



March 24, 2021

To the Mayor and Council members
City of Gothenburg, Nebraska

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gothenburg for the year ended September 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 21, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Gothenburg are described in Note 1 to the financial statements. New accounting pronouncements were adopted as described in Note 1 to the financial statements and the application of existing policies was not changed during 2019-2020. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the proprietary fund's financial statements was:

Management's estimate of depreciation is based on estimated lives and salvage values. We evaluated the key factors and assumptions used to develop the estimated lives and values in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements is:

The disclosure in Note 14 of the restriction of fund balances.

Other financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 24, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Very truly yours,

RJ Meyer & Associates, LLC

RJ Meyer & Associates LLC

RJ Meyer

& Associates ^{LLC}

Certified Public Accountants

To City Council
and Gary Greer of the City of Gothenburg

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gothenburg (City) as of and for the year ended September 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Gothenburg's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the City's internal control to be significant deficiencies:

First: There is a lack of segregation of duties. This presents increased opportunities for fraud and wrongful acts. Second: There is a lack of expertise for preparing financial statements and the related notes. Management should possess the ability to prepare financial statements in accordance with the accrual basis of accounting. Generally accepted accounting principles require management to possess the ability to prepare financial statements and related disclosures without assistance from auditors.

This communication is intended solely for the information and use of management, the City Council, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

RJ Meyer & Associates, LLC

RJ Meyer & Associates, LLC

North Platte, Nebraska

March 24, 2021

JOYCE HUDSON,
MAYOR

MISTY BUSSINGER,
CLERK

GARY GREER,
CITY ADMINISTRATOR
ggreer@cityofgothenburg.org



City of Gothenburg

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JEFF KENNEDY, PRES.

VERLIN JANSSEN

JAY RICHESON

J BUDDENBERG

COUNCIL MEMBERS

March 24, 2021

RJ Meyer & Associates, LLC

PO Box 948

North Platte, NE 69103

This representation letter is provided in connection with your audit(s) of the financial statements of City of Gothenburg, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

We confirm, to the best of our knowledge and belief, as of March 24, 2021 the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 21, 2021, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred

subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and responses.

8) We are in agreement with the adjusting journal entries you have proposed and they have been posted to the entity's accounting records.

9) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.

10) Guarantees, whether written or oral, under which the City of Gothenburg is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11) We have provided you with:

a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.

b) Additional information that you have requested from us for the purpose of the audit.

c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

d) Minutes of the meetings of City of Gothenburg or summaries of actions of recent meetings for which minutes have not yet been prepared.

12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

a) Management,

b) Employees who have significant roles in internal control, or

c) Others where the fraud could have a material effect on the financial statements.

15) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.

16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

17) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

18) We have made available to you all financial records and related data.

19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20) We have a process to track the status of audit findings and recommendations.

21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

- 23) The City of Gothenburg has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 26) As part of your audit, you assisted with preparation of the depreciation schedule, the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes. The City of Gothenburg has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 27) The City of Gothenburg has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 28) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 29) The financial statements do not include all component units as well as joint ventures with an equity interest, or properly disclose all other joint ventures and other related organizations.
- 30) The financial statements properly classify all funds and activities.
- 31) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 32) Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 33) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 34) Provisions for uncollectible receivables have been properly identified and recorded.
- 35) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 36) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 37) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 38) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 39) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 40) We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 41) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed

from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature: _____

Title: _____

Clerk Copy

CITY OF GOTHENBURG, NEBRASKA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

CITY OF GOTHENBURG, NEBRASKA
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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the City Council
City of Gothenburg
Gothenburg, 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 the City of Gothenburg, Nebraska, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

The financial statements do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United State of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the

City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the fund balance of the component units would have been reported as \$1,221,803 (unaudited).

Opinions

In our opinion, because of the omission of the discretely presented component units, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of the City of Gothenburg, Nebraska, as of September 30, 2020, or the changes in financial position thereof for the year then ended.

In addition, 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 Gothenburg, Nebraska as of September 30, 2020, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2021, on our consideration of the City of Gothenburg, Nebraska's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit per-formed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Required Supplementary Information

The Management's Discussion and Analysis and budgetary comparison information on pages 3 through 10 and 46 through 47 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Gothenburg, Nebraska's basic financial statements. The other supplementary information on pages 48 through 59 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we express no opinion on it.

R. J. Meyer & Associates, LLC

North Platte, Nebraska
March 24, 2021

CITY OF GOTHENBURG, NEBRASKA MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Gothenburg, Nebraska offers its financial statement readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. We encourage readers to read the information presented here in conjunction with the transactions, events and conditions reflected in the City of Gothenburg, Nebraska's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities at September 30, 2020 by \$16,113,681 (net position). Of this amount, \$1,244,534 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's total net position increased \$600,751 from September 30, 2019. Of this amount \$139,909 is an increase in governmental activities and \$460,842 was an increase in business-type activities.

As of September 30, 2020, the City's governmental funds reported combined ending fund balances of \$6,078,602. Thirty percent of this total amount, \$1,840,567 is available for spending at the City's discretion (unassigned fund balance).

As of September 30, 2020, unassigned fund balance for the General Fund was \$1,840,567, or 70.0% percent, of total General Fund expenditures.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Gothenburg's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information, in addition to the basic financial statements that will enhance the reader's understanding of the financial condition of the City of Gothenburg.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the year ended September 30, 2020. 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. Revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

CITY OF GOTHENBURG, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (Continued)

Government-wide Financial Statements (Continued)

Both of the government-wide financial statements distinguish functions of the City 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 include the following functions: general government, public safety, streets and highways, culture and recreation, welfare and other. The business-type activities of the City include its electric, water, sewer and solid waste utilities.

The government-wide financial statements can be found on pages 11 to 14 of this report.

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, 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 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 cash received and expended, 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 maintains ten 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, CDBG Loan Reuse Fund, Sales Tax Fund, Capital Projects Fund, and the Debt Service Fund, all of which are considered to be major funds. Data from the other five nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each nonmajor governmental fund is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15 to 19 of this report.

CITY OF GOTHENBURG, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

Proprietary Funds

Enterprise funds, a type of proprietary fund, are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, sewer, and solid waste utilities.

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, and sewer funds that are considered to be major funds. The Solid Waste Fund is considered to be a non-major fund.

The basic proprietary fund financial statements can be found on pages 20 to 25 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 to 46 of this report.

Other Information

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 48 to 55 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, assets exceeded liabilities by \$16,113,681 at September 30, 2020.

The City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related outstanding debt used to acquire the assets, represents approximately 59.0 percent of the City's net position. The City uses these capital assets to provide services to citizens; however, they are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources required to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Our analysis of the condensed statement of net position focuses on the net position of the City's governmental and business-type activities.

CITY OF GOTHENBURG, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

City of Gothenburg, Nebraska
Condensed Statement of Net Position
September 30, 2020 and 2019
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
ASSETS						
Current and other assets	6,352	4,965	3,193	3,170	9,545	8,135
Capital assets	<u>5,600</u>	<u>5,763</u>	<u>8,463</u>	<u>6,221</u>	<u>14,063</u>	<u>11,984</u>
TOTAL ASSETS	<u>11,952</u>	<u>10,728</u>	<u>11,656</u>	<u>9,391</u>	<u>23,608</u>	<u>20,119</u>
LIABILITIES						
Long-term liabilities outstanding	2,216	1,115	4,164	2,570	6,380	3,685
Other liabilities	<u>230</u>	<u>246</u>	<u>884</u>	<u>674</u>	<u>1,114</u>	<u>920</u>
TOTAL LIABILITIES	<u>2,446</u>	<u>1,361</u>	<u>5,048</u>	<u>3,244</u>	<u>7,494</u>	<u>4,605</u>
NET POSITION						
Invested in capital assets, net of related debt	3,384	4,648	6,084	4,366	9,468	9,014
Restricted	2,984	2,853	2,418	1,893	5,402	4,746
Unrestricted	<u>3,138</u>	<u>1,866</u>	<u>(1,894)</u>	<u>(112)</u>	<u>1,244</u>	<u>1,754</u>
TOTAL NET POSITION	<u>9,506</u>	<u>9,367</u>	<u>6,608</u>	<u>6,147</u>	<u>16,114</u>	<u>15,514</u>

7.3 percent of the City's total net position is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2020, the City is able to report positive balances in all three categories of net position, for the government as a whole.

CITY OF GOTHENBURG, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

**City of Gothenburg, Nebraska
Condensed Statement of Activities
Years Ended September 30, 2020 and 2019**

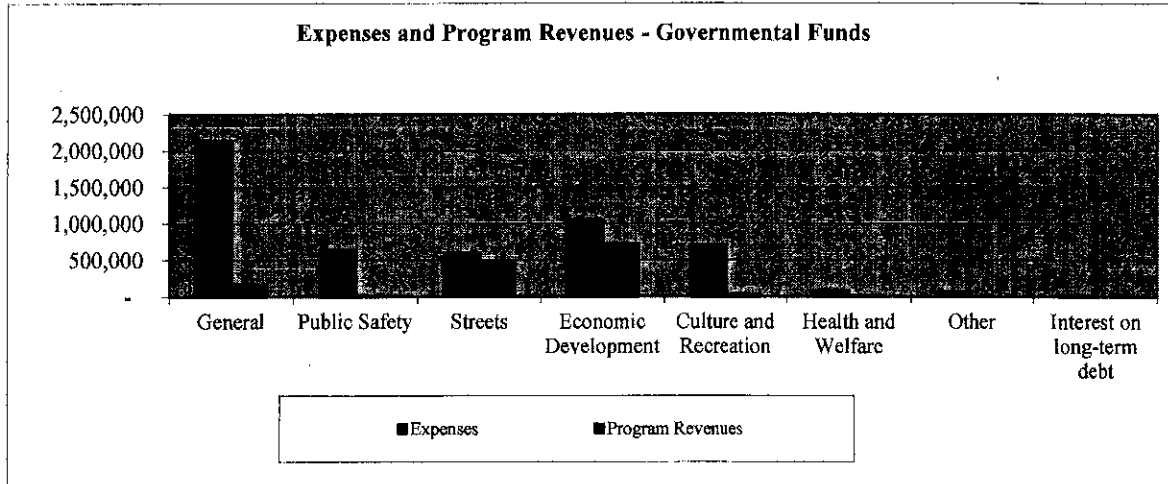
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program revenues						
Charges for services	79	64	6,872	7,117	6,951	7,181
Capital grants and contributions	1,335	630	70	90	1,405	720
General revenues						
Property taxes	708	680			708	680
Other taxes	1,035	1,168			1,035	1,168
Grants and contributions not restricted to specific programs	138	86			138	86
Other	<u>1,885</u>	<u>228</u>	<u>43</u>	<u>34</u>	<u>1,928</u>	<u>262</u>
Total revenues	<u>5,180</u>	<u>2,856</u>	<u>6,985</u>	<u>7,241</u>	<u>12,165</u>	<u>10,097</u>
EXPENSES						
General government	2,142	358			2,142	358
Public safety	638	649			638	649
Highways/streets	598	554			598	554
Economic development	1,045	877			1,045	877
Culture and recreation	705	610			705	610
Health and welfare	88	70			88	70
Other	73	52			73	52
Interest on long-term debt	21	26			21	26
Trash			437	504	437	504
Water			408	487	408	487
Sewer			749	615	749	615
Electric			<u>4,572</u>	<u>4,423</u>	<u>4,572</u>	<u>4,423</u>
Total expenses	<u>5,310</u>	<u>3,196</u>	<u>6,166</u>	<u>6,029</u>	<u>11,476</u>	<u>9,225</u>
INCREASE (DECREASE) IN NET ASSETS BEFORE TRANSFERS	(130)	(340)	819	1,212	689	872
Transfers	269	269	(269)	(269)		
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
INCREASE (DECREASE) IN NET POSITION	139	(71)	550	943	689	872
NET POSITION, beginning of year as restated	<u>9,367</u>	<u>9,438</u>	<u>6,057</u>	<u>5,202</u>	<u>15,424</u>	<u>14,844</u>
NET POSITION, end of year	<u>9,506</u>	<u>9,367</u>	<u>6,607</u>	<u>6,145</u>	<u>16,113</u>	<u>15,512</u>

CITY OF GOTHENBURG, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

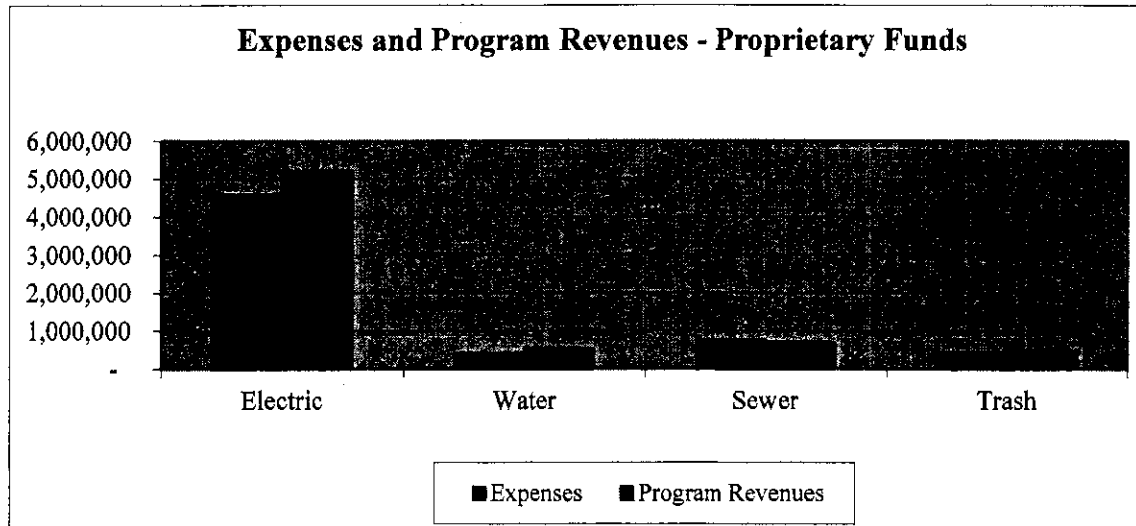
Governmental Activities

Property taxes decreased by \$33,774, and sales and use tax revenue decreased by \$99,482 during the fiscal year ended September 30, 2020.



Business-Type Activities

Charges for services for business-type activities decreased by approximately \$244,751 or 3.44 percent.



CITY OF GOTHENBURG, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The focus of the City'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'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 September 30, 2020, the City's governmental funds reported combined ending fund balances of \$6,078,602. Approximately 30.3 percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remaining fund balance of \$4,238,034 has already been committed and is reserved for: 1) economic development (\$2,617,393), 2) for debt service (\$131,597), 3) for the library (\$13,402), 4) culture and recreation (\$19,653), and 5) revitalization (\$1,455,989).

The General Fund is the chief operating fund of the City. At September 30, 2020, unassigned fund balance of the General Fund was \$1,840,567 as was its total fund balance. This represents a decrease of the General Fund's total (unrestricted) fund balance of \$20,050 during 2020. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 70 percent of total General Fund expenditures, while its total fund balance also represents 70 percent of the General Fund's total expenditures.

The Debt Service Fund had a fund balance of \$131,597 at September 30, 2020 as a result of a net decrease in fund balance during 2020 of \$41,910. The City uses the Debt Service Fund to accumulate monies for principal and interest payments of various purpose, refunding and fire department tax anticipation bonds. Financing is provided by property taxes for the City's share of debt.

Proprietary Funds

The City'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 Electric, Water, Sewer, and Waste Utility Funds amounted to \$ 779,810, \$ (503,176), \$ (2,197,280), and \$ 26,356, respectively, at September 30, 2020. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no differences between the original budget and the final budget amounts for the year ended September 30, 2020.

CITY OF GOTHENBURG, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to \$14,062,591 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, and assets within the electric, water, and sewer systems.

**Capital Assets (net of depreciation)
September 30, 2020**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land	277,892	38,144	316,036
Buildings and equipment	8,310,159	22,550,608	30,860,767
Infrastructure	3,126,804		3,126,804
Accumulated depreciation	(6,115,181)	(14,125,835)	(20,241,016)
Totals	<u>5,599,674</u>	<u>8,462,917</u>	<u>14,062,591</u>

Additional information on the City's capital assets can be found in Note 7 on pages 38 - 39 of this report.

Long-Term Debt

At September 30, 2020, the end of the current fiscal year, the City had total long-term debt outstanding of \$6,380,347. Bonded indebtedness represents \$4,001,000 of this amount, and is backed by the full faith and credit of the City. The remaining \$2,379,347 of the City's debt represents loans secured solely by specified revenue sources (i.e., NDEQ loans).

Additional information on the City's long-term debt can be found in Note 8 on pages 40 - 42 of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City of Gothenburg, Nebraska's finances. If you have questions concerning any of the information provided in this report or need additional financial information, contact Gary Greer, City Administrator, City of Gothenburg, 409 9th Street, Gothenburg, Nebraska 69138.

CITY OF GOTHENBURG, NEBRASKA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash equivalents	2,949,113.04	1,265,646.85	4,214,759.89
Cash on deposit - County Treasurer	27,257.94	-	27,257.94
Certificates of deposit	334,214.26	1,228,904.49	1,563,118.75
Receivables (net of allowance for uncollectibles)	-	698,517.52	698,517.52
Property taxes receivable			
Current	11,589.83	-	11,589.83
Deferred	77,462.75	-	77,462.75
Sales tax receivable	87,336.34	-	87,336.34
Special assessments			
Deferred	87,369.05	-	87,369.05
Delinquent	3,654.70	-	3,654.70
Notes receivable	327,600.00	-	327,600.00
Notes receivable - CDBG	1,935,661.34	-	1,935,661.34
Total Current Assets	<u>5,841,259.25</u>	<u>3,193,068.86</u>	<u>9,034,328.11</u>
Restricted assets			
Temporarily restricted			
RDA bonds	171,589.27	-	171,589.27
Cash and cash equivalents	<u>339,887.89</u>	<u>-</u>	<u>339,887.89</u>
Total Restricted Assets	<u>511,477.16</u>	<u>-</u>	<u>511,477.16</u>
Capital assets (net of accumulated depreciation)			
Land	277,891.74	31,581.00	309,472.74
Construction in progress			-
Infrastructure	3,126,804.12	-	3,126,804.12
Buildings and equipment	8,310,159.20	22,557,171.58	30,867,330.78
Less accumulated depreciation	<u>(6,115,181.23)</u>	<u>(14,125,835.27)</u>	<u>(20,241,016.50)</u>
Net Capital Assets	<u>5,599,673.83</u>	<u>8,462,917.31</u>	<u>14,062,591.14</u>
TOTAL ASSETS	<u>11,952,410.24</u>	<u>11,655,986.17</u>	<u>23,608,396.41</u>

CITY OF GOTHENBURG, NEBRASKA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
LIABILITIES			
Accounts payable	76,452.06	744,901.68	821,353.74
Accrued interest	-	7,707.08	7,707.08
Accrued salaries and wages	36,764.66	27,899.81	64,664.47
Payroll taxes payable	(7,568.62)	-	(7,568.62)
Sales tax payable	-	39,571.39	39,571.39
Deferred assessments	91,023.75	-	91,023.75
Accrued compensated absences	33,458.72	25,380.98	58,839.70
Customer deposits	-	38,775.00	38,775.00
Noncurrent liabilities			
Due within one year	339,000.00	231,809.78	570,809.78
Due in more than one year	<u>1,877,000.00</u>	<u>3,932,538.64</u>	<u>5,809,538.64</u>
TOTAL LIABILITIES	<u>2,446,130.57</u>	<u>5,048,584.36</u>	<u>7,494,714.93</u>
NET POSITION			
Invested in capital assets, net of related debt	3,383,673.83	6,083,568.89	9,467,242.72
Restricted for:			
Debt service	131,596.72	2,418,123.42	2,549,720.14
Economic development	2,829,249.06	-	2,829,249.06
Library	13,402.36	-	13,402.36
Keno	9,533.37	-	9,533.37
Unrestricted	<u>3,138,824.33</u>	<u>(1,894,290.49)</u>	<u>1,244,533.84</u>
TOTAL NET POSITION	<u>9,506,279.67</u>	<u>6,607,401.82</u>	<u>16,113,681.49</u>
TOTAL LIABILITIES AND NET POSITION	<u>11,952,410.24</u>	<u>11,655,986.17</u>	<u>23,608,396.41</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GOTHENBURG, NEBRASKA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/programs						
Primary government						
Governmental activities						
General Government	2,142,141.01	23,804.50	141,699.20	(1,976,637.31)	-	(1,976,637.31)
Public Safety	638,013.64	12,814.94	-	(625,198.70)	-	(625,198.70)
Streets and Highways	598,318.17	-	466,351.78	(131,966.39)	-	(131,966.39)
Economic Development	1,045,191.60	-	720,000.00	(325,191.60)	-	(325,191.60)
Culture and Recreation	704,435.65	25,404.03	7,042.83	(671,988.79)	-	(671,988.79)
Health and Welfare	87,494.86	16,940.00	-	(70,554.86)	-	(70,554.86)
Other	73,066.06	-	-	(73,066.06)	-	(73,066.06)
Interest on long-term debt	21,417.50	-	-	(21,417.50)	-	(21,417.50)
Total governmental activities	<u>5,310,078.49</u>	<u>78,963.47</u>	<u>1,335,093.81</u>	<u>(3,896,021.21)</u>	<u>-</u>	<u>(3,896,021.21)</u>
Business-type activities						
Electric	4,571,663.70	5,199,669.14	-	-	628,005.44	628,005.44
Water	408,375.89	514,602.38	34,757.96	-	140,984.45	140,984.45
Sewer	748,656.72	694,530.20	34,757.96	-	(19,368.56)	(19,368.56)
Trash	436,534.85	463,928.91	-	-	27,394.06	27,394.06
Total business-type activities	<u>6,165,231.16</u>	<u>6,872,730.63</u>	<u>69,515.92</u>	<u>-</u>	<u>777,015.39</u>	<u>777,015.39</u>
Total primary government	<u>11,475,309.65</u>	<u>6,951,694.10</u>	<u>1,404,609.73</u>	<u>(3,896,021.21)</u>	<u>777,015.39</u>	<u>(3,119,005.82)</u>
General revenues						
Property taxes, levied for general purposes				707,835.56	-	707,835.56
Sales taxes, levied for general purposes				590,391.75	-	590,391.75
Sales taxes, levied for economic development				249,305.33	-	249,305.33
Franchise taxes				67,847.61	-	67,847.61
Motor vehicle taxes				94,779.36	-	94,779.36

CITY OF GOTHENBURG, NEBRASKA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Capital Grants and Contributions	Primary Government	
				Governmental Activities	Business-Type Activities
General revenues (Continued)					
Payments in-lieu-of taxes				1,284.36	-
Licenses and permits				8,648.82	-
Special assessments				23,704.97	-
Grants and contributions not restricted to specific programs				138,076.08	-
Unrestricted investment earnings				3,793.20	42,697.88
Restricted investment earnings				26,854.42	-
Rental income				2,151.00	-
Keno lottery				1,170.53	-
Other receipts				1,851,262.03	-
Total general revenues				3,767,105.02	42,697.88
Transfers				268,824.96	(268,824.96)
CHANGE IN NET POSITION				139,908.77	690,797.08
NET POSITION, beginning of year				9,366,370.90	6,146,559.51
RESTATED, for Westside Sanitary Sewer Loan (Note 17)				-	(90,046.00)
NET POSITION, beginning of year, as restated				9,366,370.90	6,056,513.51
NET POSITION, end of year				9,506,279.67	6,607,401.82

The notes to the financial statements are an integral part of this statement.

CITY OF GOTHENBURG, NEBRASKA
BALANCE SHEET
GOVERNMENTAL FUND TYPES
SEPTEMBER 30, 2020

ASSETS

	General	CDBG Loan Reuse	Debt Service	Economic Development Sales Tax	Economic Development LB 840	Other Governmental Funds	Total Governmental Funds
Cash (including cash equivalents)	1,159,873.25	-	-	27,852.00	262,340.19	1,499,047.60	2,949,113.04
Cash on deposit - County Treasurer	27,257.94	-	-	-	-	-	27,257.94
Certificates of deposit	334,214.26	-	-	-	-	-	334,214.26
Property taxes receivable							
Current	11,589.83	-	-	-	-	-	11,589.83
Deferred	77,462.75	-	-	-	-	-	77,462.75
Sales tax receivable	58,515.35	-	-	-	28,820.99	-	87,336.34
Special assessments (net)							
Deferred	-	-	87,369.05	-	-	-	87,369.05
Delinquent	-	-	3,654.70	-	-	-	3,654.70
Notes Receivable	327,600.00	-	-	-	-	-	327,600.00
Notes Receivable - CDBG	-	734,000.00	-	-	-	1,201,661.34	1,935,661.34
Temporarily Restricted assets							
RDA bonds	-	-	-	171,589.27	-	-	171,589.27
Cash and equivalents	-	158,190.58	158,761.58	-	-	22,935.73	339,887.89
TOTAL ASSETS	1,996,513.38	892,190.58	249,785.33	199,441.27	291,161.18	2,723,644.67	6,352,736.41

LIABILITIES AND FUND BALANCES

LIABILITIES							
Accounts payable	50,622.90	-	-	-	-	-	50,622.90
Accrued salaries and wages	36,764.66	-	-	-	-	-	36,764.66
Payroll taxes payable	(7,568.62)	-	-	-	-	-	(7,568.62)
Deferred assessments	-	-	91,023.75	-	-	-	91,023.75
Other liabilities	(1,335.70)	-	27,164.86	-	-	-	25,829.16
Total liabilities	78,483.24	-	118,188.61	-	-	-	196,671.85
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	77,462.75	-	-	-	-	-	77,462.75
FUND BALANCES							
Nonspendable	-	734,000.00	-	171,589.27	-	-	905,589.27
Restricted	-	158,190.58	131,596.72	27,852.00	291,161.18	1,469,391.76	2,078,192.24
Assigned	-	-	-	-	-	1,254,252.91	1,254,252.91
Unassigned	1,840,567.39	-	-	-	-	-	1,840,567.39
Total fund balances	1,840,567.39	892,190.58	131,596.72	199,441.27	291,161.18	2,723,644.67	6,078,601.81
TOTAL LIABILITIES AND FUND BALANCES	1,996,513.38	892,190.58	249,785.33	199,441.27	291,161.18	2,723,644.67	6,352,736.41

The notes to the financial statements are an integral part of this statement.

CITY OF GOTHENBURG
RECONCILIATION OF THE FUND BALANCE
OF THE GOVERNMENTAL FUNDS TO THE NET POSITION OF
GOVERNMENTAL ACTIVITIES
SEPTEMBER 30, 2020

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

Fund Balance - total governmental funds	6,078,601.81
Capital assets used in governmental activities are not financial resources and, therefore, are deferred in the funds.	5,599,673.83
Property taxes receivable but unavailable are not reported as revenue in the funds but, are revenue in the statement of activities	77,462.75
Compensated absences are not accrued in the fund financial statements but are in the statement of net position	(33,458.72)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(2,216,000.00)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>9,506,279.67</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GOTHENBURG, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES
YEAR ENDED SEPTEMBER 30, 2020

REVENUES		CDBG Loan Reuse	Debt Service	Economic Development Sales Tax	Economic Development LB 840	Other Governmental Funds	Total Governmental Funds
Property taxes	648,820.98	-	-	-	-	-	648,820.98
Sales taxes	590,391.75	-	-	-	249,305.33	-	839,697.08
Motor vehicle taxes	94,779.36	-	-	-	-	-	94,779.36
Franchise taxes	67,847.61	-	-	-	-	-	67,847.61
Licenses and permits	8,648.82	-	-	-	-	-	8,648.82
Intergovernmental	747,411.42	-	-	-	-	727,042.83	1,474,454.25
Charges for services	19,105.39	-	-	-	-	-	19,105.39
Special assessments	-	-	23,704.97	-	-	-	23,704.97
Interest	3,793.20	24,863.82	849.91	1,087.31	-	53.38	30,647.62
Other	537,012.05	-	1,314,705.00	61,144.06	-	1,580.53	1,914,441.64
Total revenues	2,717,810.58	24,863.82	1,339,259.88	62,231.37	249,305.33	728,676.74	5,122,147.72
EXPENDITURES							
Current							
General Government	782,920.91	-	1,315,960.00	-	-	-	2,098,880.91
Public Safety	590,739.54	-	-	-	-	-	590,739.54
Streets	409,794.78	-	-	-	-	-	409,794.78
City Hall	19,714.08	-	-	-	-	-	19,714.08
Health and Welfare	84,374.34	-	-	-	-	-	84,374.34
Library	227,215.21	-	-	-	-	7,691.34	234,906.55
Culture and Recreation	274,472.41	-	-	-	-	65,700.00	340,172.41
Tree Lot/Compost	9,363.96	-	-	-	-	-	9,363.96
Economic Development	-	-	-	507,979.31	298,942.93	228,905.40	1,035,827.64
Community Service	-	-	-	72,005.00	-	-	72,005.00
Capital outlay	229,397.91	-	-	-	-	-	229,397.91
Debt service	-	-	199,000.00	-	-	-	199,000.00
Principal	-	-	21,417.50	-	-	-	21,417.50
Interest	-	-	-	-	-	-	-
Total expenditures	2,627,993.14	-	1,536,377.50	579,984.31	298,942.93	302,296.74	5,345,594.62

CITY OF GOTHENBURG, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES
MODIFIED ACCRUAL BASIS
YEAR ENDED SEPTEMBER 30, 2020

	General	CDBG Loan Reuse	Debt Service	Economic Development Sales Tax	Economic Development LB 840	Other Governmental Funds	Total Governmental Funds
REVENUES OVER (UNDER) EXPENDITURES	89,817.44	24,863.82	(197,117.62)	(517,752.94)	(49,637.60)	426,380.00	(223,446.90)
OTHER FINANCING SOURCES (USES)							
Operating transfers in	225,787.25	-	155,208.00	-	-	223,484.40	604,479.65
Bond proceeds	-	-	-	-	-	1,300,000.00	1,300,000.00
Operating transfers out	(335,654.69)	-	-	-	-	-	(335,654.69)
Total other financing sources (uses)	(109,867.44)	-	155,208.00	-	-	1,523,484.40	1,568,824.96
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(20,050.00)	24,863.82	(41,909.62)	(517,752.94)	(49,637.60)	1,949,864.40	1,345,378.06
FUND BALANCES, beginning of year	1,860,617.39	867,326.76	173,506.34	717,194.21	340,798.78	773,780.27	4,733,223.75
FUND BALANCES, end of year	1,840,567.39	892,190.58	131,596.72	199,441.27	291,161.18	2,723,644.67	6,078,601.81

The notes to the financial statements are an integral part of this statement.

CITY OF GOTHENBURG, NEBRASKA
RECONCILIATION OF THE CHANGE IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE CHANGE IN NET POSITION
OF GOVERNMENTAL ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

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

Net change in fund balances - total governmental funds	1,345,378.06
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	(154,614.29)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	199,000.00
Property taxes collected more than sixty days after yearend are not current financial resources and therefore, are not reported as revenue in governmental funds.	59,014.58
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(1,308,869.58)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>139,908.77</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GOTHENBURG, NEBRASKA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	Business-Type Activities Enterprise Funds				
	Electric	Water	Sewer	Waste	Total
ASSETS					
Current Assets					
Cash and cash equivalents	1,344,536.96	-	294,050.27	14,138.09	1,652,725.32
Certificates of deposit	1,228,904.49	-	-	-	1,228,904.49
Accounts receivable	433,545.82	50,381.69	64,133.06	44,978.41	593,038.98
Unbilled revenue	75,046.66	9,297.80	12,609.61	8,524.47	105,478.54
Total current assets	3,082,033.93	59,679.49	370,792.94	67,640.97	3,580,147.33
Capital Assets					
Land	31,581.00	-	-	-	31,581.00
Buildings and equipment	11,141,887.43	2,808,899.96	8,585,137.30	21,246.89	22,557,171.58
Less accumulated depreciation	(6,455,930.80)	(1,825,021.89)	(5,823,635.69)	(21,246.89)	(14,125,835.27)
Net capital assets	4,717,537.63	983,878.07	2,761,501.61	-	8,462,917.31
TOTAL ASSETS	7,799,571.56	1,043,557.56	3,132,294.55	67,640.97	12,043,064.64
LIABILITIES					
Current liabilities					
Cash deficit - equity in pooled cash	-	387,078.47	-	-	387,078.47
Accounts payable	379,520.22	161,721.74	162,374.62	41,285.10	744,901.68
Accrued interest	-	-	7,707.08	-	7,707.08
Accrued wages	12,811.72	5,420.47	7,684.95	-	25,917.14
Accrued payroll taxes	980.10	414.67	587.90	-	1,982.67
Taxes payable	34,287.04	2,308.40	2,975.95	-	39,571.39
Current portion of long-term - bonds	115,000.00	-	-	-	115,000.00
Current portion of long-term - loan	-	-	116,809.78	-	116,809.78
Total current liabilities	542,599.08	556,943.75	298,140.28	41,285.10	1,438,968.21
Current liabilities payable from restricted assets					
Consumer deposits	38,775.00	-	-	-	38,775.00

CITY OF GOTHENBURG, NEBRASKA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	Business-Type Activities Enterprise Funds				Total
	Electric	Water	Sewer	Waste	
LIABILITIES (Continued)					
Noncurrent liabilities					
Bonds payable (net of current portion)	1,670,000.00	-	-	-	1,670,000.00
Loan payable (net of current portion)	-	-	2,262,538.64	-	2,262,538.64
Total noncurrent liabilities	<u>1,670,000.00</u>	<u>-</u>	<u>2,262,538.64</u>	<u>-</u>	<u>3,932,538.64</u>
Other liabilities					
Compensated absences	-12,075.04	5,912.16	7,393.78	-	25,380.98
Total other liabilities	<u>12,075.04</u>	<u>5,912.16</u>	<u>7,393.78</u>	<u>-</u>	<u>25,380.98</u>
TOTAL LIABILITIES	<u>2,263,449.12</u>	<u>562,855.91</u>	<u>2,568,072.70</u>	<u>41,285.10</u>	<u>5,435,662.83</u>
NET POSITION					
Invested in capital assets, net of related debt	4,717,537.63	983,878.07	382,153.19	-	6,083,568.89
Restricted	38,775.00	-	2,379,348.42	-	2,418,123.42
Unrestricted	<u>779,809.81</u>	<u>(503,176.42)</u>	<u>(2,197,279.75)</u>	<u>26,355.87</u>	<u>(1,894,290.49)</u>
TOTAL NET POSITION	<u>5,536,122.44</u>	<u>480,701.65</u>	<u>564,221.86</u>	<u>26,355.87</u>	<u>6,607,401.82</u>
TOTAL LIABILITIES AND NET POSITION	<u>7,799,571.56</u>	<u>1,043,557.56</u>	<u>3,132,294.55</u>	<u>67,640.97</u>	<u>12,043,064.64</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GOTHENBURG, NEBRASKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities Enterprise Funds				
	Electric	Water	Sewer	Waste	Total
OPERATING REVENUES					
Charge for services	5,134,076.02	493,023.16	690,124.58	463,773.46	6,780,997.22
Other	65,593.12	21,579.22	4,405.62	155.45	91,733.41
Total operating revenues	5,199,669.14	514,602.38	694,530.20	463,928.91	6,872,730.63
Less: Cost of purchased power	3,415,291.58	-	-	-	3,415,291.58
GROSS OPERATING MARGIN	1,784,377.56	514,602.38	694,530.20	463,928.91	3,457,439.05
OPERATING EXPENSES					
Chemicals	1,655.92	56.25	70.00	-	1,782.17
Administrative services	109,246.42	4,020.56	1,048.90	106.50	114,422.38
Personal services	510,401.97	200,329.80	273,703.85	-	984,435.62
Insurance	39,880.50	19,940.25	19,940.25	-	79,761.00
Supplies	49,148.96	6,013.61	22,101.25	-	77,263.82
Postage	(731.59)	3,193.80	(362.19)	-	2,100.02
Trash haulers	-	-	-	389,272.65	389,272.65
Recycling fee	-	-	-	7,595.20	7,595.20
Repairs and maintenance	113,916.30	187,416.40	182,037.57	-	483,370.27
Utilities	15,304.70	57,357.19	66,750.84	-	139,412.73
Fuel/grease/oil/tires	10,695.53	5,696.07	6,039.21	-	22,430.81
Other professional services	(18,778.53)	178,197.78	19,862.26	-	179,281.51
Depreciation	272,899.03	34,079.08	130,677.98	-	437,656.09
Miscellaneous	15,714.52	(287,924.90)	1,045.22	39,560.50	(231,604.66)
Total operating expenses	1,120,288.73	408,375.89	722,915.14	436,534.85	2,688,114.61
OPERATING INCOME (LOSS)	664,088.83	106,226.49	(28,384.94)	27,394.06	769,324.44
NONOPERATING REVENUES (EXPENSES)					
Interest income	42,124.63	573.25	-	-	42,697.88
Grants received	-	34,757.96	34,757.96	-	69,515.92
Interest expense	(36,083.39)	-	(25,741.58)	-	(61,824.97)
Total nonoperating revenues (expenses)	6,041.24	35,331.21	9,016.38	-	50,388.83

CITY OF GOTHENBURG, NEBRASKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities Enterprise Funds				
	Electric	Water	Sewer	Waste	Total
TRANSFERS OUT	<u>(231,999.96)</u>	<u>(25,115.00)</u>	<u>(11,710.00)</u>	<u>-</u>	<u>(268,824.96)</u>
NET INCOME (LOSS)	<u>438,130.11</u>	<u>116,442.70</u>	<u>(31,078.56)</u>	<u>27,394.06</u>	<u>550,888.31</u>
NET POSITION, beginning of year	<u>5,097,992.33</u>	<u>409,281.95</u>	<u>640,323.42</u>	<u>(1,038.19)</u>	<u>6,146,559.51</u>
RESTATEd, to record debt in that was incorrectly recorded as grant prior year	<u>-</u>	<u>(45,023.00)</u>	<u>(45,023.00)</u>	<u>-</u>	<u>(90,046.00)</u>
NET ASSETS, beginning of year, as restated	<u>5,097,992.33</u>	<u>364,258.95</u>	<u>595,300.42</u>	<u>(1,038.19)</u>	<u>6,056,513.51</u>
NET POSITION, end of year	<u>5,536,122.44</u>	<u>480,701.65</u>	<u>564,221.86</u>	<u>26,355.87</u>	<u>6,607,401.82</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GOTHENBURG, NEBRASKA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities Enterprise Funds				
	Electric	Water	Sewer	Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	5,114,019.37	510,941.12	686,477.25	458,547.06	6,769,984.80
Other operating cash receipts	65,593.12	21,579.22	4,405.62	155.45	91,733.41
Cash payments to suppliers	(3,747,242.97)	(137,455.71)	(172,226.90)	(434,246.80)	(4,491,172.38)
Cash payments to employees	(492,756.19)	(199,788.77)	(272,698.54)	-	(965,243.50)
Net cash provided by (used by) operating activities	<u>939,613.33</u>	<u>195,275.86</u>	<u>245,957.43</u>	<u>24,455.71</u>	<u>1,405,302.33</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Cash paid for property and equipment	(1,513,116.13)	(627,385.64)	(504,304.19)	-	(2,644,805.96)
Cash paid for interest	(36,083.39)	-	(26,079.64)	-	(62,163.03)
Receipts of (Payments on) debt	<u>1,070,000.00</u>	<u>-</u>	<u>434,297.27</u>	<u>-</u>	<u>1,504,297.27</u>
Net cash used in capital and related financing activities	<u>(479,199.52)</u>	<u>(627,385.64)</u>	<u>(96,086.56)</u>	<u>-</u>	<u>(1,202,671.72)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Increase (Decrease) in consumer dep	800.00	-	-	-	800.00
Receipts of interest income	42,124.63	573.25	-	-	42,697.88
Addition to Certificates of Deposit	<u>(27,265.80)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,265.80)</u>
Net cash provided by (used in) investing activities	<u>15,658.83</u>	<u>573.25</u>	<u>-</u>	<u>-</u>	<u>16,232.08</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Increase (Decrease) equity in pooled cash		387,078.47	-	(10,317.62)	376,760.85
Transfer out	<u>(231,999.96)</u>	<u>(25,115.00)</u>	<u>(11,710.00)</u>	<u>-</u>	<u>(268,824.96)</u>
Net cash provided by (used in) noncapital financing sources	<u>(231,999.96)</u>	<u>361,963.47</u>	<u>23,047.96</u>	<u>(10,317.62)</u>	<u>142,693.85</u>

CITY OF GOTHENBURG, NEBRASKA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities Enterprise Funds				
	Electric	Water	Sewer	Waste	Total
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	244,072.68	(69,573.06)	172,918.83	14,138.09	361,556.54
CASH AND CASH EQUIVALENTS, beginning of year	1,100,464.28	69,573.06	121,131.44	-	1,291,168.78
CASH AND CASH EQUIVALENTS, end of year (including all restricted cash)	1,344,536.96	0.00	294,050.27	14,138.09	1,652,725.32
OTHER SUPPLEMENTAL INFORMATION					
Cash and cash equivalents (claim on cash)	1,344,536.96	-	294,050.27	14,138.09	1,652,725.32
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	664,088.83	106,226.49	(28,384.94)	27,394.06	769,324.44
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	272,899.03	34,079.08	130,677.98	-	437,656.09
Increase (Decrease) in accrued compensation	3,754.03	489.35	917.36	-	5,160.74
(Increase) Decrease in unbilled rev	1,184.22	685.53	730.14	341.94	2,941.83
(Increase) Decrease in accounts receivable	(21,240.87)	17,232.43	(4,377.47)	(5,568.34)	(13,954.25)
Increase (Decrease) in taxes payable	13,891.75	51.68	87.95	-	14,031.38
Increase (Decrease) in accounts payable and accrued expenses	5,036.34	36,511.30	146,306.41	2,288.05	190,142.10
Total adjustments	275,524.50	89,049.37	274,342.37	(2,938.35)	635,977.89
Net cash provided by (used by) operating activities	939,613.33	195,275.86	245,957.43	24,455.71	1,405,302.33

The notes to the financial statements are an integral part of this statement.

CITY OF GOTHENBURG, NEBRASKA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
SEPTEMBER 30, 2020

ASSETS	
Cash and cash equivalents	161,115.20
Certificates of deposit	<u>414,083.01</u>
TOTAL ASSETS	<u>575,198.21</u>
LIABILITIES	
Due to plan members	<u>575,198.21</u>
TOTAL LIABILITIES	<u>575,198.21</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GOTHENBURG, NEBRASKA
STATEMENT OF CHANGES IN NET POSITION
AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

		Health Insurance & Flexible Spending Arrangement Fund
Additions:		
Contributions - Health Insurance	399,521.36	
Contributions - Flexible Spending Arrangement(FSA)	<u>-</u>	399,521.36
Investment Earnings:		
Interest		<u>2,598.16</u>
Total additions		<u>402,119.52</u>
Deductions:		
Benefit payments - Health Insurance		161,050.52
Administrative costs		<u>346,715.02</u>
Total deductions		<u>507,765.54</u>
Change in Net Position		(105,646.02)
Restricted Net Position - Beginning		<u>847,577.73</u>
Restated, Equitable Accounts closed in 2018 and 2019		<u>(166,733.50)</u>
Restricted Net Position - Beginning of year, as restated		<u>680,844.23</u>
Restricted Net Position - Ending		<u>575,198.21</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GOTHENBURG, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Gothenburg, Nebraska operates under the provisions of statutes of the State of Nebraska. The City operates under a Mayor-Council form of government and provides the following services: general (administrative), public works (streets), public health and safety (police and fire), cemetery, public library, cultural and recreation (parks), electric, water, sanitation, solid waste maintenance, public improvements, planning and zoning, and redevelopment assistance.

A. REPORTING ENTITY

The financial statements include only the primary government of the City of Gothenburg, Nebraska. A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices of the City that are not legally separate. Such legally separate entities are referred to as component units.

The City of Gothenburg, Nebraska has one component unit over which it exercises significant influence, the Gothenburg Community Redevelopment Authority. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). The Redevelopment Authority is considered a component unit of the City of Gothenburg, Nebraska because it is benefited by tax increment financing. The Airport Authority is a component unit over which the City does not exercise significant influence.

These financial statements encompass only the primary government of the City of Gothenburg, Nebraska and do not include the component units. The Redevelopment Authority issues separately audited financial statements that may be obtained from the City Clerk of the City of Gothenburg, Nebraska.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

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

CITY OF GOTHENBURG, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining non-major governmental or enterprise funds are aggregated and reported as other governmental or enterprise funds.

C. BASIS OF PRESENTATION

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The City uses the following fund categories, fund types, and major funds:

Governmental Funds

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

CDBG Loan Reuse Fund - The CDBG Loan Reuse Fund is used to account for the accumulation of resources, and the payment of expenses related to projects for the expansion and creation of new jobs within the City.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term principal, interest and related costs.

Sales Tax Fund - The Sales Tax Fund is used to account for the accumulation of sales tax revenues, and related expenses for projects relating to the expansion and creation of new jobs within the City.

Capital Project Funds (when needed) - The Capital Project Funds account for acquisition of capital assets or construction of major capital facilities not being financed by proprietary funds or nonexpendable trust funds.

CITY OF GOTHENBURG, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF PRESENTATION (Continued)

Governmental Funds (Continued)

Additionally, the City reports the following nonmajor fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital) that are legally restricted to expenditures for specified purposes.

Proprietary Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises; or (b) where the governing body has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

The City reports the following major proprietary funds:

Electric Fund - The Electric Fund accounts for the revenues and expenses of the electric utility. The electric utility purchases electricity wholesale from Nebraska Public Power and retails it to the residents of the City.

Water Fund - The Water Fund accounts for the revenues and expenses of the water utility. The water utility pumps, transmits, stores and distributes water to the residents of the City.

Sewer Fund - The Sewer Fund accounts for the revenues and expenses of the sewer utility. The sewer utility pumps, transmits, and processes the liquid waste of the residents of the City.

The City reports the following nonmajor proprietary fund:

Waste Fund - The Waste Fund accounts for the revenues and expenses of the waste utility. The waste utility collects and transmits the solid waste of the residents of the City.

Fiduciary Funds

The Trust Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Nonexpendable Trust and Pension Trust Funds.

CITY OF GOTHENBURG, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales and services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

E. BUDGET AND BUDGETARY ACCOUNTING

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

Prior to September 10, the Treasurer submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain taxpayer comments.

CITY OF GOTHENBURG, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGET AND BUDGETARY ACCOUNTING (Continued)

Prior to September 10, the budget is legally enacted by formal approval by the City Council.

Formal budgetary integration is employed as a management control device during the year for all reported funds.

City expenditures are limited to budgeted amounts. The City must hold a public hearing to authorize expenditures in excess of budget.

F. INVESTMENTS

Investments are carried at fair value. Short-term investments (U.S. Government Securities) are reported at amortized cost, which approximates fair value.

G. RECEIVABLES

Loans are made from reuse money in Special Revenue funds to local businesses for economic development. The loans are recorded as receivable. Interest on loans and deposits is recorded as revenue, and is accrued through September 30.

The account receivables in the enterprise funds represent amounts due for services provided to local residents and businesses. Meters are read on the 25th of the month. The receivables are billed at the end of the month, based on the meter readings, and are due by the eighth of the following month. Service is discontinued for nonpayment.

Notes receivable in the general and special revenue funds represent tax-supported contributions toward capital construction related to those funds. Payments received in the General Fund are considered income when received. The notes bear 0% interest.

H. CONCENTRATION OF CREDIT RISK

The City has receivables from businesses and individuals living in the City for property taxes, special assessments and charges for service provided by enterprise funds. Real or personal property is collateral for the property taxes and special assessments, charges for service are uncollateralized.

CITY OF GOTHENBURG, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. CAPITAL ASSETS

Prior to GASB Statement No. 34, capital assets for governmental funds were recorded in the General Fixed Asset Account Group and were not depreciated. The new model requires that all capital assets, whether owned by governmental activities or business-type activities be recorded and depreciated in the government-wide financial statements.

Capital assets are defined as assets with an initial cost of \$2,000 or more and an estimated useful life of more than one year.

Capital assets are stated at cost or at estimated fair value at time of donation. The accounting for property, plant and equipment and accumulated depreciation in the Electric, Water and Water Pollution Control Enterprise Funds is recorded at cost less retirements in the manner prescribed by the Federal Power Commission and/or the National Association of Railroad and Utility Commissioners.

The City's policy is to capitalize interest on proprietary funds and construction projects until substantially completed. Major expenditures for property and those which substantially increased useful lives are capitalized. Maintenance, repairs and minor renewals are expensed when incurred. When capital assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Property, plant and equipment are depreciated in the Proprietary Fund of the City using the straight-line method over the following estimated useful lives:

Plant and equipment	5 - 50 years
Transportation	5 - 8 years

J. COMPENSATED ABSENCES

The government allows employees to accumulate vacation leave up to two-year's vacation entitlement. Sick leave will be paid only upon illness while in the employment of the government.

The City's sick leave policy allows employees to accumulate a maximum of 130 days of unused sick leave and any earned sick leave in excess of 130 days will be paid out at a rate of two days sick leave for one-day payment.

CITY OF GOTHENBURG, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. LONG-TERM OBLIGATIONS

The City reports long-term debt of governmental funds at face value in the government-wide financial statements only. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the government-wide financial statements. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

L. INTERFUND TRANSACTIONS

During the course of normal operations the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by City management. Quasi-external transactions and reimbursements are appropriately accounted for as fund revenues and expenditures/expenses, or adjustments thereto, in the funds involved.

The General Fund and enterprise funds provide services for each other. Amounts charged for these services are recorded as revenue and expenditures/operating expenses in the respective funds. All lease transactions are interfund, so no further disclosure is deemed necessary.

M. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the City considers cash, which consists of checking and interest bearing money market accounts as well as short-term certificates of deposit with an original maturity date of three months or less to be cash equivalents.

CITY OF GOTHENBURG, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles 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.

O. UNBILLED REVENUES

Billings for electric, water, sewer, and waste revenues are rendered on a monthly cycle basis. Unbilled revenues from the last billing date to the end of the period are accrued in the period of usage and included in accounts receivable.

P. FASB STATEMENTS

The City has elected Alternative 1, as provided by Governmental Accounting Standards Board Statement No. 20, and accordingly, FASB statements issued after November 30, 1989 are not applied.

Q. RESTRICTED ASSETS - ORDER OF USE

It is the City's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

R. PROPERTY TAXES

Property taxes are recorded as a receivable when levied. Based on past experience, the uncollected portion has been negligible. The portion of the taxes not collected within 60 days after fiscal period end are recorded as deferred revenue.

Property tax revenues are recognized in the accounting period when they become susceptible to accrual; that is, when they become both "measurable" and "available" to finance expenditures.

CITY OF GOTHENBURG, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. PROPERTY TAXES (Continued)

Property tax calendar:

Lien date	January 1, 2019
Levy date	September 30, 2019
Tax bills mailed	December 1, 2019
Due date	December 31, 2019
First installment payment delinquent	May 1, 2020
Second installment payment delinquent	September 1, 2020

The City is permitted by State Statute to levy taxes up to \$0.4500 cents per \$100 of actual valuation for general governmental services other than the payment of principal and interest on long-term debt and in necessary amounts for the payment of principal and interest on long-term debt. Valuations are determined by the County Assessor. The following schedule shows comparative tax levies for \$100 actual assessed valuations:

	Tax Levies Cents Per \$100 of Actual Valuation 2019
Fund	
General	<u>0.301725</u>
City actual valuations	<u>236,524,938</u>

S. RECENT ACCOUNTING PRONOUNCEMENTS

The City adopts pronouncements of the Government Accounting Standards Board (GASB) as they become effective. Of the two pronouncements that became effective for the year ended September 30, 2020, GASB 83 (asset retirement obligations) could apply but does not, and GASB 88 (debt disclosures) applies, but has no effect on the financial statements for the year ended September 30, 2020.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund financial statements include a reconciliation between fund balance - total government funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains, "long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds". The details of that difference are as follows:

CITY OF GOTHENBURG, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Accrued compensated absences	(33,458.72)
Bonds and notes payable	<u>(2,216,000.00)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>(2,249,458.72)</u>

The governmental fund financial statements also include a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the "government-wide statement of activities." One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference are as follows:

Capital outlays	216,513.09
Depreciation	<u>(371,127.38)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>(154,614.29)</u>

NOTE 3. SALES TAX

During fiscal year 1986, the citizens of the City voted in favor of a 1/2% city sales tax with a 4 year sunset. A resolution adopted by the City Council stated that 100% of the sales tax revenue was to be used for economic development. During fiscal year 1991, the citizens of the City voted in favor of maintaining the 1/2% city sales tax with no sunset. A resolution adopted by the City Council stated that 100% of the proceeds were to be used for the purpose of financing the economic development program to create jobs and ensure the economic stability and vitality for a four-year period. During fiscal year 1993 the citizens of the City voted in favor of an additional 1/2% sales tax with a 4 year sunset. A resolution adopted by the City Council stated the 100% of the increase was to be used for swimming pool renovations. During fiscal year 1997 the citizens of the City voted in favor of an additional 1% sales tax with no sunset. A resolution adopted by the City Council stated the additional 1% was to be used for property tax relief. The local merchants collect the sales tax and remit it to the Nebraska Department of Revenue by the 20th of the following month. The Department of Revenue remits the sales tax to the City of Gothenburg, Nebraska (net of a collection fee) within 30 days after they receive it. The City sales tax is recorded as revenue by the City of Gothenburg, Nebraska when it is in the hands of the intermediary collecting agent.

CITY OF GOTHENBURG, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 4. CONCENTRATION OF CREDIT RISK

As of September 30, 2020, the City's deposits with financial institutions were entirely covered by FDIC insurance and securities held by agents of the depositories and assigned to the City in the form of joint safekeeping receipts.

Custodial credit risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk – Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The types of investments the City is authorized to invest funds in are enumerated in State Statutes and generally include U.S. Government obligations and securities in which the state investment officer is authorized to invest. The City has no investment policy that would further limit its investment choices.

NOTE 5. INVESTMENTS

State laws authorize the City, with the consent of its City Council, to invest the funds of the City in securities of the nature of which individuals of prudence, discretion and intelligence acquire or retain in dealing with the property of another.

Investments are carried at cost and are shown on the balance sheet at cost net of amortized discount or premium. Certificates of deposit are included in cash and are not included below in investments.

Redevelopment Authority Bonds	<u>132,381</u>
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The government has investments in bonds issued by the Gothenburg Redevelopment Authority, which constitute conduit debt to the Redevelopment Authority. According to the bond resolutions of the Redevelopment Authority, these bonds are a limited obligation of the Authority. The Authority is not obligated to pay the principal of the bonds or interest or any other costs associated with the bonds and has not pledged its faith, credit, or taxing power for such payment.

During the years ended September 30, 1998 and 1999, the government purchased registered bond issues of \$244,000 and \$335,000 from the Gothenburg Redevelopment Authority to help finance two economic development projects. The bonds bear interest at the rate of 3% and 6% respectively, and are to be paid with TIF revenues pledged for the project.

During the year ended September 30, 2001, the government purchased \$331,150 of registered bonds from the Gothenburg Redevelopment Authority to help finance economic development projects. The bonds bear interest at the rate of 4.5% and are to be paid with TIF revenues pledged for the project.

CITY OF GOTHENBURG, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 5. INVESTMENTS (Continued)

During the year ended September 30, 2002, the government purchased \$220,000 and \$78,350 of registered bonds from the Gothenburg Redevelopment Authority to help finance economic development projects. The bonds bear interest at the rates of 0% and 4.5% respectively, and are to be paid with TIF revenues pledged for the projects.

During the year ended September 30, 2003, the government purchased \$340,000 of registered bonds from the Gothenburg Redevelopment Authority to help finance economic development projects. The bonds bear interest at the rate 6.5%, and are to be paid with TIF revenues pledged for the projects.

During the year ended September 30, 2004, the government entered into a redevelopment contract providing for up to \$770,000 of TIF financing. As of September 30, 2009, the City had loaned \$220,000 towards the project.

During the year ended September 30, 2005, the government entered into a redevelopment contract providing for up to \$750,000 of TIF financing. The bonds are to be paid with TIF revenues pledged for the projects.

During the year ended September 30, 2007, the government purchased \$550,000 of registered bonds from the Gothenburg Redevelopment Authority. The government purchased an additional \$184,000 during 2008. The project was not finalized as of September 30, 2009.

During the year ended September 30, 2008, the government purchased \$300,000 of registered bonds from the Gothenburg Redevelopment Authority. The government purchased an additional \$100,000 during the year ended September 30, 2009.

During the year ended September 30, 2011, the government purchased \$180,000 of registered bonds from the Gothenburg Redevelopment Authority.

NOTE 6. RESTRICTED ASSETS

Restricted assets of the City at September 30, 2020, consisted of the following cash and cash equivalent accounts restricted for specified purposes:

Debt Service Fund	<u>2,549,720.14</u>
Special Revenue Funds	
Downtown revitalization	0.00
Keno Fund	9,533.37
Library State Aid	13,402.36
Economic development	<u>2,829,249.06</u>
Total special revenue funds	<u>2,852,184.79</u>
 Total restricted assets	 <u>5,401,904.93</u>

CITY OF GOTHENBURG, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 7. CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, was as follows:

	Balance October 1, <u>2019</u>	Addi- tions	Dele- tions	Balance September 30, <u>2020</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated				
Land	<u>277,892</u>	<u>00</u>	<u> </u>	<u>277,892</u>
Total capital assets not depreciated	<u>277,892</u>	<u>00</u>	<u> </u>	<u>277,892</u>
Capital assets being depreciated				
Buildings and equipment	11,309,147	226,182	(98,366)	11,436,963
Less accumulated depreciation				
Buildings and improvements	<u>(5,824,361)</u>	<u>(385,227)</u>	<u>(94,407)</u>	<u>(6,115,181)</u>
Total capital assets being depreciated, net	<u>5,484,786</u>	<u>(159,045)</u>	<u>(3,959)</u>	<u>5,321,782</u>
Governmental activities capital assets, net	<u>5,762,678</u>	<u>(159,045)</u>	<u>(3,959)</u>	<u>5,599,674</u>
	Balance October 1, <u>2019</u>	Addi- tions	Dele- tions	Balance September 30, <u>2020</u>
<u>Business-Type Activities</u>				
Capital assets not being depreciated				
Land and right-of-way	<u>38,144</u>	<u> </u>	<u> </u>	<u>38,144</u>
Total capital assets not depreciated	<u>38,144</u>	<u> </u>	<u> </u>	<u>38,144</u>
Capital assets being depreciated				
Buildings and equipment	20,059,511	2,679,564	(188,466)	22,550,609
Less accumulated depreciation				
Plant and equipment	<u>(13,876,644)</u>	<u>(437,657)</u>	<u>(188,466)</u>	<u>(14,125,835)</u>
Total capital assets being depreciated, net	<u>6,182,867</u>	<u>2,241,907</u>	<u> </u>	<u>8,424,774</u>
Business-type activities capital assets, net	<u>6,221,011</u>	<u>2,241,907</u>	<u> </u>	<u>8,462,918</u>

CITY OF GOTHENBURG, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 7. CHANGES IN FIXED ASSETS (Continued)

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental activities

General Government	11,242
Public Safety	47,274
Streets and Highways	188,523
Culture and Recreation	129,357
Health and Welfare	<u>3,121</u>
Total depreciation expense - governmental activities	<u>379,517</u>

Business-type activities

Electric	272,899
Water	34,079
Sewer	<u>130,679</u>
Total depreciation expense - business-type activities	<u>437,657</u>

NOTE 8. LONG-TERM DEBT

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

The government issues various purpose bonds to pay for some property improvements. These bonds are to be repaid from special assessments to the property owners benefited by the improvements, and from taxes levied by the government. These bonds pledge the full faith and credit of the government.

On April 15, 2020 the city issued \$1,120,000 of Electric Revenue Bonds. Semiannual payments of interest at 1.2-2.05% is due from December 15, 2020 through June 15, 2035, and annual principal payments of \$65,000 – \$85,000 from June 15, 2021 through June 15, 2035.

As of September 30, 2006, the City received \$372,105 of loan proceeds from the Nebraska Department of Environmental Quality (NDEQ). Semiannual payments of approximately \$13,500 are due from December 15, 2007 through June 15, 2026, which include interest at 3.05% and an administrative fee of 1%.

The government has pledged the Wastewater User Charge as the dedicated source of revenue for the repayment of the long-term loan for the Waste Treatment Plant and the Clean Water loan.

CITY OF GOTHENBURG, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (Continued)

The government has assessed property owners \$168,952 and charged tap fees of \$150,000 for a portion of the project costs. The government has pledged sewer and water use charges as the dedicated source of revenue for the repayment of the balance of these long-term loans.

As of September 30, 2011, the City received \$129,827 of loan proceeds from the Nebraska Department of Environmental Quality (NDEQ). Semiannual payments of approximately \$3,953 are due from June 15, 2011 to December 15, 2029, which include interest expense at 2.00%.

As of September 30, 2011, the City received \$150,000 of ARRA loan proceeds from the Nebraska Department of Environmental Quality (NDEQ) of which \$75,000 of these proceeds were forgiven. Semiannual payments of approximately \$1,973 are due from December 15, 2011 to June 15, 2029, which include interest expense at 0.00%.

On January 10, 2013, the City issued \$665,000 in General Obligation Paving Bonds with interest rates at 0.4 – 2.10%, due in annual installments of \$65,000 - \$70,000, December 15, 2013 thru December 15, 2022. These bonds were used to payoff warrants issued in connection with street improvements.

On July 15, 2020, the City issued \$1,300,000 of Highway Allocation Pledge Fund Bonds to currently fund Street Improvements. The bonds are payable over 10 years with interest rates from .95-1.65%, due in annual installments of \$125,000 to \$135,000, June 15, 2021 through 2030.

On May 15, 2015, the City issued \$305,000 of Various Purpose Bonds with interest rates at 1.35 – 2.40%, due in annual installments of \$30,000 – 55,000, December 15, 2015 to December 15, 2020. These bonds were used to refund the 2010 Series Various Purpose Bonds. The estimated interest savings over the life of these bonds is \$19,448.

On June 15, 2017, the City issued \$410,000 of Highway Allocation Fund Bonds with interest rates at 1.35 – 2.40%, due in annual installments of \$40,000 – 45,000, December 15, 2017 to December 15, 2026. These bonds were used to provide funds for various paving projects.

On June 13, 2017, the City issued \$810,000 of Electric Revenue Bonds with interest rates at 1.35 – 3.30%, due in annual installments of \$45,000 – 65,000, June 15, 2018 to June 15, 2032. Semi-annual interest payments due December 15 and June 15.

On February 14, 2018, the City received a commitment for a loan for Westside sanitary sewer improvements for up to \$639,340. The full amount of the loan was advanced at the year ended September 30, 2020.

The following is a summary of long-term transactions for the City for the year ended September 30, 2020:

CITY OF GOTHENBURG, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

<u>Governmental Activities</u>	Balance October 1, 2019	Increases	Decreases	Balance September 30, 2020	Amount Due in 2021
.95-1.65% 2020 Hwy Bonds		1,300,000		1,300,000	130,000
1.85-2.9% 2018 Highway Bonds	315,000		(30,000)	285,000	35,000
0.40 – 2.10% 2013 G.O. Bonds	275,000		(65,000)	210,000	70,000
1.35 – 2.40% Hwy Alloc. Bonds	330,000		(40,000)	290,000	40,000
0.60 – 1.30% 2015 V.P. Bonds	110,000		(55,000)	55,000	55,000
2.6% 2018 G.O. Bonds	85,000		(9,000)	76,000	9,000
Total Governmental Activities	1,115,000	1,300,000	(199,000)	2,216,000	339,000
<u>Business-Type Activities</u>					
<u>Sewer Fund</u>					
3.05% 2007 NDEQ Loan	156,956		(20,438)	136,518	21,002
2.00% 2011 NDEQ Loan	74,533		(6,447)	68,086	6,576
0.00% 2011 NDEQ Loan	39,474		(3,948)	35,526	3,947
1.25% 2015 NDEQ Loan	1,584,042		(84,164)	1,499,878	85,220
1.5% 2020 NDEQ Loan		639,340		639,340	
<u>Electric Fund</u>					
1.35–3.00% 2017 Revenue Bond	715,000		(50,000)	665,000	50,000
1.2-2.05% 2020 Revenue Bonds		1,120,000		1,120,000	130,000
Total Business- Type Activities	2,570,005	1,759,340	(164,997)	4,164,348	296,745
Total Long-Term Debt	3,685,005	3,059,340	(363,997)	6,380,348	635,745

Annual Requirements of Long-Term Debt

The annual requirements to service the preceding outstanding debt as of September 30, 2020 including interest payments of \$762,651 are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities Street Improvement Bonds</u>	<u>Business- Type Activities Utility Loans</u>	<u>Total</u>
2021	372,401	298,688	671,089
2022	314,518	333,259	647,777
2023	305,147	331,151	636,298
2024	236,173	329,035	565,208
2025	233,561	331,771	565,332
2026 - 2030	924,353	1,541,186	2,465,539
2031 - 2035		1,265,018	1,265,018
2036 - 2040		289,617	289,617
2041		37,120	37,120
	2,386,153	4,756,845	7,142,998

CITY OF GOTHENBURG, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

Less interest	<u>(170,153)</u>	<u>(592,498)</u>	<u>(762,651)</u>
	<u>2,216,000</u>	<u>4,164,347</u>	<u>6,380,347</u>

NOTE 9. TRANSFERS

Transfers between funds of the primary government for the ended September 30, 2020, were as follows:

	Transfers <u>In</u>	Transfers <u>Out</u>
Major Funds		
General Fund	225,787	335,654
Street Fund		
City of Gothenburg Public Works		
Debt Service Fund		
Street Fund	130,383	
Water & Sewer Funds	24,825	
Economic Development Sales Tax Fund		
Economic Development LB 840 Fund		
Enterprise Funds		
Debt Service Fund		
Electric Fund		232,000
Water Fund		25,115
Sewer Fund		11,710
Minor Funds		
Special Revenue Funds		
Downtown Revitalization		
Owner Occupied Rehab	223,484	
Capital Projects Fund		
GRAND TOTALS	<u>604,479</u>	<u>604,479</u>

The City transfers funds from its enterprise funds to the General Fund to pay for administrative services. The General Fund transfers are used to move resources collected for the payment of debt to the Debt Service Fund.

NOTE 10. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains four enterprise funds which provide electric and water sales, sewer and solid waste services. The City has outstanding NDEQ loans related to Utility Fund operations. The revenues of the Water and Sewer Funds are pledged as security for these loans. The fund financial statements report these funds as major funds.

NOTE 11. CONTINGENT LIABILITY

The City was contingently liable for accrued and unused sick leave and personal days off at September 30, 2020 and 2019 of \$406,609 and \$403,660 respectively.

CITY OF GOTHENBURG, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLAN

The City participates in a 457 deferred compensation plan. The plan is a defined contribution plan and full-time employees are eligible to participate at 21 years of age and after one year of service. The employer matches 100% of the contributions, not to exceed 6% of compensation. The employee becomes fully vested in the new plan upon his/her normal retirement date, upon becoming totally disabled, upon completion of 7 years of service, at death, or at plan termination.

Total wages	1,657,036
Eligible wages	1,323,518
Employee contributions	103,468
City contributions	73,404

NOTE 13. RISK MANAGEMENT

Liability Insurance

The City purchases liability insurance for risks related to torts; theft or damage to property; and errors and omissions of public officials from a commercial insurance carrier.

Workers' Compensation

The City purchases liability insurance for workers' compensation from a commercial carrier.

NOTE 14. FUND BALANCES

Fund balances are restricted or assigned as follows:

Special Revenue	
Restricted	
Library grants	13,402
Keno	9,533
Rehab	6,456
CDBG Loan	158,191
Economic Development Sales Tax	27,852
Economic Development LB 840	291,161
Redevelopment	1,440,000
Debt Service	<u>131,597</u>
	<u>2,078,192</u>
Assigned	
Parks	<u>19,653</u>

CITY OF GOTHENBURG, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 15. GOVERNMENTAL FUND BALANCES

The fund balances are being reported using GASB Statement No. 54, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to observe constraints imposed upon the use of its resources reported in governmental funds. As such, the City has identified September 30, 2020 fund balance on the Balance Sheet as follows:

- a. The City has notes receivable in the governmental funds classified as non-spendable. The receivables are related to loans made for economic development.
- b. The City has amounts shown as restricted for the Economic Development and Debt service fund balance restricted for future loans and debt payments.
- c. The City has fund balances classified as assigned which represent resources intended for the respective fund uses.
- d. The City has no fund balances classified as committed.

The City considers restricted, committed, assigned and unassigned amounts to be spent in that order when expenditures are incurred for which any of those amounts are available.

The City Administrator is authorized to make assignments pursuant to resolution by the City Council.

NOTE 16. COMPARATIVE INFORMATION

The financial statements include certain prior year information on pages 48 - 53 of the report. The information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with City of Gothenburg's financial statements for the year ended September 30, 2019, from which the information was derived.

NOTE 17. PRIOR PERIOD ADJUSTMENT

The 2019 draw-downs of \$90,046 for the Westside Sanitary Sewer Project were recorded on the 9-30-19 financials as grant income \$45,023 in the Water fund and \$45,023 in the Sewer fund rather than recorded on the balance sheet as notes payables – Sewer Fund. The balance of those funds were received in the FYE 9-30-20 and correctly recorded as Notes Payable.

NOTE 18. SUBSEQUENT EVENTS

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through March 24, 2021, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF GOTHENBURG, NEBRASKA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES -
BUDGETARY BASIS - BUDGET AND ACTUAL - ALL FUNDS
YEAR ENDED SEPTEMBER 30, 2020

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Federal/State grants	1,385,092	69,515.92	(1,315,576.08)
Taxes and special assessments	706,290	1,575,370.12	869,080.12
Licenses and permits	8,900	8,648.82	(251.18)
Intergovernmental	493,017	1,474,454.25	981,437.25
Charges for services	6,961,350	6,789,890.19	(171,459.81)
Interest	36,059	73,345.50	37,286.50
Other	3,936,317	2,085,863.63	(1,850,453.37)
Bond/loan proceeds	3,412,693	2,804,297.27	(608,395.73)
Transfers in	763,148	604,479.65	(158,668.35)
Total revenues	<u>17,702,866</u>	<u>15,416,349.43</u>	<u>(901,424.57)</u>
EXPENDITURES			
Current			
General Government	1,313,861	2,096,285.42	(782,424.42)
Public Safety	839,635	636,712.79	202,922.21
Civil Defense	2,200	-	2,200.00
Streets	2,696,447	531,928.75	2,164,518.25
City Hall	38,322	34,977.33	3,344.67
Health and Welfare	99,427	84,374.34	15,052.66
Library	290,181	234,906.55	55,274.45
Culture and Recreation	884,510	373,861.32	510,648.68
Tree Lot/Compost	2,295	9,363.96	(7,068.96)
Economic Development	3,333,444	1,035,827.64	2,297,616.36
Community Service	52,000	72,005.00	(20,005.00)
Electric	7,291,910	5,753,115.29	1,538,794.71
Waste	457,128	434,246.80	22,881.20
Wastewater	1,710,870	949,229.63	761,640.37
Water	1,539,937	964,630.12	575,306.88
Debt service			
Principal and Interest	629,707	282,580.53	347,126.47
Transfers out	763,148	604,479.65	158,668.35
Total expenditures	<u>21,945,022</u>	<u>14,098,525.12</u>	<u>7,846,496.88</u>
REVENUES OVER (UNDER) EXPENDITURES		<u>1,317,824.31</u>	

See accompanying notes to financial statements.

CITY OF GOTHENBURG, NEBRASKA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

NOTE 1. STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES -
BUDGETARY BASIS - BUDGET AND ACTUAL

Basis of Accounting

As described in Note 1, budgets are adopted on the cash basis of accounting. The governmental fund types which report on the modified accrual basis, and the Enterprise Funds, which report on the accrual basis, are included in the combined statement of revenues and expenses - budget and actual, general all-purpose fund, on the budgetary (cash) basis. A reconciliation of operating results on the budgetary basis to net income for the Governmental Funds and Enterprise Funds are as follows:

Budget Law

The City is required by state law to hold public hearings and adopt annual budgets for all funds on the cash basis of accounting. Total expenditures for each fund may not exceed the total budgeted expenditures. Appropriations for expenditures lapse at year-end. Any revisions to the adopted budget of total expenditures to any fund require a public hearing.

Reconciliation of budgetary basis

A reconciliation of revenues over expenditures on the budgetary basis to net gain (loss) for all funds is as follows:

Revenues over (under) expenses - budgetary basis	<u>1,317,824</u>
Adjustments	
Accounts receivable	13,954
Taxes receivable	89,053
Sales taxes receivable	10,427
Accrued wages	(4,679)
Unbilled revenue	(2,942)
Customer deposits	(800)
Taxes payable	(14,031)
Accounts payable	(211,150)
Payroll taxes payable	13,727
Other liabilities	4,621
Depreciation and amortization	(437,656)
Purchase of capital assets	2,632,387
Proceeds from capital debt	(1,504,297)
Proceeds from ST & CDBG bonds	<u>(10,172)</u>
Total adjustments	<u>578,442</u>
Total	<u>1,896,266</u>
Net change in fund balance - governmental funds	1,345,378
Change in net position - proprietary funds	<u>550,888</u>
	<u>1,896,266</u>

OTHER SUPPLEMENTAL INFORMATION

CITY OF GOTHENBURG, NEBRASKA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
REVENUES		
Taxes		
General levy	648,820.98	678,293.98
Motor vehicle taxes	94,779.36	92,927.96
Franchise	67,847.61	102,609.93
City sales tax	590,391.75	561,907.44
Total taxes	<u>1,401,839.70</u>	<u>1,435,739.31</u>
Licenses and permits	<u>8,648.82</u>	<u>9,662.02</u>
Intergovernmental		
Equalization payment	71,425.66	67,216.73
Homestead exemption	33,897.29	35,560.14
Highway allocation and incentive	466,351.78	498,103.17
Motor vehicle fees	34,503.71	9,256.66
Prorate motor vehicle	1,872.54	1,966.01
Carline	1,284.36	708.88
Grants	138,076.08	86,167.34
Total intergovernmental	<u>747,411.42</u>	<u>698,978.93</u>
Charges for services		
Pool	14.39	-
Rents	2,151.00	2,370.00
Grave openings	16,940.00	12,900.00
Total charges for services	<u>19,105.39</u>	<u>15,270.00</u>
Miscellaneous		
ACE dividends	6,261.00	9,788.30
Municipal Co-op - fire	12,814.94	10,864.52
Interest income	3,793.20	5,425.98
Mowing	25,389.64	12,277.40
Fees and fines	23,804.50	27,819.79
Other	468,741.97	43,716.48
Total miscellaneous	<u>540,805.25</u>	<u>109,892.47</u>
TOTAL REVENUES	<u>2,717,810.58</u>	<u>2,269,542.73</u>

CITY OF GOTHENBURG, NEBRASKA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
EXPENDITURES (Continued)		
Public Safety - police (Continued)		
Dispatch service	23,512.17	25,810.20
Technical/radios	608.43	1,131.39
Small tools	2.79	14.99
Office/computer equipment	1,361.52	636.00
Total Public Safety - police	<u>542,098.76</u>	<u>549,502.80</u>
Public Safety - fire		
Personnel services	776.29	884.54
Utilities	4,970.27	5,829.71
Repairs	11,445.19	4,954.98
Supplies	3,454.23	1,610.87
Ambulance	3,768.76	9,479.69
Miscellaneous	6,032.68	6,400.19
Telephone	540.36	540.36
Awards/prizes	-	3,422.40
Dispatching	2,612.50	2,867.76
Training	7,000.00	1,379.00
Fuel/tires	2,179.28	1,677.43
Clothing	5,821.10	8,437.82
Safety	40.12	1,828.10
Total Public Safety - fire	<u>48,640.78</u>	<u>49,312.85</u>
Total Public Safety	<u>590,739.54</u>	<u>598,815.65</u>
Street		
Personnel services	264,782.61	233,044.40
Asphalt/crack filler	10,193.65	14,993.61
Tires and repairs	37,634.10	24,436.88
Gas and oil	9,936.64	9,583.70
Telephone	768.00	732.00
Gravel/sand/rock	44,991.33	44,858.76
Supplies	7,721.55	6,531.22
Miscellaneous	1,370.08	2,303.33
Utilities	8,430.46	10,141.17
Training	40.00	208.98

CITY OF GOTHENBURG, NEBRASKA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
EXPENDITURES (Continued)		
Street (Continued)		
Engineering/architecture fees	4,833.65	7,379.95
Signs/sign posts	1,602.02	1,505.96
Safety	373.15	421.31
Flares/flags/barricades	411.08	140.31
Small tools	803.67	1,463.41
Concrete	8,456.00	5,853.47
Chemicals	7,446.79	12,203.48
Total - Street	<u>409,794.78</u>	<u>375,801.94</u>
City Hall		
Personnel services	3,785.82	3,067.32
Utilities	9,611.94	11,089.09
Repairs	4,420.31	4,123.15
Janitorial	826.03	1,002.52
Supplies	694.98	705.73
Miscellaneous	375.00	9.99
Total - City Hall	<u>19,714.08</u>	<u>19,997.80</u>
Health and Welfare - cemetery		
Personnel services - maintenance contract	61,832.16	48,028.43
Utilities	5,426.49	4,247.44
Chemicals	7,411.14	7,687.35
Legal/public notices	116.18	11.54
Repairs	9,588.37	7,827.53
Total Health and Welfare - cemetery	<u>84,374.34</u>	<u>67,802.29</u>
Library		
Personnel services	169,080.55	165,525.57
Utilities	13,730.82	15,099.60
Telephone	1,188.51	1,114.98
Legal/public notices	92.95	57.51
Dues/subscriptions/books	24,017.81	23,795.04
Miscellaneous	187.02	497.69

CITY OF GOTHENBURG, NEBRASKA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
EXPENDITURES (Continued)		
Library (Continued)		
Children's programs	1,173.66	1,205.02
Repairs	4,859.86	3,078.01
Travel	37.95	-
Training	30.00	20.00
Supplies	7,088.07	9,584.47
Technical/computer programs	4,612.74	2,121.00
Janitorial	464.52	207.52
Safety	74.73	-
Postage	576.02	686.98
Total - Library	<u>227,215.21</u>	<u>222,993.39</u>
Culture and Recreation - park		
Personnel services	112,315.91	88,517.43
Utilities	12,662.44	11,981.56
Dues & subscriptions	-	255.00
Repairs	13,947.82	15,902.69
Supplies	6,026.60	8,309.29
Management Fee	15,000.00	15,000.00
Miscellaneous	17,257.85	2,262.93
Telephone	1,693.35	5,679.95
Chemicals/Janitorial	19,123.35	19,577.34
Gravel/sand/rock	5,539.96	51.96
Lodging tax	2,516.75	2,842.17
Seeds/plants/trees	6,829.39	7,994.77
Total Culture and Recreation - park	<u>212,913.42</u>	<u>178,375.09</u>
Culture and Recreation - pool		
Personal services	40,132.11	39,000.00
Utilities	5,073.54	7,587.00
Repair and maintenance	6,200.63	10,181.91
Supplies and chemicals	9,079.68	12,219.17
Miscellaneous	1,011.58	1,030.00

CITY OF GOTHENBURG, NEBRASKA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
EXPENDITURES (Continued)		
Culture and Recreation - pool (Continued)		
Small tools	61.45	76.98
Total Culture and Recreation - pool	<u>61,558.99</u>	<u>70,095.06</u>
Total Culture and Recreation	<u>274,472.41</u>	<u>248,470.15</u>
Tree lot/compost		
Gravel/sand/rock	3,497.52	327.76
Supplies	722.00	26.95
Repairs and maintenance	4,830.35	-
Telephone	314.09	419.88
Total Tree lot/compost	<u>9,363.96</u>	<u>774.59</u>
Capital outlay		
Administration	401.84	100.00
Police	45,491.04	30,538.23
Street	122,133.97	49,790.96
City Hall	15,263.25	42,405.00
Cemetery	-	9,488.58
Park	33,688.91	7,600.00
Library	12,418.90	-
Tree/Compost	-	2,750.00
Total capital outlay	<u>229,397.91</u>	<u>142,672.77</u>
TOTAL EXPENDITURES	<u>2,627,993.14</u>	<u>2,001,239.15</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>89,817.44</u>	<u>268,303.58</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	225,787.25	243,999.96
Operating transfers out	(335,654.69)	(226,550.34)
Total other financing sources (uses)	<u>(109,867.44)</u>	<u>17,449.62</u>
REVENUES OVER EXPENDITURES AND OTHER USES	(20,050.00)	285,753.20
FUND BALANCE, beginning of year	<u>1,860,617.39</u>	<u>1,574,864.19</u>
FUND BALANCE, end of year	<u>1,840,567.39</u>	<u>1,860,617.39</u>

CITY OF GOTHENBURG, NEBRASKA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2020

ASSETS						
	Lafayette Park	Library State Aid	Keno	Capital Projects	Owner Occupied Rehab	Miscellaneous Funds
						Totals
ASSETS						
Cash	19,652.55	-	-	1,234,600.36	6,080.35	238,714.34
Restricted cash	-	13,402.36	9,533.37	-	-	-
Notes receivable	-	-	-	-	375.68	1,201,285.66
TOTAL ASSETS	19,652.55	13,402.36	9,533.37	1,234,600.36	6,456.03	2,723,644.67
LIABILITIES AND FUND BALANCES						
FUND BALANCES						
Assigned	19,652.55	-	-	1,234,600.36	-	-
Restricted	-	13,402.36	9,533.37	-	6,456.03	1,440,000.00
Total fund balances (deficit)	19,652.55	13,402.36	9,533.37	1,234,600.36	6,456.03	2,723,644.67
TOTAL LIABILITIES AND FUND BALANCES	19,652.55	13,402.36	9,533.37	1,234,600.36	6,456.03	2,723,644.67

CITY OF GOTHENBURG, NEBRASKA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2020

	Lafayette Park	Library State Aid	Keno	Capital Projects	Owner Occupied Rehab	Miscellaneous Funds	Totals
REVENUES							
Intergovernmental	-	7,042.83	-	-	-	720,000.00	727,042.83
Interest	-	-	31.73	-	21.65	-	53.38
Other	350.00	-	1,170.53	-	60.00	-	1,580.53
Total revenues	350.00	7,042.83	1,202.26	-	81.65	720,000.00	728,676.74
EXPENDITURES							
Current							
Refunds	300.00	-	-	-	-	-	300.00
Expenses	-	7,691.34	-	65,400.00	228,905.40	-	301,996.74
Total expenditures	300.00	7,691.34	-	65,400.00	228,905.40	-	302,296.74
REVENUES OVER (UNDER) EXPENDITURES	50.00	(648.51)	1,202.26	(65,400.00)	(228,823.75)	720,000.00	426,380.00
OTHER FINANCING SOURCES (USES)							
Operating transfers in (out)	-	-	-	-	223,484.40	-	223,484.40
Bond proceeds	-	-	-	1,300,000.00	-	-	1,300,000.00
Total other financing sources (uses)	-	-	-	1,300,000.00	223,484.40	-	1,523,484.40
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	50.00	(648.51)	1,202.26	1,234,600.00	(5,339.35)	720,000.00	1,949,864.40
FUND BALANCE, beginning of year	19,602.55	14,050.87	8,331.11	0.36	11,795.38	720,000.00	773,780.27
FUND BALANCE, end of year	19,652.55	13,402.36	9,533.37	1,234,600.36	6,456.03	1,440,000.00	2,723,644.67

CITY OF GOTHENBURG, NEBRASKA
SCHEDULE OF DEBT SERVICE REQUIREMENTS
YEAR ENDED SEPTEMBER 30, 2020

	Year ending September 30,	Principal	Interest	Total
VARIOUS PURPOSE BONDS				
Dated: May 15, 2015				
Original principal: \$305,000				
Due December 15, 2015, - 2020				
Callable: No				
Interest payable June 15 and December 15	2021	55,000	357	55,357
of each year at 0.60 - 1.30%		<u>55,000</u>	<u>357</u>	<u>55,357</u>
VARIOUS PURPOSE BONDS				
General Obligation 2013 Paving Bonds				
Dated: January 10, 2013				
Original principal: \$665,000				
Due December 15, 2013 - 2022				
Callable: December 15, 2018	2021	70,000	3,378	73,378
Interest payable June 15 and December 15	2022	70,000	2,135	72,135
of each year at 0.4 - 2.10%	2023	<u>70,000</u>	<u>735</u>	<u>70,735</u>
		<u>210,000</u>	<u>6,248</u>	<u>216,248</u>
HIGHWAY ALLOCATION FUND BONDS				
Highway Allocation 2017 Paving Bonds				
Dated June 15, 2017				
Original principal: \$410,000				
Due December 15, 2017 - 2026	2021	40,000	5,850	45,850
Callable: December 15, 2022	2022	40,000	5,310	45,310
Interest payable June 15 and December 15	2023	40,000	4,560	44,560
of each year at 1.35 - 2.40%	2024	40,000	3,600	43,600
	2025	40,000	2,640	42,640
	2026	45,000	1,620	46,620
	2027	<u>45,000</u>	<u>540</u>	<u>45,540</u>
		<u>290,000</u>	<u>24,120</u>	<u>314,120</u>
2018 HIGHWAY ALLOCATION PLEDGE FUND BONDS				
Dated June 15, 2018				
Due June 15, 2028				
Interest @1.85-2.9% through maturity	2021	35,000	6,734	41,734
	2022	35,000	6,086	41,086
	2023	35,000	5,334	40,334
	2024	35,000	4,476	39,476
	2025	35,000	3,619	38,619

CITY OF GOTHENBURG, NEBRASKA
SCHEDULE OF DEBT SERVICE REQUIREMENTS
YEAR ENDED SEPTEMBER 30, 2020

	Year ending September 30,	Principal	Interest	Total
	2026	35,000	2,683	37,683
	2027	35,000	1,668	36,668
	2028	40,000	580	40,580
		<u>285,000</u>	<u>31,179</u>	<u>316,179</u>
2018 GENERAL OBLIGATION PAVING BONDS				
Dated June 15, 2018				
Due June 15, 2028				
Interest @2.66% through maturity				
	2021	9,000	1,976	10,976
	2022	9,000	1,742	10,742
	2023	9,000	1,508	10,508
	2024	9,000	1,274	10,274
	2025	10,000	1,040	11,040
	2026	10,000	780	10,780
	2027	10,000	520	10,520
	2028	10,000	260	10,260
		<u>76,000</u>	<u>9,100</u>	<u>85,100</u>
2020 HIGHWAY ALLOCATION PLEDGE FUND BONDS				
Dated July 15, 2020				
Due June 15, 2030				
Interest @.95-1.65% through maturity				
	2021	130,000	15,107	145,107
	2022	130,000	15,245	145,245
	2023	125,000	14,010	139,010
	2024	130,000	12,823	142,823
	2025	130,000	11,263	141,263
	2026	130,000	9,703	139,703
	2027	130,000	8,143	138,143
	2028	130,000	6,258	136,258
	2029	130,000	4,373	134,373
	2030	135,000	2,228	137,228
		<u>1,300,000</u>	<u>99,149</u>	<u>1,399,149</u>
SEWER LOAN - NDEQ				
Original principal: \$372,105				
Due December 15, 2007 to June 15, 2026				
Semiannual payments due June 15				
and December 15				
Interest rate 3.05%				
	2021	21,067	5,317	26,384
	2022	21,714	4,457	26,171
	2023	22,381	3,572	25,953
	2024	23,068	2,659	25,727
	2025	23,778	1,715	25,493
	2026	24,509	747	25,256
		<u>136,517</u>	<u>18,467</u>	<u>154,984</u>

CITY OF GOTHENBURG, NEBRASKA
SCHEDULE OF DEBT SERVICE REQUIREMENTS
YEAR ENDED SEPTEMBER 30, 2020

	Year ending September 30,	Principal	Interest	Total
SEWER LOAN - NDEQ				
Original principal: \$129,827	2021	6,576	1,329	7,905
Due June 15, 2010 to December 15, 2029	2022	6,708	1,197	7,905
Semiannual payments due June 15	2023	6,843	1,062	7,905
and December 15	2024	6,981	924	7,905
Interest rate 2.00%	2025	7,121	784	7,905
	2026	7,264	641	7,905
	2027	7,410	495	7,905
	2028	7,559	346	7,905
	2029	7,711	194	7,905
	2030	3,913	39	3,953
		<u>68,086</u>	<u>7,012</u>	<u>75,098</u>

	Year ending September 30,	Principal	Interest	Total
SEWER LOAN - NDEQ				
Original principal: \$150,000	2021	3,947		3,947
ARRA Principal Forgiveness \$75,000	2022	3,947		3,947
Due December 15 2010 to June 15, 2029	2023	3,947		3,947
Semiannual payments due December 15	2024	3,947		3,947
and June 15	2025	3,947		3,947
Interest rate 0.00%	2026	3,947		3,947
	2027	3,947		3,947
	2028	3,947		3,947
	2029	<u>3,947</u>		<u>3,947</u>
		<u>35,526</u>		<u>35,526</u>

CITY OF GOTHENBURG, NEBRASKA
SCHEDULE OF DEBT SERVICE REQUIREMENTS
YEAR ENDED SEPTEMBER 30, 2020

	Year ending <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
SEWER LOAN - NDEQ				
Original principal: \$1,779,737	2021	85,220	18,483	103,703
Principal Forgiveness \$100,000	2022	86,288	17,414	103,703
Advanced to 9/30/17 \$1,749,011	2023	87,370	16,332	103,703
Due December 15 2014 to June 15, 2036	2024	88,466	15,237	103,703
Semiannual payments due December 15	2025	89,575	14,128	103,703
and June 15	2026	90,698	13,004	103,703
Interest rate 1.25%	2027	91,836	11,867	103,703
	2028	92,987	10,716	103,703
	2029	94,153	9,550	103,703
	2030	95,334	8,369	103,703
	2031	96,529	7,174	103,703
	2032	97,740	5,963	103,703
	2033	98,965	4,738	103,703
	2034	100,206	3,497	103,703
	2035	101,463	2,240	103,703
	2036	103,048	968	104,016
		<u>1,499,878</u>	<u>159,680</u>	<u>1,659,558</u>
SEWER LOAN - NDEQ				
Original principal: \$639,340	2021		2,801	2,801
Advanced 12/15/18 to 9/30/20	2022	27,633	9,487	37,120
Due December 15, 2021 to June 15, 2041	2023	28,049	9,071	37,120
Semiannual payments due December 15	2024	28,472	8,648	37,120
and June 15	2025	28,900	8,220	37,120
Interest rate 1.5%	2026	29,336	7,785	37,120
Fee rate .5%	2027	29,777	7,343	37,120
	2028	30,226	6,895	37,120
	2029	30,681	6,440	37,120
	2030	31,143	5,978	37,120
	2031	31,612	5,509	37,120
	2032	32,087	5,033	37,120
	2033	32,571	4,550	37,120
	2034	33,061	4,059	37,120
	2035	33,559	3,562	37,120
	2036	34,064	3,056	37,120
	2037	34,577	2,543	37,120
	2038	35,098	2,023	37,120
	2039	35,626	1,494	37,120
	2040	36,162	958	37,120
	2041	36,707	413	37,120
		<u>639,340</u>	<u>105,866</u>	<u>745,206</u>

CITY OF GOTHENBURG, NEBRASKA
SCHEDULE OF DEBT SERVICE REQUIREMENTS
YEAR ENDED SEPTEMBER 30, 2020

	Year ending <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
ELECTRIC REVENUE BOND				
Original principal: \$810,000	2021	50,000	17,385	67,385
Due December 15, 2017 to June 15, 2032	2022	50,000	16,710	66,710
Semiannual payments due June 15	2023	50,000	15,660	65,660
and December 15	2024	50,000	14,610	64,610
Interest rate 1.35 % - 3.30%	2025	55,000	13,560	68,560
	2026	55,000	12,405	67,405
	2027	55,000	10,865	65,865
	2028	55,000	9,325	64,325
	2029	60,000	7,785	67,785
	2030	60,000	6,105	66,105
	2031	60,000	4,125	64,125
	2032	<u>65,000</u>	<u>2,145</u>	<u>67,145</u>
		<u>665,000</u>	<u>130,680</u>	<u>795,680</u>
ELECTRIC REVENUE BOND				
Original principal: \$1,120,000	2021	65,000	21,563	86,563
Due June 15, 2021 to June 15, 2035	2022	70,000	17,703	87,703
Semiannual payments due June 15	2023	70,000	16,863	86,863
and December 15	2024	70,000	16,023	86,023
Interest rate 1.2 % - 2.05%	2025	70,000	15,043	85,043
	2026	70,000	14,063	84,063
	2027	75,000	13,083	88,083
	2028	75,000	11,845	86,845
	2029	75,000	10,608	85,608
	2030	75,000	9,370	84,370
	2031	80,000	7,983	87,983
	2032	80,000	6,503	86,503
	2033	80,000	5,023	85,023
	2034	80,000	3,383	83,383
	2035	<u>85,000</u>	<u>1,743</u>	<u>86,743</u>
		<u>1,120,000</u>	<u>170,793</u>	<u>1,290,793</u>
TOTAL		<u>6,380,347</u>	<u>762,651</u>	<u>7,142,998</u>



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor and City Council
City of Gothenburg
Gothenburg, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Gothenburg, Nebraska, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 24, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control listed as Items 2020-0001 and 2020-0002.

Compliance and Other Matters

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

City of Gothenburg, Nebraska's Response to Findings

The City of Gothenburg, Nebraska's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City of Gothenburg, Nebraska's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

RJ Meyer & Associates, LLC

North Platte, Nebraska
March 24, 2021

CITY OF GOTHENBURG, NEBRASKA
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2020

2020 – 0001 SEGREGATION OF DUTIES

Criteria

Good business practice includes the separation of duties involving the handling of accounting information and accounting report generation.

Condition

The City's accounting department has a lack of segregation of duties.

Cause

Due to the limited number of personnel involved in the accounting function, the City of Gothenburg has limited segregation of duties over bookkeeping, billing, and accounting functions.

Effect

Increased opportunities for fraud and wrongful acts.

Organization's Response

The Organization believes the cost involved would greatly outweigh the possible benefits to be derived from developing a more complex internal control system. However, the present system seems to be operating as understood by all parties involved.

2020 – 0002 PREPARATION OF FINANCIAL STATEMENTS

Criteria

Management is responsible for establishing and maintaining internal controls, including monitoring and for the fair presentation of financial statements, including notes to the financial statements in conformity with the accrual basis of accounting.

Condition

Financial statements prepared by the City did not have disclosures included.

Cause

Management hasn't demonstrated the ability to prepare financial statements in accordance with generally accepted accounting principles. The preparation of financial statements under this basis of accounting requires management to possess the ability to prepare the financial statements and related disclosures without assistance from the auditors.

Recommendation

We recommend that the City review and approve the proposed auditor adjusting entries, the adequacy of disclosures prepared by the auditors, and apply analytical procedures to the draft financial statements among other procedures as considered necessary by management.

CITY OF GOTHENBURG, NEBRASKA
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2019

2020 – 0002 PREPARATION OF FINANCIAL STATEMENTS (Continued)

City's Response

The City relies on the auditors to propose adjustments necessary to prepare the financial statements including related note disclosures. The City reviews all proposed adjustments in relation to the financial statements and records those adjustments that it agrees with.