

CITY OF SEWARD, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2023

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INDEPENDENT AUDITOR’S REPORT

To the Honorable Mayor and Members of the City Council
City of Seward, Nebraska

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Seward, 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 as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Seward, Nebraska, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Seward Airport Authority, which represent 83.5 percent, 82.8 percent, and 71.1 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of September 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Seward Airport Authority, is based solely on the report of the other auditors.

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 Seward, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States

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of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Seward, 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 the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 Seward, 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 Seward, 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 findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the

basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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 Seward, Nebraska's basic financial statements. The combining nonmajor governmental funds financial statements and the combining component unit financial statements 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 by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the supplementary information described in the second sentence of this paragraph are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2024, on our consideration of the City of Seward, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Seward's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Seward, Nebraska's internal control over financial reporting and compliance.

AMGL, P.C.

Grand Island, Nebraska
January 17, 2024

CITY OF SEWARD, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Seward, we offer readers of the City of Seward financial statements this narrative overview and analysis of the financial activities of the City of Seward for the fiscal year ended September 30, 2023. For information on the Seward Airport Authority component unit included in these financial statements, please see the separate audit report for the Airport.

Financial Highlights

- The assets of the City of Seward exceeded its liabilities at the close of the most recent fiscal year by \$71,207,951 (*net position*). Of this amount, \$16,415,980 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Seward's governmental funds reported combined ending net position of \$34,127,167. Approximately 18.3 percent of this total amount, \$6,232,540, is *unrestricted net position*.
- At the end of the current fiscal year, the General Fund had unassigned fund balance of \$3,147,186, or 53.0 percent of total General Fund expenditures.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the City of Seward'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 of whether the financial position of the City of Seward is improving or deteriorating.

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

CITY OF SEWARD, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2023

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

The government-wide financial statements include not only the City of Seward itself (known as the *primary government*), but also legally separate entities, the Seward Airport Authority and the Seward Library Foundation, for which the City of Seward is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 14 and 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 of Seward, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Seward can be divided into two categories: governmental funds and proprietary funds.

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

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

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

CITY OF SEWARD, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2023

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

The basic governmental fund financial statements can be found on pages 16-19 of this report.

Proprietary funds. The City of Seward maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Seward uses enterprise funds to account for its Electric, Water, and Sewer Funds.

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, all of which are considered to be major funds of the City of Seward.

The basic proprietary fund financial statements can be found on pages 20-23 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 24-64 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Seward's budgetary comparison schedules. Required supplementary information can be found on pages 65-68 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and the component units are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 69-72 of this report.

CITY OF SEWARD, NEBRASKA
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2023

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City of Seward, assets exceeded liabilities by \$71,207,951 at the close of the most recent fiscal year.

Summary Statements of Net Position

	September 30, 2023			September 30, 2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 11,149,427	\$ 14,859,814	\$ 26,009,241	\$ 11,241,478	\$ 16,862,750	\$ 28,104,228
Capital Assets	28,329,046	31,487,334	59,816,380	26,504,315	28,184,916	54,689,231
Total Assets	39,478,473	46,347,148	85,825,621	37,745,793	45,047,666	82,793,459
Long-term Liabilities	3,602,813	6,231,955	9,834,768	4,346,823	7,201,753	11,548,576
Other Liabilities	1,748,493	3,034,409	4,782,902	1,723,783	3,216,846	4,940,629
Total Liabilities	5,351,306	9,266,364	14,617,670	6,070,606	10,418,599	16,489,205
Net Position:						
Net Investment in						
Capital Assets	24,126,773	24,427,334	48,554,107	21,269,895	20,144,916	41,414,811
Restricted	3,767,854	2,470,010	6,237,864	2,877,151	2,774,182	5,651,333
Unrestricted	6,232,540	10,183,440	16,415,980	7,528,141	11,709,969	19,238,110
Total Net Position	\$ 34,127,167	\$ 37,080,784	\$ 71,207,951	\$ 31,675,187	\$ 34,629,067	\$ 66,304,254

By far the largest portion of the City of Seward’s net position (68.2 percent) reflects its investment in capital assets (land, infrastructure, buildings, machinery, vehicles, and equipment), net of any related debt used to acquire those assets that is still outstanding. The City of Seward uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Seward’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Seward’s net position (8.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$16,415,980) may be used to meet the government’s ongoing obligations to citizens and creditors.

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

CITY OF SEWARD, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2023

Expenses and Program Revenues - Governmental Activities

Function	Year Ended September 30, 2023		Year Ended September 30, 2022	
	Program Revenues	Program Expenses	Program Revenues	Program Expenses
General Government	\$ 249,623	\$ 448,515	\$ 127,046	\$ 303,059
Economic Development	45,953	691,209	3,000	680,146
Public Safety	266,045	1,634,604	127,126	1,531,297
Public Works	603,424	1,439,309	1,258,231	1,190,129
Environment and Leisure	1,046,982	2,766,851	1,335,548	2,449,177
Interest	-	88,639	-	107,677
Depreciation	-	1,527,605	-	1,274,844
Total	\$ 2,212,027	\$ 8,596,732	\$ 2,850,951	\$ 7,536,329

Revenues by Source - Governmental Activities

SOURCES OF REVENUE

	Year Ended September 30, 2023		Year Ended September 30, 2022	
Charges for Services	\$ 1,415,536	12.81 %	\$ 1,199,351	11.37 %
Operating Grants and Contributions	474,469	4.29	831,454	7.88
Capital Grants and Contributions	322,022	2.91	820,146	7.77
Property Taxes	1,825,447	16.52	1,826,411	17.31
Motor Vehicle Taxes	184,725	1.67	180,259	1.71
Sales Tax	3,407,416	30.84	2,310,879	21.90
Franchise Tax	1,308,947	11.85	1,354,240	12.84
Occupation Tax	285,523	2.58	256,887	2.43
TIF Proceeds	596,172	5.40	572,812	5.43
State Allocation	1,082,206	9.80	946,760	8.97
Miscellaneous	702	0.01	571	0.01
Interest	148,223	1.34	38,124	0.36
Loss on Sale of Assets	(2,676)	(0.02)	213,384	2.02
Total	\$ 11,048,712	100.00 %	\$ 10,551,278	100.00 %

Net position increased \$2,451,980 in the governmental funds during the year ended September 30, 2023.

CITY OF SEWARD, NEBRASKA
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2023

Business-type activities. Business-type activities increased the City of Seward’s net position by \$2,451,717 for the year ended September 30, 2023. Key elements of this increase are as follows:

Expenses and Program Revenues - Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2023</u>		<u>Year Ended September 30, 2022</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 11,643,864	\$ 10,799,565	\$ 11,295,671	\$ 10,194,256
Water	2,407,206	1,768,398	2,951,435	1,714,444
Sewer	2,139,005	1,448,453	1,921,221	1,502,873
Total	<u>\$ 16,190,075</u>	<u>\$ 14,016,416</u>	<u>\$ 16,168,327</u>	<u>\$ 13,411,573</u>

Revenues by Source - Business-type Activities

<u>SOURCES OF REVENUE</u>	<u>Year Ended September 30, 2023</u>		<u>Year Ended September 30, 2022</u>	
Charges for Services	\$ 16,180,075	98.25 %	\$ 15,529,755	95.20 %
Capital Grants and Contributions	10,000	0.06	638,572	3.91
Interest	233,346	1.42	72,586	0.44
Gain on Sale of Assets	16,586	0.10	948	0.01
Miscellaneous	28,126	0.17	71,229	0.44
Total	<u>\$ 16,468,133</u>	<u>100.00 %</u>	<u>\$ 16,313,090</u>	<u>100.00 %</u>

Financial Analysis of the Government’s Funds

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

Governmental Funds. The focus of the City of Seward’s *governmental* funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Seward’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Seward’s governmental funds reported combined ending fund balances of \$9,535,653. Approximately 33.0 percent of this total amount (\$3,147,186) constitutes *unassigned fund balance*, which is available for spending at the government’s discretion. The remainder of fund balances is not available for new spending because it has already been 1) restricted to pay debt service (\$175,800), 2) restricted for street projects (\$2,085,095), 3) restricted for Federal programs (\$17,511), 4) restricted for economic development (\$624,486), 5) restricted for capital projects (\$599,191), 6) placed in a nonspendable endowment for cemetery perpetual care (\$265,771), 7) nonspendable prepaid expenses (\$9,835), 8) committed for public safety (\$581,100), 9) committed for sports complex lights (\$31,566), 10) assigned for parks (\$51,008), 11) assigned for cemetery (\$153,526), 12) assigned for unemployment compensation (\$4,194), or 13) assigned for budgetary stabilization (\$1,789,384).

CITY OF SEWARD, NEBRASKA
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2023

The General Fund is the chief operating fund of the City of Seward. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,147,186, while total fund balance reached \$5,767,799. 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 53.0 percent of total General Fund expenditures, while total fund balance represents 97.2 percent of that same amount.

The fund balance of the City of Seward’s General Fund decreased by \$1,257,399, due primarily to a \$2,490,000 transfer to the Street Fund.

Proprietary funds. The City of Seward’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the proprietary funds at the end of the year were as follows: Electric Fund - \$6,240,090, Water Fund - \$2,678,402, and Sewer Fund - \$1,264,948. The change in net position for the proprietary funds was as follows: Electric Fund – increase of \$1,014,161, Water Fund – increase of \$720,345, and Sewer Fund – increase of \$717,211. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of Seward’s business-type activities.

Budgetary Highlights

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

Capital Asset and Debt Administration

Capital Assets. The City of Seward’s investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounts to \$59,816,380 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, building and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

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

- Civic Center roof - \$52,092
- Library renovations and windows - \$239,124
- 2023 Chevy Silverado - \$50,171
- 2022 Bobcat excavator - \$71,000
- Construction in progress on Park Ave/Bradford storm drainage project - \$554,411
- Construction costs on Rail Campus drainage project - \$124,188
- Construction in progress on East Seward Street improvements - \$1,579,313
- Construction in progress on Izaak Walton & Highway 15 project - \$67,190
- Karol Kay box culvert improvements - \$204,661
- Construction costs on new water wells (SW3 and S4) - \$441,485
- Construction in progress on water tower - \$1,076,153
- Construction in progress on East Seward Street water project - \$337,134

CITY OF SEWARD, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2023

- Construction in progress on 6th Street water main replacement - \$133,141
- Construction in progress on Park Street storm sewer project - \$152,250
- Construction in progress on wastewater treatment plant update project - \$984,811
- Construction in progress on East Seward Street sewer project - \$424,685
- Tenneco transformers and electrical service - \$268,161
- Pet Source transformers and electrical service - \$205,286
- East Seward Street electrical service - \$291,022
- Electric AMI metering system upgrade project - \$529,684
- 14th Street substation electrical panels - \$75,841
- 2023 Vermeer PTX44 tractor – \$71,276

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

	<u>Year Ended September 30, 2023</u>			<u>Year Ended September 30, 2022</u>		
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>		<u>Activities</u>	<u>Activities</u>	
Land	\$ 852,951	\$ 1,965,201	\$ 2,818,152	\$ 852,951	\$ 2,098,174	\$ 2,951,125
Construction in progress	2,538,299	3,662,907	6,201,206	465,679	1,715,364	2,181,043
Infrastructure	15,232,042	-	15,232,042	15,509,543	-	15,509,543
Buildings	7,898,199	768,735	8,666,934	7,793,714	765,879	8,559,593
Equipment	1,807,555	2,079,108	3,886,663	1,882,428	1,525,188	3,407,616
Distribution systems	-	23,011,383	23,011,383	-	22,080,311	22,080,311
Total	<u>\$ 28,329,046</u>	<u>\$ 31,487,334</u>	<u>\$ 59,816,380</u>	<u>\$ 26,504,315</u>	<u>\$ 28,184,916</u>	<u>\$ 54,689,231</u>

Additional information on the City of Seward's capital assets can be found in Note C4 on pages 47-50 of this report.

Long-term debt. At the end of the current fiscal year, the City of Seward had total long-term debt outstanding of \$11,262,273. Of this amount, \$4,024,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Seward's debt represents bonds and notes secured solely by specified revenue sources (i.e., revenue bonds and notes payable and financing agreements).

City of Seward's Outstanding Debt

	<u>Year Ended September 30, 2023</u>			<u>Year Ended September 30, 2022</u>		
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>		<u>Activities</u>	<u>Activities</u>	
General Obligation Bonds	\$ 3,330,000	\$ -	\$ 3,330,000	\$ 4,170,000	\$ -	\$ 4,170,000
Highway Allocation Bonds	650,000	-	650,000	700,000	-	700,000
Public Safety Bonds	44,000	-	44,000	87,000	-	87,000
Revenue Bonds	-	7,060,000	7,060,000	-	8,040,000	8,040,000
Note Payable	-	-	-	26,966	-	26,966
Financing Agreements	178,273	-	178,273	250,454	-	250,454
Total	<u>\$ 4,202,273</u>	<u>\$ 7,060,000</u>	<u>\$ 11,262,273</u>	<u>\$ 5,234,420</u>	<u>\$ 8,040,000</u>	<u>\$ 13,274,420</u>

CITY OF SEWARD, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2023

The City of Seward's total debt decreased by \$2,012,147 (15.2 percent) during the current fiscal year, as the City made scheduled principal payments.

Additional information on the City of Seward's long-term debt can be found in Note C6 on pages 51-57 of this report.

Economic Factors and Next Year's Budgets and Rates

The City's Enterprise Funds maintained strong cash positions and the City has been able to keep up with the increasing costs of operations.

- Property tax asking for the year ending September 30, 2024 of \$2,006,457 is \$171,215 (9.3 percent) higher than the prior year. The property valuation also increased 9.3 percent over the prior year.
- At September 30, 2023, the City had contractual commitments totaling \$3,145,677 remaining on the water tower project expected to be completed by Fall 2024.
- The City also has a contractual commitment of \$400,704 for engineering on the levee accreditation project expected to be completed by September 30, 2024.
- The City has a contractual commitment of \$349,516 on the East Seward Street improvement project expected to be completed by Winter 2024.
- The City also had contractual commitments totaling \$231,859 for the Park Avenue/Bradford Street storm drainage improvement project expected to be completed by July 2024.
- Voters have approved an additional 0.5 percent sales tax to go into effect January 1, 2023. This sales tax will be used to service debt on the new wellness center. The City expects the wellness center to cost \$18 - \$20 million. It is expected to be financed with a \$5 million shovel ready grant received by Seward Changing the Game, a tax-exempt organization that is partnering with the City on this project. Also, private donations and pledges are expected to cover approximately \$7 million, with the remainder to be financed with debt issued by the City.

All of these factors were considered in preparing the City of Seward's budget for the 2024 fiscal year.

Request for Information

This financial report is designed to provide a general overview of the City of Seward's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Treasurer, City of Seward, 537 Main Street, P.O. Box 38, Seward, NE 68434.

CITY OF SEWARD, NEBRASKA
STATEMENT OF NET POSITION

September 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 5,083,176	\$ 5,064,908	\$ 10,148,084	\$ 330,350
Certificates of deposit	441,357	3,743,549	4,184,906	90,647
County treasurer cash	50,566	-	50,566	4,349
Investments	-	-	-	564,505
Receivables:				
Property tax	42,761	-	42,761	5,002
Accounts, net of allowance for doubtful accounts	1,700	1,671,903	1,673,603	4,594
Unbilled revenue	-	466,908	466,908	-
Interest	418	7,880	8,298	5
Current portion of notes	123,087	-	123,087	-
Due from other governments	708,915	-	708,915	-
Prepaid expense	9,835	-	9,835	24,007
Inventory	88,740	1,307,945	1,396,685	-
Total current assets	<u>6,550,555</u>	<u>12,263,093</u>	<u>18,813,648</u>	<u>1,023,459</u>
Noncurrent assets:				
Restricted cash and cash equivalents	4,017,901	1,220,811	5,238,712	-
Restricted certificates of deposit	15,000	1,375,910	1,390,910	-
Permanently restricted investments	-	-	-	85,616
Noncurrent notes receivable	565,971	-	565,971	-
Capital assets:				
Land	852,951	1,965,201	2,818,152	105,156
Construction in progress	2,538,299	3,662,907	6,201,206	-
Other capital assets, net of depreciation	24,937,796	25,859,226	50,797,022	3,671,380
Net capital assets	<u>28,329,046</u>	<u>31,487,334</u>	<u>59,816,380</u>	<u>3,776,536</u>
Total noncurrent assets	<u>32,927,918</u>	<u>34,084,055</u>	<u>67,011,973</u>	<u>3,862,152</u>
Total assets	<u>39,478,473</u>	<u>46,347,148</u>	<u>85,825,621</u>	<u>4,885,611</u>
LIABILITIES				
Current liabilities:				
Accounts payable	754,751	1,721,094	2,475,845	-
Accrued interest	25,995	21,312	47,307	4,965
Other accrued expenses	124,183	150,292	274,475	-
Customer deposits	-	126,711	126,711	-
Unavailable property tax	32,184	-	32,184	-
Unearned revenue	39,600	-	39,600	24,519
Current portion of long-term obligations	771,780	1,015,000	1,786,780	161,300
Total current liabilities	<u>1,748,493</u>	<u>3,034,409</u>	<u>4,782,902</u>	<u>190,784</u>
Noncurrent liabilities:				
Compensated absences - noncurrent	172,320	186,955	359,275	-
Noncurrent portion of long-term obligations	3,430,493	6,045,000	9,475,493	14,542
Total noncurrent liabilities	<u>3,602,813</u>	<u>6,231,955</u>	<u>9,834,768</u>	<u>14,542</u>
Total liabilities	<u>5,351,306</u>	<u>9,266,364</u>	<u>14,617,670</u>	<u>205,326</u>
NET POSITION				
Net investment in capital assets	24,126,773	24,427,334	48,554,107	3,600,694
Restricted for:				
Capital projects	599,191	-	599,191	-
Debt service	175,800	2,470,010	2,645,810	-
Street projects	2,085,095	-	2,085,095	-
Federal programs	17,511	-	17,511	-
Economic development	624,486	-	624,486	-
Cemetery perpetual care	265,771	-	265,771	-
Permanently restricted-Guthal	-	-	-	85,616
Unrestricted	6,232,540	10,183,440	16,415,980	993,975
Total net position	<u>\$ 34,127,167</u>	<u>\$ 37,080,784</u>	<u>\$ 71,207,951</u>	<u>\$ 4,680,285</u>

See notes to financial statements.

CITY OF SEWARD, NEBRASKA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
General government	\$ 448,515	\$ 67,284	\$ 182,339
Economic development	691,209	45,953	-
Public safety	1,634,604	201,772	53,343
Public works	1,439,309	386,735	13,800
Environment and leisure	2,766,851	713,792	224,987
Interest and related expenses	88,639	-	-
Depreciation - unallocated	1,527,605	-	-
Total governmental activities	8,596,732	1,415,536	474,469
Business-type activities:			
Electric	10,799,565	11,643,864	-
Water	1,768,398	2,397,206	-
Sewer	1,448,453	2,139,005	-
Total business-type activities	14,016,416	16,180,075	-
Total primary government	\$ 22,613,148	\$ 17,595,611	\$ 474,469
Component units:			
Seward Airport Authority	\$ 477,101	\$ 122,569	\$ -
Seward Library Foundation	60,487	-	41,692
Total component units	\$ 537,588	\$ 122,569	\$ 41,692

See notes to financial statements.

Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position			Component Units
	Primary Government		Total	
	Governmental Activities	Business-type Activities		
\$ -	\$ (198,892)		\$ (198,892)	
-	(645,256)		(645,256)	
10,930	(1,368,559)		(1,368,559)	
202,889	(835,885)		(835,885)	
108,203	(1,719,869)		(1,719,869)	
-	(88,639)		(88,639)	
-	(1,527,605)		(1,527,605)	
<u>322,022</u>	<u>(6,384,705)</u>	\$ -	<u>(6,384,705)</u>	
-	-	844,299	844,299	
10,000	-	638,808	638,808	
-	-	690,552	690,552	
<u>10,000</u>	<u>-</u>	<u>2,173,659</u>	<u>2,173,659</u>	
<u>\$ 332,022</u>	<u>(6,384,705)</u>	<u>2,173,659</u>	<u>(4,211,046)</u>	
\$ -				\$ (354,532)
-				(18,795)
<u>\$ -</u>				<u>(373,327)</u>
General revenues:				
Taxes:				
Property	1,825,447	-	1,825,447	214,051
Motor vehicle	184,725	-	184,725	-
Sales tax	3,407,416	-	3,407,416	-
Franchise	1,308,947	-	1,308,947	-
Occupation	285,523	-	285,523	-
TIF proceeds	596,172	-	596,172	-
State allocation	1,082,206	-	1,082,206	-
Miscellaneous	702	28,126	28,828	37,915
Interest income	148,223	233,346	381,569	3,432
Gain on investments	-	-	-	110,059
Gain (loss) on sale of assets	(2,676)	16,586	13,910	-
Total general revenues	<u>8,836,685</u>	<u>278,058</u>	<u>9,114,743</u>	<u>365,457</u>
Change in net position	<u>2,451,980</u>	<u>2,451,717</u>	<u>4,903,697</u>	<u>(7,870)</u>
Net position - September 30, 2022	<u>31,675,187</u>	<u>34,629,067</u>	<u>66,304,254</u>	<u>4,688,155</u>
Net position - September 30, 2023	<u>\$ 34,127,167</u>	<u>\$ 37,080,784</u>	<u>\$ 71,207,951</u>	<u>\$ 4,680,285</u>

CITY OF SEWARD, NEBRASKA

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

September 30, 2023

	<u>General</u>	<u>Street</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 5,083,176	\$ -	\$ -	\$ -	\$ 5,083,176
Certificates of deposit	441,357	-	-	-	441,357
County treasurer cash	50,566	-	-	-	50,566
Receivables:					
Accounts, net of allowance for doubtful accounts	-	1,700	-	-	1,700
Interest	387	-	-	31	418
Property tax	42,761	-	-	-	42,761
Due from other governments	397,761	178,567	-	132,587	708,915
Inventory	-	88,740	-	-	88,740
Prepaid expenses	9,835	-	-	-	9,835
Restricted assets:					
Cash	-	2,403,952	175,800	1,438,149	4,017,901
Certificates of deposit	-	-	-	15,000	15,000
Total assets	<u>\$ 6,025,843</u>	<u>\$ 2,672,959</u>	<u>\$ 175,800</u>	<u>\$ 1,585,767</u>	<u>\$ 10,460,369</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 101,059	\$ 574,884	\$ -	\$ 78,808	\$ 754,751
Accrued expenses	85,201	12,980	-	-	98,181
Unearned golf revenue	39,600	-	-	-	39,600
Unavailable property tax	32,184	-	-	-	32,184
Total liabilities	<u>258,044</u>	<u>587,864</u>	<u>-</u>	<u>78,808</u>	<u>924,716</u>
Fund balances:					
Nonspendable					
Cemetery perpetual care	-	-	-	265,771	265,771
Prepaid expenses	9,835	-	-	-	9,835
Restricted for:					
Capital projects	-	-	-	599,191	599,191
Debt service	-	-	175,800	-	175,800
Street projects	-	2,085,095	-	-	2,085,095
Federal programs	-	-	-	17,511	17,511
Economic development	-	-	-	624,486	624,486
Committed for:					
Public safety	581,100	-	-	-	581,100
Sports complex lights	31,566	-	-	-	31,566
Assigned for:					
Budgetary stabilization	1,789,384	-	-	-	1,789,384
Parks	51,008	-	-	-	51,008
Cemetery	153,526	-	-	-	153,526
Unemployment compensation	4,194	-	-	-	4,194
Unassigned	3,147,186	-	-	-	3,147,186
Total fund balances	<u>5,767,799</u>	<u>2,085,095</u>	<u>175,800</u>	<u>1,506,959</u>	<u>9,535,653</u>
Total liabilities and fund balances	<u>\$ 6,025,843</u>	<u>\$ 2,672,959</u>	<u>\$ 175,800</u>	<u>\$ 1,585,767</u>	<u>\$ 10,460,369</u>

See notes to financial statements.

CITY OF SEWARD, NEBRASKA

**RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

September 30, 2023

Total fund balances - governmental funds	\$ 9,535,653
<p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because:</p>	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$46,015,002, and the accumulated depreciation is \$17,685,956.	28,329,046
Notes receivable are not financial resources and therefore are not reported as assets in governmental funds. The notes receivable are reported as assets in the statement of net position.	689,058
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Compensated absences	\$ (198,322)
Accrued interest on long-term debt	(25,995)
Bonds payable	(4,024,000)
Financing agreements	(178,273)
	(4,426,590)
Total net position - governmental activities	\$ 34,127,167

See notes to financial statements.

CITY OF SEWARD, NEBRASKA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS**

For the year ended September 30, 2023

	<u>General</u>	<u>Street</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes:					
Property	\$ 1,825,447	\$ -	\$ -	\$ -	\$ 1,825,447
Motor vehicle	184,725	-	-	-	184,725
Sales tax	1,614,372	366,407	678,037	748,600	3,407,416
Franchise	1,308,947	-	-	-	1,308,947
Occupation	285,523	-	-	-	285,523
TIF proceeds	-	-	-	596,172	596,172
Intergovernmental	131,694	1,010,355	-	-	1,142,049
Charges for services	1,332,872	36,463	-	46,201	1,415,536
Loan collections	-	-	-	116,144	116,144
Interest income	110,582	29	6,592	13,710	130,913
Grants	27,897	202,889	-	151,447	382,233
Contributions	343,615	-	-	10,800	354,415
Other income	702	-	-	-	702
Total revenues	7,166,376	1,616,143	684,629	1,683,074	11,150,222
EXPENDITURES					
General government	297,048	-	-	151,467	448,515
Economic development	-	-	-	728,277	728,277
Public safety	1,652,278	-	-	-	1,652,278
Public works	503,124	936,185	-	-	1,439,309
Environment and leisure	2,766,851	-	-	-	2,766,851
Capital outlay	659,574	2,695,438	-	-	3,355,012
Principal payments on debt	49,468	22,713	959,966	-	1,032,147
Interest on long-term debt	5,432	1,532	85,165	-	92,129
Bond fees	-	-	2,400	-	2,400
Total expenditures	5,933,775	3,655,868	1,047,531	879,744	11,516,918
Excess (deficiency) of revenues over expenditures	1,232,601	(2,039,725)	(362,902)	803,330	(366,696)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	2,490,000	190,480	-	2,680,480
Transfers out	(2,490,000)	(190,480)	-	-	(2,680,480)
Net transfers	(2,490,000)	2,299,520	190,480	-	-
Net change in fund balances	(1,257,399)	259,795	(172,422)	803,330	(366,696)
Fund balances - September 30, 2022	7,025,198	1,825,300	348,222	703,629	9,902,349
Fund balances - September 30, 2023	\$ 5,767,799	\$ 2,085,095	\$ 175,800	\$ 1,506,959	\$ 9,535,653

See notes to financial statements.

CITY OF SEWARD, NEBRASKA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

For the year ended September 30, 2023

Total net change in fund balances - governmental funds	\$ (366,696)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay (\$3,355,012) exceeded depreciation expense (\$1,527,605) during the period.	1,827,407
Basis remaining of capital asset disposals does not impact the governmental funds, but the remaining basis reduces the gain on sale of capital assets in the statement of activities.	(2,676)
Collection of loan proceeds on economic development loans is reported as revenue in the governmental funds, but reduces assets in the statement of net position.	(98,834)
The issuance of economic development loans is reported as an expense in the governmental funds, but increases assets in the statement of net position.	50,000
Forgiveness of LB840 loans is not reported in the fund financial statements, but is reported as economic development expense in the statement of activities.	(12,932)
The change in compensated absences is reported as an expense in the statement of net position. Compensated absences are not reported in the governmental funds.	17,674
The change in accrued interest payable is reported as an expense in the statement of net position. Accrued interest payable is not reported in the governmental funds.	5,890
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,032,147
Change in net position of governmental activities	<u><u>\$ 2,451,980</u></u>

See notes to financial statements.

CITY OF SEWARD, NEBRASKA
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
September 30, 2023

	Enterprise Funds			Total
	Electric Fund	Water Fund	Sewer Fund	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,896,161	\$ 2,352,893	\$ 815,854	\$ 5,064,908
Certificates of deposit	3,290,136	157,415	295,998	3,743,549
Receivables:				
Accounts, net of allowance for doubtful accounts	1,220,444	271,850	179,609	1,671,903
Unbilled revenue	318,003	73,947	74,958	466,908
Interest	6,062	1,097	721	7,880
Inventory	1,202,341	105,604	-	1,307,945
Total current assets	<u>7,933,147</u>	<u>2,962,806</u>	<u>1,367,140</u>	<u>12,263,093</u>
Noncurrent assets:				
Restricted cash and cash equivalents	286,685	448,728	485,398	1,220,811
Restricted certificates of deposit	469,380	524,695	381,835	1,375,910
Capital assets:				
Land	1,604,487	270,620	90,094	1,965,201
Construction in progress	26,135	1,823,844	1,812,928	3,662,907
Distribution systems	22,040,184	17,866,076	12,832,799	52,739,059
Buildings	893,635	138,776	378,769	1,411,180
Equipment	3,650,088	573,938	1,208,406	5,432,432
Less accumulated depreciation	<u>(15,677,436)</u>	<u>(8,983,550)</u>	<u>(9,062,459)</u>	<u>(33,723,445)</u>
Net capital assets	<u>12,537,093</u>	<u>11,689,704</u>	<u>7,260,537</u>	<u>31,487,334</u>
Total noncurrent assets	<u>13,293,158</u>	<u>12,663,127</u>	<u>8,127,770</u>	<u>34,084,055</u>
Total assets	<u>21,226,305</u>	<u>15,625,933</u>	<u>9,494,910</u>	<u>46,347,148</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,448,893	218,105	54,096	1,721,094
Customer deposits	126,551	160	-	126,711
Accrued interest payable	9,533	9,844	1,935	21,312
Other accrued expenses	47,866	19,832	19,742	87,440
Sales tax payable	62,852	-	-	62,852
Current portion of long-term obligations	425,000	325,000	265,000	1,015,000
Total current liabilities	<u>2,120,695</u>	<u>572,941</u>	<u>340,773</u>	<u>3,034,409</u>
Noncurrent liabilities:				
Compensated absences - noncurrent	123,913	36,623	26,419	186,955
Noncurrent portion of long-term obligations	2,540,000	1,505,000	2,000,000	6,045,000
Total noncurrent liabilities	<u>2,663,913</u>	<u>1,541,623</u>	<u>2,026,419</u>	<u>6,231,955</u>
Total liabilities	<u>4,784,608</u>	<u>2,114,564</u>	<u>2,367,192</u>	<u>9,266,364</u>
NET POSITION				
Net investment in capital assets	9,572,093	9,859,704	4,995,537	24,427,334
Restricted for:				
Debt service	629,514	973,263	867,233	2,470,010
Unrestricted	6,240,090	2,678,402	1,264,948	10,183,440
Total net position	<u>\$ 16,441,697</u>	<u>\$ 13,511,369</u>	<u>\$ 7,127,718</u>	<u>\$ 37,080,784</u>

See notes to financial statements.

CITY OF SEWARD, NEBRASKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS

For the year ended September 30, 2023

	Enterprise Funds			Total
	Electric Fund	Water Fund	Sewer Fund	
Operating revenues:				
User charges	\$ 11,526,827	\$ 2,255,240	\$ 2,114,601	\$ 15,896,668
Customer service charges	44,064	9,891	11,599	65,554
Other revenue	72,973	132,075	12,805	217,853
Total operating revenues	<u>11,643,864</u>	<u>2,397,206</u>	<u>2,139,005</u>	<u>16,180,075</u>
Operating expenses:				
Cost of power	6,800,455	-	-	6,800,455
Personnel	1,088,735	593,343	516,779	2,198,857
Contract services	73,572	17,555	27,660	118,787
Utilities	82,837	169,930	77,271	330,038
Repairs and maintenance	287,120	221,923	124,178	633,221
Supplies	79,739	46,944	26,306	152,989
Professional fees	60,505	56,473	51,174	168,152
Insurance	94,585	57,184	54,466	206,235
Fuel and transportation	17,701	8,864	7,359	33,924
Dues, memberships & training	23,834	12,943	11,424	48,201
Miscellaneous	16,192	4,076	3,529	23,797
Franchise fees	1,184,802	124,144	-	1,308,946
Depreciation	909,166	420,738	523,923	1,853,827
Total operating expenses	<u>10,719,243</u>	<u>1,734,117</u>	<u>1,424,069</u>	<u>13,877,429</u>
Operating income	924,621	663,089	714,936	2,302,646
Nonoperating revenues (expenses):				
Interest income	126,050	81,537	25,759	233,346
Miscellaneous income	27,226	-	900	28,126
Grant revenue	-	10,000	-	10,000
Gain on disposal of capital assets	16,586	-	-	16,586
Interest expense	(79,522)	(33,281)	(24,084)	(136,887)
Loan administration fees	(800)	(1,000)	(300)	(2,100)
Total nonoperating revenues (expenses)	<u>89,540</u>	<u>57,256</u>	<u>2,275</u>	<u>149,071</u>
Change in net position	1,014,161	720,345	717,211	2,451,717
Net position - September 30, 2022	<u>15,427,536</u>	<u>12,791,024</u>	<u>6,410,507</u>	<u>34,629,067</u>
Net position - September 30, 2023	<u>\$ 16,441,697</u>	<u>\$ 13,511,369</u>	<u>\$ 7,127,718</u>	<u>\$ 37,080,784</u>

See notes to financial statements.

CITY OF SEWARD, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the year ended September 30, 2023

	Enterprise Funds			Total
	Electric Fund	Water Fund	Sewer Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 11,524,904	\$ 2,374,161	\$ 2,111,966	\$ 16,011,031
Payments to suppliers	(8,983,034)	(725,380)	(416,856)	(10,125,270)
Payments to employees	(1,082,322)	(606,892)	(526,944)	(2,216,158)
Net cash provided by operating activities	1,459,548	1,041,889	1,168,166	3,669,603
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of property and equipment	(1,616,427)	(2,480,519)	(1,435,994)	(5,532,940)
Proceeds from sale of capital assets	149,559	-	-	149,559
Grant proceeds	-	10,000	-	10,000
Principal payments on capital debt	(415,000)	(295,000)	(270,000)	(980,000)
Interest paid on capital debt	(80,608)	(34,473)	(24,163)	(139,244)
Loan administration fees	(800)	(1,000)	(300)	(2,100)
Net cash used by capital and related financing activities	(1,963,276)	(2,800,992)	(1,730,457)	(6,494,725)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Increase in certificates of deposit	(39,605)	(707)	(829)	(41,141)
Increase in restricted certificates of deposit	(708)	(1,934)	(1,253)	(3,895)
Interest received	122,228	81,017	25,291	228,536
Net cash provided by investing activities	81,915	78,376	23,209	183,500
Decrease in cash and cash equivalents	(421,813)	(1,680,727)	(539,082)	(2,641,622)
Cash and cash equivalents - beginning of the year	2,604,659	4,482,348	1,840,334	8,927,341
Cash and cash equivalents - end of the year	<u>\$ 2,182,846</u>	<u>\$ 2,801,621</u>	<u>\$ 1,301,252</u>	<u>\$ 6,285,719</u>
Composition of cash and cash equivalents:				
Cash and cash equivalents	\$ 1,896,161	\$ 2,352,893	\$ 815,854	\$ 5,064,908
Restricted cash and cash equivalents	286,685	448,728	485,398	1,220,811
Total cash and cash equivalents	<u>\$ 2,182,846</u>	<u>\$ 2,801,621</u>	<u>\$ 1,301,252</u>	<u>\$ 6,285,719</u>

See notes to financial statements.

CITY OF SEWARD, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS, Continued**

For the year ended September 30, 2023

	Enterprise Funds			<u>Total</u>
	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 924,621	\$ 663,089	\$ 714,936	\$ 2,302,646
Adjustments to reconcile operating income to net cash provided by operating activities:				
Miscellaneous nonoperating revenue	27,226	-	900	28,126
Depreciation expense	909,166	420,738	523,923	1,853,827
Change in assets and liabilities:				
Accounts receivable	(154,596)	(23,005)	(27,939)	(205,540)
Inventories	(386,432)	3,132	-	(383,300)
Accounts payable	124,740	(8,476)	(33,489)	82,775
Customer deposits	6,444	(40)	-	6,404
Sales tax payable	1,966	-	-	1,966
Accrued expenses	6,413	(13,549)	(10,165)	(17,301)
Net cash provided by operating activities	\$ 1,459,548	\$ 1,041,889	\$ 1,168,166	\$ 3,669,603

See notes to financial statements.

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Financial Reporting Entity

The City of Seward, Nebraska, was incorporated in 1868. The City operates under a Mayor-Council form of government with an elected Mayor, and an elected legislative body, Council, composed of eight members. The Mayor is elected at large for a four-year term, and the eight members of the City Council are elected, two from each of four wards, on alternating four-year terms. The administration of the City government is performed under the direction of the Mayor by the City Administrator. Services provided to residents include public safety, highways and streets, planning and zoning, parks, recreation, development, electric, water, and sanitary sewer systems, transfer station, and general administrative services.

The City’s financial reporting entity comprises the following:

Primary Government:	City of Seward
Discretely Presented Component Units:	Seward Airport Authority Seward Library Foundation

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 61, and has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable, and, as such, should be included within the City’s financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization’s governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading.

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City by appropriate activity type to compose the primary government presentation. Currently, the City has no blended component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The following are the discretely presented component units:

Brief Description of Activities and Relationship
to the City:

Seward Airport Authority

Established to provide for the operation of the Seward Airport. The component unit information was obtained from financial statements which can be obtained by contacting the Seward Airport Authority.

Seward Library Foundation

Established to support the Seward library.

2. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City other than debt service payments made by enterprise funds. Ad valorem taxes are used for the payment of principal and interest on the City's general obligation bonds.

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Governmental Funds, continued

Capital Projects Fund

The Capital Projects Fund is used to account for resources restricted for the acquisition or construction of specific capital projects.

Permanent Fund

The Permanent Fund accounts for assets held by the City pursuant to a trust agreement. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

Proprietary Funds

Enterprise Funds

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

Major and Nonmajor Funds

The funds are further classified as major or non-major as follows:

<u>Fund</u>	<u>Brief Description</u>
<i>Major:</i>	
Governmental:	
General	See page 27 for description.
Street	The Street Fund is a special revenue fund that accounts for the City's share of highway allocation from the State of Nebraska.
Debt Service	See page 27 for description.

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

<u>Fund</u>	<u>Brief Description</u>
<i>Major, continued:</i>	
Proprietary:	
Enterprise:	
Electric, Water, and Sewer	See page 28 for description.
<i>Nonmajor:</i>	
Special Revenue:	
CDBG	Special revenue fund that accounts for community development grants and related expenses.
LB840	Special revenue fund that accounts for sales tax to be used for economic development under LB840.
TIF	Special revenue fund that accounts for tax increment financing projects used to promote economic development.
Capital Projects	See page 28 for description.
Perpetual Care	Permanent fund that accounts for the monies in a permanent care endowment fund for the cemetery.

3. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b, below.

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Measurement Focus, continued

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental and business-like activities and the discretely presented component units are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Basis of Accounting, continued

All proprietary funds and discretely presented component units utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used.

4. Assets, Liabilities, and Equity

Estimates

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

Cash and Investments

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

Certificates of deposit and investments are carried at fair value. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes B2, C1, and D2.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Receivables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include special assessments and property taxes. Business-type activities report utility billings and unbilled revenue as their major receivables.

In the fund financial statements, receivables in governmental funds include revenue accruals such as special assessments and property taxes, since they are usually both measurable and available. Proprietary fund receivables consist of all revenues earned at year end and not yet received. Utility accounts receivable and unbilled revenue compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Due from Other Governments

The total due from other governments consists of the following:

<u>Fund</u>	<u>Amount</u>	<u>Service</u>
General	\$ 397,761	Sales Tax
Street	81,863	Sales Tax
Street	15,754	Motor Vehicle Fees
Street	80,950	Highway Allocation
Capital Projects	<u>132,587</u>	Sales Tax
	<u>\$ 708,915</u>	

Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method.

Restricted Assets

Restricted assets include cash and investments that are legally restricted as to their use. The primary restricted assets are related to debt service and proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, capital assets that are purchased or acquired with an original cost of \$5,000 or more are capitalized and reported on the Statement of Net Position. Capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. The City has elected the depreciation approach for reporting infrastructure.

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

Buildings	25-40 years
Improvements	5-25 years
Machinery and Equipment	5-20 years
Utility System	20-50 years
Infrastructure	20-50 years

Prior to July 1, 1980, governmental funds' infrastructure assets were not capitalized. These assets (back to July 1, 1980) have been valued at estimated historical cost. The cost of normal maintenance, preservation, and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized.

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets, continued

Fund Financial Statements

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

Unavailable Revenues

Unavailable revenues consist of property taxes and special assessments expected to be collected after 60 days.

Compensated Absences

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. A portion of the liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this obligation is estimated based on historical trends. In the fund financial statements, governmental funds report only the current compensated absence liability payable from expendable available financial resources, while the proprietary funds report the total liability.

Employees generally earn sick leave at the rate of one day per month with the total accumulation up to 900 hours. In the event of retirement, an employee is reimbursed 50 percent of the accumulated sick leave if the employee meets certain eligibility requirements.

Long-term Debt

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

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Long-term Debt, continued

Government-wide Statements

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable and accrued compensated absences.

Fund Financial Statements

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

Fund Financial Statements, continued

Effective October 1, 2010, the City adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

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

Restricted—Amounts that can be spent only for specific purposes because of the City Charter, City Code, state or federal laws or externally imposed conditions by grantors or creditors.

Committed—Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution.

Assigned—Amounts that are designated by the Mayor for a specific purpose but are not spendable until a budget ordinance is passed by the City Council.

Unassigned—All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 16). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the City Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses

Sales and Use Tax

The City presently levies a 2.0 cent sales tax on taxable sales within the City. The sales tax is collected by the Nebraska Department of Revenue and remitted to the City in the month following receipt. The Nebraska Department of Revenue receives the sales tax approximately one month after collection by vendors. Sales tax collected on the sale of motor vehicles is restricted for street improvements as required by LB904. Effective January 1, 2023, 0.5 percent is allocated to service debt on the new wellness center. The balance of the sales tax is allocated to the General and Debt Service Funds for property tax relief, with up to \$150,000 per year approved for the LB840 Fund to be used for economic development.

Sales taxes collected by the State in September (which represent sales for August) and received by the City in October have been accrued and are included under the caption “Due from other governments.”

Property Taxes

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

The tax levies for all political subdivisions in Seward County are certified by the County Board on or before October 20. Real estate taxes are due on December 31 and attach as an enforceable lien and become delinquent in two equal installments on May 1 and September 1. Personal property taxes are due in the same manner as real estate taxes. Delinquent taxes bear 14 percent interest.

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Property Taxes, continued

Property taxes levied for 2022-2023 are recorded as revenue when expected to be collected within 60 days after September 30, 2023. Prior-year levies were recorded using these same principles, and remaining receivables are re-evaluated annually. Property taxes expected to be collected after 60 days are recorded as deferred revenue on the fund balance sheets.

The City-owned electric, water, and sewer utilities make payments in lieu of taxes (10 percent of gross revenues for electric and 5 percent of gross revenues for water).

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. They also include all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – by Character and Function

Proprietary Fund – by Operating and Nonoperating

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

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Interfund Transfers

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

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Fund Accounting Requirements

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

2. Deposit Laws and Regulations

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

State law requires collateralization of all deposits with federal depository insurance or with U.S. Treasury and U.S. agency securities having an aggregate value at least equal to the amount of the deposits. The City's demand deposits are insured up to \$250,000 and certificates of deposit/savings accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Any cash deposits or certificates of deposit in excess of the FDIC limits are insured by collateral held by the pledging institution in the City's name.

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

3. Revenue Restrictions

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

4. Debt Restrictions and Covenants

Bonds Payable

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

5. Budgetary Data

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

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

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

- a. On or before August 1, the City prepares a budget for the fiscal year commencing October 1. The budget includes proposed expenditures and resources available.
- b. The budget is published with subsequent public hearings to obtain taxpayer comments.

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data, continued

- c. Prior to September 30, the City Council adopts the budget, which is then filed with the appropriate state and county officials.
- d. Total expenditures may not legally exceed total appropriations. Appropriations lapse at year end and any revisions require board approval.
- e. The County Clerk certifies a preliminary property tax levy for each fund of the City which levied property taxes in the county the previous year based on the combined valuation and amount required for the City the prior year. The preliminary levy becomes the final levy unless the governing board passes, by a majority vote, a resolution setting the levy at a different amount.
- f. The property tax requirements resulting from the budget process are utilized by the County Assessor to establish the tax levy. Taxes are levied annually on or before October 20. Real property taxes and personal property taxes are due December 31 with the first half delinquent May 1 and the second half delinquent September 1.
- g. Appropriations lapse at the end of the fiscal year, except for capital improvement appropriations and certain encumbrances against operating budgets.
- h. The City of Seward adopts a budget by resolution for all fund types.

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

1. Cash and Investments

Deposits

The City's policies regarding deposits of cash are discussed in Note A4. The table presented below is designed to disclose how its deposits were insured or secured with collateral at September 30, 2023. The categories of collateral are defined as follows:

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

1. Cash and Investments, continued

Deposits, continued

Category 1 – Insured by FDIC or collateralized with securities held by the City (or public trust) or by its agent in its name.

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution’s trust department or agent in the City’s name.

Category 3 – Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the City’s name; or collateralized with no written or approved collateral agreement.

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits and certificates of deposit	\$ 22,403,896	\$ 1,489,463	\$ 20,914,433	\$ -	\$ <u>21,383,609</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –	
Unrestricted cash and cash equivalents	\$ 10,148,084
Unrestricted certificates of deposit	4,184,906
Restricted cash and cash equivalents	5,238,712
Restricted certificates of deposit	1,390,910
Component Units –	
Unrestricted cash and cash equivalents	330,350
Unrestricted certificates of deposit	<u>90,647</u>
	\$ <u>21,383,609</u>

Investments

The City’s policies and applicable laws regarding investments are discussed in Notes A4 and B2. The table presented below is designed to disclose whether the investments are insured or registered and who holds the security at September 30, 2023. The categories of investments are defined as follows:

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

1. Cash and Investments, continued

Investments, continued

Category 1 – Insured or registered with securities held by the entity or its agent in the entity’s name.

Category 2 – Uninsured and unregistered with securities held by the counterparty’s trust department or agent in the entity’s name.

Category 3 – Uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the City’s name.

<u>Type of Investment</u>	<u>Category</u> <u>1</u>	<u>Category</u> <u>2</u>	<u>Category</u> <u>3</u>	<u>Carrying</u> <u>Amount</u>	<u>Fair</u> <u>Value</u>
Publicly Traded Equities	\$ -	\$ 650,121	\$ -	\$ <u>650,121</u>	\$ <u>650,121</u>

Reconciliation to Government-wide Statement of Net Position:

Component Units –

Unrestricted investments	\$ 564,505
Permanently restricted investments	<u>85,616</u>
	\$ <u>650,121</u>

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

2. Restricted Assets

The restricted assets as of September 30, 2023, are as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>	<u>Component Unit</u>
Type of Restricted Assets:				
Cash and cash equivalents	\$ 4,017,901	\$ 1,220,811	\$ 5,238,712	\$ -
Certificates of deposit	15,000	1,375,910	1,390,910	-
Investments	-	-	-	85,616
	<u>\$ 4,032,901</u>	<u>\$ 2,596,721</u>	<u>\$ 6,629,622</u>	<u>\$ 85,616</u>

Restricted cash and investments for governmental activities consists of \$2,403,952 of Street Fund cash restricted for street projects, \$175,800 of Debt Service Fund cash restricted for debt service, \$17,511 of CDBG Fund cash restricted for Federal programs, \$401,554 of LB840 Fund cash restricted for economic development, \$301,740 of TIF Fund cash restricted for economic development, \$466,604 of Capital Projects Fund cash restricted for capital projects, and \$265,740 of Perpetual Care Fund cash and certificates of deposit restricted for cemetery perpetual care.

Restricted business-type assets consist of debt service reserves of \$629,514 for the Electric Fund, \$973,263 for the Water Fund, and \$867,233 for the Sewer Fund. The Electric Fund has \$126,551 and the Water Fund has \$160 restricted for customer deposits.

The Seward Library Foundation has \$85,616 of permanently restricted investments endowed for the income only to be used to support the Seward library.

3. Accounts and Notes Receivable

Accounts receivable of the business-type activities consist of utilities receivable. Accounts receivable for the governmental activities and component units consist of minor receivables. Receivables detail at September 30, 2023, is as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Accounts receivable	\$ 1,700	\$ 1,683,333	\$ 1,685,033	\$ 4,594
Allowance for doubtful accounts	-	(11,430)	(11,430)	-
Net accounts receivable	<u>\$ 1,700</u>	<u>\$ 1,671,903</u>	<u>\$ 1,673,603</u>	<u>\$ 4,594</u>

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

3. Accounts and Notes Receivable, continued

Notes receivable for the governmental activities consist of the following at September 30, 2023:

<u>Type of Loan</u>	<u>Due From</u>	<u>Note Balance at September 30, 2023</u>	<u>Terms</u>
LB840	Squire Wards, LLC	\$ 13,119	1.625%; monthly payments due over 42 months; final payment due 9/1/24
LB840	La Cocina	10,000	5.0%; 20 percent forgivable annually if borrower retains improvements; due 1/7/24
LB840	Seward Hotel Group	32,069	3.25%; monthly payments over 15 years; final payment due 9/1/27
LB840	ECES, Inc	22,950	2.625%; monthly payments due over 10 years; final payment due 1/1/29
LB840	Barely Legal Distilling, LLC	70,000	2.25%; monthly payments due over 5 years; final payment due 2/1/25
LB840	Green Future Properties	181,473	2.75%; monthly payments due over 15 years; 12% of the loan will be forgiven after 166 payments have been made; final payment due 9/1/34
LB840	Cornerstone Interiors & Design	29,923	2.13%; monthly payments due over 10 years; final payment due 1/1/28
LB840	Gilgorevic	729	5.0%; 20 percent forgivable annually if borrower retains improvements; due 10/16/24
LB840	Turning Point Behavioral Health & Addiction Counseling	8,629	1.75%; monthly payments due over 10 years; final payment due 12/1/26

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

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

3. Accounts and Notes Receivable, continued

<u>Note Held By</u>	<u>Due From</u>	<u>Note Balance at September 30, 2023</u>	<u>Terms</u>
LB840	Nixon Restaurant and Property, Inc.	35,424	1.625%; monthly payments due over 5 years; final payment due 3/1/27
LB840	14tin, LLC	50,295	1.625%; monthly payments due over 10 years; final payment due 9/1/32
LB840	Bottle Rocket Brewing	1,264	5.0%; 20 percent forgivable annually if borrower retains improvements; due 9/30/24
LB840	Kirby Roth Insurance	2,609	5.0%; 20 percent forgivable annually if borrower retains improvements; due 7/23/25
LB840	Hexagon Properties	61,369	1.875%; monthly payments due over 15 years; final payment due 3/30/32
LB840	Red Path Gallery & Tasting Room	28,342	2.375%; monthly payments due over 10 years; final payment due 8/1/28
LB840	The Alps Dog Retreat	43,645	2.375%; monthly payments due over 72 months; \$13,081.50 is forgivable after 64 payments; final payment due 12/1/26
LB840	Fullfield Ag, LLC	118,592	1.875%; monthly payments due over 15 years; final payment due 2/15/32
LB840	I. H. Freary Building, LLC	48,626	3.875%; monthly payments due over 10 years; final payment due 5/1/28
	Allowance for uncollectible note receivable	<u>(70,000)</u>	
	Total notes receivable	<u>\$ 689,058</u>	
	Current portion	\$ 123,087	
	Noncurrent portion	<u>565,971</u>	
		<u>\$ 689,058</u>	

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

4. Capital Assets

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

	<u>Balance at</u> <u>October 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance at</u> <u>September 30, 2023</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 852,951	\$ -	\$ -	\$ -	\$ 852,951
Construction in progress	465,679	2,226,342	-	(153,722)	2,538,299
Total capital assets not being depreciated	1,318,630	2,226,342	-	(153,722)	3,391,250
Other capital assets being depreciated:					
Infrastructure	22,649,048	373,932	-	153,722	23,176,702
Buildings	11,991,533	354,260	(61,151)	-	12,284,642
Machinery and equipment	6,973,066	400,478	(211,136)	-	7,162,408
Total other capital assets at historical cost	41,613,647	1,128,670	(272,287)	153,722	42,623,752
Less accumulated depreciation for:					
Infrastructure	(7,139,505)	(805,155)	-	-	(7,944,660)
Buildings	(4,197,819)	(247,099)	58,475	-	(4,386,443)
Machinery and equipment	(5,090,638)	(475,351)	211,136	-	(5,354,853)
Total accumulated depreciation	(16,427,962)	(1,527,605) *	269,611	-	(17,685,956)
Other capital assets, net	25,185,685	(398,935)	(2,676)	153,722	24,937,796
Governmental activities capital assets, net	<u>\$ 26,504,315</u>	<u>\$ 1,827,407</u>	<u>\$ (2,676)</u>	<u>\$ -</u>	<u>\$ 28,329,046</u>

* Depreciation expense was charged to governmental activities as follows:

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

4. Capital Assets, continued

Governmental Activities, continued:

General government	\$ 16,477
Public safety	
Fire	104,305
Police	<u>69,684</u>
Total public safety	173,989
Public works:	
Streets and storm sewers	822,262
Cemetery	<u>29,126</u>
Total public works	851,388
Environment and leisure:	
Civic Center	16,443
Golf	74,871
Library	119,028
Parks and recreation	188,899
Senior Center	16,497
Trails	<u>70,013</u>
Total environment and leisure	<u>485,751</u>
Total governmental depreciation expense	\$ <u>1,527,605</u>

Construction in progress at September 30, 2023, consists of \$1,631,425 for the East Seward Street project, \$62,718 for the Pinewood Avenue project, \$69,548 for the Plum Creek bridge project, \$681,989 for the Park Avenue/Bradford storm drainage project, \$25,429 for the Civic Center ADA design project, and \$67,190 for the Izaak Walton and Highway 15 improvement project. See Note D3 for additional details on these projects.

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

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

4. Capital Assets, continued

	Balance at <u>October 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at <u>September 30, 2023</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 2,098,174	\$ -	\$ (132,973)	\$ -	\$ 1,965,201
Construction in progress	<u>1,715,364</u>	<u>3,141,746</u>	<u>-</u>	<u>(1,194,203)</u>	<u>3,662,907</u>
Total capital assets not being depreciated	3,813,538	3,141,746	(132,973)	(1,194,203)	5,628,108
Other capital assets being depreciated:					
Buildings	1,370,795	40,385	-	-	1,411,180
Distribution systems	50,308,996	1,409,584	-	1,020,479	52,739,059
Equipment	<u>4,682,379</u>	<u>697,503</u>	<u>(121,174)</u>	<u>173,724</u>	<u>5,432,432</u>
Total other capital assets at historical cost	56,362,170	2,147,472	(121,174)	1,194,203	59,582,671
Less accumulated depreciation for:					
Buildings	(604,916)	(37,529)	-	-	(642,445)
Distribution systems	(28,228,685)	(1,498,991)	-	-	(29,727,676)
Equipment	<u>(3,157,191)</u>	<u>(317,307)</u>	<u>121,174</u>	<u>-</u>	<u>(3,353,324)</u>
Total accumulated depreciation	<u>(31,990,792)</u>	<u>(1,853,827) *</u>	<u>121,174</u>	<u>-</u>	<u>(33,723,445)</u>
Other capital assets, net	<u>24,371,378</u>	<u>293,645</u>	<u>-</u>	<u>1,194,203</u>	<u>25,859,226</u>
Business-type capital assets, net	<u>\$ 28,184,916</u>	<u>\$ 3,435,391</u>	<u>\$ (132,973)</u>	<u>\$ -</u>	<u>\$ 31,487,334</u>

* Depreciation expense was charged to functions as follows:

Electric	\$ 909,166
Water	420,738
Sewer	<u>523,923</u>
Total business-type activities depreciation expense	<u>\$ 1,853,827</u>

Construction in progress at September 30, 2023, consists of \$1,201,318 for the water tower project, \$26,136 for the water tower electric service, \$337,134 for the East Seward Street water improvements, \$424,685 for the East Seward Street sewer improvements, \$1,380,807 for the wastewater treatment plant improvement project, \$140,577 for the 6th Street water main replacement project, and \$152,250 for the Park/Bradford Street storm sewer improvement project. See Note D3 for additional detail of the construction in progress at September 30, 2023.

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

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

4. Capital Assets, continued

	<u>Balance at</u> <u>October 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance at</u> <u>September 30, 2023</u>
<u>Airport Authority:</u>					
Capital assets not being depreciated:					
Land	\$ 105,156	\$ -	\$ -	\$ -	\$ 105,156
Other capital assets being depreciated:					
Buildings	4,311,353	-	-	-	4,311,353
Improvements	2,543,114	-	-	-	2,543,114
Equipment	265,673	1,155	-	-	266,828
Total other capital assets at historical cost	7,120,140	1,155	-	-	7,121,295
Less accumulated depreciation for:					
Buildings	(1,504,745)	(116,449)	-	-	(1,621,194)
Improvements	(1,566,337)	(80,284)	-	-	(1,646,621)
Equipment	(155,145)	(26,955)	-	-	(182,100)
Total accumulated depreciation	(3,226,227)	(223,688)	-	-	(3,449,915)
Other capital assets, net	3,893,913	(222,533)	-	-	3,671,380
Airport Authority capital assets, net	<u>\$ 3,999,069</u>	<u>\$ (222,533)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,776,536</u>

5. Accounts Payable

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

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

6. Long-term Debt

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

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2023:

<u>Type of Debt</u>	<u>Balance 9/30/2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 9/30/2023</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable	\$ 4,957,000	\$ -	\$ (933,000)	\$ 4,024,000	\$ 709,000
Note payable	26,966	-	(26,966)	-	-
Financing agreements	250,454	-	(72,181)	178,273	62,780
Total governmental	<u>\$ 5,234,420</u>	<u>\$ -</u>	<u>\$ (1,032,147)</u>	<u>\$ 4,202,273</u>	<u>\$ 771,780</u>
Business-type Activities					
Bonds payable	<u>\$ 8,040,000</u>	<u>\$ -</u>	<u>\$ (980,000)</u>	<u>\$ 7,060,000</u>	<u>\$ 1,015,000</u>
Component Units:					
Airport Authority	<u>\$ 263,266</u>	<u>\$ 100,436</u>	<u>\$ (187,860)</u>	<u>\$ 175,842</u>	<u>\$ 161,300</u>

Governmental Activities

As of September 30, 2023, the governmental long-term liabilities consisted of the following:

Bonds payable:

General obligation refunding bonds - series 2012, with original issue amount of \$1,373,850 (71 percent of the issue). Interest ranges from 0.30 to 2.15 percent with final maturity December 15, 2022.	\$ -
Highway allocation bonds - series 2012, with original issue amount of \$190,000. Interest is 2.35 percent with maturity December 15, 2023.	190,000

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

6. Long-term Debt, continued

Governmental Activities, continued

Bonds payable, continued:

General obligation refunding bonds - series 2020, with original issue amount of \$4,725,000. Interest ranges from 1.15 to 1.80 percent with final maturity April 15, 2030.	3,330,000
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Public safety tax bonds - series 2014, with original issue amount of \$404,000. Interest ranges from 1.15 to 2.55 percent with final maturity April 1, 2024.	44,000
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General obligation refunding bonds - series 2014, with original issue amount of \$500,000. Interest ranges from 0.20 to 2.25 percent with final maturity December 15, 2022.	-
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Highway allocation bonds – series 2016, with original issue amount of \$825,000. Interest ranges from 2.0 to 4.0 percent with final maturity October 1, 2031.	460,000
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General obligation refunding bonds - series 2016, with original issue amount of \$1,085,000. Interest ranges from 0.60 to 1.50 percent with final maturity December 15, 2022.	-
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Total bonds payable	4,024,000
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Note payable:

On February 19, 2016, the City borrowed \$350,000 from Jones National Bank to finance the golf course purchase. The note bears interest of 2.75 percent and is due in 14 semi-annual installments of \$27,430 through November 1, 2022.	-
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CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

6. Long-term Debt, continued

Governmental Activities, continued

Financing Agreements:

Financing agreement due to Cattle National Bank dated January 18, 2019, with original issue amount of \$65,625 to finance a Groundmaster mower. The note bears interest of 3.75 percent and is due in five annual principal and interest payments of \$15,000 commencing June 30, 2019 through June 30, 2023.

-

Financing agreement due to Exchange Bank dated September 1, 2020, with original issue amount of \$148,882 to finance golf carts. The note bears interest of 3.25 percent and is due in 30 monthly principal and interest payments of \$3,300, commencing April 1, 2021 through September 1, 2025 (no note payments are due October through March each year), with a final installment of \$64,762 due September 1, 2025.

98,672

Financing agreement due to Jones National Bank dated November 20, 2019, with original issue amount of \$63,797 to finance a Kubota tractor and mower. The note bears interest of 3.29 percent and is due in five annual principal and interest payments of \$13,760, commencing March 21, 2020 through March 31, 2024.

13,321

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

6. Long-term Debt, continued

Governmental Activities, continued

Financing Agreements, continued:

Financing agreement due to Cattle National Bank dated October 1, 2020, with original issue amount of \$115,700 to finance a 2020 Case 621GXR wheel loader. The note bears interest of 2.20 percent and is due in five annual principal and interest payments of \$24,245, commencing November 30, 2020 through November 30, 2024. 46,936

Financing agreement due to Jones National Bank dated December 4, 2020, with original issue amount of \$47,459 to finance a Toro Reelmaster 3555-D. The note bears interest of 2.13 percent and is due in five annual principal and interest payments of \$9,980, commencing April 30, 2021 through April 30, 2025. 19,344

Total financing agreements 178,273

Total governmental activities long-term obligations \$ 4,202,273

Current portion \$ 771,780

Noncurrent portion 3,430,493

Total \$ 4,202,273

The Debt Service Fund is making the bond payments, the General Fund is making the note payments, and the General Fund and Street Fund are making the payments on the financing agreements.

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

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

6. Long-term Debt, continued

Business-type Activities

As of September 30, 2023, the long-term debt payable from proprietary fund resources consisted of the following:

Bonds and notes payable:

Electric revenue refunding bonds - series 2012, with original issue amount of \$1,855,000. Interest ranges from 0.40 to 2.55 percent with final maturity February 15, 2025.	\$ 185,000
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Electric revenue refunding bonds - series 2016, with original issue amount of \$4,755,000. Interest ranges from 0.85 to 3.20 percent with final maturity February 15, 2036.	2,780,000
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Water revenue refunding bonds - series 2020, with original issue amount of \$1,635,000. Interest ranges from 1.20 to 2.15 percent with final maturity February 15, 2036.	1,100,000
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Water revenue refunding bonds - series 2016, with original issue amount of \$1,205,000. Interest ranges from 0.95 to 1.80 percent with final maturity June 1, 2026.	730,000
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Sewer revenue refunding bonds – series 2021, with original issue amount of \$3,055,000. Interest ranges from 0.25 to 1.50 percent with final maturity September 1, 2032.	<u>2,265,000</u>
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Total business-type activity debt	<u>\$ 7,060,000</u>
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Current portion	\$ 1,015,000
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Noncurrent portion	<u>6,045,000</u>
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Total	<u>\$ 7,060,000</u>
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CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

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

6. Long-term Debt, continued

Component Unit

Airport debt:

Series 2011 bonds payable with original principal amount of \$545,000, bearing interest ranging from 1.20 to 3.55 percent with final maturity January 15, 2024.	\$ 25,000
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Series 2009 bonds payable with original principal amount of \$20,000, bearing interest of 4.75 percent with maturity January 15, 2024.	20,000
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Note payable with original principal amount of \$155,761, to fund project costs until Federal and state grant money is received, bearing interest of 6.20 percent, due December 31, 2026.	100,436
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Nebraska Department of Aeronautics loan with original principal amount of \$220,253, due in 120 monthly installments of \$1,322, bearing no interest through August 31, 2025.	<u>30,406</u>
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Total Airport notes and bonds payable	\$ <u>175,842</u>
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Current portion	\$ 161,300
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Noncurrent portion	<u>14,542</u>
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Total	\$ <u>175,842</u>
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CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

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

6. Long-term Debt, continued

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

<u>Year Ending</u> <u>September 30,</u>	Governmental Activities			
	Direct Placement Debt		Other Debt Issues	
	<u>Principal</u>	<u>Interest</u>	<u>Interest</u>	<u>Interest</u>
2024	\$ 62,780	\$ 5,005	\$ 709,000	\$ 71,903
2025	115,493	3,294	530,000	60,874
2026	-	-	535,000	52,800
2027	-	-	545,000	44,238
2028	-	-	550,000	34,860
2029-2032	-	-	1,155,000	44,430
	\$ 178,273	\$ 8,299	\$ 4,024,000	\$ 309,105

<u>Year Ending</u> <u>September 30,</u>	Business-type Activities		Component Unit	
	Other Debt Issues		Other Debt Issues	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,015,000	\$ 126,364	\$ 161,300	\$ 919
2025	1,035,000	111,082	14,542	-
2026	1,040,000	95,005	-	-
2027	595,000	80,385	-	-
2028	515,000	72,168	-	-
2029-2033	2,200,000	217,559	-	-
2033-2037	660,000	28,435	-	-
	\$ 7,060,000	\$ 730,998	\$ 175,842	\$ 919

7. Interfund Transactions and Balances

The General Fund transferred \$2,490,000 to the Street Fund during the year ended September 30, 2023. Also, the Street Fund transferred \$190,480 to the Debt Service Fund during the year ended September 30, 2023.

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE D – OTHER NOTES

1. Employee Pension and Other Benefit Plans

Under Nebraska statutes, the City is to maintain a retirement plan for City police officers. This plan is funded through employee and employer contributions. The total contributions under this plan are deposited under a money purchase retirement plan with Ameritas Retirement. This plan requires that covered employees and the City contribute an amount equal to seven percent of the employee's monthly salary until such employee becomes eligible for regular retirement, at which time contributions shall cease. The eligible and covered payroll amounted to \$831,246 for the year ended September 30, 2023. Both the City and the covered employees' required contribution of \$58,187 was made for the year ended September 30, 2023. The employer contributions vest at the following rate: 0 to 2 years - 0 percent, 2 to 3 years - 40 percent, 4 years - 60 percent, 5 to 6 years - 80 percent, 7 years - fully vested. The employees also have the ability to make voluntary contributions to a deferred compensation plan in accordance with Internal Revenue Code Section 457. Voluntary 457 contributions totaled \$0 during the year ended September 30, 2023.

The City maintains a defined contribution plan for the City employees in accordance with Internal Revenue Code Sections 457 and 401(a). The plan is available to all full-time City employees after six months of service. This plan is funded through employee and employer contributions. The total contributions under this plan are deposited with Ameritas Retirement. This plan requires that both covered employees and the City contribute six percent of the employee's salary to the plan. The total payroll amounted to \$3,529,627 and the covered payroll amounted to \$2,895,177 for the year ended September 30, 2023. The City and the employees contributed \$173,711 and \$173,711, respectively, for the year ended September 30, 2023. The employees also contributed \$14,012 to a deferred compensation plan in accordance with Internal Revenue Code Section 457 during the year ended September 30, 2023.

2. Risk Management

Insurance

The City is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The City purchases commercial insurance to protect against risks listed above. Insurance is maintained for the various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; dishonest employees; injuries to employees; and natural disasters. During the year ended September 30, 2023, the City did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City’s investments at September 30, 2023, are held by the counterparties not in the name of the City. The underlying securities consist of cash, direct obligations of or guaranteed by the full faith and credit of the U.S. Government, and other similar obligations of the U.S. Government or its agencies.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City’s investment policy requires that market conditions and investment securities be analyzed to determine the maximum yield to be obtained and to minimize the impact of rising interest rates. The certificate of deposit maturities are as follows:

<u>Maturities by Month</u>	<u>Amount</u>
December 2023	\$ 429,798
January 2024	459,065
March 2024	109,554
May 2024	84,298
June 2024	1,802,400
August 2024	809,616
October 2024	512,000
November 2024	59,281
January 2025	125,499
March 2025	81,953
May 2025	251,790
January 2026	223,842
September 2026	311,175
March 2027	300,545
May 2027	<u>15,000</u>
	\$ <u>5,575,816</u>

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

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

Concentration of Credit Risk. The City’s investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2023, the City’s investments in certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Cattle National Bank	\$ 2,994,591
Jones National Bank	2,357,383
Union Bank	<u>223,842</u>
	<u>\$ 5,575,816</u>

Foreign Currency Risk. This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The City’s investments had no exposure to foreign currency risk and the City held no investments denominated in foreign currency at September 30, 2023.

3. Commitments

Construction/Contractual Commitments

The City has numerous construction projects and other contracts in progress. The City intends to fund the construction through operations or long-term financing.

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/23</u>	<u>Obligation Pending</u>	<u>Expected Completion Date</u>
Water tower	\$ 4,191,485	\$ 1,045,808	\$ 3,145,677	Fall 2024
6 th Street water main replacement	221,902	133,141	88,761	July 2024
Substation heat pump units	22,000	-	22,000	September 2024
E Seward St improvements	2,615,717	2,266,201	349,516	Winter 2024
Izaak Walton & Highway 15 project	78,669	67,190	11,479	Spring 2024
Park Ave/Bradford storm drainage	876,319	644,460	231,859	July 2024
Caselle software conversion	46,496	23,248	23,248	September 2024
Levee accreditation	419,780	19,076	400,704	September 2024
GIS services update	128,490	105,412	23,078	September 2024

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE D – OTHER NOTES, continued

3. Commitments, continued

Power Contract

In December 2015, the City entered into a contract with the Nebraska Public Power District (NPPD) for the purchase of electric power on a wholesale basis for a term of 20 years. The contract stipulates that if the City determines at any time that it wished to obtain power from another source, it must give written notice to NPPD five years prior to the time it proposes to change wholesale providers. Beginning on the date of the change, the City would be obligated to pay each month for an amount of power equal to an average of the maximum amounts of power purchased during the same month in each of the five years prior to the date of change. As of the date of this report, the City plans to continue its contract with NPPD and thus, no liability associated with this commitment has been accruing in the financial statements.

Other Commitments

The City also entered into a 60 month copier lease on February 1, 2020. The lease requires monthly payments of \$351 through January 2025.

4. Interlocal Agreements

The City has the following interlocal agreements in effect as of September 30, 2023:

Parties to Agreement	Agreement Period	Descriptions
Civil Defense	1981 - ongoing	Joint City/County Organization
Police Department	1990 – ongoing	Interlocal cooperative “RAP”/Rural Apprehension Program
Nebraska Community Energy Alliance	6/17/14 thru 6/17/2074	Advancement of Natural Gas & Electric Vehicle Infrastructure and Use
Seward County	6/01/2023 thru 5/31/2024	Prosecution Services/Per Year
Seward County	2004 – ongoing	Emergency Management Organization (Joint County-City)
Seward County	1997 – ongoing	EL overhead line-Section 27 & 28, Township N Range 3E
Seward County	1995 – ongoing	Combined Communications Center (Enhanced 911)
Seward County	1999 – ongoing	Police firearms range
Seward County	2011 – ongoing	Wellhead protection/City pays admin & Legal fees

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE D – OTHER NOTES, continued

4. Interlocal Agreements, continued

Parties to Agreement	Agreement Period	Descriptions
Seward County Public Power	1980 – ongoing	Joint use of poles/SPPD to pay \$1.50/pole
South Crest Subdivision	1982 – ongoing	Sanity Imp Dist #3-WA & SE/City to provide routine maintenance
Staplehurst, Village of	2000 – ongoing	Use of burnsite for brush & untreated wood/Staplehurst pays \$1,000/yr
Statewide Communications Alliance	2002 – 2032	Jointly own, operate, regulate, manage and maintain statewide system
Upper Big Blue Natural Resources District	5/02/2017 thru 6/30/2023	Construction costs for hiking/bicycle trail \$150,000 paid by Upper Big Blue Natural Resource
Seward County Rural Fire Protection District	07/01/2023 thru 06/30/2024	Fire Protection/Equipment
Seward County Chamber & Development Partnership	10/1/2022 thru 9/30/2023	Economic Development
H-GAC	10/1/2022 thru 9/30/2023; auto renews	Cooperative purchasing program #17-5994
Seward County	4/26/2022 – project completion	E Seward St construction
Seward County School District	2/15/22 – 2/15/32	Wellness Center construction and board
Butler, Saline, Seward, York Counties and Cities of Seward and York	01/14/2020 – 01/14/2025	Public safety software, hardware, and services with Zuercher
Statewide Communications Alliance	2002 – 2032	Jointly own, operate, regulate, manage and maintain statewide system
Upper Big Blue Natural Resources District	02/20/2018 – 06/30/2023	Pay up to 50% of Levee accreditation
Seward County, Saline County, Cities of: Seward, Milford, Crete, Friend, Villages of: Goehner, Staplehurst, Bee, Tamora, Pleasant Dale, Beaver Crossing, Dorchester	09/14/1993- 09/14/2043	Seward/Saline County Solid Waste Management Agency

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2023

NOTE D – OTHER NOTES, continued

5. Tax Abatements/Conduit Debt

The Community Development Agency (CDA), who is authorized by Nebraska statutes to enter into property tax abatement agreements for the purpose of developing properties in blighted areas, has entered into tax increment financing (TIF) agreements with various redevelopers. The TIF program has the stated purpose of increasing valuation, business activity and employment in the community.

Under the TIF program, redevelopers can apply for TIF financing whereby the property tax they pay on the increased valuation of property under a TIF agreement is returned to the redeveloper (in the form of payments on conduit debt) by the CDA to finance the project for a period of up to 15 years.

Information relevant to the abatements granted by the CDA for the year ended September 30, 2023 is as follows:

<u>TIF Project:</u>	<u>Years Remaining on TIF Agreements</u>	<u>2023 TIF Valuation</u>	<u>TIF Proceeds Received during the year 9-30-2023</u>
Progressive Sheet Metal	5	\$ 183,594	\$ 4,890
Sports Express	5	179,903	3,056
Cobblestone Inn	5	1,883,763	36,374
B & M Seed	5	449,098	11,246
Jones Bank	7	1,035,594	47,768
Jones Insurance	6	599,584	10,186
Grimes Construction	7	353,931	6,043
CNG, Inc.	8	7,057,881	89,169
Lindner	7	332,463	9,331
Two Creeks Holding	8	370,616	6,296
Bottle Rocket Brewing	8	290,847	6,969
Bradford	9	260,364	4,423
Peek Properties	7	95,061	2,810
Plex Homes (Phase 1)	12	1,165,281	28,880
Project Superior	12	22,014,154	256,563
Green Futures	12	737,832	9,627

CITY OF SEWARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

NOTE D – OTHER NOTES, continued

5. Tax Abatements/Conduit Debt, continued

<u>TIF Project:</u>	Years Remaining on <u>TIF Agreements</u>	2023 TIF <u>Valuation</u>	TIF Proceeds Received during the year <u>9-30-2023</u>
Kach 647	13	99,071	105
Kach 640/644	13	95,152	851
Else & Burger	13	314,315	5,340
Seward Dairy Queen	13	626,025	10,635
Alps Dog Retreat	14	249,640	3,125
GH Coffee	13	261,369	4,440
Levanders Body Shop	13	508,655	8,641
Two Creeks Storage	11	134,362	2,586
Old Town Square	14	194,900	3,311
Ironhide (IHC)	14	772,713	428
Plex Homes (Phase 2)	14	968,580	8,045
Plex Homes (Phase 3)	15	473,687	-
Fast Mart	10	744,665	<u>15,034</u>
			<u>\$ 596,172</u>

6. Related Party Transactions

A former council member is the redeveloper on three TIF projects in Note D5 (Bradford, Kach 647, and Kach 640/644). Another entity owned by this council member (Kach Investment) received CDBG grant proceeds totaling \$22,654 for downtown revitalization during the year ended September 30, 2023.

7. Subsequent Events

Management has evaluated subsequent events through January 17, 2024, the date on which the financial statements were available for issue.

On October 3, 2023, Council approved a \$850,988 contract with Gehring Construction for the Izaak Walton and Highway 15 intersection project and approved an addendum to the agreement with The Schemmer Associates for construction phase services on this project for \$100,652.

On October 17, 2023, Council approved a redevelopment plan for Focus Properties 511, LLC.

On October 17, 2023, Council approved a change order with General Excavating for the Bradford Street storm sewer improvements project for \$130,455.

On November 21, 2023, Council approved an agreement with Clark & Enersen for design services for the Civic Center for 8.5 percent of construction costs.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SEWARD, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND

Year ended September 30, 2023

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 1,823,431	\$ 1,832,369	\$ 8,938
Motor vehicle	160,000	184,725	24,725
Sales tax	951,963	1,670,396	718,433
Franchise	1,222,450	1,308,947	86,497
Occupation	278,000	285,523	7,523
Intergovernmental	125,966	131,694	5,728
Charges for services	1,238,592	1,334,994	96,402
Interest income	9,100	110,439	101,339
Grants	217,750	27,897	(189,853)
Contributions	565,208	343,615	(221,593)
Insurance proceeds	40,000	-	(40,000)
Other	3,510	702	(2,808)
	6,635,970	7,231,301	595,331
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	378,653	358,914	(19,739)
Public safety	2,067,577	1,643,492	(424,085)
Public works	525,891	512,959	(12,932)
Environment and leisure	2,478,981	2,766,851	287,870
Capital outlay	1,466,905	659,574	(807,331)
Principal payments on debt	49,468	49,468	-
Interest expense	5,432	5,432	-
	6,972,907	5,996,690	(976,217)
Resources over (under) charges to appropriations	(336,937)	1,234,611	1,571,548
OTHER FINANCING USES			
Transfers out	(2,490,000)	(2,490,000)	-
RESOURCES UNDER CHARGES TO APPROPRIATIONS AND OTHER FINANCING USES	\$ (2,826,937)	\$ (1,255,389)	\$ 1,571,548

CITY OF SEWARD, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
STREET FUND**

Year ended September 30, 2023

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Taxes:			
Sales tax	\$ 220,000	\$ 360,410	\$ 140,410
Intergovernmental	965,111	1,010,355	45,244
Charges for services	29,616	34,763	5,147
Interest income	-	29	29
Grants	<u>182,592</u>	<u>202,889</u>	<u>20,297</u>
 Total resources	 1,397,319	 1,608,446	 211,127
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	989,457	933,238	(56,219)
Capital projects	4,517,232	2,390,012	(2,127,220)
Principal payments on debt	22,713	22,713	-
Interest on long-term debt	<u>1,532</u>	<u>1,532</u>	<u>-</u>
 Total charges to appropriations	 <u>5,530,934</u>	 <u>3,347,495</u>	 <u>(2,183,439)</u>
 Resources under charges to appropriations	 (4,133,615)	 (1,739,049)	 2,394,566
OTHER FINANCING SOURCES (USES)			
Transfers in	2,490,000	2,490,000	-
Transfers out	<u>-</u>	<u>(190,480)</u>	<u>(190,480)</u>
Net transfers	<u>2,490,000</u>	<u>2,299,520</u>	<u>(190,480)</u>
 RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	 <u>\$ (1,643,615)</u>	 <u>\$ 560,471</u>	 <u>\$ 2,204,086</u>

CITY OF SEWARD, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
DEBT SERVICE FUND**

Year ended September 30, 2023

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Sales tax	\$ 847,926	\$ 678,037	\$ (169,889)
Interest income	<u>1,800</u>	<u>6,592</u>	<u>4,792</u>
Total resources	849,726	684,629	(165,097)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Principal payments	960,055	959,966	(89)
Interest and fees	<u>87,871</u>	<u>87,565</u>	<u>(306)</u>
Total charges to appropriations	<u>1,047,926</u>	<u>1,047,531</u>	<u>(395)</u>
Resources under charges to appropriations	(198,200)	(362,902)	(164,702)
OTHER FINANCING SOURCES			
Transfer in	<u>-</u>	<u>190,480</u>	<u>190,480</u>
RESOURCES AND OTHER FINANCING SOURCES UNDER CHARGES TO APPROPRIATIONS	<u>\$ (198,200)</u>	<u>\$ (172,422)</u>	<u>\$ 25,778</u>

CITY OF SEWARD, NEBRASKA

**BUDGETARY COMPARISON SCHEDULES -
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

Year ended September 30, 2023

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenue and Expenditures**

	<u>General Fund</u>	<u>Street Fund</u>	<u>Debt Service Fund</u>
Sources/inflows of resources:			
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 7,231,301	\$ 1,608,446	\$ 684,629
Differences - budget to GAAP:			
Cash to accrual adjustments	<u>(64,925)</u>	<u>7,697</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 7,166,376</u></u>	<u><u>\$ 1,616,143</u></u>	<u><u>\$ 684,629</u></u>
Uses/outflows of resources:			
Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedules	\$ 5,996,690	\$ 3,347,495	\$ 1,047,531
Differences - budget to GAAP:			
Cash to accrual adjustments	<u>(62,915)</u>	<u>308,373</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 5,933,775</u></u>	<u><u>\$ 3,655,868</u></u>	<u><u>\$ 1,047,531</u></u>

SUPPLEMENTARY INFORMATION

CITY OF SEWARD, NEBRASKA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS

September 30, 2023

	Special Revenue Funds		
	<u>CDBG</u>	<u>LB840</u>	<u>TIF</u>
ASSETS			
Interest receivable	\$ -	\$ -	\$ -
Due from other governments	-	-	-
Restricted assets:			
Cash and cash equivalents	17,511	401,554	301,740
Certificates of deposit	-	-	-
	-	-	-
Total assets	\$ 17,511	\$ 401,554	\$ 301,740
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 78,808
Fund balances:			
Nonspendable:			
Cemetery perpetual care	-	-	-
Restricted for:			
Capital projects	-	-	-
Federal programs	17,511	-	-
Economic development	-	401,554	222,932
	-	401,554	222,932
Total fund balances	17,511	401,554	222,932
Total liabilities and fund balances	\$ 17,511	\$ 401,554	\$ 301,740

<u>Capital Projects</u>	<u>Permanent Fund Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 31	\$ 31
132,587	-	132,587
466,604	250,740	1,438,149
-	15,000	15,000
<u>\$ 599,191</u>	<u>\$ 265,771</u>	<u>\$ 1,585,767</u>
	\$ -	\$ 78,808
-	265,771	265,771
599,191	-	599,191
-	-	17,511
-	-	624,486
<u>599,191</u>	<u>265,771</u>	<u>1,506,959</u>
<u>\$ 599,191</u>	<u>\$ 265,771</u>	<u>\$ 1,585,767</u>

CITY OF SEWARD, NEBRASKA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

For the year ended September 30, 2023

	Special Revenue Funds		
	<u>CDBG</u>	<u>LB840</u>	<u>TIF</u>
REVENUES			
Sales tax	\$ -	\$ 150,000	\$ -
TIF proceeds	-	-	596,172
Grant revenue	151,447	-	-
Charges for services	-	-	45,953
Contributions	-	-	-
Loan collections	-	116,144	-
Interest income	-	5,814	3,547
Total revenues	151,447	271,958	645,672
EXPENDITURES			
General government	151,447	-	-
Economic development	-	125,000	603,277
Total expenditures	151,447	125,000	603,277
Net change in fund balances	-	146,958	42,395
Fund balances - September 30, 2022	17,511	254,596	180,537
Fund balances - September 30, 2023	\$ 17,511	\$ 401,554	\$ 222,932

<u>Capital Projects</u>	<u>Permanent Fund Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 598,600	\$ -	\$ 748,600
-	-	596,172
-	-	151,447
-	248	46,201
-	10,800	10,800
-	-	116,144
611	3,738	13,710
<u>599,211</u>	<u>14,786</u>	<u>1,683,074</u>
20	-	151,467
-	-	728,277
<u>20</u>	<u>-</u>	<u>879,744</u>
599,191	14,786	803,330
-	250,985	703,629
<u>\$ 599,191</u>	<u>\$ 265,771</u>	<u>\$ 1,506,959</u>

CITY OF SEWARD, NEBRASKA
COMBINING STATEMENT OF NET POSITION -
COMPONENT UNITS

September 30, 2023

	<u>Seward Airport Authority</u>	<u>Seward Library Foundation</u>	<u>Total Component Units</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 235,621	\$ 94,729	\$ 330,350
Certificates of deposit	30,000	60,647	90,647
County treasurer cash	4,349	-	4,349
Investments	-	564,505	564,505
Receivables:			
Property tax	5,002	-	5,002
Accounts receivable	4,594	-	4,594
Interest	5	-	5
Prepaid insurance	24,007	-	24,007
Total current assets	303,578	719,881	1,023,459
Noncurrent assets:			
Permanently restricted investments	-	85,616	85,616
Capital assets:			
Land	105,156	-	105,156
Other capital assets, net of depreciation	3,671,380	-	3,671,380
Net capital assets	3,776,536	-	3,776,536
Total noncurrent assets	3,776,536	85,616	3,862,152
Total assets	4,080,114	805,497	4,885,611
LIABILITIES			
Current liabilities:			
Accrued interest payable	4,965	-	4,965
Unearned revenue	24,519	-	24,519
Current portion of long-term debt	161,300	-	161,300
Total current liabilities	190,784	-	190,784
Noncurrent liabilities:			
Noncurrent portion of long-term debt	14,542	-	14,542
Total liabilities	205,326	-	205,326
NET POSITION			
Net investment in capital assets	3,600,694	-	3,600,694
Permanently restricted-Guthal	-	85,616	85,616
Unrestricted	274,094	719,881	993,975
Total net position	\$ 3,874,788	\$ 805,497	\$ 4,680,285

CITY OF SEWARD, NEBRASKA

**COMBINING STATEMENT OF ACTIVITIES -
COMPONENT UNITS**

For the year ended September 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Seward Airport Authority:			
Airport	\$ 477,101	\$ 122,569	\$ -
Seward Library Foundation:			
Library support	60,487	-	41,692
Total component units	\$ 537,588	\$ 122,569	\$ 41,692

Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position		
	Airport Authority	Seward Library Foundation	Total Component Units
\$ -	\$ (354,532)	\$ -	\$ (354,532)
-	-	(18,795)	(18,795)
<u>\$ -</u>	<u>(354,532)</u>	<u>(18,795)</u>	<u>(373,327)</u>
General revenues:			
Taxes:			
Property	214,051	-	214,051
Interest income	2,158	1,018	3,176
Dividends	-	256	256
Gain on investments	-	110,059	110,059
Other income	37,915	-	37,915
Total general revenues	<u>254,124</u>	<u>111,333</u>	<u>365,457</u>
Change in net position	(100,408)	92,538	(7,870)
Net position - beginning of year	<u>3,975,196</u>	<u>712,959</u>	<u>4,688,155</u>
Net position - end of year	<u>\$ 3,874,788</u>	<u>\$ 805,497</u>	<u>\$ 4,680,285</u>

SHAREHOLDERS:
Robert D. Almquist
Phillip D. Maltzahn
Marcy J. Luth
Heidi A. Ashby
Christine R. Shenk
Michael E. Hoback
Joseph P. Stump
Kyle R. Overturf
Tracy A. Cannon
Jamie L. Clemans

**INDEPENDENT AUDITOR’S 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**

To the Honorable Mayor and Members of the City Council
City of Seward, Nebraska

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Seward, 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 financial statements, and have issued our report thereon dated January 17, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described below, that we consider to be a significant deficiency.

Segregation of Duties

Due to limited number of personnel, there is not adequate segregation of duties to ensure internal control over cash receipts, disbursements, and recording of transactions.

Report on Compliance and Other Matters

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

City of Seward's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Seward's response to the findings identified in our audit and described above. The City of Seward's response to the findings identified in our audit is that due to the small size of the City, it is impractical to further segregate duties. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

AMGL, PC

Grand Island, Nebraska
January 17, 2024