

CITY OF FREMONT, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2017



TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-11
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet - Governmental Funds	14
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	17
Statement of Net Position - Proprietary Funds	18
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	19
Statement of Cash Flows - Proprietary Funds	20-21
Notes to Financial Statements	23-51
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules	
General Fund	53
Street Fund	54
Sales Tax Fund	55
Note to Required Supplementary Information	56
OTHER SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – Non-major Governmental Funds	58-60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds	61-63

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Fremont, Nebraska (the "City"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fremont, Nebraska as of September 30, 2017, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The non-major governmental funds combining statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The non-major governmental funds combining statements have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

BKD, LLP

Omaha, Nebraska
March 9, 2018

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED SEPTEMBER 30, 2017

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, 2017.

Financial Highlights

- The assets of the City of Fremont exceeded its liabilities at the close of the most recent fiscal year by \$264,490,058 (*net position*). Of this amount, \$65,881,753 (*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 \$104,006,753. Approximately 17.8 percent of this total amount, \$18,477,592, is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10,801,624, or 64.8 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 12 and 13 of this report.

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED FOR THE YEAR ENDED SEPTEMBER 30, 2017

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 two categories: governmental funds, and proprietary funds.

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

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

The City of Fremont maintains 16 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Street Fund, and the Sales Tax Fund, all of which are considered to be major funds. Data from the other 13 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 14 - 17 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 18 - 21 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 23 - 51 of this report.

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED FOR THE YEAR ENDED SEPTEMBER 30, 2017

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 53 - 56 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 58 - 63 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Fremont, assets exceeded liabilities by \$264,490,058 at the close of the most recent fiscal year.

Summary of Net Position

	September 30, 2017			September 30, 2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 55,499,583	\$ 61,970,482	\$ 117,470,065	\$ 49,641,197	\$ 59,514,877	\$ 109,156,074
Capital Assets	55,852,898	178,495,150	234,348,048	52,180,540	169,122,272	221,302,812
Deferred Outflow of Resources	4,766	162,096	166,862	5,305	180,597	185,902
Total Assets and Deferred Outflows	<u>111,357,247</u>	<u>240,627,728</u>	<u>351,984,975</u>	<u>101,827,042</u>	<u>228,817,746</u>	<u>330,644,788</u>
Long-term Liabilities	4,111,812	63,057,656	67,169,468	3,204,394	66,578,609	69,783,003
Other Liabilities	3,238,682	17,085,849	20,324,531	3,964,310	10,605,583	14,569,893
Deferred Inflow of Resources	-	918	918	-	1,084	1,084
Total Liabilities and Deferred Inflows	<u>7,350,494</u>	<u>80,144,423</u>	<u>87,494,917</u>	<u>7,168,704</u>	<u>77,185,276</u>	<u>84,353,980</u>
Net Position:						
Net Investment in Capital Assets	51,258,923	104,266,759	155,525,682	48,569,195	98,542,786	147,111,981
Restricted Expendable	34,145,238	8,812,385	42,957,623	30,891,345	8,791,866	39,683,211
Nonexpendable	125,000	-	125,000	132,479	-	132,479
Unrestricted	18,477,592	47,404,161	65,881,753	15,065,319	44,297,818	59,363,137
Total Net Position	<u>\$ 104,006,753</u>	<u>\$ 160,483,305</u>	<u>\$ 264,490,058</u>	<u>\$ 94,658,338</u>	<u>\$ 151,632,470</u>	<u>\$ 246,290,808</u>

The largest portion of the City of Fremont's net position (58.8 percent) reflects its net investment in capital assets (land, infrastructure, buildings, machinery, vehicles and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Fremont uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Fremont's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Fremont's net position (16.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$65,881,753) 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 all categories of net position, both for the government as a whole and for its separate governmental and business-type activities.

CITY OF FREMONT, NEBRASKA

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Governmental Activities. Net position increased \$9,348,415 in the governmental activities during the year ended September 30, 2017, accounting for 51.4 percent of the total growth in the City's net position for the year ended September 30, 2017. Key elements of this increase are as follows:

Expenses and Program Revenues – Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2017</u>		<u>Year Ended September 30, 2016</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General government	\$ 1,603,493	\$ 4,623,120	\$ 1,525,154	\$ 4,887,383
Public safety	1,668,473	8,961,080	1,633,916	8,691,788
Public works	4,138,788	4,600,783	2,789,404	3,860,399
Environment and leisure	879,485	3,683,854	697,852	3,779,913
Non-departmental	-	281,648	-	281,648
Interest	-	145,505	-	83,792
Total	<u>\$ 8,290,239</u>	<u>\$ 22,295,990</u>	<u>\$ 6,646,326</u>	<u>\$ 21,584,923</u>

Revenues by Source – Governmental Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2017</u>		<u>Year Ended September 30, 2016</u>	
Charges for services	\$ 4,010,875	12.67 %	\$ 3,686,584	13.29 %
Operating grants and contributions	1,381,369	4.37	1,397,499	5.04
Capital grants and contributions	2,897,995	9.16	1,562,243	5.63
Property taxes	4,996,675	15.79	4,638,681	16.72
Motor vehicle taxes	552,542	1.75	525,670	1.90
Sales tax	6,524,834	20.62	6,096,818	21.98
TIF payments	-	-	247,656	0.89
Payments in lieu of taxes	10,216	0.03	9,678	0.03
Franchise taxes	266,087	0.84	233,381	0.84
Other taxes	1,738,165	5.49	1,901,548	6.86
State allocation	3,698,576	11.69	3,416,337	12.32
Keno	629,758	1.99	593,400	2.14
Special assessments	120,603	0.38	(918)	(0.00)
Miscellaneous	1,264,745	4.00	23,737	0.09
Interest	316,967	1.00	208,557	0.75
Gain (loss) on sale of assets	17,688	0.06	2,147	0.01
Transfer from (to) other funds	3,217,310	10.17	3,196,152	11.52
Total	<u>\$ 31,644,405</u>	<u>100.00 %</u>	<u>\$ 27,739,170</u>	<u>100.00 %</u>

CITY OF FREMONT, NEBRASKA

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Business-type Activities. Business-type activities increased the City of Fremont's net position by \$8,850,835, accounting for total growth of 48.6 percent of the total growth in the government's net position for the year ended September 30, 2017. Key elements of this increase are as follows:

Expenses and Program Revenues – Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2017</u>		<u>Year Ended September 30, 2016</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 40,795,839	\$ 32,467,281	\$ 37,334,583	\$ 32,340,015
Water	3,610,338	2,683,150	3,379,420	2,662,625
Sewer	5,836,831	4,098,879	5,221,651	4,179,971
Gas	12,553,719	11,839,660	11,222,526	10,501,986
Total	<u>\$ 62,796,727</u>	<u>\$ 51,088,970</u>	<u>\$ 57,158,180</u>	<u>\$ 49,684,597</u>

Revenues by Source – Business-type Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2017</u>		<u>Year Ended September 30, 2016</u>	
Charges for services	\$ 62,170,537	103.72 %	\$ 56,940,940	105.44 %
Operating grants and contributions	142,408	0.24	-	-
Capital grants and contributions	483,782	0.81	217,240	0.40
Interest	360,388	0.60	295,599	0.55
Gain (loss) on sale of assets	-	-	(255,490)	(0.47)
Transfer (to) from other funds	<u>(3,217,310)</u>	<u>(5.37)</u>	<u>(3,196,152)</u>	<u>(5.92)</u>
Total	<u>\$ 59,939,805</u>	<u>100.00 %</u>	<u>\$ 54,002,137</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, *unassigned 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 \$48,863,630. Approximately 21.6 percent of this total amount (\$10,562,871) 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 (\$92,000), 2) restricted for street improvements (\$12,292,494), 3) restricted for public safety (\$1,895,697), 4) restricted for infrastructure (\$6,993,475), 5) restricted for property tax relief (\$384,483), 6) restricted for economic development (\$7,930,195), 7) restricted for a variety of capital/special projects (\$2,191,270), 8) restricted for Federal programs (\$984,469), 9) restricted for community betterment (\$541,530), 10) committed for code enforcement/defense (\$1,757,681), 11) committed for capital improvement projects (\$3,000,000) 12) assigned for downtown improvement projects (\$10,902), 13) assigned for the airport \$63,001, 14) endowed as non-spendable principal (\$125,000), or 15) non-spendable prepaid expense (\$38,562).

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED FOR THE YEAR ENDED SEPTEMBER 30, 2017

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 \$10,801,624. 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 64.8 percent of total General Fund expenditures.

The fund balance of the City of Fremont's General Fund increased by \$2,577,475 during the current fiscal year, due in part to administrative fees received on recent tax increment financing projects totaling \$1,227,510, as well as building permit fees outpacing budget by \$280,000 and municipal equalization from the state totaling just under \$143,000 more than expected. Expenditure savings included \$834,536 in personal services, \$506,000 in commodities (led by remaining contingency of \$193,000 and fuel savings of \$84,500), and capital projects not completed, totaling \$215,000 offset by \$121,000 in overspending in contractual services.

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 - \$22,804,426, Water Fund - \$3,803,020, Sewer Fund - \$12,847,680, and Gas Fund - \$7,949,035. The change in net position for the proprietary funds was as follows: Electric Fund - \$6,302,349, Water Fund - \$847,475, Sewer Fund - \$1,679,096, and Gas Fund - \$21,915. The increase in the Electric Fund net position was attributable to a November 2015 four percent rate increase in the electric fund, increased off system sales and a number of projects that included capitalized costs, and salary savings. The increase in the Sewer Fund was attributable to additional charges to industrial customers based on concentration of waste. Other factors concerning the finances of these four funds have already been addressed in the discussion of the City of Fremont's business-type activities.

Budgetary Highlights

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

Capital Asset and Debt Administration

Capital Assets. The City of Fremont's investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounts to \$234,348,048 (net of accumulated depreciation). This investment in capital assets includes land, building and system improvements, machinery and equipment, park facilities, roads, highways and bridges.

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

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

- Sewer system improvements - \$1,225,177
- Fire Aerial Apparatus - \$958,772
- Electric distribution system improvements - \$868,388
- Ridge-Hormel Park Trail - \$809,815
- Unit 8 Generator Rewind - \$611,850
- Jet truck - \$453,276
- N Hancock Reconstruction 16th – 19th - \$440,449
- Bike Trail-Ridge Road-State Lakes - \$390,000
- Hills Road - \$385,000
- Water system improvements - \$378,601
- Gas system improvements - \$320,734
- Cloverly Road - \$305,625

CITY OF FREMONT, NEBRASKA

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

- 2017 Freightliner bucket truck - \$257,687
- Old Hwy 275 - \$255,000
- Downing Street - \$250,000
- Main Street – 1st to 3rd - \$235,180
- Downtown Lighting Phase III - \$231,468
- Proctor Street - \$230,000

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

- 69KV joint transmission line project - \$8,934,421
- Wastewater Treatment Plant Upgrade - \$2,678,354
- Solar farm #1 - \$1,091,228
- Substation B upgrade - \$303,933
- Johnson Widening Military-16th - \$291,683
- Unit 8 Exciter Replacement - \$248,484

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

	Year Ended September 30, 2017			Year Ended September 30, 2016		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>		<u>Activities</u>	<u>Activities</u>	
Land	\$ 7,752,451	\$ 4,256,155	\$ 12,008,606	\$ 8,085,378	\$ 4,237,456	\$ 12,322,834
Construction in Progress	7,734,896	14,650,505	22,385,401	8,953,900	2,618,125	11,572,025
Infrastructure	26,837,733	-	26,837,733	23,522,116	-	23,522,116
Buildings and Improvements	8,409,468	-	8,409,468	8,793,557	-	8,793,557
Machinery and Equipment	5,118,350	4,028,846	9,147,196	2,825,589	3,729,368	6,554,957
Distribution Systems, Buildings, and Equipment	-	153,255,998	153,255,998	-	157,051,257	157,051,257
Office Furniture and Equipment	-	445,711	445,711	-	436,931	436,931
Vehicles	-	1,857,935	1,857,935	-	1,049,135	1,049,135
Total	\$ 55,852,898	\$ 178,495,150	\$ 234,348,048	\$ 52,180,540	\$ 169,122,272	\$ 221,302,812

Additional information on the City of Fremont's capital assets can be found in Note C4 on pages 37 - 39 of this report.

CITY OF FREMONT, NEBRASKA

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Long-term debt. At the end of the current fiscal year, the City of Fremont had total bonded debt, notes, and capital leases payable (excluding TIF bonds payable) outstanding of \$68,343,603.

City of Fremont's Outstanding Debt

	Year Ended September 30, 2017			Year Ended September 30, 2016		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
General Obligation Bonds	\$ 2,780,000	\$ -	\$ 2,780,000	\$ 3,035,000	\$ -	\$ 3,035,000
Revenue Bonds	-	64,195,000	64,195,000	-	67,650,000	67,650,000
Notes Payable	12,250	-	12,250	33,250	-	33,250
Capital leases payable	1,356,353	-	1,356,353	-	-	-
Total	\$ 4,148,603	\$ 64,195,000	\$ 68,343,603	\$ 3,068,250	\$ 67,650,000	\$ 70,718,250

The City of Fremont's total debt decreased by \$2,374,647 (3.4 percent). The City continues to pay down bonded indebtedness.

The City of Fremont maintains an AA(-) bond rating.

Additional information on the City of Fremont's long-term debt can be found in Note C6 on pages 40 - 42 of this report.

Economic Factors and Next Year's Budgets and Rates

- The City is in the first year of the two-year budget for 2018 and 2019.
- Property tax assessment for the year ending September 30, 2017 is \$5,878,252, which is 23.6 percent higher than the assessment for the year ended September 30, 2016, due primarily to an increase in property values within city limits and \$0.06/100 increase in the general fund levy to provide additional police personnel. In prior years, the City Council had imposed property taxes in anticipation of the costs related to defending and implementing a citizen-initiated ordinance. Litigation has been resolved leaving a balance of unspent funds. This unspent balance has been committed by the City Council for enforcement and capital improvements at the Police Station. The City Council committed \$1,757,681 at September 30, 2017 for this purpose. In addition, the Council also committed \$3,000,000 for capital improvement projects.
- A large employer and utility customer began construction of facilities with an estimated value of \$93,300,000 that will provide 800-1,100 jobs and significantly increase utility volumes beginning in 2019. The Capital Improvement Plan includes utility extensions to this facility, as well as wastewater treatment improvements, including anaerobic lagoons. This is a tax increment financing (TIF) project, so no additional property tax receipts are expected for the duration of the TIF period; however, the customer contributed \$7,200,000 of the TIF proceeds for the infrastructure improvements to be made by the City.

CITY OF FREMONT, NEBRASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED FOR THE YEAR ENDED SEPTEMBER 30, 2017

- The City has budgeted and expects to make significant expenditures for the following capital projects during the next two fiscal years, (expenditures for smaller capital projects will be dependent upon actual revenues remaining within budgeted levels, while larger projects will be financed with a combination of long-term debt, cash reserves and private funding):
 - Waste water treatment plant improvements - \$31,950,000
 - Joint project with the Nebraska Department of Transportation for a beltway joining US Hwy 275 and US Hwy 77 to the southeast of the City. The City's contribution will be \$20,000,000 over a three-year period.
 - Additional electrical transmission line progress payments- \$9,500,000
 - Three separate ballot questions for GO Bonds of \$2,000,000 each to finance
 - Library expansion - \$8,000,000
 - City Auditorium renovation - \$3,500,000
 - Waterpark additional feature - \$2,600,000
(If ballot question fails, project will not advance)
 - Natural Gas line upgrade from border station - \$4,000,000
 - New airport terminal - \$2,200,000
 - Various citywide paving and resurfacing projects - \$3,400,000
- The City Council approved a four percent increase in rates for the Electric Fund effective November 2017, and another four percent increase effective November 2018. An increase in Sewer Fund rates is anticipated and additional revenue was budgeted in the 2019 fiscal year to meet debt service requirements on the wastewater treatment plant improvements.

All of these factors were considered in preparing the City of Fremont's budget for the 2018 and 2019 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, 2017**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 22,255,879	\$ 11,756,521	\$ 34,012,400
Investments	28,025,000	24,558,615	52,583,615
County treasurer cash	203,551	-	203,551
Receivables:			
Special assessments	414,237	-	414,237
Accounts, net of allowance for doubtful accounts	494,565	2,895,528	3,390,093
Unbilled revenue	83	3,502,149	3,502,232
Interest	175,828	257,396	433,224
Property tax	130,480	-	130,480
Business tax	211,764	-	211,764
Other tax	271,769	-	271,769
Receivable/payable to other funds	(400,746)	400,746	-
Due from other governments	1,478,066	142,408	1,620,474
Inventory	-	9,438,446	9,438,446
Prepaid expenses	38,562	206,270	244,832
Total current assets	<u>53,299,038</u>	<u>53,158,079</u>	<u>106,457,117</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	18	18
Restricted investments	-	8,812,385	8,812,385
TIF notes receivable	197,716	-	197,716
Notes receivable, net of allowance	2,002,829	-	2,002,829
Capital assets:			
Land	7,752,451	4,256,155	12,008,606
Construction in progress	7,734,896	14,650,505	22,385,401
Other capital assets, net of depreciation	40,365,551	159,588,490	199,954,041
Net capital assets	<u>55,852,898</u>	<u>178,495,150</u>	<u>234,348,048</u>
Total noncurrent assets	<u>58,053,443</u>	<u>187,307,553</u>	<u>245,360,996</u>
Total assets	<u>111,352,481</u>	<u>240,465,632</u>	<u>351,818,113</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refundings	4,766	162,096	166,862
Total deferred outflows of resources	<u>4,766</u>	<u>162,096</u>	<u>166,862</u>
LIABILITIES			
Current liabilities:			
Accounts payable	825,984	3,541,755	4,367,739
Claims liability	578,128	6,922	585,050
Accrued expenses	487,340	1,379,636	1,866,976
Due to other governments	2,840	-	2,840
Unearned revenues	9,000	172,618	181,618
Customer deposits	18,240	601,754	619,994
Advances for construction	-	6,918,164	6,918,164
Current portion of compensated absences	800,000	1,095,000	1,895,000
Current portion of long-term debt	517,150	3,370,000	3,887,150
Total current liabilities	<u>3,238,682</u>	<u>17,085,849</u>	<u>20,324,531</u>
Noncurrent liabilities:			
Compensated absences	480,359	312,928	793,287
Fly ash liability/closure costs payable	-	128,687	128,687
Noncurrent portion of long-term debt	3,631,453	62,616,041	66,247,494
Total noncurrent liabilities	<u>4,111,812</u>	<u>63,057,656</u>	<u>67,169,468</u>
Total liabilities	<u>7,350,494</u>	<u>80,143,505</u>	<u>87,493,999</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on bond refundings	-	918	918
Total deferred inflows of resources	<u>-</u>	<u>918</u>	<u>918</u>
NET POSITION			
Net investment in capital assets	51,258,923	104,266,759	155,525,682
Restricted for:			
Debt service	92,000	8,341,072	8,433,072
Fly ash disposal	-	471,313	471,313
Street improvements	12,352,279	-	12,352,279
Federal grant programs	984,469	-	984,469
Other purposes:			
Expendable	20,716,490	-	20,716,490
Non expendable	125,000	-	125,000
Unrestricted	<u>18,477,592</u>	<u>47,404,161</u>	<u>65,881,753</u>
Total net position	<u>\$ 104,006,753</u>	<u>\$ 160,483,305</u>	<u>\$ 264,490,058</u>

See Notes to Financial Statements

CITY OF FREMONT, NEBRASKA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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
Primary government:						
Governmental activities:						
General government	\$ 4,623,120	\$ 1,228,341	\$ 375,152	\$ -	\$ (3,019,627)	\$ (3,019,627)
Public safety	8,961,080	1,491,757	176,716	-	(7,292,607)	(7,292,607)
Public works	4,600,783	732,001	780,306	2,626,481	(461,995)	(461,995)
Environment and leisure	3,683,854	558,776	49,195	271,514	(2,804,369)	(2,804,369)
Non-departmental	281,648	-	-	-	(281,648)	(281,648)
Interest on long-term debt	145,505	-	-	-	(145,505)	(145,505)
Total governmental activities	<u>22,295,990</u>	<u>4,010,875</u>	<u>1,381,369</u>	<u>2,897,995</u>	<u>(14,005,751)</u>	<u>(14,005,751)</u>
Business-type activities:						
Electric	32,467,281	40,653,431	142,408	-	-	8,328,558
Water	2,683,150	3,477,588	-	132,750	-	927,188
Sewer	4,098,879	5,485,799	-	351,032	-	1,737,952
Gas	11,839,660	12,553,719	-	-	-	714,059
Total business-type activities	<u>51,088,970</u>	<u>62,170,537</u>	<u>142,408</u>	<u>483,782</u>	<u>-</u>	<u>11,707,757</u>
Total primary government	<u>\$ 73,384,960</u>	<u>\$ 66,181,412</u>	<u>\$ 1,523,777</u>	<u>\$ 3,381,777</u>	<u>(14,005,751)</u>	<u>11,707,757</u>
				General revenues:		
				Taxes:		
				Property	4,996,675	4,996,675
				Motor vehicle	552,542	552,542
				Sales tax	6,524,834	6,524,834
				Payments in lieu of taxes	10,216	10,216
				Franchise	266,087	266,087
				Other taxes	1,738,165	1,738,165
				State allocation	3,698,576	3,698,576
				Keno	629,758	629,758
				Special assessments	120,603	120,603
				Miscellaneous	1,264,745	1,264,745
				Interest income	316,967	360,388
				Gain on sale of assets	17,688	17,688
				Transfer (to) from other funds	3,217,310	(3,217,310)
				Total general revenues	<u>23,354,166</u>	<u>(2,856,922)</u>
				Change in net position	<u>9,348,415</u>	<u>8,850,835</u>
				Net position - September 30, 2016	<u>94,658,338</u>	<u>151,632,470</u>
				Net position - September 30, 2017	<u>\$ 104,006,753</u>	<u>\$ 160,483,305</u>

See Notes to Financial Statements

CITY OF FREMONT, NEBRASKA

**BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

	General	Street	Sales Tax	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 7,799,884	\$ 2,420,168	\$ 7,291,088	\$ 2,605,450	\$ 20,116,590
Investments	7,700,000	4,850,000	11,950,000	1,775,000	26,275,000
County treasurer cash	147,560	44,757	-	11,234	203,551
Receivables:					
Special assessments	27,747	26,087	-	360,403	414,237
Accounts, net of allowance for doubtful accounts	423,079	11,042	-	47,132	481,253
Notes receivable, net of allowance for doubtful accounts	-	-	800,000	1,202,829	2,002,829
Interest	45,648	24,963	76,746	25,559	172,916
Property tax	122,062	-	-	8,418	130,480
Business tax	182,388	-	-	29,376	211,764
Other tax	-	271,769	-	-	271,769
TIF bonds receivable	-	-	-	197,716	197,716
Due from other governments	25,832	6,005	1,153,448	292,781	1,478,066
Due from other funds	692,902	166,292	299,722	114,727	1,273,643
Prepaid expenses	38,562	-	-	-	38,562
Total assets	\$ 17,205,664	\$ 7,821,083	\$ 21,571,004	\$ 6,670,625	\$ 53,268,376
LIABILITIES					
Accounts payable	\$ 273,661	\$ 433,553	\$ -	\$ 118,770	\$ 825,984
Accrued expenses	389,250	67,915	-	30,175	487,340
Due to other governments	2,840	-	-	-	2,840
Due to other funds	537,100	5,328	160,753	993,660	1,696,841
Customer deposits	18,240	-	-	-	18,240
Unearned revenue	-	-	-	9,000	9,000
Total liabilities	<u>1,221,091</u>	<u>506,796</u>	<u>160,753</u>	<u>1,151,605</u>	<u>3,040,245</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	88,616	-	-	5,872	94,488
Unavailable revenue - other local taxes	27,747	26,087	-	228,105	281,939
Unavailable revenue - fees and other	270,343	33,698	76,746	607,287	988,074
Total deferred inflows	<u>386,706</u>	<u>59,785</u>	<u>76,746</u>	<u>841,264</u>	<u>1,364,501</u>
FUND BALANCES (DEFICIT)					
Nonspendable:					
Permanent fund principal	-	-	-	125,000	125,000
Prepaid expenses	38,562	-	-	-	38,562
Restricted for:					
Debt service	-	-	-	92,000	92,000
Street improvements	-	7,254,502	5,037,992	-	12,292,494
Public safety	-	-	1,573,535	322,162	1,895,697
Infrastructure	-	-	6,993,475	-	6,993,475
Property tax relief	-	-	384,483	-	384,483
Economic development	-	-	7,344,020	586,175	7,930,195
Capital/special projects	-	-	-	2,191,270	2,191,270
Federal programs	-	-	-	984,469	984,469
Community betterment	-	-	-	541,530	541,530
Committed for:					
Code enforcement/defense	1,757,681	-	-	-	1,757,681
Capital improvement projects	3,000,000	-	-	-	3,000,000
Assigned for:					
Other	-	-	-	73,903	73,903
Unassigned	10,801,624	-	-	(238,753)	10,562,871
Total fund balances	<u>15,597,867</u>	<u>7,254,502</u>	<u>21,333,505</u>	<u>4,677,756</u>	<u>48,863,630</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 17,205,664	\$ 7,821,083	\$ 21,571,004	\$ 6,670,625	\$ 53,268,376

See Notes to Financial Statements

CITY OF FREMONT, NEBRASKA

**RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017**

Total fund balances - governmental funds		\$ 48,863,630
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$82,777,725, and the accumulated depreciation is \$26,924,827.</p>		55,852,898
<p>Deferred amounts on bond refundings are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		4,766
<p>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 position.</p>		3,349,920
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds but are deferred.</p>		1,364,501
<p>Long-term liabilities, including bonds and notes payable, 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:</p>		
Compensated absences	\$ (1,280,359)	
Bonds and lease payable	<u>(4,148,603)</u>	<u>(5,428,962)</u>
Total net position - governmental activities		<u><u>\$ 104,006,753</u></u>

CITY OF FREMONT, NEBRASKA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	General	Street	Sales Tax	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 4,456,902	\$ -	\$ -	\$ 543,131	\$ 5,000,033
Motor vehicle	-	552,542	-	-	552,542
Sales tax	-	-	6,524,834	-	6,524,834
Payments in lieu of taxes	9,545	-	-	540	10,085
Franchise	257,949	-	-	-	257,949
Business	1,607,009	-	-	131,156	1,738,165
Intergovernmental	1,006,344	3,481,993	-	1,343,595	5,831,932
Keno	-	-	-	629,758	629,758
Charges for services	2,895,505	38,451	44,664	245,044	3,223,664
Donations	30,425	60,993	-	-	91,418
Interest income	56,109	40,635	96,422	31,516	224,682
Other income	1,303,834	1,493	300,010	33,445	1,638,782
Total revenues	<u>11,623,622</u>	<u>4,176,107</u>	<u>6,965,930</u>	<u>2,958,185</u>	<u>25,723,844</u>
EXPENDITURES					
General government	4,507,769	-	257,765	640,871	5,406,405
Public safety	7,740,408	-	-	961,988	8,702,396
Public works	443,071	3,715,970	-	549,753	4,708,794
Environment and leisure	3,446,882	-	-	313,127	3,760,009
Employee insurance	281,648	-	-	-	281,648
Principal payments on debt	203,865	-	-	276,000	479,865
Interest on long-term debt	46,182	-	-	67,965	114,147
Total expenditures	<u>16,669,825</u>	<u>3,715,970</u>	<u>257,765</u>	<u>2,809,704</u>	<u>23,453,264</u>
Excess (deficiency) of revenues over expenditures	<u>(5,046,203)</u>	<u>460,137</u>	<u>6,708,165</u>	<u>148,481</u>	<u>2,270,580</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	-	2,780,000	2,780,000
Bond refunding	-	-	-	(2,780,000)	(2,780,000)
Transfers in	7,658,436	231,826	-	335,550	8,225,812
Transfers out	(34,758)	-	(4,337,180)	(554,070)	(4,926,008)
Net other sources and uses	<u>7,623,678</u>	<u>231,826</u>	<u>(4,337,180)</u>	<u>(218,520)</u>	<u>3,299,804</u>
Net change in fund balances	<u>2,577,475</u>	<u>691,963</u>	<u>2,370,985</u>	<u>(70,039)</u>	<u>5,570,384</u>
Fund balances - September 30, 2016	13,020,392	6,562,539	18,962,520	4,747,795	43,293,246
Fund balances - September 30, 2017	<u>\$ 15,597,867</u>	<u>\$ 7,254,502</u>	<u>\$ 21,333,505</u>	<u>\$ 4,677,756</u>	<u>\$ 48,863,630</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, 2017**

Total net change in fund balances - governmental funds	\$ 5,570,384
Amounts reported for governmental <i>activities</i> 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 (\$2,027,153) and capital lease principal payments (\$203,865) exceed depreciation expense (\$2,126,076) and disposal of capital assets (\$332,927) in the period.	437,869
Deferred outflows of resources relating to loss on refundings of long-term debt are not current financial resources, and therefore, the amortization of these deferred outflows are not reported as expenditures in the funds.	(539)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of the Internal Service Fund is reported with governmental activities in the statement of activities.	922,149
TIF proceeds and payments are reported as revenue and expenses in the governmental funds, but are reported as notes receivable and payable in the statement of net position.	(21,270)
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.	(95,545)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount that contributions of capital assets (\$2,619,328) exceeded the change in deferred inflows in the governmental funds (\$359,961).	2,259,367
Repayment of bond principal, net of debt refunding proceeds and payments, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	276,000
Change in net position of governmental activities	<u><u>\$ 9,348,415</u></u>

CITY OF FREMONT, NEBRASKA

**STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2017**

	Enterprise Funds				Total	Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Gas Fund		
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 5,673,849	\$ 2,917,453	\$ 1,288,232	\$ 1,876,987	\$ 11,756,521	\$ 2,139,289
Investments	8,877,647	2,092	10,928,876	4,750,000	24,558,615	1,750,000
Receivables:						
Accounts, net of allowance for doubtful accounts	1,906,502	415,799	276,940	296,287	2,895,528	13,312
Unbilled revenue	2,311,381	237,318	381,576	571,874	3,502,149	83
Due from other funds	420,506	5,913	1,294	1,023	428,736	22,452
Due from other governments	142,408	-	-	-	142,408	-
Interest	169,253	6,976	47,597	33,570	257,396	2,912
Inventory	7,564,229	345,615	167,851	1,360,751	9,438,446	-
Prepaid expenses	133,316	17,918	17,918	37,118	206,270	-
Total current assets	27,199,091	3,949,084	13,110,284	8,927,610	53,186,069	3,928,048
Noncurrent assets:						
Restricted cash and cash equivalents	18	-	-	-	18	-
Restricted investments	7,668,353	872,908	271,124	-	8,812,385	-
Capital assets:						
Land	2,105,394	1,890,618	143,803	116,340	4,256,155	-
Construction in progress	11,786,427	28,342	2,756,500	79,236	14,650,505	-
Depreciable capital assets	204,731,598	40,371,662	52,285,341	16,231,468	313,620,069	-
Less accumulated depreciation	(99,874,935)	(17,271,583)	(25,866,336)	(11,018,725)	(154,031,579)	-
Net capital assets	118,748,484	25,019,039	29,319,308	5,408,319	178,495,150	-
Total noncurrent assets	126,416,855	25,891,947	29,590,432	5,408,319	187,307,553	-
Total assets	153,615,946	29,841,031	42,700,716	14,335,929	240,493,622	3,928,048
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on bond refundings	120,230	24,939	16,927	-	162,096	-
Total deferred outflows of resources	120,230	24,939	16,927	-	162,096	-
LIABILITIES						
Current liabilities:						
Accounts payable	2,044,350	46,751	715,993	734,661	3,541,755	-
Due to other funds	22,451	3,762	110	1,667	27,990	-
Accrued payroll	444,387	23,595	48,464	49,043	565,489	-
Compensated absences - short term	870,000	45,000	40,000	140,000	1,095,000	-
Sales tax payable	230,261	146	-	18	230,425	-
Accrued interest payable	551,140	30,041	2,541	-	583,722	-
Advances for construction	240,153	372,301	6,017,944	287,766	6,918,164	-
Unearned revenue	172,618	-	-	-	172,618	-
Customer deposits	600,723	1,031	-	-	601,754	-
Claims liability	6,922	-	-	-	6,922	578,128
Current portion of long-term obligations	2,554,898	549,654	265,448	-	3,370,000	-
Total current liabilities	7,737,903	1,072,281	7,090,500	1,213,155	17,113,839	578,128
Noncurrent liabilities:						
Fly ash liability	128,687	-	-	-	128,687	-
Compensated absences - long term	153,914	4,457	61,678	92,879	312,928	-
Noncurrent portion of long-term obligations	55,879,325	5,206,769	1,529,947	-	62,616,041	-
Total noncurrent liabilities	56,161,926	5,211,226	1,591,625	92,879	63,057,656	-
Total liabilities	63,899,829	6,283,507	8,682,125	1,306,034	80,171,495	578,128
DEFERRED INFLOWS OF RESOURCES						
Deferred gain on bond refundings	357	359	202	-	918	-
Total deferred inflows of resources	357	359	202	-	918	-
NET POSITION						
Net investment in capital assets	59,363,211	18,906,176	20,916,512	5,080,860	104,266,759	-
Restricted for:						
Debt service	7,197,040	872,908	271,124	-	8,341,072	-
Fly ash disposal	471,313	-	-	-	471,313	-
Unrestricted	22,804,426	3,803,020	12,847,680	7,949,035	47,404,161	3,349,920
Total net position	\$ 89,835,990	\$ 23,582,104	\$ 34,035,316	13,029,895	\$ 160,483,305	\$ 3,349,920

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, 2017**

	Enterprise Funds				Total	Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Gas Fund		
Operating revenues:						
Charges for services	\$ 39,156,982	\$ 3,432,913	\$ 5,438,193	\$ 12,553,719	\$ 60,581,807	\$ 5,876,651
Contributions from other funds	-	-	-	-	-	1,464,857
Other revenue	1,496,449	44,675	47,606	-	1,588,730	-
Total operating revenues	<u>40,653,431</u>	<u>3,477,588</u>	<u>5,485,799</u>	<u>12,553,719</u>	<u>62,170,537</u>	<u>7,341,508</u>
Operating expenses:						
Cost of power/gas	1,589,364	-	-	8,911,353	10,500,717	-
Production	19,021,587	352,685	1,608,250	-	20,982,522	-
Distribution	3,046,223	681,712	540,173	1,395,478	5,663,586	-
Customer accounting and collections	1,633,593	538,436	548,331	1,051,037	3,771,397	-
Administrative and general	4,882	1,939	795	-	7,616	2,921
Employee insurance	-	-	-	-	-	5,877,524
Workers' compensation	-	-	-	-	-	557,832
Depreciation	5,062,923	974,708	1,400,460	449,952	7,888,043	-
Total operating expenses	<u>30,358,572</u>	<u>2,549,480</u>	<u>4,098,009</u>	<u>11,807,820</u>	<u>48,813,881</u>	<u>6,438,277</u>
Operating income	<u>10,294,859</u>	<u>928,108</u>	<u>1,387,790</u>	<u>745,899</u>	<u>13,356,656</u>	<u>903,231</u>
Nonoperating revenues (expenses):						
Interest income	219,894	15,301	68,142	57,051	360,388	18,918
Interest expense	(2,027,791)	(133,670)	(870)	-	(2,162,331)	-
Loss on sale of assets	(80,918)	-	-	(31,840)	(112,758)	-
Grant revenue	142,408	-	298,035	-	440,443	-
Total nonoperating revenues (expenses)	<u>(1,746,407)</u>	<u>(118,369)</u>	<u>365,307</u>	<u>25,211</u>	<u>(1,474,258)</u>	<u>18,918</u>
Income before net contributed capital and interfund transfers	<u>8,548,452</u>	<u>809,739</u>	<u>1,753,097</u>	<u>771,110</u>	<u>11,882,398</u>	<u>922,149</u>
Contributed capital (CC)	652,812	233,362	290,461	87,234	1,263,869	-
Cost recovered through CC	(652,812)	(100,612)	(154,970)	(87,234)	(995,628)	-
Transfer from other funds	34,758	112,497	90,163	-	237,418	-
Transfer to other funds	(2,280,861)	(207,511)	(299,655)	(749,195)	(3,537,222)	-
Net CC and transfers	<u>(2,246,103)</u>	<u>37,736</u>	<u>(74,001)</u>	<u>(749,195)</u>	<u>(3,031,563)</u>	<u>-</u>
Change in net position	<u>6,302,349</u>	<u>847,475</u>	<u>1,679,096</u>	<u>21,915</u>	<u>8,850,835</u>	<u>922,149</u>
Net position - September 30, 2016	<u>83,533,641</u>	<u>22,734,629</u>	<u>32,356,220</u>	<u>13,007,980</u>	<u>151,632,470</u>	<u>2,427,771</u>
Net position - September 30, 2017	<u>\$ 89,835,990</u>	<u>\$ 23,582,104</u>	<u>\$ 34,035,316</u>	<u>\$ 13,029,895</u>	<u>\$ 160,483,305</u>	<u>\$ 3,349,920</u>

See Notes to Financial Statements

CITY OF FREMONT, NEBRASKA

**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Enterprise Funds				Total	Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Gas Fund		
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 39,194,390	\$ 3,342,193	\$ 5,390,195	\$ 12,527,139	\$ 60,453,917	\$ (13,337)
Receipts from other funds	-	-	-	-	-	7,347,306
Other receipts	1,330,906	-	-	-	1,330,906	-
Payments to suppliers	(13,805,139)	(971,409)	(1,512,645)	(10,259,184)	(26,548,377)	(6,582,161)
Payments to employees	(11,626,666)	(594,752)	(1,176,106)	(1,120,077)	(14,517,601)	-
Net cash provided (used) by operating activities	<u>15,093,491</u>	<u>1,776,032</u>	<u>2,701,444</u>	<u>1,147,878</u>	<u>20,718,845</u>	<u>751,808</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers from other funds	34,758	112,497	90,163	-	237,418	-
Transfers to other funds	(2,280,861)	(207,511)	(299,655)	(749,195)	(3,537,222)	-
Interfund loans	(281,391)	2,774	802	1,159	(276,656)	(22,452)
Net cash provided (used) by noncapital financing activities	<u>(2,527,494)</u>	<u>(92,240)</u>	<u>(208,690)</u>	<u>(748,036)</u>	<u>(3,576,460)</u>	<u>(22,452)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Purchase of property and equipment	(14,007,592)	(376,780)	(3,784,188)	(624,836)	(18,793,396)	-
Proceeds from sale of property and equip.	27,328	-	-	-	27,328	-
Proceeds from capital grant	-	-	298,035	-	298,035	-
Proceeds from capital contribution	892,965	472,913	6,172,913	375,000	7,913,791	-
Principal payments on capital debt	(2,507,355)	(635,434)	(312,211)	-	(3,455,000)	-
Interest paid on capital debt	(2,151,460)	(136,459)	(28,422)	-	(2,316,341)	-
Increase (decrease) in fly ash liability	67,316	-	-	-	67,316	-
Net cash provided (used) by capital and related financing activities	<u>(17,678,798)</u>	<u>(675,760)</u>	<u>2,346,127</u>	<u>(249,836)</u>	<u>(16,258,267)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
(Increase) decrease in investments	3,400,000	-	(5,825,000)	(750,000)	(3,175,000)	(250,000)
Interest received on investments	244,189	18,351	72,540	63,261	398,341	17,802
Net cash provided (used) by investing activities	<u>3,644,189</u>	<u>18,351</u>	<u>(5,752,460)</u>	<u>(686,739)</u>	<u>(2,776,659)</u>	<u>(232,198)</u>
Increase (decrease) in cash and cash equivalents	(1,468,612)	1,026,383	(913,579)	(536,733)	(1,892,541)	497,158
Cash and cash equivalents - beginning of the year	<u>7,142,479</u>	<u>1,891,070</u>	<u>2,201,811</u>	<u>2,413,720</u>	<u>13,649,080</u>	<u>1,642,131</u>
Cash and cash equivalents - end of the year	<u>\$ 5,673,867</u>	<u>\$ 2,917,453</u>	<u>\$ 1,288,232</u>	<u>\$ 1,876,987</u>	<u>\$ 11,756,539</u>	<u>\$ 2,139,289</u>
Composition of cash and cash equivalents:						
Cash and cash equivalents	\$ 5,673,849	\$ 2,917,453	\$ 1,288,232	\$ 1,876,987	\$ 11,756,521	\$ 2,139,289
Restricted cash and cash equivalents	18	-	-	-	18	-
Total cash and cash equivalents	<u>\$ 5,673,867</u>	<u>\$ 2,917,453</u>	<u>\$ 1,288,232</u>	<u>\$ 1,876,987</u>	<u>\$ 11,756,539</u>	<u>\$ 2,139,289</u>

See Notes to Financial Statements

CITY OF FREMONT, NEBRASKA

**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Enterprise Funds				Total	Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Gas Fund		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 10,294,859	\$ 928,108	\$ 1,387,790	\$ 745,899	\$ 13,356,656	\$ 903,231
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	5,062,923	974,708	1,400,460	449,952	7,888,043	-
Change in assets and liabilities:						
Accounts receivable and unbilled revenue	(155,008)	(136,426)	(95,604)	(26,580)	(413,618)	(7,539)
Inventories	(282,786)	44,425	(30,690)	(101,078)	(370,129)	-
Prepaid expenses	(57,285)	589	589	1,696	(54,411)	-
Accounts payable	253,462	(37,601)	34,029	112,276	362,166	(56)
Accrued payroll	(8,480)	3,111	(2,653)	(1,480)	(9,502)	-
Accrued compensated absences	(23,226)	(2,046)	7,523	(32,491)	(50,240)	-
Other accrued expenses	(17,842)	133	-	(316)	(18,025)	-
Unearned revenue	(47,187)	-	-	-	(47,187)	-
Customer deposits	72,933	1,031	-	-	73,964	-
Claims liability	1,128	-	-	-	1,128	(143,828)
Net cash provided (used) by operating activities	<u>\$ 15,093,491</u>	<u>\$ 1,776,032</u>	<u>\$ 2,701,444</u>	<u>\$ 1,147,878</u>	<u>\$ 20,718,845</u>	<u>\$ 751,808</u>
Supplemental Cash Flows Information						
Payables incurred for acquisition of capital assets	\$ 830,788	\$ 8,719	\$ 606,182	\$ 39,693	\$ 1,485,382	\$ -

See Notes to Financial Statements

CITY OF FREMONT, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
INDEX

	Page
NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	
1. Financial Reporting Entity	23
2. Basis of Presentation	23
3. Measurement Focus and Basis of Accounting	26
4. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund balance	27
5. Revenues, Expenditures, and Expenses	33
NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	
1. Fund Accounting Requirements	33
2. Deposit Laws and Regulations	33
3. Revenue Restrictions	34
4. Debt Restrictions and Covenants	34
5. Budgetary Data	34
NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS	
1. Cash and Investments	35
2. Accounts Receivable	35
3. Notes Receivable	36
4. Capital Assets	37
5. Accounts Payable	39
6. Long-term Debt and Liabilities	40
7. Fly Ash Closure Costs	42
8. Tax Increment Financing	42
9. Interfund Transactions and Balances	43
10. Deficit Fund Balance	44
NOTE D – OTHER NOTES	
1. Employee Pension and Other Benefit Plans	45
2. Risk Management	46
3. Commitments and Contingencies	48
4. Major Customers	50
5. EPA Emissions Allowances	50
6. Union Contracts	51
7. Subsequent Events	51

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Financial Reporting Entity

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

These financial statements present the financial statements of the City as the primary government. In determining its reporting entity, the City has considered all potential component units for which it is financially accountable, including other organizations which are fiscally dependent on the City, or the significance of their relationship with the City are such that exclusion would make the financial statements misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability, which was used in making this evaluation. The City has no material component units to include in its reporting entity.

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 two major categories: governmental and proprietary. 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.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

2. Basis of Presentation, Continued

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.

Capital Projects Fund

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Funds

Enterprise Funds

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

Internal Service Funds

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

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

2. Basis of Presentation, Continued

Major and Non-major Funds

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

<u>Fund</u>	<u>Brief Description</u>
<i>Major:</i>	
Governmental:	
General	See above for description.
Street	The Street Fund is a Special Revenue Fund that accounts for the City's share of highway allocation from the State of Nebraska.
Sales Tax	The Sales Tax Fund is a Special Revenue Fund that accounts for local sales tax collected.
Proprietary:	
Enterprise:	
Electric, Water, Sewer, and Gas	See above for description.
Internal Service:	
Insurance	Accounts for the workers' compensation, and health insurance, and other programs for all governmental-fund-type City operations.
<i>Non-major:</i>	
Governmental:	
Debt Service	See above for description.
Capital Projects	See above for description.
Special Revenue:	
Paving and Sidewalk Districts	Accounts for the collection of special assessments on various paving and sidewalk districts.
Downtown Improvement District	Accounts for improvements and maintenance of downtown business area using occupation taxes. By action of the City Council, this activity was dissolved, and any remaining funds were transferred to the new Business Improvement District #1 that covers the same downtown area.
Business Improvement District #1	Accounts for improvements and maintenance of downtown business area using special assessments on the properties within the district.
Public Use Property Special Projects	Accounts for bequests with restricted uses that the City receives.
Keno Fund	Accounts for the City's share of the Keno gaming proceeds.
CDBG Fund	Accounts for revolving loans funded by CDBG grants.
Weatherization EDA (HUD)	Accounts for weatherization revolving loans funded by HUD grants.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

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>
<i>Non-major, continued:</i>	
Governmental, continued:	
Special Revenue, continued:	
Economic Enhancement	Accounts for economic enhancement programs of the City.
Airport Fund	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.
Community Development Agency	Accounts for the resources for payment of principal and interest on tax increment financing bonds issued by the Community Development Agency of the City of Fremont. These bonds were issued to provide long-term financing for several development areas. 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.

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.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

3. Measurement Focus and Basis of Accounting, Continued

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary Funds activities are accounted for on the 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, an external investment pool 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 deposit and repurchase agreements which are valued at amortized cost, which approximates fair value based on the short-term nature of the investments. The City carries its interest in the external investment pool and certificates of deposit at amortized cost.

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

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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 revenues, representing estimated consumer usage for the period between the last billing date and the end of the period, are accrued in the period of consumption.

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. Management has determined that no allowance is necessary at September 30, 2017.

Due from Other Governments

The total due from other governments includes the following amounts:

<u>Fund</u>	<u>Amount</u>	<u>Service</u>
General	\$ 25,832	Interlocal reimbursement/ Grant reimbursements and Library commission payments
Sales tax	1,153,448	Sales Tax
Street	6,005	Grant reimbursement
CDBG	41,067	Grant reimbursement
Enhanced 911	63,279	E911 tax
Special Projects	<u>188,435</u>	State funding for trails
Governmental Total	<u>\$1,478,066</u>	
Electric	<u>\$ 142,408</u>	Grant reimbursement

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, 2017:

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Total</u>
Coal	\$ 2,713,111	\$ -	\$ -	\$ -	\$ 2,713,111
Natural Gas	-	-	-	937,932	937,932
Production Supplies	2,924,474	345,615	167,851	91,272	3,529,212
Distribution Supplies	1,848,684	-	-	331,547	2,180,231
Other	77,960	-	-	-	77,960
	<u>\$ 7,564,229</u>	<u>\$ 345,615</u>	<u>\$ 167,851</u>	<u>\$ 1,360,751</u>	<u>\$ 9,438,446</u>

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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.

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.

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

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

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

Fund Financial Statements

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

Deferred Outflows/Inflows of Resources

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

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

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, Continued

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

Compensated Absences

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

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

Long-term Debt and Bond Discounts/Premiums

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

Government-wide Statements

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

Fund Financial Statements

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

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

Fund Balance Flow Assumption

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

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

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

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Fund Balance Flow Assumption, Continued

Committed – Amounts that can be used only for specific purposes determined by a formal action by the City Council through an ordinance or resolution. Commitments may be changed or lifted only by passage of an ordinance or issuance of a resolution by the City Council.

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

Unassigned – All amounts not included in other spendable classifications.

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

5. Revenues, Expenditures, and Expenses

Sales and Use Tax

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

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

Property Taxes

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

The tax levies for all political subdivisions in Dodge County are certified by the County Board on or before October 15. Real estate taxes are due on December 31 and attach as an enforceable lien and become delinquent in two equal installments on May 1 and September 1. Personal property taxes are due in the same manner as real estate taxes. Delinquent taxes bear 14 percent interest. Property taxes levied for 2016-2017 are recorded as revenue when expected to be collected within 60 days after September 30, 2017. 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.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

5. Revenues, Expenditures, and Expenses, Continued

Property Taxes, Continued

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 fund – by operating and non-operating

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

Interfund Transfers

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

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Fund Accounting Requirements

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

2. Deposit Laws and Regulations

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

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

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

2. Deposit Laws and Regulations, Continued

Cash at the County Treasurer of \$203,551 was covered by collateral held by the County.

3. Revenue Restrictions

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

4. Debt Restrictions and Covenants

Bonds Payable

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

5. Budgetary Data

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

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

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

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

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

5. Budgetary Data, Continued

h. The City of Fremont adopts a budget by ordinance for all fund types.

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

1. Cash and Investments

The City's policies regarding deposits of cash are discussed in Note A4 and the City's policies regarding risk management over deposits and investments are discussed in Note D2. The City's cash deposits and investments are with institutions insured by the Federal Deposit Insurance Corporation ("FDIC") and other collateral. At September 30, 2017, 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	\$ 34,012,400
Restricted	18
Investments –	
Unrestricted	52,583,615
Restricted	<u>8,812,385</u>
Total	<u>\$95,408,418</u>

Investments and cash equivalents consist of the following:

Certificate of deposit	\$ 61,396,000
Deposit accounts and cash on hand	31,770,555
External investment pool	<u>2,241,863</u>
Total	<u>\$95,408,418</u>

The majority of the business-type restricted assets, \$8,341,090, relates to debt service reserves required by bond agreements. The remaining \$471,313 restricted investment is restricted to cover fly ash closure costs.

2. Accounts Receivable

Accounts receivable of the business-type activities consists of utilities receivables. Accounts receivable of the governmental activities consist of ambulance (61.5 percent), waste transfer station (11.4 percent), cable franchise tax (10.9 percent), fees assessed (6.3 percent), keno proceeds (4.8 percent), reinsurance recoverable (2.2 percent) and other (2.9 percent) receivables. Receivables detailed at September 30, 2017, are as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Accounts receivable	\$ 605,680	\$ 3,305,473	\$ 3,911,153
Allowance for doubtful accounts	<u>(111,115)</u>	<u>(409,945)</u>	<u>(521,060)</u>
Net accounts receivable	<u>\$ 494,565</u>	<u>\$ 2,895,528</u>	<u>\$ 3,390,093</u>

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

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

3. Notes Receivable

Notes receivable at September 30, 2017, consist of the following:

<u>Company</u>	<u>Loan Amount</u>	<u>Date Issued</u>	<u>Interest</u>	<u>Type</u>	<u>Balance</u>
<u>CDBG Fund:</u>					
Southwark Metal	\$250,000	6/23/2004	0%	Repayable	\$ 33,333
<u>Sales Tax Fund (LB840):</u>					
Southwark Metal	50,000	6/23/2004	0%	Repayable	6,667
Sycamore Leaf Solutions	100,000	6/19/2015	0%	Performance Based	100,000
Structural Component Systems	200,000	5/13/2015	0%	Repayable	123,333
Structural Component Systems	400,000	5/13/2015	0%	Performance Based	240,000
Fremont Beef Company	300,000	5/13/2014	0%	Performance Based	180,000
Heartland Area Accessories	150,000	10/17/2016	0%	Performance Based	150,000
Total Sales Tax Fund					<u>800,000</u>
<u>Weatherization EDA (HUD) Fund:</u>					
Interest bearing notes	306,100	Various	1- 5 %	Repayable	29,543
Non-interest bearing notes	850,981	Various	0%	Forgiveable	620,540
					<u>650,083</u>
<u>Downtown Revitalization Loans (included in Weatherization Fund):</u>					
Non-interest bearing notes	426,133	Various	0%	Forgiveable	320,080
Total Weatherization Fund					<u>970,163</u>
<u>Economic Enhancement Fund:</u>					
Sycamore Leaf	100,000	10/22/2012	0%	Performance Based	16,000
Fremont Beef	300,000	5/13/2014	0%	Performance Based	180,000
McGinn Holding LLC	10,000	10/29/2014	0%	Performance Based	3,333
Total Economic Enhancement Fund					<u>199,333</u>
Total Notes Receivable					<u><u>\$2,002,829</u></u>

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

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

4. Capital Assets

Capital asset activity for the year ended September 30, 2017, was as follows:

	Balance at October 1, 2016	Additions	Disposals	Transfers	Balance at September 30, 2017
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 8,085,378	\$ -	\$ (332,927)	\$ -	\$ 7,752,451
Construction in progress	8,953,900	1,980,201	-	(3,199,205)	7,734,896
Total capital assets not being depreciated	<u>17,039,278</u>	<u>1,980,201</u>	<u>(332,927)</u>	<u>(3,199,205)</u>	<u>15,487,347</u>
Other capital assets being depreciated:					
Infrastructure	34,460,822	2,132,347	-	2,157,939	38,751,108
Buildings and improvements	16,719,992	46,995	-	-	16,766,987
Machinery and equipment	9,314,772	2,054,312	(555,573)	958,772	11,772,283
Total other capital assets at historical cost	<u>60,495,586</u>	<u>4,233,654</u>	<u>(555,573)</u>	<u>3,116,711</u>	<u>67,290,378</u>
Less accumulated depreciation for:					
Infrastructure	(10,938,706)	(974,669)	-	-	(11,913,375)
Buildings and improvements	(7,926,435)	(431,084)	-	-	(8,357,519)
Machinery and equipment	(6,489,183)	(720,323)	555,573	-	(6,653,933)
Total accumulated depreciation	<u>(25,354,324)</u>	<u>(2,126,076) *</u>	<u>555,573</u>	<u>-</u>	<u>(26,924,827)</u>
Other capital assets, net	<u>35,141,262</u>	<u>2,107,578</u>	<u>-</u>	<u>3,116,711</u>	<u>40,365,551</u>
Governmental activities capital assets, net	<u>\$ 52,180,540</u>	<u>\$ 4,087,779</u>	<u>\$ (332,927)</u>	<u>\$ (82,494)</u>	<u>\$ 55,852,898</u>

* Depreciation expense was incurred by the following governmental activities:

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

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

4. Capital Assets, Continued

General government	<u>\$ 85,004</u>
Public safety:	
Police	154,076
Fire	149,443
E911	87,188
Civil defense	740
Protective inspections	<u>2,644</u>
Total public safety	<u>394,091</u>
Public works:	
Civil Engineering	108,767
Streets	<u>909,180</u>
Total public works	<u>1,017,947</u>
Environment and leisure:	
Culture and recreation	463,647
Airport	<u>165,387</u>
Total environment and leisure	<u>629,034</u>
Total governmental activities depreciation expense	<u>\$ 2,126,076</u>

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

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

4. Capital Assets, Continued

	Balance at October 1, 2016	Additions	Disposals	Transfers	Balance at September 30, 2017
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 4,237,456	\$ 18,699	\$ -	\$ -	\$ 4,256,155
Construction in progress	2,618,125	12,032,380	-	-	14,650,505
Total capital assets not being depreciated	<u>6,855,581</u>	<u>12,051,079</u>	<u>-</u>	<u>-</u>	<u>18,906,660</u>
Other capital assets being depreciated:					
Distribution systems, buildings, and equipment	285,691,175	3,145,701	(86,403)	82,494	288,832,967
Machinery and equipment	16,106,945	873,267	(159,527)	-	16,820,685
Office furniture and equipment	2,372,429	154,607	-	-	2,527,036
Vehicles	4,530,309	968,554	(59,483)	-	5,439,380
Total other capital assets at historical cost	<u>308,700,858</u>	<u>5,142,129</u>	<u>(305,413)</u>	<u>82,494</u>	<u>313,620,068</u>
Less accumulated depreciation for:					
Distribution systems, buildings, and equipment	(128,639,918)	(7,008,673)	71,622	-	(135,576,969)
Machinery and equipment	(12,377,577)	(573,789)	159,527	-	(12,791,839)
Office furniture and equipment	(1,935,498)	(145,827)	-	-	(2,081,325)
Vehicles	(3,481,174)	(159,754)	59,483	-	(3,581,445)
Total accumulated depreciation	<u>(146,434,167)</u>	<u>(7,888,043) *</u>	<u>290,632</u>	<u>-</u>	<u>(154,031,578)</u>
Other capital assets, net	<u>162,266,691</u>	<u>(2,745,914)</u>	<u>(14,781)</u>	<u>82,494</u>	<u>159,588,490</u>
Business-type activities capital assets, net	<u>\$ 169,122,272</u>	<u>\$ 9,305,165</u>	<u>\$ (14,781)</u>	<u>\$ 82,494</u>	<u>\$ 178,495,150</u>

* Depreciation expense was charged to functions as follows:

Electric	\$ 5,062,923
Water	974,708
Sewer	1,400,460
Gas	<u>449,952</u>
Business-type activities depreciation expense	<u>\$ 7,888,043</u>

The City records capitalized interest on proprietary fund fixed asset additions with a construction period of greater than one year and an estimated total cost of \$1 million or more in accordance with GASB 62. The amount of capitalized interest for the current year is \$32,857.

5. Accounts Payable

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

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

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

6. Long-term Debt and Liabilities

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

The following is a summary of changes in long-term debt and liabilities for the year ended September 30, 2017:

	Balance at October 1, 2016	Additions	Deductions	Balance at September 30, 2017	Amounts Due Within One Year
Governmental Activities:					
Compensated absences	\$ 1,184,814	\$ 874,204	\$ (778,659)	\$ 1,280,359	\$ 800,000
TIF Bonds payable	276,730	-	(276,730)	-	-
Bonds payable	3,068,250	2,780,000	(3,056,000)	2,792,250	307,250
Lease payable	-	1,560,218	(203,865)	1,356,353	209,900
Total	\$ 4,529,794	\$ 5,214,422	\$ (4,315,254)	\$ 5,428,962	\$ 1,317,150
Business-type Activities:					
Compensated absences	\$ 1,458,168	\$ 118,978	\$ (169,218)	\$ 1,407,928	\$ 1,095,000
Unamortized bond premium	1,964,071	-	(129,702)	1,834,369	-
Unamortized bond discount	(46,123)	-	2,795	(43,328)	-
Fly ash liability	61,371	67,316	-	128,687	-
Bonds and notes payable	67,650,000	-	(3,455,000)	64,195,000	3,370,000
Total	\$ 71,087,487	\$ 186,294	\$ (3,751,125)	\$ 67,522,656	\$ 4,465,000

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2017 are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 307,250	\$ 45,960	\$ 3,370,000	\$ 2,263,898
2019	300,000	42,715	3,655,000	2,208,807
2020	305,000	39,115	3,755,000	2,142,775
2021	320,000	35,150	3,545,000	2,055,795
2022	330,000	30,510	3,645,000	1,960,523
2023-2027	1,230,000	61,350	18,345,000	8,023,338
2028-2032	-	-	19,090,000	4,568,190
2033-2037	-	-	8,790,000	583,963
	\$ 2,792,250	\$ 254,800	\$ 64,195,000	\$ 23,807,289

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

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

6. Long-term Debt, Continued

Lease Purchase Contract Payable

The City is leasing a radio system and radios under a noncancelable lease-purchase agreement expiring in 2023, at which time title will be conveyed to the City. The net book value of the leased assets is approximately \$1,448,774. The following schedule reflects future minimum lease payments under the lease-purchase agreement together with the present value of the net minimum lease payments as of September 30, 2017:

Year Ending September 30,	
2018	\$ 250,047
2019	250,047
2020	250,047
2021	250,048
2022	250,048
2023	250,048
Total payments	<u>\$ 1,500,285</u>
Less: interest payments	<u>(143,932)</u>
Present value of minimum lease payments	<u><u>\$ 1,356,353</u></u>

As of September 30, 2017, 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 Refunding Bonds for swimming pool	08/01/2017	08/01/2026	08/01/2022	1.10 – 2.30%	\$ 2,780,000
Note payable to Nebraska Department of Aeronautics	04/29/2008	3/01/2018	N/A	0%	12,250
Capital lease obligation	11/01/2016	11/01/2022	N/A	2.90%	<u>1,356,353</u>
Total Governmental Activities					<u><u>\$ 4,148,603</u></u>
<u>Business-type Activities:</u>					
Combined Utilities revenue refunding bonds Series 2016	09/01/2016	09/01/2024	09/01/2021	0.85 – 1.80%	\$ 2,040,000
Combined Utilities revenue bonds Series 2015	05/05/2015	8/15/2023	05/05/2020	0.25 – 2.15%	3,215,000
Combined Utilities revenue refunding bonds Series 2014A	06/03/2014	09/01/2028	06/03/2019	0.30 – 3.40%	1,890,000

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

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

6. Long-term Debt, Continued

	<u>Date Issued</u>	<u>Date of Maturity</u>	<u>Date Callable</u>	<u>Interest Rates</u>	<u>Balance</u>
Business-type Activities, continued:					
Combined Utilities revenue bonds Series 2014B	07/29/2014	07/15/2034	07/29/2021	2.00 – 5.00%	32,855,000
Combined Utilities revenue bonds Series 2013	08/30/2013	07/15/2033	08/30/2018	0.30 – 4.50%	8,045,000
Combined Utilities revenue refunding bonds Series 2012	03/06/2012	10/15/2026	03/06/2022	0.35 – 4.00%	<u>16,150,000</u>
Total Business-type Activities					<u>\$64,195,000</u>

Current Refunding

In August 2017, the City issued \$2,780,000 in General Obligation Refunding Bonds. The net proceeds were used to pay the outstanding principal amount and any accrued interest of Refunding Bonds, dated October 4, 2011; General Obligation Refunding Bonds, Series 2011. The current refunding resulted in a cash flow differential of approximately \$159,885 and an economic gain of approximately \$131,361.

7. Fly Ash Closure Costs

The City currently has a fly ash disposal area. State and Federal laws require the City to close, monitor, and maintain the disposal area once capacity is reached. The estimated costs of closure and post closure care as determined by the City are subject to changes due to the effects of inflation, revision of laws, changes in technology and other variables. As of September 30, 2017, the City had incurred a liability of \$128,687 for closure and post closure costs for the disposal area.

8. Tax Increment Financing

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 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, 2017 were \$207,254.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

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

8. Tax Increment Financing, Continued

The City purchased the bonds related to the South Broad Street, LLC project. The outstanding bonds are recorded as a TIF bond receivable in the Community Development Agency fund financial statements (Other Governmental) and a related Due to the General Fund. The General Fund financial statements likewise report a Due from Other Funds.

9. Interfund Transactions and Balances

At September 30, 2017 were the following due from/to other funds:

Purpose	Receivable Fund	Payable Fund	Amount
City's share of communication center operations	E911	General	\$ 114,719
Reimburse shared expenses and payment for service provided	Electric	General	414,487
Payment for service provided	Water	General	5,790
Payment for service provided	Sewer	General	1,265
Payment for service provided	Gas	General	838
Capital expenditures	Street	Sales Tax	160,753
Capital expenditures	Sales Tax	Special Projects	167,424
Reimburse shared expenses and payment for service provided	Electric	Street	5,014
Payment for service provided	Water	Street	123
Payment for service provided	Sewer	Street	29
Payment for service provided	Gas	Street	163
		Community Development	
South Broad Street TIF	General	Agency	423,895
South Hangar complex reimbursement	Sales Tax	Airport	132,298
Payment for service provided	Electric	Airport	1,005
Payment for service provided	Gas	Airport	22
Service cash flow needs	General	CDBG	69,008
Reimburse expense	CDBG	Weatherization	8
Service cash flow needs	General	E911	200,000
Reimburse Medical and Dental Contributions	Employee Benefits	Electric	22,451
Reimburse payment for service provided	Street	Water	3,762
Reimburse payment for service provided	Street	Sewer	110
Reimburse payment for service provided	Street	Gas	1,667

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

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

9. Interfund Transactions and Balances, Continued

Operating transfers:

	<u>Purpose</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund:			
	Property tax relief; operating transfers;		
Sales tax	capital projects	\$ 3,684,383	\$ -
Keno	Property tax relief	520,000	-
Public use			
property special			
projects	Library books	11,278	-
Drug task force	City's share of multi-jurisdictional task force	5,553	-
	Utility transfer in; expense reimbursement		
Electric	for IT purchases	2,230,861	(34,758)
Water	Utility transfer in	207,511	-
Sewer	Utility transfer in	299,655	-
Gas	Utility transfer in	699,195	-
		<u>7,658,436</u>	<u>(34,758)</u>
Total General fund			
Street fund:			
	Various street improvement projects;		
	drainage improvements: reimburse		
Sales tax	property insurance	<u>231,826</u>	-
Total Street fund		<u>231,826</u>	-
General			
	Property tax relief; operating transfers;		
	capital projects	-	(3,684,383)
	Various street improvement projects;		
	drainage improvements: reimburse		
Street	property insurance	-	(231,826)
Special projects	Trail improvements	-	(218,311)
Water	Infrastructure debt service contribution	-	(112,497)
Sewer	Infrastructure debt service contribution	-	(90,163)
Total Sales tax fund		<u>-</u>	<u>(4,337,180)</u>
Non-major funds			
	Economic development – electric and		
	gas to economic enhancement	100,000	-
	Improvement districts	17,239	(17,239)
	others see above	218,311	(536,831)
Enterprise funds	See above	<u>237,418</u>	<u>(3,537,222)</u>
Total operating transfers		<u>\$ 8,463,230</u>	<u>\$ (8,463,230)</u>

10. Deficit Fund Balance

At September 30, 2017, the Community Development Agency Fund had a deficit balance of \$238,753. Some of the deficit will be offset by the unavailable revenue as it becomes available in future years. The Community Development Agency also has the right to levy taxes to eliminate a deficit; however, no decision to levy taxes has been made.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE D – OTHER NOTES

1. Employee Pension and Other Benefit Plans

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

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

Retirement Income Plan for City Government Employees

The City of Fremont has a contributory defined contribution employees' pension plan in which the general employees of the City and Department of Utilities participate. Regular full-time employees with less than seven consecutive years of service will contribute five percent of their gross payroll and the City will match the five percent. For those regular full-time employees with seven or more consecutive years of service, the City will contribute 6.5 percent. Employees are eligible to participate after six months of continuous service. All employees are fully-vested in their own contributions and become vested in the City's contribution ratably after seven years' participation in the plan. The employees and the City contributed \$699,057 and \$834,370, respectively, as required by the plan for the fiscal year ended September 30, 2017. Forfeitures used to reduce employer contributions as allowed under the Plan were \$39,223. The Plan is administered by a trustee independent of the City and is, therefore, not included in these financial statements.

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

The City of Fremont, Nebraska Police Officers' Retirement Plan (Police Plan) is a contributory defined contribution employees' pension plan in which all regular full-time sworn officers of the City participate. Employees and the City will each contribute 7 percent of applicable payroll. Employees are immediately eligible to participate in the Police Plan. All employees are fully-vested in their own contributions and vest 40 percent after two years of service, 60 percent after four years of service, 80 percent after six years of service and 100 percent after seven years, in the City's contributions to the Plan. The employees and the City contributed \$166,014 and \$166,014, respectively, as required by the Plan for the fiscal year ended September 30, 2017. Forfeitures used to reduce employer contributions as allowed under the Plan were \$4,052. The Plan is administered by a trustee independent of the City and is, therefore, not included in these financial statements.

The City of Fremont, Nebraska Firefighters' Retirement Plan

The City of Fremont, Nebraska Firefighters' Retirement Plan (Firefighters Plan) is defined contribution plan in which all firefighters of the City participate. The Fire employees are eligible on the first day of employment. The employees contribute 6.5 percent and the City contributes 13 percent of applicable payroll as defined in state statute. An employee is 100 percent vested in his or her contributions, 6.5 percent of monthly compensation, and vests 40 percent after four years of service plus 20 percent for each year thereafter, up to 100 percent, in the City's contributions to the Plan. The employees and the City contributed \$107,103 and \$214,204, respectively, as required by the Plan for the fiscal year ended September 30, 2017. Forfeitures used to reduce employer contributions as allowed under the Plan were \$18,853. The Plan is administered by 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, 2017

NOTE D – OTHER NOTES, CONTINUED

1. Employee Pension and Other Benefit Plans, Continued

Deferred Compensation Plan

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

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

The employees contributed \$314,360 and the City contributed \$0 under the plan for the year ended September 30, 2017.

2. Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The City purchases commercial insurance and administers funds for certain self-insured programs. The City has self-insured itself for health benefits and workers’ compensation claims. The City maintains a workers’ compensation fund and a self-insured loss fund. The City provides first-dollar coverage for all workers’ compensation exposure, with insurance acting as an umbrella or excess coverage. The City is self-insured for workers’ compensation claims up to \$600,000 per occurrence. The City is also self-insured for health insurance claims up to \$225,000 of individual claims. The City currently has 270 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 \$482,908. 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 \$95,220. This has been included as a current year expenditure. For all of the self-insured funds, an unrestricted fund balance of \$3,349,920 was in the Internal Service Fund at September 30, 2017.

Claim Liability at 9/30/2016	\$ 721,956
Claims Incurred during current year	\$ 5,162,855
Claims Paid during Current Year	\$ (5,306,683)
Claim Liability at 9/30/2017	\$ 578,128

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE D – OTHER NOTES, CONTINUED

2. Risk Management, Continued

Deposits and Investments

Concentration of Credit Risk. The City's deposits and investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2017, the City's investments consisted of certificates of deposit at the following institutions:

<u>Financial Institution</u>	<u>Amount</u>
Pinnacle Bank, Fremont	\$ 32,025,000 *
First National Bank, Fremont	10,575,000 *
Nebraska Land National Bank	500,000
First State Bank	6,600,000 *
Cornerstone Bank, Columbus	<u>\$ 11,696,000 *</u>
Totals	<u>\$ 61,396,000</u>

* Represent more than five percent 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, 2017.

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, 2017 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 2017	\$ 2,350,000
November 2017	2,000,000
December 2017	8,500,000
January 2018	250,000
February 2018	-
March 2018	24,600,000
April 2018	5,500,000
May 2018	100,000
June 2018	4,250,000
July 2018	500,000
August 2018	6,350,000
September 2018	3,050,000
Due in more than 12 months	<u>3,946,000</u>
	<u>\$ 61,396,000</u>

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE D – OTHER NOTES, CONTINUED

2. Risk Management, Continued

Deposits and Investments, Continued

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

3. Commitments and Contingencies

Construction

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

Project	Contract Amount	Paid Through 9/30/2017	Obligation Pending	Expected Completion
<u>Governmental:</u>				
Westside BNSF Viaduct	\$ 1,016,852	\$ 939,592	\$ 77,260	September 30, 2020
Johnson Road Widening, Military-16th	22,890	22,230	660	June 30, 2018
Johnson Road Trail	96,770	13,286	83,484	September 30, 2018
Pierce Street Reconstruction, Linden-Military	23,590	2,700	20,890	September 30, 2020
Park Ave, 2nd-Military	1,010,278	130,123	880,154	August 31, 2018
Luther Road Widening, Military-23rd	95,900	76,161	19,739	September 30, 2022
1st Street, Bell-Luther	78,500	72,630	5,870	September 30, 2022
32nd St Paving Improvements	82,330	76,910	5,420	September 30, 2020
Rawhide Creek Trail	228,241	35,669	192,571	September 30, 2019
Pedestrian Signal Replacements	357,091	110,005	247,085	September 30, 2018
Memorial Field Parking Lot	297,100	133,849	163,251	June 1, 2018
BNSF Railroad Sensor/Camera	130,436	17,845	112,591	April 30, 2018
2017 Pavement Rehab	201,082	168,404	32,677	December 31, 2017
Main St Resurfacing, 1st-3rd	111,122	73,518	37,604	December 31, 2017
<u>Enterprise Funds:</u>				
69kV Joint Transmission Line	19,507,091	9,874,431	9,632,659	September 30, 2018
Substation B Upgrade	422,141	310,048	112,093	September 30, 2018
Utility Extensions for Costco Plant Site	466,005	301,941	164,064	August 31, 2018
WWTP Upgrade	17,097,500	2,557,767	14,539,733	August 31, 2018
Solar Farm	2,185,500	1,076,010	1,109,490	February 28, 2018
Unit 8 Exciter Replacement	399,113	248,317	150,795	January 31, 2018
Unit 8 Heater #4 Retube	329,814	188,407	141,407	July 1, 2018
Ash Conditioner East Silo	156,165	-	156,165	June 1, 2018
Equipment Storage Buildings	222,930	92,267	130,663	August 31, 2018
SCADA control system	167,833	16,800	151,033	July 31, 2018
Roadway Subdivision Water Main	29,000	8,387	20,613	May 31, 2018
North Gas Main Extension Project	170,518	20,072	150,446	June 30, 2018
	<u>\$ 44,905,790</u>	<u>\$ 16,567,369</u>	<u>\$ 28,338,417</u>	

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

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 postclosure care. The City is in compliance with these requirements, and at September 30, 2017, investments of \$600,000 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 postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future electricity customers, taxpayers, or both.

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

Electric Department

In the prior year, the Electric Department entered into an agreement with Arch Coal Sales Company, Inc., effective November 6, 2015 through November 30, 2016. Under the terms of the agreement, the City must purchase 14,500 tons of coal at an agreed-upon base price per ton.

In the current year, the Electric Department entered into an agreement with Cloud Peak Energy Resources, LLC., effective January 1, 2017 through December 31, 2017. Under the terms of the agreement, the City must purchase 175,000 tons of coal at an agreed-upon base price per ton, which will be adjusted each month for any variation in the Base Btu. As of September 30, 2017, the City had purchased 172,881 of the tons required under this contract.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE D – OTHER NOTES, CONTINUED

3. Commitments and Contingencies, Continued

Electric Department, Continued

On October 12, 2017, the Electric Department entered into an agreement with Cloud Peak Energy Resources, LLC., effective January 1, 2018 through December 31, 2018. Under the terms of the agreement, the City must purchase 175,000 tons of coal at an agreed-upon base price per ton, which will be adjusted each month for any variation in the Base Btu.

The Electric Department entered into a rail transportation agreement with Union Pacific Railroad Company for coal shipping. The contract term is January 1, 2012 through December 31, 2018. Under the terms of the agreement, the City must use Union Pacific to ship a minimum of 300,000 tons and a maximum volume of 400,000 tons for each twelve month period during the contract term. The agreed-upon base rate per net ton is adjusted quarterly, based on the percentage change in the rail cost adjustment factor, as well as a mileage-based fuel surcharge.

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

Gas Department

The Gas Department entered into an agreement to purchase natural gas from BP Canada Energy Marketing Corp. on September 18, 2012. The agreement was extended June 20, 2016 and is effective through October 31, 2020. 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.

4. Major Customers

The City has one customer that was billed \$3,806,556 for electricity, \$2,028,304 for gas, and \$2,062,882 for sewer for the year ended September 30, 2017. This represents 10.7 percent of total electric billing, 16.3 percent of total gas billing, and 38.2 percent of total sewer billing, respectively, for the year ended September 30, 2017. (The billings represent 13.9 percent of total City utility billings.) This customer maintains a current status on monthly billings.

5. EPA Emissions Allowances

As of September 30, 2017, the City had 14,268 SO₂ Emissions Allowances related to the Lon D. Wright Power Plant. The EPA has granted these allowances, which can be used to offset plant emissions. The allowances can be bought and sold. Changes to federal regulation on SO₂ emissions that would eliminate the existing credits resulted in a less than one-dollar market value for the credits available at year-end.

The Cross-State Air Pollution Rule (CSAPR) is intended to reduce overall nitrous oxides (NO_x) and sulfur dioxide (SO₂) emissions on a regional basis. Under CSAPR, facilities must provide allowances for each ton of NO_x and SO₂. The City had 2,069 Cross State Rule Group 2 SO₂ emissions worth \$3.25 per allowance and 404 Cross State Rule NO_x annual allowances with a value of \$2.75 per allowance at September 30, 2017.

CITY OF FREMONT, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE D – OTHER NOTES, CONTINUED

6. Union Contracts

The City is subject to the following union contracts:

- International Brotherhood of Electrical Workers Local 1536 Unit 5 – effective October 1, 2013 – September 30, 2017. An updated contract is effective October 1, 2017 – September 30, 2021.
- American Federation of State, County and Municipal Employees, AFL/CIO Local 251 – effective October 1, 2013 – September 30, 2017. An updated contract is effective October 1, 2017 – September 30, 2021.
- International Association of Fire Fighters Local 1015 – effective October 1, 2013 – September 30, 2017. An updated contract is effective October 1, 2017 – September 30, 2021.
- Fraternal Order of Police, Local No. 37 – effective October 1, 2015 – September 30, 2017. An updated contract is effective October 1, 2017 – September 30, 2019.

7. Subsequent Events

The City entered into a construction contract in October 2017 for utility extension work at a contract amount of \$5,191,791. This balance is expected to be paid in future years as the project costs are incurred.

In December 2017, the City Council approved a resolution directing City staff to proceed with actions necessary to fund five priority capital projects including:

- Southeast Beltway Project joining US Highways 275 and 77 to the southeast of the City. City's contribution to the \$40 million project is 50 percent up to \$20 million, which will be funded by a combination of Highway Allocation bonds and Street Fund reserves.
- Library expansion project estimated at \$8 million funded by a combination of voter approved General Obligation bonds, private funding and General Fund reserves.
- City Auditorium renovation estimated at \$3.5 million funded by a combination of voter approved General Obligation bonds and General Fund reserves.
- Waterpark additional feature estimated at \$2.6 million funded by a combination of voter approved General Obligation bonds and General Fund reserves.
- New Public Works Maintenance Facility estimated at \$4.4 million funded by Street Fund reserves.

Only architectural or engineering contracts have been awarded. For the general obligation bond projects, if the ballot question fails, the related project will not be done.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FREMONT, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE –
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 4,289,966	\$ 4,478,125	\$ 188,159
Payments in lieu of taxes	9,000	9,414	414
Franchise	240,000	249,811	9,811
Business	1,757,600	1,607,632	(149,968)
Intergovernmental	3,701,919	994,383	(2,707,536)
Charges for services	2,523,000	2,917,998	394,998
Donations	751,000	30,425	(720,575)
Interest income	20,000	29,056	9,056
Other	8,493	1,311,313	1,302,820
	<u>13,300,978</u>	<u>11,628,157</u>	<u>(1,672,821)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	5,098,076	4,605,284	(492,792)
Public safety	8,616,158	8,155,992	(460,166)
Public works	511,760	452,547	(59,213)
Environment and leisure	6,988,208	3,520,597	(3,467,611)
Employee insurance	281,648	287,671	6,023
	<u>21,495,850</u>	<u>17,022,091</u>	<u>(4,473,759)</u>
Resources over (under) charges to appropriations	<u>(8,194,872)</u>	<u>(5,393,934)</u>	<u>2,800,938</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	7,854,245	7,933,298	79,053
Transfers out	<u>(60,925)</u>	<u>257,320</u>	<u>318,245</u>
Net transfers	<u>7,793,320</u>	<u>8,190,618</u>	<u>397,298</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ (401,552)</u>	<u>\$ 2,796,684</u>	<u>\$ 3,198,236</u>

CITY OF FREMONT, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE –
STREET FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Motor vehicle tax	\$ 500,000	\$ 554,721	\$ 54,721
Intergovernmental	3,012,500	3,466,366	453,866
Charges for services	35,000	46,578	11,578
Interest income	32,000	33,681	1,681
Other income	-	62,486	62,486
	<u>3,579,500</u>	<u>4,163,832</u>	<u>584,332</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	<u>12,085,328</u>	<u>3,559,349</u>	<u>(8,525,979)</u>
Resources over (under) charges to appropriations	<u>(8,505,828)</u>	<u>604,483</u>	<u>9,110,311</u>
OTHER FINANCING SOURCES			
Transfers in	8,909,971	75,880	(8,834,091)
Transfers out	-	2,193	2,193
Net transfers	<u>8,909,971</u>	<u>78,073</u>	<u>(8,831,898)</u>
RESOURCES AND OTHER FINANCING SOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ 404,143</u>	<u>\$ 682,556</u>	<u>\$ 278,413</u>

CITY OF FREMONT, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE –
SALES TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Sales tax	\$ 6,807,000	\$ 6,431,190	\$ (375,810)
Intergovernmental	-	-	-
Charges for services	-	44,664	44,664
Interest income	34,750	140,158	105,408
Other income	2,900,000	300,010	(2,599,990)
Loan repayment proceeds	-	113,333	113,333
	<u>9,741,750</u>	<u>7,029,355</u>	<u>(2,712,395)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	<u>2,000,000</u>	<u>257,765</u>	<u>(1,742,235)</u>
Resources over (under) charges to appropriations	7,741,750	6,771,590	(970,160)
OTHER FINANCING USES			
Transfers out	<u>(13,115,831)</u>	<u>(3,929,572)</u>	<u>9,186,259</u>
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS AND OTHER FINANCING USES	<u><u>\$ (5,374,081)</u></u>	<u><u>\$ 2,842,018</u></u>	<u><u>\$ 8,216,099</u></u>

CITY OF FREMONT, NEBRASKA

**BUDGETARY COMPARISON SCHEDULES –
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

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

Amounts presented on the cash basis of accounting differ from those presented in accordance with the modified accrual basis of accounting due to the treatment of afforded accruals. A reconciliation for the year ended September 30, 2017, which discloses the nature and amount of the adjustments necessary to convert the modified accrual data to the budgetary basis, is presented below:

	General Fund	Street Fund	Sales Tax Fund
Sources/inflows of resources:			
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 11,628,157	\$ 4,163,832	\$ 7,029,355
Differences - budget to modified accrual:			
Cash to accrual adjustments	<u>(4,535)</u>	<u>12,275</u>	<u>(63,425)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 11,623,622</u>	<u>\$ 4,176,107</u>	<u>\$ 6,965,930</u>
Uses/outflows of resources:			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedules	\$ 17,022,091	\$ 3,559,349	\$ 257,765
Differences - budget to modified accrual:			
Cash to accrual adjustments	<u>(352,266)</u>	<u>156,621</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 16,669,825</u>	<u>\$ 3,715,970</u>	<u>\$ 257,765</u>
Other financing uses:			
Actual amounts (budgetary basis) "total transfers" from the budgetary comparison schedules	\$ 8,190,618	\$ 78,073	\$ (3,929,572)
Differences - budget to modified accrual:			
Cash to accrual adjustments	<u>(566,940)</u>	<u>153,753</u>	<u>(407,608)</u>
Total transfers as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 7,623,678</u>	<u>\$ 231,826</u>	<u>\$ (4,337,180)</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF FREMONT, NEBRASKA

**COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

	Special Revenue Funds					
	Debt Service	Paving & Sidewalk Districts	Downtown Improvement District	Business Improvement District #1	Public Use Property Special Projects	Keno Fund
ASSETS						
Cash and cash equivalents	\$ 78,220	\$ 781,210	\$ -	\$ 10,902	\$ 3,405	\$ 99,279
Investments	-	1,000,000	-	-	175,000	450,000
County treasurer cash	11,234	-	-	-	-	-
Receivables:						
Special assessments	-	228,105	-	-	-	-
Accounts, net of allowance for doubtful accounts	-	-	-	-	-	29,161
Notes, net of allowance for doubtful accounts	-	-	-	-	-	-
Interest	-	22,176	-	-	593	2,143
Property tax	8,418	-	-	-	-	-
Business tax	-	-	-	-	-	-
TIF bond receivable	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	\$ 97,872	\$ 2,031,491	\$ -	\$ 10,902	\$ 178,998	\$ 580,583
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,910
Due to other funds	-	-	-	-	-	-
Accrued expenses	-	200	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	-	200	-	-	-	36,910
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	5,872	-	-	-	-	-
Unavailable revenue - other local taxes	-	228,105	-	-	-	-
Unavailable revenue - fees and other	-	22,176	-	-	593	2,143
Total deferred inflows of resources	5,872	250,281	-	-	593	2,143
FUND BALANCES (DEFICIT)						
Nonspendable:						
Permanent Fund principal	-	-	-	-	125,000	-
Restricted for:						
Debt service	92,000	-	-	-	-	-
Public safety	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Capital/special projects	-	1,781,010	-	-	53,405	-
Federal programs	-	-	-	-	-	-
Community betterment	-	-	-	-	-	541,530
Assigned for:						
Airport	-	-	-	-	-	-
Downtown improvements/parking	-	-	-	10,902	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficit)	92,000	1,781,010	-	10,902	178,405	541,530
Total liabilities, deferred inflows of resources and fund balances	\$ 97,872	\$ 2,031,491	\$ -	\$ 10,902	\$ 178,998	\$ 580,583

CITY OF FREMONT, NEBRASKA

**COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS -
CONTINUED
SEPTEMBER 30, 2017**

	Special Revenue Funds				
	CDBG	Weatherization	Economic	Airport	Enhanced &
	Fund	EDA (HUD)	Enhancement	Fund	Wireless 911
ASSETS					
Cash and cash equivalents	\$ 45,070	\$ 13,853	\$ 386,842	\$ 194,774	\$ 216,225
Investments	-	-	-	-	150,000
County treasurer cash	-	-	-	-	-
Receivables:					
Special assessments	-	-	-	132,298	-
Accounts, net of allowance for doubtful accounts	-	-	-	17,971	-
Notes, net of allowance for doubtful accounts	33,333	970,163	199,333	-	-
Interest	-	-	-	-	647
Property tax	-	-	-	-	-
Business tax	-	-	-	-	29,376
TIF bond receivable	-	-	-	-	-
Due from other governments	41,067	-	-	-	63,279
Due from other funds	8	-	-	-	114,719
Total assets	\$ 119,478	\$ 984,016	\$ 586,175	\$ 345,043	\$ 574,246
LIABILITIES					
Accounts payable	\$ 49,002	\$ 1,007	\$ -	\$ 7,419	\$ 4,153
Due to other funds	69,008	8	-	133,325	200,000
Accrued expenses	-	-	-	-	29,975
Unearned revenue	-	-	-	9,000	-
Total liabilities	118,010	1,015	-	149,744	234,128
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	-	-	-	-
Unavailable revenue - other local taxes	-	-	-	-	-
Unavailable revenue - fees and other	-	-	-	132,298	63,926
Total deferred inflows of resources	-	-	-	132,298	63,926
FUND BALANCES (DEFICIT)					
Nonspendable:					
Permanent fund principal	-	-	-	-	-
Restricted for:					
Debt service	-	-	-	-	-
Public safety	-	-	-	-	276,192
Economic development	-	-	586,175	-	-
Capital/special projects	-	-	-	-	-
Federal programs	1,468	983,001	-	-	-
Community betterment	-	-	-	-	-
Assigned for:					
Airport	-	-	-	63,001	-
Downtown improvements/parking	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	1,468	983,001	586,175	63,001	276,192
Total liabilities, deferred inflows of resources and fund balances	\$ 119,478	\$ 984,016	\$ 586,175	\$ 345,043	\$ 574,246

CITY OF FREMONT, NEBRASKA

**COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS -
CONTINUED
SEPTEMBER 30, 2017**

	<u>Special Revenue Funds</u>		<u>Capital Projects</u>	<u>Total Non-major Governmental Funds</u>
	<u>Drug Task Force</u>	<u>Community Development Agency</u>	<u>Special Projects</u>	
ASSETS				
Cash and cash equivalents	\$ 45,970	\$ 185,142	\$ 544,558	\$ 2,605,450
Investments	-	-	-	1,775,000
County treasurer cash	-	-	-	11,234
Receivables:				
Special assessments	-	-	-	360,403
Accounts, net of allowance for doubtful accounts	-	-	-	47,132
Notes, net of allowance for doubtful accounts	-	-	-	1,202,829
Interest	-	-	-	25,559
Property tax	-	-	-	8,418
Business tax	-	-	-	29,376
TIF bond receivable	-	197,716	-	197,716
Due from other governments	-	-	188,435	292,781
Due from other funds	-	-	-	114,727
Total assets	\$ 45,970	\$ 382,858	\$ 732,993	\$ 6,670,625
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 20,279	\$ 118,770
Due to other funds	-	423,895	167,424	993,660
Accrued expenses	-	-	-	30,175
Unearned revenue	-	-	-	9,000
Total liabilities	<u>-</u>	<u>423,895</u>	<u>187,703</u>	<u>1,151,605</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	5,872
Unavailable revenue - other local taxes	-	-	-	228,105
Unavailable revenue - fees and other	-	197,716	188,435	607,287
Total deferred inflows of resources	<u>-</u>	<u>197,716</u>	<u>188,435</u>	<u>841,264</u>
FUND BALANCES (DEFICIT)				
Nonspendable:				
Permanent fund principal	-	-	-	125,000
Restricted for:				
Debt service	-	-	-	92,000
Public safety	45,970	-	-	322,162
Economic development	-	-	-	586,175
Capital/special projects	-	-	356,855	2,191,270
Federal programs	-	-	-	984,469
Community betterment	-	-	-	541,530
Assigned for:				
Airport	-	-	-	63,001
Downtown improvements/parking	-	-	-	10,902
Unassigned	-	(238,753)	-	(238,753)
Total fund balances (deficit)	<u>45,970</u>	<u>(238,753)</u>	<u>356,855</u>	<u>4,677,756</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 45,970	\$ 382,858	\$ 732,993	\$ 6,670,625

CITY OF FREMONT, NEBRASKA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Special Revenue Funds					
	Debt Service	Paving & Sidewalk Districts	Downtown Improvement District	Business Improvement District #1	Public Use Property Special Projects	Keno Fund
REVENUES						
Property tax	\$ 335,877	\$ -	\$ -	\$ -	\$ -	\$ -
Business taxes	-	-	-	-	-	-
Payments in lieu of taxes	540	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Keno	-	-	-	-	-	629,758
Charges for services	-	82,034	-	-	-	-
Interest income	297	23,505	16	22	1,343	2,592
Other income	-	-	-	-	-	1,575
Total revenues	<u>336,714</u>	<u>105,539</u>	<u>16</u>	<u>22</u>	<u>1,343</u>	<u>633,925</u>
EXPENDITURES						
General government	31,612	-	855	6,359	-	-
Public safety	-	-	-	-	-	-
Public works	-	40,428	-	-	-	-
Environment and leisure	-	-	-	-	-	148,007
Principal payments on debt	255,000	-	-	-	-	-
Interest on long-term debt	67,965	-	-	-	-	-
Total expenditures	<u>354,577</u>	<u>40,428</u>	<u>855</u>	<u>6,359</u>	<u>-</u>	<u>148,007</u>
Excess (deficiency) of revenues over expenditures	<u>(17,863)</u>	<u>65,111</u>	<u>(839)</u>	<u>(6,337)</u>	<u>1,343</u>	<u>485,918</u>
OTHER FINANCING SOURCES (USES)						
Bond proceeds	2,780,000	-	-	-	-	-
Bond refunding	(2,780,000)	-	-	-	-	-
Transfers in	-	-	-	17,239	-	-
Transfers out	-	-	(17,239)	-	(11,278)	(520,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(17,239)</u>	<u>17,239</u>	<u>(11,278)</u>	<u>(520,000)</u>
Net change in fund balances	<u>(17,863)</u>	<u>65,111</u>	<u>(18,078)</u>	<u>10,902</u>	<u>(9,935)</u>	<u>(34,082)</u>
Fund balances - September 30, 2016	<u>109,863</u>	<u>1,715,899</u>	<u>18,078</u>	<u>-</u>	<u>188,340</u>	<u>575,612</u>
Fund balances - September 30, 2017	<u>\$ 92,000</u>	<u>\$ 1,781,010</u>	<u>\$ -</u>	<u>\$ 10,902</u>	<u>\$ 178,405</u>	<u>\$ 541,530</u>

CITY OF FREMONT, NEBRASKA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Special Revenue Funds				
	CDBG Fund	Weatherization EDA (HUD)	Economic Enhancement	Airport Fund	Enhanced & Wireless 911
REVENUES					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Business taxes	-	-	-	-	131,156
Payment in lieu of taxes	-	-	-	-	-
Intergovernmental	46,094	329,058	-	-	852,510
Keno	-	-	-	-	-
Charges for services	-	-	-	163,010	-
Interest income	-	257	687	648	1,105
Other income	-	-	-	-	-
Total revenues	46,094	329,315	687	163,658	984,771
EXPENDITURES					
General government	86,703	227,136	80,333	-	-
Public safety	-	-	-	-	943,998
Public works	-	-	-	-	-
Environment and leisure	-	-	-	165,120	-
Principal payments on debt	-	-	-	21,000	-
Interest on long-term debt	-	-	-	-	-
Total expenditures	86,703	227,136	80,333	186,120	943,998
Excess (deficiency) of revenues over expenditures	(40,609)	102,179	(79,646)	(22,462)	40,773
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	-	-	-
Bond refunding	-	-	-	-	-
Transfers in	-	-	100,000	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	100,000	-	-
Net change in fund balances	(40,609)	102,179	20,354	(22,462)	40,773
Fund balances - September 30, 2016	42,077	880,822	565,821	85,463	235,419
Fund balances - September 30, 2017	\$ 1,468	\$ 983,001	\$ 586,175	\$ 63,001	\$ 276,192

CITY OF FREMONT, NEBRASKA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Special Revenue Funds</u>		<u>Capital Projects</u>	<u>Total Non-major Governmental Funds</u>
	<u>Drug Task Force</u>	<u>Community Development Agency</u>	<u>Special Projects</u>	
REVENUES				
Property tax	\$ -	\$ 207,254	\$ -	\$ 543,131
Business taxes	-	-	-	131,156
Payment in lieu of taxes	-	-	-	540
Intergovernmental	32,854	-	83,079	1,343,595
Keno	-	-	-	629,758
Charges for services	-	-	-	245,044
Interest income	-	87	957	31,516
Other income	-	31,870	-	33,445
Total revenues	<u>32,854</u>	<u>239,211</u>	<u>84,036</u>	<u>2,958,185</u>
EXPENDITURES				
General government	-	207,873	-	640,871
Public safety	17,990	-	-	961,988
Public works	-	-	509,325	549,753
Environment and leisure	-	-	-	313,127
Principal payments on debt	-	-	-	276,000
Interest on long-term debt	-	-	-	67,965
Total expenditures	<u>17,990</u>	<u>207,873</u>	<u>509,325</u>	<u>2,809,704</u>
Excess (deficiency) of revenues over expenditures	<u>14,864</u>	<u>31,338</u>	<u>(425,289)</u>	<u>148,481</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	-	2,780,000
Bond refunding	-	-	-	(2,780,000)
Transfers in	-	-	218,311	335,550
Transfers out	(5,553)	-	-	(554,070)
Total other financing sources (uses)	<u>(5,553)</u>	<u>-</u>	<u>218,311</u>	<u>(218,520)</u>
Net change in fund balances	<u>9,311</u>	<u>31,338</u>	<u>(206,978)</u>	<u>(70,039)</u>
Fund balances - September 30, 2016	<u>36,659</u>	<u>(270,091)</u>	<u>563,833</u>	<u>4,747,795</u>
Fund balances - September 30, 2017	<u>\$ 45,970</u>	<u>\$ (238,753)</u>	<u>\$ 356,855</u>	<u>\$ 4,677,756</u>