

CITY OF GOTHENBURG, NEBRASKA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

CITY OF GOTHENBURG, NEBRASKA  
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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and  
Members of the City Council  
City of Gothenburg  
Gothenburg, Nebraska

### *Report on the Audit of Financial Statements*

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities – modified cash basis, the business-type activities – accrual basis, each major fund – modified cash basis for the governmental funds and accrual basis for the proprietary funds and the aggregate remaining fund information – modified cash basis for the governmental funds of the City of Gothenburg, Nebraska, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Gothenburg, Nebraska's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities – modified cash basis, the business-type activities – accrual basis, each major fund - modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information – modified cash basis for the governmental funds of the City of Gothenburg, Nebraska, as of September 30, 2023, and respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in accordance with the basis of accounting described in Note 1.

#### **Basis for Opinions**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Gothenburg, Nebraska and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of Matter**

As discussed in Note 1, the financial statements referred to above include only the primary government of City of Gothenburg, Nebraska, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. These primary governmental financial statements do not include financial data for the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the City of Gothenburg, Nebraska, as of September 30, 2023, the changes in its financial position, or, where

applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash and accrual basis of accounting described in Note 1. This includes determining that the modified cash and accrual basis of accounting are acceptable bases for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Gothenburg, Nebraska's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 to 11 and 48 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gothenburg, Nebraska's basic financial statements. The accompanying combining and individual nonmajor fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information is presented for purposes of additional analysis but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion of any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Gothenburg, Nebraska's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Gothenburg, Nebraska's internal control over financial reporting and compliance.

North Platte, Nebraska  
December 1, 2023

RJ Meyer & Associates, LLC

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, 2023. 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 12.

**FINANCIAL HIGHLIGHTS**

The assets of the City exceeded its liabilities at September 30, 2023 by \$17,519,791 (net position). Of this amount, \$3,406,996 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's total net position increased \$769,344 from September 30, 2022. Of this amount \$121,750 is an increase in governmental activities and \$647,594 was an increase in business-type activities.

As of September 30, 2023, the City's governmental funds reported combined ending fund balances of \$4,346,676. Approximately forty-one percent of this total amount, \$1,801,637 is available for spending at the City's discretion (unassigned fund balance).

As of September 30, 2023, unassigned fund balance for the General Fund was \$1,801,637 or 28.3% 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, 2023. 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 12 to 15 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 16 to 20 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 21 to 26 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 29 to 47 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 50 to 57 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 \$17,519,791 at September 30, 2023.

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 54.1 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, 2023 and 2022  
(in thousands)**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	2023	2022	2023	2022	2023	2022
<b>ASSETS</b>						
Current and other assets	4,685	4,814	5,225	4,817	9,910	9,631
Capital assets	<u>5,416</u>	<u>5,364</u>	<u>9,559</u>	<u>10,025</u>	<u>14,975</u>	<u>15,661</u>
<b>TOTAL ASSETS</b>	<u>10,101</u>	<u>10,449</u>	<u>14,784</u>	<u>14,843</u>	<u>24,885</u>	<u>25,292</u>
<b>LIABILITIES</b>						
Long-term liabilities outstanding	1,969	2,293	4,962	5,417	6,931	7,710
Other liabilities	<u>176</u>	<u>322</u>	<u>258</u>	<u>509</u>	<u>434</u>	<u>831</u>
<b>TOTAL LIABILITIES</b>	<u>2,145</u>	<u>2,615</u>	<u>5,220</u>	<u>5,926</u>	<u>7,365</u>	<u>8,541</u>
<b>NET POSITION</b>						
Invested in capital assets, net of related debt	3,446	3,342	6,027	6,159	9,473	9,501
Restricted	2,522	2,676	2,117	2,280	4,639	4,956
Unrestricted	<u>1,987</u>	<u>1,815</u>	<u>1,420</u>	<u>478</u>	<u>3,407</u>	<u>2,293</u>
<b>TOTAL NET POSITION</b>	<u>7,955</u>	<u>7,833</u>	<u>9,564</u>	<u>8,917</u>	<u>17,519</u>	<u>16,750</u>

13.7 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, 2023, 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, 2023 and 2022**  
(in thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>						
Program revenues						
Charges for services	93	114	7,526	7,383	7,619	7,498
Capital grants and contributions	3,516	752		305	3,516	1,057
General revenues						
Property taxes	916	803			916	803
Other taxes	1,265	1,179			1,265	1,179
Grants and contributions not restricted to specific programs	74	101			74	101
Other	<u>125</u>	<u>253</u>	<u>65</u>	<u>13</u>	<u>125</u>	<u>266</u>
Total revenues	<u>5,989</u>	<u>3,202</u>	<u>7,591</u>	<u>7,701</u>	<u>13,580</u>	<u>10,904</u>
<b>EXPENSES</b>						
General government	384	675			384	375
Public safety	906	934			906	934
Highways/streets	751	640			751	640
Economic development	3,236	336			3,236	336
Culture and recreation	767	859			767	859
Health and welfare	114	152			114	152
Other	7	23			7	23
Interest on long-term debt	34	37			34	37
Trash			501	512	501	512
Water			571	520	571	520
Sewer			740	652	740	652
Electric			<u>4,800</u>	<u>4,566</u>	<u>4,800</u>	<u>4,566</u>
Total expenses	<u>6,199</u>	<u>3,656</u>	<u>6,612</u>	<u>6,250</u>	<u>12,811</u>	<u>9,906</u>
<b>INCREASE (DECREASE) IN NET ASSETS BEFORE TRANSFERS</b>	(210)	(454)	979	1,451	769	997
Transfers	<u>332</u>	<u>301</u>	<u>(332)</u>	<u>(301)</u>	<u>---</u>	<u>---</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	122	(152)	647	1,150	769	997
<b>NET POSITION, beginning of year as restated</b>	<u>7,833</u>	<u>7,985</u>	<u>8,917</u>	<u>7,767</u>	<u>16,750</u>	<u>15,753</u>
<b>NET POSITION, end of year</b>	<u>7,955</u>	<u>7,833</u>	<u>9,564</u>	<u>8,917</u>	<u>17,519</u>	<u>16,750</u>

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, 2023, the City's governmental funds reported combined ending fund balances of \$4,346,676. Approximately 41.4 percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remaining fund balance of \$2,545,038 has already been committed and is reserved for: 1) economic development (\$662,615), 2) for debt service (\$41,171), 3) for the library (\$17,504), 4) culture and recreation (\$26,482), and 5) revitalization (\$1,797,266).

The General Fund is the chief operating fund of the City. At September 30, 2023, unassigned fund balance of the General Fund was \$1,801,637 as was its total fund balance. This represents an increase of the General Fund's total (unrestricted) fund balance of \$337,037 during 2023. 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 65.8 percent of total General Fund expenditures, while its total fund balance also represents 65.8 percent of the General Fund's total expenditures.

The Debt Service Fund had a fund balance of \$41,171 at September 30, 2023 as a result of a net decrease in fund balance during 2023 of \$86,250. 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 \$2,993,992 (\$50,792), \$1,525,867, and \$3,053, respectively, at September 30, 2023. 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 of expenditures and the final budget of expenditures amounts for the year ended September 30, 2023.

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, 2023, amounts to \$14,975,210 (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, 2023**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land	277,892	31,581	309,473
Buildings and equipment	7,130,919	24,955,497	32,086,416
Infrastructure	3,663,958		3,663,958
Accumulated depreciation	(5,657,190)	(15,427,665)	(21,084,637)
Totals	<u>5,415,578</u>	<u>9,559,632</u>	<u>14,975,210</u>

Additional information on the City's capital assets can be found in Note 7 on pages 41 to 42 of this report.

**Long-Term Debt**

At September 30, 2023, the end of the current fiscal year, the City had total long-term debt outstanding of \$6,931,488. Bonded indebtedness represents \$6,234,001 of this amount, and is backed by the full faith and credit of the City. The remaining \$697,487 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 42 to 44 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, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash and cash equivalents	1,477,279.12	3,240,674.45	4,717,953.57
Cash on deposit-County Treasurer	52,628.84	-	52,628.84
Certificates of deposit	265,981.68	1,250,517.96	1,516,499.64
Receivables (net of allowance for uncollectibles)	-	733,565.60	733,565.60
Property taxes receivable			
Deferred	182,643.88	-	182,643.88
Sales tax receivable	98,226.42	-	98,226.42
Special assessments			
Deferred	47,263.75	-	47,263.75
Notes receivable	701,392.00	-	701,392.00
Notes receivable - CDBG	1,719,040.88	-	1,719,040.88
Total Current Assets	<u>4,544,456.57</u>	<u>5,224,758.01</u>	<u>9,769,214.58</u>
Restricted assets			
Temporarily restricted			
Cash and cash equivalents	140,479.48	-	140,479.48
Total Restricted Assets	<u>140,479.48</u>	<u>-</u>	<u>140,479.48</u>
Capital assets (net of accumulated depreciation)			
Land	277,891.74	31,581.00	309,472.74
Infrastructure	3,663,957.64	-	3,663,957.64
Buildings and equipment	7,130,918.91	24,955,497.21	32,086,416.12
Less accumulated depreciation	<u>(5,657,190.22)</u>	<u>(15,427,446.64)</u>	<u>(21,084,636.86)</u>
Net Capital Assets	<u>5,415,578.07</u>	<u>9,559,631.57</u>	<u>14,975,209.64</u>
<b>TOTAL ASSETS</b>	<u><u>10,100,514.12</u></u>	<u><u>14,784,389.58</u></u>	<u><u>24,884,903.70</u></u>

CITY OF GOTHENBURG, NEBRASKA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
<b>LIABILITIES</b>			
Accounts payable	45,350.31	102,652.93	148,003.24
Accrued interest	-	18,470.55	18,470.55
Accrued salaries and wages	58,525.41	46,654.87	105,180.28
Payroll taxes payable	4,477.20	-	4,477.20
Sales tax payable	-	26,080.24	26,080.24
Deferred assessments	47,263.75	-	47,263.75
Accrued compensated absences	20,688.23	28,861.43	49,549.66
Customer deposits	-	34,600.00	34,600.00
Noncurrent liabilities			
Due within one year	259,000.00	459,813.16	718,813.16
Due in more than one year	1,710,000.00	4,502,674.65	6,212,674.65
<b>TOTAL LIABILITIES</b>	<u>2,145,304.90</u>	<u>5,219,807.83</u>	<u>7,365,112.73</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related	3,446,578.07	6,027,143.76	9,473,721.83
Restricted for:			
Debt service	41,171.43	2,117,087.81	2,158,259.24
Economic development	2,459,880.65	-	2,459,880.65
Library	17,504.29	-	17,504.29
Keno	3,429.46	-	3,429.46
Unrestricted	1,986,645.32	1,420,350.19	3,406,995.51
<b>TOTAL NET POSITION</b>	<u>7,955,209.22</u>	<u>9,564,581.76</u>	<u>17,519,790.98</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>10,100,514.12</u>	<u>14,784,389.58</u>	<u>24,884,903.70</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, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/programs</b>						
<b>Primary government</b>						
<b>Governmental activities</b>						
General Government	383,763.64	30,083.20	220,448.29	(133,232.15)	-	(133,232.15)
Public Safety	905,876.81	24,225.62	-	(881,651.19)	-	(881,651.19)
Streets and Highways	751,366.01	-	535,226.45	(216,139.56)	-	(216,139.56)
Economic Development	3,235,877.84	-	-	(3,235,877.84)	-	(3,235,877.84)
Culture and Recreation	766,623.25	18,799.30	10,321.07	(737,502.88)	-	(737,502.88)
Health and Welfare	114,397.68	20,100.00	-	(94,297.68)	-	(94,297.68)
Other	7,130.86	-	-	(7,130.86)	-	(7,130.86)
Interest on long-term debt	33,753.00	-	-	(33,753.00)	-	(33,753.00)
<b>Total governmental activities</b>	<u>6,198,789.09</u>	<u>93,208.12</u>	<u>765,995.81</u>	<u>(5,339,585.16)</u>	<u>-</u>	<u>(5,339,585.16)</u>
<b>Business-type activities</b>						
Electric	4,800,373.88	5,427,236.04	-	-	626,862.16	626,862.16
Water	570,522.61	807,695.57	-	-	237,172.96	237,172.96
Sewer	740,227.48	783,129.78	-	-	42,902.30	42,902.30
Trash	501,179.25	508,497.26	-	-	7,318.01	7,318.01
<b>Total business-type activities</b>	<u>6,612,303.22</u>	<u>7,526,558.65</u>	<u>-</u>	<u>-</u>	<u>914,255.43</u>	<u>914,255.43</u>
<b>Total primary government</b>	<u>12,811,092.31</u>	<u>7,619,766.77</u>	<u>765,995.81</u>	<u>(5,339,585.16)</u>	<u>914,255.43</u>	<u>(4,425,329.73)</u>
<b>General revenues</b>						
Property taxes, levied for general purposes				916,386.27	-	916,386.27
Sales taxes, levied for general purposes				742,163.93	-	742,163.93
Sales taxes, levied for economic development				364,582.48	-	364,582.48
Franchise taxes				55,768.24	-	55,768.24
Motor vehicle taxes				100,735.44	-	100,735.44

CITY OF GOTHENBURG, NEBRASKA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Primary Government		Total
					Business-Type Activities		
General revenues (Continued)							
Payments in-lieu-of taxes				1,276.82	-	-	1,276.82
Licenses and permits				22,034.19	-	-	22,034.19
Special assessments				13,256.19	-	-	13,256.19
Grants and contributions not restricted to specific programs				73,857.11	-	-	73,857.11
Unrestricted investment earnings				4,537.18	65,217.84	-	69,755.02
Restricted investment earnings				34,425.61	-	-	34,425.61
Grants and contributions restricted				2,750,000.00	-	-	2,750,000.00
Keno lottery				175.63	-	-	175.63
Other receipts				50,257.19	-	-	50,257.19
Total general revenues				5,129,456.28	65,217.84	-	5,194,674.12
Transfers				331,879.00	(331,879.00)	-	-
CHANGE IN NET POSITION				121,750.12	647,594.27	-	769,344.39
NET POSITION, beginning of year				7,833,459.10	8,916,987.49	-	16,750,446.59
NET POSITION, end of year				7,955,209.22	9,564,581.76	-	17,519,790.98

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

CITY OF GOTHENBURG, NEBRASKA  
BALANCE SHEET  
GOVERNMENTAL FUND TYPES  
SEPTEMBER 30, 2023

	CDBG		Debt Service	Economic Development LB 840	Other Governmental Funds	Total Governmental Funds
	General	Loan Reuse				
<b>ASSETS</b>						
Cash (including cash equivalents)	1,219,393.11	-	-	155,831.20	102,054.81	1,477,279.12
Cash on deposit - County Treasurer	52,628.84	-	-	-	-	52,628.84
Certificates of deposit	265,981.68	-	-	-	-	265,981.68
Property taxes receivable						
Deferred	182,643.88	-	-	-	-	182,643.88
Sales tax receivable	69,817.27	-	-	28,409.15	-	98,226.42
Special assessments (net)						
Deferred	-	-	47,263.75	-	-	47,263.75
Notes Receivable	301,392.00	-	-	400,000.00	-	701,392.00
Notes Receivable - CDBG	-	-	-	-	1,719,040.88	1,719,040.88
Temporarily Restricted assets						
Cash and equivalents	-	78,374.30	41,171.43	-	20,933.75	140,479.48
<b>TOTAL ASSETS</b>	<u>2,091,856.78</u>	<u>78,374.30</u>	<u>88,435.18</u>	<u>584,240.35</u>	<u>1,842,029.44</u>	<u>4,684,936.05</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	44,509.29	-	-	-	-	44,509.29
Accrued salaries and wages	58,525.41	-	-	-	-	58,525.41
Payroll taxes payable	4,477.20	-	-	-	-	4,477.20
Deferred assessments	-	-	47,263.75	-	-	47,263.75
Other liabilities	63.92	-	-	-	777.00	840.92
Total liabilities	<u>107,575.82</u>	<u>-</u>	<u>47,263.75</u>	<u>-</u>	<u>777.00</u>	<u>155,616.57</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	182,643.88	-	-	-	-	182,643.88
<b>FUND BALANCES</b>						
Restricted	-	78,374.30	41,171.43	584,240.35	1,818,199.75	2,521,985.83
Assigned	-	-	-	-	23,052.69	23,052.69
Unassigned	1,801,637.08	-	-	-	-	1,801,637.08
Total fund balances	<u>1,801,637.08</u>	<u>78,374.30</u>	<u>41,171.43</u>	<u>584,240.35</u>	<u>1,841,252.44</u>	<u>4,346,675.60</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>2,091,856.78</u>	<u>78,374.30</u>	<u>88,435.18</u>	<u>584,240.35</u>	<u>1,842,029.44</u>	<u>4,684,936.05</u>

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, 2023

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

Fund Balance - total governmental funds	4,346,675.60
Capital assets used in governmental activities are not financial resources and, therefore, are deferred in the funds.	5,415,578.07
Property taxes receivable but unavailable are not reported as revenue in the funds but, are revenue in the statement of activities	182,643.88
Compensated absences are not accrued in the fund financial statements but are in the statement of net position	(20,688.23)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(1,969,000.00)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>7,955,209.32</u></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  
 MODIFIED CASH BASIS  
 YEAR ENDED SEPTEMBER 30, 2023

	General	CDBG Loan Reuse	Debt Service	Economic Development LB 840	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	916,386.27	-	-	-	-	916,386.27
Sales taxes	742,163.93	-	-	364,582.48	-	1,106,746.41
Motor vehicle taxes	100,735.44	-	-	-	-	100,735.44
Franchise taxes	55,768.24	-	-	-	-	55,768.24
Licenses and permits	22,034.19	-	-	-	-	22,034.19
Intergovernmental	756,951.56	-	-	-	40,941.54	797,893.10
Charges for services	20,137.10	-	-	-	-	20,137.10
Special assessments	-	-	13,256.19	-	-	13,256.19
Grant receipts	-	2,750,000.00	-	-	-	2,750,000.00
Interest	4,537.18	29,502.05	494.21	4,417.49	11.86	38,962.79
Other	105,872.27	-	-	-	17,531.57	123,403.84
Total revenues	<u>2,724,586.18</u>	<u>2,779,502.05</u>	<u>13,750.40</u>	<u>368,999.97</u>	<u>58,484.97</u>	<u>5,945,323.57</u>
<b>EXPENDITURES</b>						
Current						
General Government	356,207.34	-	-	-	-	356,207.34
Public Safety	840,194.75	-	-	-	-	840,194.75
Streets	485,000.82	-	-	-	-	485,000.82
City Hall	19,526.45	-	-	-	-	19,526.45
Health and Welfare	110,713.98	-	-	-	-	110,713.98
Library	246,184.21	-	-	-	7,883.82	254,068.03
Culture and Recreation	367,594.45	-	-	-	700.00	368,294.45
Tree Lot/Compost	964.75	-	-	-	-	964.75
Economic Development	-	4,500.00	-	464,086.12	16,326.97	484,913.09
Capital outlay	309,587.65	-	-	-	-	309,587.65
Grant payments	-	2,750,000.00	-	-	-	2,750,000.00
Debt service	-	-	324,000.00	-	-	324,000.00
Principal	-	-	33,753.00	-	-	33,753.00
Interest	-	-	-	-	-	-
Total expenditures	<u>2,735,974.40</u>	<u>2,754,500.00</u>	<u>357,753.00</u>	<u>464,086.12</u>	<u>24,910.79</u>	<u>6,337,224.31</u>

CITY OF GOTHENBURG, NEBRASKA  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUND TYPES  
 MODIFIED CASH BASIS  
 YEAR ENDED SEPTEMBER 30, 2023

	General	CDBG Loan Reuse	Debt Service	Economic Development LB 840	Other Governmental Funds	Total Governmental Funds
REVENUES OVER (UNDER) EXPENDITURES	(11,388.22)	25,002.05	(344,002.60)	(95,086.15)	33,574.18	(391,900.74)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	579,298.80	-	257,753.00	-	-	837,051.80
Operating transfers out	(230,874.00)	-	-	-	(274,298.80)	(505,172.80)
Total other financing sources (uses)	348,424.80	-	257,753.00	-	(274,298.80)	331,879.00
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	337,036.58	25,002.05	(86,249.60)	(95,086.15)	(240,724.62)	(60,021.74)
FUND BALANCES, beginning of year	1,464,600.50	53,372.25	127,421.03	679,326.50	2,081,977.06	4,406,697.34
FUND BALANCES, end of year	1,801,637.08	78,374.30	41,171.43	584,240.35	1,841,252.44	4,346,675.60

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, 2023

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

Net change in fund balances - total governmental funds	(60,021.74)
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.	(219,322.71)
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.	324,000.00
Property taxes collected more than sixty days after yearend are not current financial resources and therefore, are not reported as revenue in governmental funds.	47,443.47
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>29,551.10</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>121,650.12</u></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, 2023

	Business-Type Activities				Total
	Enterprise Funds				
	Electric	Water	Sewer	Waste	
<b>ASSETS</b>					
Current Assets					
Cash and cash equivalents	2,892,993.15	-	510,322.65	-	3,403,315.80
Certificates of deposit	1,250,517.96	-	-	-	1,250,517.96
Accounts receivable	451,084.35	66,851.23	63,488.20	44,174.97	625,598.75
Unbilled revenue	75,145.55	12,303.74	12,177.39	8,340.18	107,966.86
Total current assets	<u>4,669,741.01</u>	<u>79,154.97</u>	<u>585,988.24</u>	<u>52,515.15</u>	<u>5,387,399.37</u>
Capital Assets					
Land	31,581.00	-	-	-	31,581.00
Buildings and equipment	11,150,157.00	4,964,607.14	8,819,486.18	21,246.89	24,955,497.21
Less accumulated depreciation	<u>(7,118,206.31)</u>	<u>(2,065,024.34)</u>	<u>(6,222,969.10)</u>	<u>(21,246.89)</u>	<u>(15,427,446.64)</u>
Net capital assets	<u>4,063,531.69</u>	<u>2,899,582.80</u>	<u>2,596,517.08</u>	-	<u>9,559,631.57</u>
<b>TOTAL ASSETS</b>	<u><b>8,733,272.70</b></u>	<u><b>2,978,737.77</b></u>	<u><b>3,182,505.32</b></u>	<u><b>52,515.15</b></u>	<u><b>14,947,030.94</b></u>
<b>LIABILITIES</b>					
Current liabilities					
Cash deficit - equity in pooled cash	-	113,183.23	-	49,458.12	162,641.35
Accounts payable	101,679.66	-	973.27	-	102,652.93
Accrued interest	8,849.39	3,946.22	5,674.94	-	18,470.55
Accrued wages	22,195.62	7,236.09	13,907.69	-	43,339.40
Accrued payroll taxes	1,697.97	553.56	1,063.94	-	3,315.47
Taxes payable	26,080.24	-	-	-	26,080.24
Current portion of long-term - bonds	120,000.00	175,000.00	-	-	295,000.00
Current portion of long-term - loan	-	-	164,813.16	-	164,813.16
Total current liabilities	<u>280,502.88</u>	<u>299,919.10</u>	<u>186,433.00</u>	<u>49,458.12</u>	<u>816,313.10</u>
Current liabilities payable from restricted assets					
Consumer deposits	<u>34,600.00</u>	-	-	-	<u>34,600.00</u>



CITY OF GOTHENBURG, NEBRASKA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2023

	Business-Type Activities				Total
	Enterprise Funds				
	Electric	Water	Sewer	Waste	
<b>LIABILITIES (Continued)</b>					
Noncurrent liabilities					
Bonds payable (net of current portion)	1,310,000.00	1,275,000.00	-	-	2,585,000.00
Loan payable (net of current portion)	-	-	1,917,674.65	-	1,917,674.65
Total noncurrent liabilities	<u>1,310,000.00</u>	<u>1,275,000.00</u>	<u>1,917,674.65</u>	<u>-</u>	<u>4,502,674.65</u>
Other liabilities					
Compensated absences	16,085.81	5,028.38	7,747.24	-	28,861.43
Total other liabilities	<u>16,085.81</u>	<u>5,028.38</u>	<u>7,747.24</u>	<u>-</u>	<u>28,861.43</u>
<b>TOTAL LIABILITIES</b>	<u>1,641,188.69</u>	<u>1,579,947.48</u>	<u>2,111,854.89</u>	<u>49,458.12</u>	<u>5,382,449.18</u>
<b>NET POSITION</b>					
Invested in capital assets, net of related debt	4,063,531.69	1,449,582.80	514,029.27	-	6,027,143.76
Restricted	34,600.00	-	2,082,487.81	-	2,117,087.81
Unrestricted	<u>2,993,952.32</u>	<u>(50,792.51)</u>	<u>(1,525,866.65)</u>	<u>3,057.03</u>	<u>1,420,350.19</u>
<b>TOTAL NET POSITION</b>	<u>7,092,084.01</u>	<u>1,398,790.29</u>	<u>1,070,650.43</u>	<u>3,057.03</u>	<u>9,564,581.76</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>8,733,272.70</u>	<u>2,978,737.77</u>	<u>3,182,505.32</u>	<u>52,515.15</u>	<u>14,947,030.94</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, 2023

	Business-Type Activities Enterprise Funds				Total
	Electric	Water	Sewer	Waste	
<b>OPERATING REVENUES</b>					
Charge for services	5,327,425.23	746,325.14	743,858.64	508,205.86	7,325,814.87
Other	<u>99,810.81</u>	<u>61,370.43</u>	<u>39,271.14</u>	<u>291.40</u>	<u>200,743.78</u>
Total operating revenues	5,427,236.04	807,695.57	783,129.78	508,497.26	7,526,558.65
Less: Cost of purchased power	<u>3,050,292.16</u>	-	-	-	<u>3,050,292.16</u>
<b>GROSS OPERATING MARGIN</b>	<u>2,376,943.88</u>	<u>807,695.57</u>	<u>783,129.78</u>	<u>508,497.26</u>	<u>4,476,266.49</u>
<b>OPERATING EXPENSES</b>					
Chemicals	3,758.30	55.00	1,211.56	-	5,024.86
Administrative services	27,540.35	8,685.81	2,604.10	63.36	38,893.62
Personal services	599,446.44	213,651.24	369,699.20	-	1,182,796.88
Insurance	37,143.61	18,601.22	18,626.83	-	74,371.66
Supplies	483,345.52	13,100.99	42,292.20	-	538,738.71
Postage	500.00	3,728.22	250.00	-	4,478.22
Trash haulers	-	-	-	490,691.89	490,691.89
Recycling fee	-	-	-	8,735.58	8,735.58
Repairs and maintenance	233,850.17	97,849.78	59,250.55	-	390,950.50
Utilities	19,735.71	61,274.45	65,774.14	-	146,784.30
Fuel/grease/oil/tires	11,731.69	9,053.49	9,796.84	-	30,582.02
Other professional services	35,586.47	5,630.01	8,730.58	-	49,947.06
Depreciation	255,726.51	115,793.58	139,127.96	-	510,648.05
Miscellaneous	<u>19,147.74</u>	<u>7,996.86</u>	<u>2,596.93</u>	<u>1,000.00</u>	<u>30,741.53</u>
Total operating expenses	<u>1,733,461.89</u>	<u>556,659.42</u>	<u>721,364.81</u>	<u>501,179.25</u>	<u>3,512,665.37</u>
<b>OPERATING INCOME (LOSS)</b>	<u>643,481.99</u>	<u>251,036.15</u>	<u>61,764.97</u>	<u>7,318.01</u>	<u>963,601.12</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	64,120.82	1,097.02	-	-	65,217.84
Interest expense	<u>(16,619.83)</u>	<u>(13,863.19)</u>	<u>(18,862.67)</u>	-	<u>(49,345.69)</u>
Total nonoperating revenues (expenses)	<u>47,500.99</u>	<u>(12,766.17)</u>	<u>(18,862.67)</u>	-	<u>15,872.15</u>

CITY OF GOTHENBURG, NEBRASKA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities Enterprise Funds				Total
	Electric	Water	Sewer	Waste	
TRANSFERS OUT	<u>(290,000.00)</u>	<u>(28,013.00)</u>	<u>(13,866.00)</u>	<u>-</u>	<u>(331,879.00)</u>
NET INCOME (LOSS)	<u>400,982.98</u>	<u>210,256.98</u>	<u>29,036.30</u>	<u>7,318.01</u>	<u>647,594.27</u>
NET POSITION, beginning of year	<u>6,691,101.03</u>	<u>1,188,533.31</u>	<u>1,041,614.13</u>	<u>(4,260.98)</u>	<u>8,916,987.49</u>
NET POSITION, end of year	<u>7,092,084.01</u>	<u>1,398,790.29</u>	<u>1,070,650.43</u>	<u>3,057.03</u>	<u>9,564,581.76</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, 2023

	Business-Type Activities Enterprise Funds				Total
	Electric	Water	Sewer	Waste	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	5,341,368.30	759,238.62	757,487.95	517,599.73	7,375,694.60
Other operating cash receipts	99,810.81	61,370.43	39,271.14	291.40	200,743.78
Cash payments to suppliers	(4,182,116.74)	(227,336.11)	(212,657.07)	(501,179.25)	(5,123,289.17)
Cash payments to employees	(604,838.35)	(213,112.75)	(366,024.61)	-	(1,183,975.71)
Net cash provided by (used by) operating activities	<u>654,224.02</u>	<u>380,160.19</u>	<u>218,077.41</u>	<u>16,711.88</u>	<u>1,269,173.50</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Cash paid for property and equipment	(11,563.28)	(4,466.67)	(23,461.66)	-	(39,491.61)
Cash paid for interest	(16,619.83)	(14,141.25)	(20,227.90)	-	(50,988.98)
Receipts of (Payments on) debt	(120,000.00)	(175,000.00)	(159,634.50)	-	(454,634.50)
Net cash used in capital and related financing activities	<u>(148,183.11)</u>	<u>(193,607.92)</u>	<u>(203,324.06)</u>	<u>-</u>	<u>(545,115.09)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Increase (Decrease) in consumer dep	(3,800.00)	-	-	-	(3,800.00)
Receipts of interest income	64,120.82	1,097.02	-	-	65,217.84
Net cash provided by (used in) investing activities	<u>60,320.82</u>	<u>1,097.02</u>	<u>-</u>	<u>-</u>	<u>61,417.84</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Increase (Decrease) equity in pooled cash		(159,636.29)	-	(16,711.88)	(176,348.17)
Transfer out	(290,000.00)	(28,013.00)	(13,866.00)	-	(331,879.00)
Net cash provided by (used in) noncapital financing sources	<u>(290,000.00)</u>	<u>(187,649.29)</u>	<u>(13,866.00)</u>	<u>(16,711.88)</u>	<u>(508,227.17)</u>

CITY OF GOTHENBURG, NEBRASKA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities Enterprise Funds				
	Electric	Water	Sewer	Waste	Total
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	276,361.73	-	887.35	-	277,249.08
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,616,631.42</u>	<u>-</u>	<u>509,435.30</u>	<u>-</u>	<u>3,126,066.72</u>
CASH AND CASH EQUIVALENTS, end of year (including all restricted cash)	<u>2,892,993.15</u>	<u>\$ -</u>	<u>510,322.65</u>	<u>\$ -</u>	<u>3,403,315.80</u>
OTHER SUPPLEMENTAL INFORMATION					
Cash and cash equivalents (claim on cash)	<u>2,892,993.15</u>	<u>-</u>	<u>510,322.65</u>	<u>-</u>	<u>3,403,315.80</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	<u>643,481.99</u>	<u>251,036.15</u>	<u>61,764.97</u>	<u>7,318.01</u>	<u>963,601.12</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	255,726.51	115,793.58	139,127.96	-	510,648.05
Increase (Decrease) in accrued compensation	2,788.69	526.92	3,364.52	-	6,680.13
(Increase) Decrease in unbilled rev	32,137.58	3,492.45	3,501.21	2,589.68	41,720.92
(Increase) Decrease in accounts receivable	(18,194.51)	9,421.03	10,128.10	6,804.19	8,158.81
Increase (Decrease) in taxes payable	(8,180.60)	11.57	310.07	-	(7,858.96)
Increase (Decrease) in accounts payable and accrued expenses	<u>(253,535.64)</u>	<u>(121.51)</u>	<u>(119.42)</u>	<u>-</u>	<u>(253,776.57)</u>
Total adjustments	<u>10,742.03</u>	<u>129,124.04</u>	<u>156,312.44</u>	<u>9,393.87</u>	<u>305,572.38</u>
Net cash provided by (used by) operating activities	<u>654,224.02</u>	<u>380,160.19</u>	<u>218,077.41</u>	<u>16,711.88</u>	<u>1,269,173.50</u>

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, 2023

ASSETS	
Cash and cash equivalents	<u>54,257.45</u>
TOTAL ASSETS	<u>54,257.45</u>
LIABILITIES	
Due to plan members	<u>54,257.45</u>
TOTAL LIABILITIES	<u>54,257.45</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, 2023

		<u>Health Insurance &amp; Flexible Spending Arrangement Fund</u>
Additions:		
Contributions - Health Insurance	470,713.11	
Contributions - Flexible Spending Arrangement(FSA)	<u>28,691.67</u>	<u>499,404.78</u>
Total additions		<u>499,404.78</u>
Deductions:		
Benefit payments - Health Insurance		528,426.21
Benefit payments - FSA		25,581.51
Administrative costs		<u>8,946.00</u>
Total deductions		<u>562,953.72</u>
Change in Net Position		(63,548.94)
Restricted Net Position - Beginning		<u>117,806.39</u>
Restricted Net Position - Ending		<u>54,257.45</u>

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

CITY OF GOTHENBURG, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2023

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. During the fiscal year ending September 30, 2023 the City took over the operations of the Airport Authority; therefore it is no longer a separate entity and included in the Governmental Funds of the City.

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 cash 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 pay-able 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, 2021
Levy date	September 30, 2021
Tax bills mailed	December 1, 2021
Due date	December 31, 2021
First installment payment delinquent	May 1, 2022
Second installment payment delinquent	September 1, 2022

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:

	<u>Tax Levies Cents Per</u> <u>\$100 of Actual Valuation</u> <u>2022</u>
Fund	
General	<u>0.373700</u>
City actual valuations	<u>258,719,362</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, 2023, 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, 2023.

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)

Bonds and notes payable	<u>(1,969,000.00)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>(1,969,000.00)</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	243,796
Depreciation	<u>(463,119)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>(219,323)</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, 2023, 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.

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 year ended September 30, 2009, the government purchased \$177,573 of TIF Bond Series 2009-A from the Gothenburg Redevelopment Authority. The bonds bear an interest rate of 2% to be paid with TIF revenues pledged for the projects with a maturity date of December 31, 2027.

During the year ended September 30, 2009, the government purchased \$400,000 of TIF bonds Series 2008-A from the Gothenburg Redevelopment Authority. The bonds bear an interest rate of 0% to be paid with TIF revenues pledge for the project with a maturity date of December 31, 2023.

CITY OF GOTHENBURG, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 5. INVESTMENTS (Continued)

During the year ended September 30, 2022, the government purchased \$200,000 of TIF bonds Series 2021-A from the Gothenburg Redevelopment Authority. The bonds bear an interest rate of 1% to be paid with TIF revenues pledge for the project with a maturity date of November 1, 2037.

NOTE 6. RESTRICTED ASSETS

Restricted assets of the City at September 30, 2023, consisted of the following cash and cash equivalent accounts restricted for specified purposes:

Debt Service Fund	<u>41,171</u>
Special Revenue Funds	
Keno Fund	3,429
Library State Aid	17,504
Economic development	<u>2,459,882</u>
Total special revenue funds	<u>2,480,815</u>
Total restricted assets	<u>2,521,986</u>

NOTE 7. CHANGES IN CAPITAL ASSETS

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

	Balance October 1, <u>2022</u>	Addi- tions	Dele- tions	Balance September 30, <u>2023</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated				
Land	<u>277,892</u>	_____	_____	<u>277,892</u>
Total capital assets not depreciated	<u>277,892</u>	_____	_____	<u>277,892</u>
Capital assets being depreciated				
Buildings and equipment	10,604,099	277,911	(87,134)	10,794,876
Less accumulated depreciation				
Buildings and improvements	<u>(5,247,105)</u>	<u>(463,119)</u>	<u>53,033</u>	<u>(5,657,190)</u>
Total capital assets being depreciated, net	<u>5,356,994</u>	<u>(185,208)</u>	<u>(34,101)</u>	<u>5,137,686</u>
Governmental activities capital assets, net	<u>5,634,886</u>	<u>(185,208)</u>	<u>(34,101)</u>	<u>5,415,578</u>

CITY OF GOTHENBURG, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 7. CHANGES IN FIXED ASSETS (Continued)

	Balance October 1, <u>2021</u>	Addi- tions	Dele- tions	Balance September 30, <u>2022</u>
<u>Business-Type Activities</u>				
Capital assets not being depreciated				
Land and right-of-way	<u>31,581</u>	_____	_____	<u>31,581</u>
Total capital assets not depreciated	<u>31,581</u>	_____	_____	<u>31,581</u>
 Capital assets being depreciated				
Buildings and equipment	22,623,345	2,467,613	(216,834)	24,874,124
Less accumulated depreciation Plant and equipment	<u>(14,570,013)</u>	<u>(526,641)</u>	<u>216,834</u>	<u>(14,879,820)</u>
Total capital assets being depreciated, net	<u>8,053,332</u>	<u>1,940,972</u>	_____	<u>9,994,304</u>
 Business-type activities capital assets, net	<u>8,084,913</u>	<u>1,940,972</u>	_____	<u>10,025,885</u>

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

Governmental activities	
General Government	13,036
Public Safety	65,682
Streets and Highways	236,457
Culture and Recreation	144,260
Health and Welfare	<u>3,684</u>
Total depreciation expense - governmental activities	<u>463,119</u>
Business-type activities	
Electric	255,726
Water	115,794
Sewer	<u>139,128</u>
Total depreciation expense - business-type activities	<u>510,648</u>

CITY OF GOTHENBURG, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

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 property improvements. These bonds are to be repaid from special assessments to the property owners that benefit by the improvements and from taxes levied. 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.

On November 10, 2020, the City obtained a loan of \$745,000 from the Nebraska Department of Environmental Quality (NDEQ). Semiannual payments of interest and principal of \$19,595.02 December 15, 2021 through June 15, 2041, including interest at .5% and administrative fee of 1%.

The government has pledged the Wastewater User Charge as the dedicated source of revenue 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.

On December 15, 2020, the City issued \$1,800,000 of GO Water Bonds Series 2020. Semiannual payments of interest at .45% - 1.4% is due June 15, 2021 through December 15, 2030 and annual principal payments of \$175,000 - \$185,000 from December 15, 2021 to December 15, 2030.

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 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 paid off December 15, 2022.

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 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.

CITY OF GOTHENBURG, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (Continued)

On February 18, 2018 the City issued \$350,000 of Series 2018 Highway Allocation Pledge Fund Highway Allocation Bonds to fund street improvements. The bonds are payable over 10 years with interest rates from 1.85% to 2.90% due in semi-annual installments and principal payments from \$35,000 to \$40,000 due in annual installments from December 15, 2018 to December 15, 2027.

On June 4, 2018 the City issued \$93,000 General Obligation Paving Bonds for street improvements. The bonds are payable over 10 years interest rate at 2.6% in semi-annual installments and principal payments from \$8,000 to \$10,000 due in annual installments from June 15 2019 to June 15, 2028.

On December 15, 2020 the City issued \$750,000 of 2021 Pledge Fund Highway Allocation Bonds to currently fund street improvements. The bonds are payable over 15 years with interest rates from .35% to 1.7% due in semi-annual installments and principal payments from \$45,000 to \$50,000 due in annual installments from December 15, 2021 to December 15, 2035.

In February 2021, the City issued \$1,685,000 Series 2021 Refunding Series 2013 Bonds to refinance three NDEQ loans payable over 15 years. Semiannual payments of interest from .5% - 1.75% and principal payments from \$50,000 - \$65,000 from June 15 2021 to June 15, 2036.

The following is a summary of long-term transactions for the City year ended September 30, 2023:

<u>Governmental Activities</u>	Balance October 1, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance September 30, <u>2023</u>	Amount Due <u>in 2024</u>
.95-1.65% 2020 Hwy Bonds	1,040,000		(125,000)	915,000	130,000
1.85-2.9% 2018 Highway Bonds	215,000		(35,000)	180,000	35,000
0.40 – 2.10% 2013 G.O. Bonds	70,000		(70,000)	0	0
1.35 – 2.40% Hwy Alloc. Bonds	210,000		(40,000)	170,000	40,000
2.6% 2018 G.O. Bonds	58,000		(9,000)	49,000	9,000
.35% - 1.7% Hwy Alloc Bonds	<u>700,000</u>		<u>(45,000)</u>	<u>655,000</u>	<u>45,000</u>
Total Governmental Activities	<u>2,293,000</u>		<u>(324,000)</u>	<u>1,969,000</u>	<u>259,000</u>
<u>Business-Type Activities</u>					
<u>Sewer Fund</u>					
0.50% 2021 NDEQ Loan	709,491		(35,687)	673,804	35,866
0.00% 2011 NDEQ Loan	27,632		(3,947)	23,685	3,947
.5% - 1.75% Bond	1,505,000		(120,000)	1,385,000	125,000
<u>Electric Fund</u>					
1.35–3.00% 2017 Revenue Bond	565,000		(50,000)	515,000	50,000
1.2-2.05% 2020 Revenue Bonds	985,000		(70,000)	915,000	70,000
<u>Water Bonds</u>					
.45%-1.4% 2020 GO Water	<u>1,625,000</u>		<u>(175,000)</u>	<u>1,450,000</u>	<u>175,000</u>
Total Business- Type Activities	<u>5,417,123</u>		<u>(454,634)</u>	<u>4,962,489</u>	<u>459,813</u>
Total Long-Term Debt	<u>7,710,123</u>		<u>(778,634)</u>	<u>6,931,489</u>	<u>718,813</u>

CITY OF GOTHENBURG, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (Continued)

Annual Requirements of Long-Term Debt

The annual requirements to service the preceding outstanding debt as of September 30, 2023 including interest payments of \$559,797 are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u> Street Improvement <u>Bonds</u>	<u>Business- Type Activities</u> Utility <u>Loans</u>	<u>Total</u>
2024	288,622	523,030	811,651
2025	290,769	534,171	824,940
2026	291,668	529,846	821,514
2027	287,428	500,057	787,485
2028	243,230	494,955	738,185
2029 - 2033	543,600	2,006,913	2,550,513
2034 - 2038	164,165	675,263	839,428
2039 - 2041	<u>0</u>	<u>117,570</u>	<u>117,570</u>
	<u>2,109,480</u>	<u>5,381,805</u>	<u>7,491,285</u>
Less interest	<u>(140,480)</u>	<u>(419,317)</u>	<u>(559,797)</u>
	<u>1,969,000</u>	<u>4,962,488</u>	<u>6,931,488</u>

NOTE 9. TRANSFERS

Transfers between funds of the primary government for the ended September 30, 2023, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds		
General Fund	579,298	230,874
Debt Service Fund	257,753	
Capital Projects Fund		244,024
Enterprise Funds		
Electric Fund		290,000
Water Fund		28,013
Sewer Fund		13,866
Minor Funds		
Special Revenue Funds		
Airport Fund		<u>30,274</u>
GRAND TOTALS	<u>837,051</u>	<u>837,051</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

CITY OF GOTHENBURG, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

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, 2023 and 2022 of \$315,317 and \$409,743 respectively.

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	2,049,776
Eligible wages	1,525,233
Employee contributions	128,689
City contributions	91,514

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.



CITY OF GOTHENBURG, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 14. FUND BALANCES

Fund balances are restricted or assigned as follows:

Special Revenue	
Restricted	
Library grants	17,504
Keno	3,429
CDBG Loan	78,374
Economic Development LB 840	584,240
Redevelopment	1,797,268
Debt Service	<u>41,171</u>
	<u>2,676,610</u>
Assigned	
Parks	22,953
Capital Projects	<u>100</u>
	<u>23,053</u>

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, 2023 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.

CITY OF GOTHENBURG, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 16. COMPARATIVE INFORMATION

The financial statements include certain prior year information on pages 50 to 55 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, 2022, from which the information was derived.

NOTE 17. SUBSEQUENT EVENTS

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 1, 2023, 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, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Federal/State grants	270,286	2,750,000.00	2,479,714.00
Taxes and special assessments	2,131,290	2,010,248.67	(121,041.71)
Licenses and permits	9,100	22,034.19	12,934.19
Intergovernmental	612,077	797,893.10	185,816.10
Charges for services	7,427,885	7,392,031.70	(35,853.30)
Interest	12,650	104,180.63	91,530.63
Other	1,269,490	299,245.57	(970,244.43)
Bond/loan proceeds	1,600,000	-	(1,600,000.00)
Transfers in	911,269	837,051.80	(74,217.20)
Total revenues	14,244,047	14,212,685.66	(2,511,075.72)
<b>EXPENDITURES</b>			
Current			
General Government	1,476,120	470,597.63	1,005,522.37
Public Safety	1,121,953	832,569.96	289,383.04
Civil Defense	2,100	-	2,100.00
Streets	1,529,720	520,135.85	1,009,584.15
City Hall	30,000	29,221.69	778.31
Health and Welfare	145,989	117,213.98	28,775.02
Library	260,631	254,068.03	6,562.97
Culture and Recreation	1,157,132	625,890.54	531,241.46
Tree Lot/Compost	3,250	964.75	2,285.25
Economic Development	1,571,581	3,455,097.97	(1,883,516.97)
Community Service	5,000	-	5,000.00
Electric	7,000,114	4,798,518.37	2,201,595.63
Waste	502,514	501,179.25	1,334.75
Wastewater	857,668	602,143.34	255,524.66
Water	840,797	444,915.53	395,881.47
Debt service			
Principal and Interest	911,930	853,838.86	58,091.14
Transfers out	911,269	837,051.80	74,217.20
Total expenditures	18,327,768	14,343,407.55	3,984,360.45
<b>REVENUES OVER (UNDER) EXPENDITURES</b>		<b>(130,721.89)</b>	

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>(130,622)</u>
Adjustments	
Accounts receivable	(8,159)
Taxes receivable	182,644
Sales taxes receivable	
Accrued wages	(14,966)
Unbilled revenue	(41,721)
Customer deposits	3,800
Taxes payable	7,859
Accounts payable	367,842
Payroll taxes payable	325
Accrued interest	(7,894)
Depreciation and amortization	(510,648)
Purchase of capital assets	39,492
Net Proceeds from capital debt	454,634
Net payments/loans for development	<u>245,086</u>
Total adjustments	<u>718,294</u>
Total	<u>587,672</u>
Net change in fund balance - governmental funds	(59,922)
Change in net position - proprietary funds	<u>647,594</u>
	<u>587,672</u>

OTHER SUPPLEMENTAL INFORMATION

CITY OF GOTHENBURG, NEBRASKA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES  
YEAR ENDED SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)

	2023	2022
REVENUES		
Taxes		
General levy	916,386.27	803,267.75
Motor vehicle taxes	100,735.44	95,623.41
Franchise	55,768.24	57,859.58
City sales tax	<u>742,163.93</u>	<u>683,400.10</u>
Total taxes	<u>1,815,053.88</u>	<u>1,640,150.84</u>
Licenses and permits	<u>22,034.19</u>	<u>16,039.30</u>
Intergovernmental		
Equalization payment	64,610.99	68,120.04
Homestead exemption	43,078.86	40,593.96
Highway allocation and incentive	535,226.45	490,295.55
Motor vehicle fees	36,179.60	36,045.65
Prorate motor vehicle	2,721.73	2,857.19
Carline	1,276.82	580.63
Grants	<u>73,857.11</u>	<u>101,364.25</u>
Total intergovernmental	<u>756,951.56</u>	<u>739,857.27</u>
Charges for services		
Pool	37.10	34.16
Rents	-	450.00
Grave openings	<u>20,100.00</u>	<u>35,150.00</u>
Total charges for services	<u>20,137.10</u>	<u>35,634.16</u>
Miscellaneous		
ACE dividends	3,671.00	3,518.00
Municipal Co-op - fire	24,225.62	23,943.06
Interest income	4,537.18	2,574.93
Mowing	18,762.20	17,246.25
Fees and fines	30,083.20	38,048.23
Other	<u>29,130.25</u>	<u>152,929.46</u>
Total miscellaneous	<u>110,409.45</u>	<u>238,259.93</u>
TOTAL REVENUES	<u>2,724,586.18</u>	<u>2,669,941.50</u>

CITY OF GOTHENBURG, NEBRASKA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES  
YEAR ENDED SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)

	2023	2022
EXPENDITURES		
General Government - administration		
Personnel services	259,950.64	206,023.15
Professional fees	24,386.00	32,550.72
Telephone	2,856.08	2,603.98
Office equipment and supplies	6,788.28	7,233.86
Dues/subscriptions	18,484.38	16,725.24
Printing and publishing	400.00	957.79
Miscellaneous	11,910.33	-
Repairs	4,107.68	6,078.84
Insurance	2,369.09	124,988.69
Community Development	1,400.00	2,650.98
Postage	1,000.00	3,038.02
Legal/public notices	4,738.52	3,831.36
Awards/prizes	3,898.45	2,925.62
Meals/lodging	1,911.09	1,316.96
Training	1,996.55	1,506.45
Lease payments	1,119.00	1,294.48
Fuel/tires	5,189.98	7,404.84
Employee bonds	3,355.00	3,876.20
Technical	160.39	-
Safety	185.88	104.92
Total General Government - administration	356,207.34	425,112.10
Public Safety - police		
Personnel services	668,400.82	664,615.31
Dues/subscriptions	24,160.63	27,657.50
Tires and repairs	6,652.78	7,034.39
Gas and oil	14,466.81	17,161.72
Telephone	8,172.98	7,689.98
Printing and publishing	887.84	1,341.10
Office supplies	1,716.25	3,169.20
Miscellaneous	2,686.68	1,513.59
Professional fees	137.00	2,475.90
Meals/lodging	3,282.60	9,481.83
Dog fees	1,253.53	1,432.24
Training	1,870.00	4,289.00
Grant expenses	-	15,949.58
Safety	5,007.83	5,742.74
Clothing	3,510.89	3,343.98



CITY OF GOTHENBURG, NEBRASKA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES  
YEAR ENDED SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)

	2023	2022
EXPENDITURES (Continued)		
Public Safety - police (Continued)		
Dispatch service	33,150.00	21,915.24
Technical/radios	3,854.00	3,938.27
Small tools	6.45	23.78
Office/computer equipment	<u>1,701.04</u>	<u>2,828.20</u>
Total Public Safety - police	<u>780,918.13</u>	<u>801,603.55</u>
Public Safety - fire		
Personnel services	2,277.24	2,074.85
Utilities	7,116.49	5,776.74
Insurance	500.00	1,050.00
Repairs	3,424.84	2,528.54
Supplies	4,189.99	1,095.40
Ambulance	3,860.42	5,925.50
Miscellaneous	7,062.66	6,006.60
Telephone	1,334.60	540.36
Awards/prizes	148.27	3,500.00
Dispatching	5,850.00	2,435.04
Training	700.00	8,257.00
Fuel/tires	4,035.47	5,359.38
Clothing	18,330.49	8,000.00
Safety	<u>446.15</u>	<u>41.85</u>
Total Public Safety - fire	<u>59,276.62</u>	<u>52,591.26</u>
Total Public Safety	<u>840,194.75</u>	<u>854,194.81</u>
Street		
Personnel services	314,437.45	272,246.75
Asphalt/crack filler	5,081.99	8,168.69
Tires and repairs	33,230.78	47,512.50
Gas and oil	15,815.23	20,989.47
Telephone	1,395.41	868.85
Gravel/sand/rock	43,420.27	20,109.94
Supplies	8,747.26	7,643.94
Miscellaneous	6,670.49	(865.31)
Utilities	6,133.96	6,699.62
Training	1,046.10	875.95

CITY OF GOTHENBURG, NEBRASKA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES  
YEAR ENDED SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)

	2023	2022
EXPENDITURES (Continued)		
Street (Continued)		
Engineering/architecture fees	2,586.53	2,071.95
Signs/sign posts	2,812.04	17,960.21
Safety	560.46	770.68
Flares/flags/barricades	-	1,513.50
Small tools	3,565.91	3,885.63
Concrete	24,852.25	1,513.75
Chemicals	14,644.69	6,129.93
Total - Street	<u>485,000.82</u>	<u>418,096.05</u>
City Hall		
Personnel services	2,481.92	3,103.12
Utilities	9,846.59	9,530.84
Repairs	5,383.91	16,576.02
Janitorial	1,146.90	627.49
Supplies	449.30	30.65
Miscellaneous	217.83	90.84
Total - City Hall	<u>19,526.45</u>	<u>29,958.96</u>
Health and Welfare - cemetery		
Personnel services - maintenance contract	90,465.67	95,948.12
Utilities	5,982.29	6,694.29
Chemicals	8,565.66	9,195.00
Legal/public notices	141.71	256.44
Repairs	5,558.65	17,555.04
Total Health and Welfare - cemetery	<u>110,713.98</u>	<u>129,648.89</u>
Library		
Personnel services	177,616.32	164,171.75
Contract labor	3,980.00	2,465.40
Utilities	12,545.93	13,986.45
Telephone	1,536.55	702.45
Legal/public notices	10.99	156.01
Dues/subscriptions/books	23,535.56	21,855.22
Miscellaneous	348.95	428.56

CITY OF GOTHENBURG, NEBRASKA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES  
YEAR ENDED SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)

	2023	2022
EXPENDITURES (Continued)		
Library (Continued)		
Children's programs	1,175.07	357.92
Repairs	8,560.84	48,921.68
Training	30.00	175.00
Supplies	8,273.01	7,569.01
Technical/computer programs	6,938.81	5,312.08
Janitorial	774.61	638.00
Postage	857.57	721.20
Total - Library	<u>246,184.21</u>	<u>267,460.73</u>
Culture and Recreation - park		
Personnel services	184,483.47	179,824.65
Utilities	19,133.77	18,168.17
Dues & subscriptions	593.00	355.00
Repairs	16,050.89	19,089.39
Supplies	14,337.19	21,533.97
Management Fee	15,000.00	15,000.00
Miscellaneous	1,954.89	18,977.69
Telephone	1,588.76	1,751.47
Chemicals/Janitorial	23,278.25	21,627.26
Gravel/sand/rock	1,102.90	-
Lodging tax	2,506.66	5,728.74
Seeds/plants/trees	6,957.53	19,251.27
Total Culture and Recreation - park	<u>286,987.31</u>	<u>321,307.61</u>
Culture and Recreation - pool		
Personal services	40,000.00	40,000.00
Utilities	8,994.44	7,744.98
Repair and maintenance	11,782.96	7,379.36
Supplies and chemicals	17,299.64	28,024.74
Miscellaneous	1,666.66	1,533.27
Telephone	649.90	774.88

CITY OF GOTHENBURG, NEBRASKA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES  
YEAR ENDED SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)

	2023	2022
EXPENDITURES (Continued)		
Culture and Recreation - pool (Continued)		
Small tools	191.06	174.83
Total Culture and Recreation - pool	<u>80,607.14</u>	<u>85,632.06</u>
Total Culture and Recreation	<u>367,594.45</u>	<u>406,939.67</u>
Tree lot/compost		
Gravel/sand/rock	282.29	220.84
Supplies	-	126.44
Chipping	420.00	90.00
Repairs and maintenance	262.46	64.37
Telephone	-	34.99
Total Tree lot/compost	<u>964.75</u>	<u>536.64</u>
Capital outlay		
Administration	-	525.00
Police	661.29	37,074.03
Street	35,135.03	651,988.40
City Hall	9,695.24	2,318.32
Cemetery	6,500.00	9,750.00
Park	257,596.09	150,693.96
Civil Defense	-	1,026.50
Total capital outlay	<u>309,587.65</u>	<u>853,376.21</u>
TOTAL EXPENDITURES	<u>2,735,974.40</u>	<u>3,385,324.06</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(11,388.22)</u>	<u>(715,382.56)</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	579,298.80	283,886.54
Operating transfers out	<u>(230,874.00)</u>	<u>(433,229.86)</u>
Total other financing sources (uses)	<u>348,424.80</u>	<u>(149,343.32)</u>
REVENUES OVER EXPENDITURES AND OTHER USES	<u>337,036.58</u>	<u>(864,725.88)</u>
FUND BALANCE, beginning of year	1,464,600.50	2,329,326.38
FUND BALANCE, end of year	<u>1,801,637.08</u>	<u>1,464,600.50</u>

CITY OF GOTHENBURG, NEBRASKA  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF ASSETS, LIABILITIES AND  
FUND BALANCES  
YEAR ENDED SEPTEMBER 30, 2023

	Lafayette Park	Library State Aid	Keno	Capital Projects	Owner Occupied Rehab	Airport	Miscellaneous Funds	Totals
ASSETS								
ASSETS								
Cash	22,952.69	-	-	100.00	-	-	79,002.12	102,054.81
Restricted cash	-	17,504.29	3,429.46	-	-	-	-	20,933.75
Notes receivable	-	-	-	-	-	-	1,719,040.88	1,719,040.88
<b>TOTAL ASSETS</b>	<u>22,952.69</u>	<u>17,504.29</u>	<u>3,429.46</u>	<u>100.00</u>	<u>-</u>	<u>-</u>	<u>1,798,043.00</u>	<u>1,842,029.44</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES AND FUND BALANCES								
Services payable	-	-	-	-	-	-	777.00	777.00
Total liabilities	-	-	-	-	-	-	777.00	777.00
FUND BALANCES								
Assigned	22,952.69	-	-	100.00	-	-	-	23,052.69
Restricted	-	17,504.29	3,429.46	-	-	-	1,797,266.00	1,818,199.75
Total fund balances (deficit)	<u>22,952.69</u>	<u>17,504.29</u>	<u>3,429.46</u>	<u>100.00</u>	<u>-</u>	<u>-</u>	<u>1,797,266.00</u>	<u>1,841,252.44</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>22,952.69</u>	<u>17,504.29</u>	<u>3,429.46</u>	<u>100.00</u>	<u>-</u>	<u>-</u>	<u>1,798,043.00</u>	<u>1,842,029.44</u>

CITY OF GOTHENBURG, NEBRASKA  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
YEAR ENDED SEPTEMBER 30, 2023

	Lafayette Park	Library State Aid	Keno	Capital Projects	Airport	Miscellaneous Funds	Totals
<b>REVENUES</b>							
Property taxes	-	10,321.07	-	-	30,620.47	-	30,620.47
Intergovernmental	-	-	11.86	-	-	-	10,321.07
Interest	2,375.14	-	175.63	-	15,080.80	-	17,631.57
Other	2,375.14	10,321.07	187.49	-	45,701.27	-	58,584.97
Total revenues							
<b>EXPENDITURES</b>							
Current	700.00	-	-	-	-	-	700.00
Refunds	-	7,883.82	-	-	15,426.87	900.10	24,210.79
Expenses	700.00	7,883.82	-	-	15,426.87	900.10	24,910.79
Total expenditures							
REVENUES OVER (UNDER) EXPENDITUR	1,675.14	2,437.25	187.49	-	30,274.40	(900.10)	33,674.18
<b>OTHER FINANCING SOURCES (USES)</b>							
Operating transfers in (out)	-	-	-	(244,024.40)	(30,274.40)	-	(274,298.80)
Total other financing sources (uses)	-	-	-	(244,024.40)	(30,274.40)	-	(274,298.80)
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	1,675.14	2,437.25	187.49	(244,024.40)	-	(900.10)	(240,624.62)
FUND BALANCE, beginning of year	21,277.55	15,067.04	3,241.97	244,124.40	-	1,798,166.10	2,081,877.06
FUND BALANCE, end of year	22,952.69	17,504.29	3,429.46	100.00	-	1,797,266.00	1,841,252.44

CITY OF GOTHENBURG, NEBRASKA  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
YEAR ENDED SEPTEMBER 30, 2023

	<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>HIGHWAY ALLOCATION BOND</b>				
Dated: December 15, 2020				
Original principal: \$750,000				
Due December 15, 2021 - 2035	2024	45,000	7,449	52,449
Callable: No	2025	50,000	7,208	57,208
Interest payable June 15 and December 15	2026	50,000	6,883	56,883
of each year at 0.35 - 1.7%	2027	50,000	6,558	56,558
	2028	50,000	6,133	56,133
	2029	50,000	5,608	55,608
	2030	50,000	5,083	55,083
	2031	50,000	4,470	54,470
	2032	50,000	3,770	53,770
	2033	50,000	3,070	53,070
	2034	50,000	2,295	52,295
	2035	55,000	1,403	56,403
	2036	55,000	468	55,468
		<u>655,000</u>	<u>60,394</u>	<u>715,394</u>
 <b>HIGHWAY ALLOCATION FUND BONDS</b>				
Highway Allocation 2017 Paving Bonds				
Dated June 15, 2017				
Original principal: \$410,000	2024	40,000	3,600	43,600
Due December 15, 2017 - 2026	2025	40,000	2,640	42,640
Callable: December 15, 2022	2026	45,000	1,620	46,620
Interest payable June 15 and December 15	2027	45,000	540	45,540
of each year at 1.35 - 2.40%		<u>170,000</u>	<u>8,400</u>	<u>178,400</u>

CITY OF GOTHENBURG, NEBRASKA  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
YEAR ENDED SEPTEMBER 30, 2023

	<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>2018 HIGHWAY ALLOCATION PLEDGE FUND BONDS</b>				
Dated June 15, 2018				
Due June 15, 2028	2024	35,000	4,476	39,476
Interest @1.85-2.9% through maturity	2025	35,000	3,619	38,619
Original amount: \$350,000	2026	35,000	2,683	37,683
	2027	35,000	1,668	36,668
	2028	40,000	580	40,580
		<u>180,000</u>	<u>13,025</u>	<u>193,025</u>
<b>2018 GENERAL OBLIGATION PAVING BONDS</b>				
Original Amount: \$93,000				
Dated June 15, 2018				
Due June 15, 2028	2024	9,000	1,274	10,274
Interest @2.66% through maturity	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>49,000</u>	<u>3,874</u>	<u>52,874</u>
<b>2020 HIGHWAY ALLOCATION PLEDGE FUND BONDS</b>				
Original principal: \$1,300,000				
Dated July 15, 2020				
Due June 15, 2030	2024	130,000	12,823	142,823
Interest @.95-1.65% through maturity	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>915,000</u>	<u>54,788</u>	<u>969,788</u>



CITY OF GOTHENBURG, NEBRASKA  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
YEAR ENDED SEPTEMBER 30, 2023

	Year ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>SEWER LOAN - NDEQ</b>				
Original principal: \$150,000				
ARRA Principal Forgiveness \$75,000	2024	3,947		3,947
Due December 15 2010 to June 15, 2029	2025	3,947		3,947
Semiannual payments due December 15	2026	3,947		3,947
and June 15	2027	3,947		3,947
Interest rate 0.00%	2028	3,947		3,947
	2029	3,947		3,947
		<u>23,684</u>		<u>23,684</u>
<b>WATER GO BOND</b>				
Original principal: \$1,800,00				
Due June 15 2021 to June 15, 2031				
Semiannual payments due December 15	2024	175,000	13,135	188,135
and June 15	2025	180,000	12,025	192,025
Interest rate 0.45% to 1.40%	2026	180,000	10,810	190,810
	2027	180,000	9,460	189,460
	2028	180,000	7,885	187,885
	2029	185,000	5,966	190,966
	2030	185,000	3,746	188,746
	2031	185,000	1,295	186,295
		<u>1,450,000</u>	<u>64,323</u>	<u>1,514,323</u>

CITY OF GOTHENBURG, NEBRASKA  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
YEAR ENDED SEPTEMBER 30, 2023

	Year ending <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>SEWER REFUNDING BOND</b>				
Original principal: \$1,685,000				
Due June 15 2021 to June 15, 2036	2024	125,000	16,125	141,125
Semiannual payments due December 15 and June 15	2025	130,000	15,406	145,406
	2026	130,000	14,431	144,431
Interest rate 0.5% to 1.75%	2027	100,000	13,513	113,513
	2028	100,000	12,763	112,763
	2029	100,000	11,875	111,875
	2030	100,000	10,575	110,575
	2031	100,000	9,375	109,375
	2032	100,000	7,975	107,975
	2033	100,000	6,563	106,563
	2034	100,000	4,813	104,813
	2035	100,000	3,063	103,063
	2036	<u>100,000</u>	<u>1,313</u>	<u>101,313</u>
		<u>1,385,000</u>	<u>127,788</u>	<u>1,512,788</u>
 <b>NDEQ</b>				
Original principal: \$745,000				
Due December 15, 2021 to June 15, 2041				
Semiannual payments due December 15 and June 15	2024	35,866	3,324	39,190
Interest rate .5%	2025	36,045	3,145	39,190
	2026	36,226	2,964	39,190
	2027	36,407	2,783	39,190
	2028	36,589	2,601	39,190
	2029	36,773	2,417	39,190
	2030	36,957	2,233	39,190
	2031	37,142	2,048	39,190
	2032	37,328	1,862	39,190
	2033	37,515	1,676	39,190
	2034	37,702	1,488	39,190
	2035	37,891	1,299	39,190
	2036	38,081	1,109	39,190
	2037	38,271	919	39,190
	2038	38,463	727	39,190
	2039	38,656	534	39,190
	2040	38,849	341	39,190
	2041	<u>39,044</u>	<u>146</u>	<u>39,190</u>
		<u>673,803</u>	<u>31,617</u>	<u>705,421</u>

CITY OF GOTHENBURG, NEBRASKA  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
YEAR ENDED SEPTEMBER 30, 2023

	<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>ELECTRIC REVENUE BOND</b>				
Original principal: \$810,000				
Due December 15, 2017 to June 15, 2032				
Semiannual payments due June 15 and December 15				
2024	50,000	14,610	64,610	
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>515,000</u>	<u>80,925</u>	<u>595,925</u>	
<b>ELECTRIC REVENUE BOND</b>				
Original principal: \$1,120,000				
Due June 15, 2021 to June 15, 2035				
Semiannual payments due June 15 and December 15				
2024	70,000	16,023	86,023	
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>915,000</u>	<u>114,665</u>	<u>1,029,665</u>	
<b>TOTAL</b>	<u>6,931,489</u>	<u>559,798</u>	<u>7,491,285</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 – modified cash basis, the business-type activities – accrual basis, each major fund – modified cash basis for the governmental funds and accrual basis for the proprietary funds and the aggregate remaining fund information – modified cash basis of the City of Gothenburg, Nebraska, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 1, 2023.

Report on 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 opinions 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 Items 2023-0001 and 2023-0002 that we consider to be significant deficiencies.

Report on 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

City of Gothenburg, Nebraska's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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  
December 1, 2023

CITY OF GOTHENBURG, NEBRASKA  
SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2023

2023 – 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.

2023 – 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, 2023

2023 – 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.