119</u>	<u>209</u>	<u>(20,310)</u>	<u>(79,795)</u>
OTHER FINANCING SOURCES (USES)								
Insurance recoveries	-	-	-	-	-	-	-	-
Leases terminated	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	100,000
Transfers out	-	-	-	(1,780,075)	(1,435,200)	-	(10,186)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,780,075)</u>	<u>(1,435,200)</u>	<u>-</u>	<u>(10,186)</u>	<u>100,000</u>
Net change in fund balances	<u>(1,956)</u>	<u>108,201</u>	<u>100,494</u>	<u>(4,902)</u>	<u>(695,081)</u>	<u>209</u>	<u>(30,496)</u>	<u>20,205</u>
Fund balance (deficit) - September 30, 2023	283,893	2,114,006	93,452	152,516	793,652	(12,184)	250,100	811,716
Fund balance (deficit) - September 30, 2024	<u>\$ 281,937</u>	<u>\$ 2,222,207</u>	<u>\$ 193,946</u>	<u>\$ 147,614</u>	<u>\$ 98,571</u>	<u>\$ (11,975)</u>	<u>\$ 219,604</u>	<u>\$ 831,921</u>

CITY OF FREMONT, NEBRASKA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds
For the Year Ended September 30, 2024

	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							
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 683,716
Business	-	118,073	-	-	-	-	118,073
Intergovernmental	3,331,747	1,353,463	-	416,250	199,459	195,698	5,575,014
Keno	-	-	-	-	-	-	999,643
Charges for services	122,467	-	-	-	13,050	-	187,649
Donations	-	-	3,782	-	30,500	-	1,920,246
Investment income	29,296	27,492	-	217,853	1,170	2,852	428,354
Other income	-	-	-	-	-	-	2,494
Total revenues	<u>3,483,510</u>	<u>1,499,028</u>	<u>3,782</u>	<u>634,103</u>	<u>244,179</u>	<u>198,550</u>	<u>9,915,189</u>
EXPENDITURES							
General government	-	-	-	416,250	-	-	686,726
Public safety	-	1,355,811	-	-	-	-	1,355,811
Public works	-	-	-	-	-	-	3,295
Environment and leisure	4,474,908	-	-	-	205,715	379,257	5,335,638
Lease and subscription principal payments	-	21,977	-	-	-	-	21,977
Lease and subscription interest payments	-	1,783	-	-	-	-	1,783
Principal payments on long-term debt	-	-	-	-	-	-	560,000
Interest on long-term debt	-	-	-	-	-	-	120,373
Total expenditures	<u>4,474,908</u>	<u>1,379,571</u>	<u>-</u>	<u>416,250</u>	<u>205,715</u>	<u>379,257</u>	<u>8,085,603</u>
Excess (deficiency) of revenues over expenditures	<u>(991,398)</u>	<u>119,457</u>	<u>3,782</u>	<u>217,853</u>	<u>38,464</u>	<u>(180,707)</u>	<u>1,829,586</u>
OTHER FINANCING SOURCES (USES)							
Insurance recoveries	472,980	-	-	-	-	-	472,980
Leases terminated	(48,829)	-	-	-	-	-	(48,829)
Transfers in	255,000	-	-	-	18,963	-	373,963
Transfers out	-	-	(417)	-	-	-	(3,225,878)
Total other financing sources (uses)	<u>679,151</u>	<u>-</u>	<u>(417)</u>	<u>-</u>	<u>18,963</u>	<u>-</u>	<u>(2,427,764)</u>
Net change in fund balances	<u>(312,247)</u>	<u>119,457</u>	<u>3,365</u>	<u>217,853</u>	<u>57,427</u>	<u>(180,707)</u>	<u>(598,178)</u>
Fund balance (deficit) - September 30, 2023	400,109	450,524	9,347	99,472	(55,467)	368,175	5,759,311
Fund balance (deficit) - September 30, 2024	<u>\$ 87,862</u>	<u>\$ 569,981</u>	<u>\$ 12,712</u>	<u>\$ 317,325</u>	<u>\$ 1,960</u>	<u>\$ 187,468</u>	<u>\$ 5,161,133</u>

CITY OF FREMONT, NEBRASKA
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2024

<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>
Department of Commerce				
Economic Development Cluster				
Economic Adjustment Assistance	11.307	None	\$ -	\$ 113,106
Department of Transportation				
Passed through Nebraska Department of Aeronautics:				
Airport Improvement Program	20.106	3-31-0029-016	-	3,649,669
Passed through Nebraska Department of Transportation:				
Highway Planning and Construction	20.205	NE_DOT_LRTP	-	39,019
Formula Grants for Rural Areas and Tribal Transit Program	20.509	NE-2020-013-01	-	112,415
Highway Safety Cluster				
State and Community Highway Safety	20.600	402-24-33-08	-	7,436
State and Community Highway Safety	20.600	402-23-27-60	-	2,500
Highway Safety Cluster Total			-	9,936
Total Department of Transportation			-	3,811,039
Department of Treasury				
COVID-19 Coronavirus State & Local Fiscal Recovery Funds	21.027	None	-	416,250
Department of Homeland Security				
Passed through Nebraska Emergency Management Agency:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	None	-	282,333
Hazard Mitigation Grant	97.039	DR-4521-NE	-	95,435
Assistance to Firefighters Grant	97.044	EMW-2021-FG-04049	-	26,909
Total Department of Homeland Security			-	404,677
Department of Housing and Urban Development				
Passed through Nebraska Department of Economic Development:				
Community Development Block Grants	14.228	19-EM-002	-	3,375
	14.228	20-EMCV-003	-	4,441
	14.228	20-EMCV-004	-	4,484
	14.228	20-EMCV-006	-	59,722
	14.228	23-DTR-007	-	6,375
Total Department of Housing and Urban Development			-	78,397
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 4,823,469</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, 2024

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, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B: Summary of Significant Accounting Policies

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

NOTE C: Subrecipients

The City had no subrecipients during the year ended September 30, 2024.

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, 2024, and the related notes to the financial statements, and have issued our report thereon dated March 28, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

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*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Mazars, LLP

**Omaha, Nebraska
March 28, 2025**

Report on Compliance for Each 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 Each Major Federal Program

Opinion on Each 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 programs for the year ended September 30, 2024. The City's major federal programs are 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 each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each 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 each 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 Mazars, LLP

**Omaha, Nebraska
March 28, 2025**

CITY OF FREMONT, NEBRASKA
Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

- Unmodified Qualified Adverse Disclaimer

2. Internal control over financial reporting:

- Significant deficiency(ies) identified? Yes None reported
Material weakness(es) identified? Yes No

3. Noncompliance material to the financial statements noted? Yes No

Federal Awards

4. Internal control over major federal awards programs:

- Significant deficiency(ies) identified? Yes None reported
Material weakness(es) identified? Yes No

5. Type of auditor’s report issued on compliance for major federal programs:

- Unmodified Qualified Adverse Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)? Yes No

7. Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
20.106	Airport Improvement Program
21.027	COVID- 19 - Coronavirus State and Local Fiscal Recovery Funds

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

CITY OF FREMONT, NEBRASKA
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2024

Section II – Financial Statement Findings

Reference Number	Finding
2024-001	<p>Criteria – Management is responsible for the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.</p> <p>Condition – Audit adjustments were proposed to properly report various areas of financial reporting. Some of these adjustments were not recorded by the City.</p> <p>Cause – Due to transition in the finance department, formal reviews and testing of balances for use in the preparation of the financial statements did not occur timely.</p> <p>Effect or potential effect – Prior period adjustments were identified through subsequent review of financial statements and current year adjustments were identified through assistance from the auditor.</p> <p>Recommendation – Management should consider implementing formal policies and responsibilities among staff members surrounding recording, reconciling, and review of areas in which adjustments were proposed.</p> <p>Views of responsible officials and planned corrective actions – The City reconciliation from general ledger to software used in drafting the financial statements was a manual process of verification across funds. The City has built a tool to compare the reporting in the software used to draft the financial statements to the general ledger accounting system to ensure all financial activity reconciles and agrees.</p>

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, 2024

Reference Number	Summary of Finding	Status
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No matters are reportable.