

CITY OF SIDNEY, NEBRASKA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
AND
ACCOUNTANT'S OPINION THEREON

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Sidney, Nebraska 69162

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sidney (the City), Sidney, 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, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 31, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 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 (GAAS) and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with (GAAS) and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-9 and 39-41 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of

preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

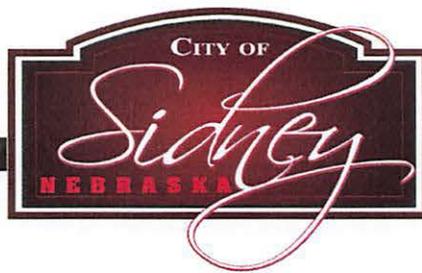
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Rauner & Assoc P.C." with a stylized flourish at the end.

Rauner & Associates, P.C.
Sidney, Nebraska

February 13, 2024



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CITY OF SIDNEY, NEBRASKA Management's Discussion and Analysis

As financial management of the municipal government, we offer readers of this financial statement an overview and analysis of the financial activities of the City of Sidney, Nebraska for the fiscal year ended September 30, 2023. This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in the government's financial position, identify any material deviations from the approved budget documents, and identify individual fund issues or concerns. The Management's Discussion and Analysis (MD&A) is designed to focus on the activities of the current fiscal year ended September 30, 2023, the resulting changes, and currently known facts. It should be read in conjunction with the City's financial statements that begin with Exhibit A.

FINANCIAL HIGHLIGHTS

- ◆ The assets of the city (Exhibit A) exceeded its liabilities as of September 30, 2023, by \$89,770,502 (net position). Of this amount \$26,259,004 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The City's total net position increased by \$2,787,841 in comparison to the prior year. Of the increase, \$886,696 or 32% was an increase in governmental activities and \$1,901,145 or 68% related to business-type activities.
- ◆ The City's Governmental Fund Balance Sheet (Exhibit C) as of September 30, 2023, shows total assets of \$21,799,261, which is an increase of \$886,663 from the prior year. Deferred Inflows of Resources in the amount of \$3,302,287 which is \$319,752 less than last year. Deferred Inflows of Resources reflects uncollected property tax and special assessment revenues that are not available to pay for current period expenditures and, therefore, are deferred in the funds. Current year Fund Balances are as follows: Nonspendable Fund Balance - 0.20% or \$36,976 (which is the Golf Inventory) is defined as amounts that are not in a spendable form or are required to be maintained intact. Restricted Fund Balance - 46.78% or \$8,442,160 (which is Street and Debt Service carryover funds) is defined as amounts constrained to specific purposes by their providers, through constitutional provisions or by enabling legislation. Committed Fund Balance - 19.00% or \$3,429,205, which consists of \$1,787,286 in the General Fund, \$37,409 in the Street Fund, and \$1,604,510 in Capital Projects, LB840 Economic Development, Cemetery Perpetual Care, Golf Development, Unemployment, golf credit card balances, Dare, Boy Scouts, and the Economic Development Fund) is defined as amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed amounts that cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint. Unassigned Fund Balance - 34.02% or \$6,138,301 (which is all other General Fund assets) is defined as amounts that are available for any purpose - positive amounts are reported only in the General Fund.
- ◆ The City's Statement of Net Position for Proprietary Funds/Business-Type Activities - Enterprise Funds (Exhibit G) as of September 30, 2023, indicates there was an increase in the net position of \$1,901,145 compared to \$2,273,761 in 2022. The Electric, Water, Sewer, and Landfill Funds all realized an increase in Net Position for FYE 2023. (Exhibit H) Operating revenues were higher this year in the Sewer and Landfill Funds, while operating expenses were lower in only the Electric Fund.
- ◆ In the Statement of Cash Flows for Proprietary Funds (Exhibit I), there was a net increase in Cash and Cash Equivalents of \$2,191,979 in 2023 and a net decrease of \$571,344 in 2022.
- ◆ The Governmental Activities total liabilities decreased by \$1,904,562 while Business-Type Activities total liabilities showed a decrease of \$355,300.

USING THIS ANNUAL FINANCIAL REPORT

Our government's presentation of financial statements follows the Governmental Accounting Standards Board Statement 34. The statements focus on the government as a whole (government-wide) and the major individual funds. Both perspectives (government-wide and major fund) allow the reader to address relevant questions, broaden a basis for comparison (year to year or government to government) and should enhance the City's accountability.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City'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 other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Exhibits A & B of this report)

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner like a private-sector business. The Statement of Net Position presents information on all the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the year ended September 30, 2023. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, 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, earned but unused vacation and sick leave, etc.)

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) or from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include most of the City's basic services including police, fire, general administration, streets, parks, cemetery, golf, library, public transportation, and economic development. Further explanation of individual line items reported for each function are: (1) General Government-Administration and Inspection; (2) Public Safety - Police and Fire; (3) Public Works-Streets; (4) Health & Social Services-Cemetery and Public Transportation; (5) Culture & Recreation-Park, Pool, Golf, and Library. The business-type activities include the Electric, Water, Sewer, and Landfill activities.

FUND FINANCIAL STATEMENTS (Exhibits C-V of this report)

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into the following three categories:

Governmental Funds are used to account for essentially the same functions reported as governmental activities. 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. This information may be useful in evaluating the City's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The City maintains three individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Street Fund, and the Debt Service Fund which are considered major funds. Data from the non-major governmental fund (Exhibits P-Q-individual fund data) are combined into a single, aggregated presentation. They include Economic Development LB840, Capital Projects, Cemetery Perpetual Care, Golf Development, Unemployment Compensation, and Boy Scouts. The City adopts an annual appropriation budget ordinance for its General Fund and all other governmental funds. Exhibit L provides supplementary information which presents budgetary comparison information. The basic

governmental fund financial statements for individual schedules for General Fund Accounts can be found on Exhibits P-T of this report.

Proprietary Funds are the business-type activities-enterprise funds which include the Electric, Water, Sewer, and Landfill as major enterprises. These are in Exhibits G-I of this report.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. In this report, these are shown in Exhibit J and include the Tax Increment Financing Projects, CDBG, the Volunteer Fire Department and its Auxiliary.

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 in Exhibit K of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The following is the Condensed Statement of Net Position and the Condensed Statement of Activities for September 30, 2023, and 2022:

City of Sidney Condensed Statement of Net Position September 30, 2023 and 2022						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
ASSETS						
Current and Other Assets	\$ 21,604,375	\$ 20,702,869	\$ 19,243,913	\$ 16,936,901	\$ 40,848,288	\$ 37,639,770
Capital Assets	37,171,789	39,091,161	36,078,763	36,839,930	73,250,552	75,931,091
TOTAL ASSETS	58,776,164	59,794,030	55,322,676	53,776,831	114,098,840	113,570,861
LIABILITIES						
Long Term Liabilities Outstanding	15,740,294	17,699,340	5,303,852	5,750,261	21,044,146	23,449,601
Other Liabilities	2,248,217	2,193,733	1,035,975	944,866	3,284,192	3,138,599
TOTAL LIABILITIES	17,988,511	19,893,073	6,339,827	6,695,127	24,328,338	26,588,200
NET POSITION						
Net Investment in Capital Assets	19,843,175	19,462,815	31,808,537	32,114,237	51,651,712	51,577,052
Restricted	8,479,569	7,623,322	3,380,217	3,180,817	11,859,786	10,804,139
Unrestricted	12,464,909	12,814,820	13,794,095	11,786,650	26,259,004	24,601,470
TOTAL NET POSITION	\$ 40,787,653	\$ 39,900,957	\$ 48,982,849	\$ 47,081,704	\$ 89,770,502	\$ 86,982,661

City of Sidney
Condensed Statement of Activities
September 30, 2023 and 2022

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,175,815	\$ 1,203,038	\$ 14,019,890	\$ 14,438,643	\$ 15,195,705	\$ 15,641,681
Operating Grants and Contributions	1,386,441	1,833,422	-	-	1,386,441	1,833,422
Capital Grants and Contributions	702,020	1,023,448	-	-	702,020	1,023,448
General Revenues:						
Property Taxes	2,399,368	2,383,244	-	-	2,399,368	2,383,244
Sales and Use Tax	4,764,346	3,750,316	-	-	4,764,346	3,750,316
Other Local Taxes	121,055	171,990	-	-	121,055	171,990
Motor Vehicle Taxes	137,974	136,473	-	-	137,974	136,473
Miscellaneous Special Assessments	231,839	238,008	-	-	231,839	238,008
Intergovernmental Revenues	252,517	253,906	-	-	252,517	253,906
Franchise Fees	843,042	814,862	-	-	843,042	814,862
Miscellaneous State Revenues	416,759	524,523	-	-	416,759	524,523
Investment Income	90,441	21,190	172,577	75,012	263,018	96,202
Miscellaneous Revenues	182,364	320,593	148,019	235,143	310,383	555,736
Transfers of Capital	(289,283)	18,346	289,283	(18,346)	-	-
Sale of Land	-	-	21,440	-	21,440	-
Insurance Proceeds	6,873	51,228	13,528	32,618	20,401	83,846
Total Revenues	12,401,571	12,744,587	14,864,737	14,763,070	27,066,308	27,507,657
Expenses:						
General Government	3,518,402	2,550,923	-	-	3,518,402	2,550,923
Public Safety	1,640,422	1,735,042	-	-	1,640,422	1,735,042
Public Works	2,786,017	2,592,614	-	-	2,786,017	2,592,614
Health & Social Services	492,963	408,265	-	-	492,963	408,265
Culture and Recreation	2,766,922	2,426,281	-	-	2,766,922	2,426,281
Interest on Long-Term debt	310,149	595,316	-	-	310,149	595,316
Electric	-	-	7,772,072	7,796,247	7,772,072	7,796,247
Water	-	-	2,007,195	1,898,834	2,007,195	1,898,834
Sewer	-	-	1,289,536	1,255,907	1,289,536	1,255,907
Landfill	-	-	1,694,789	1,538,321	1,694,789	1,538,321
Total Expenses	11,514,875	10,308,441	12,763,592	12,489,309	24,278,467	22,797,750
Increase in Net Assets	886,696	2,436,146	1,901,145	2,273,761	2,787,841	4,709,907
Net Assets - Beginning	39,900,957	37,464,811	47,081,704	44,807,943	86,982,661	82,272,754
Net Assets - Ending	\$ 40,787,653	\$ 39,900,957	\$ 48,982,849	\$ 47,081,704	\$ 89,770,502	\$ 86,982,661

GOVERNMENTAL ACTIVITIES

As stated previously in the Financial Highlights, governmental activities increased the City's net position by \$886,696, accounting for 32% of the total growth in the net assets of the City of Sidney. Governmental Activities had an increase in capital position due to a \$1,904,562 decrease in total liabilities, which exceeded the \$1,017,866 decrease in total assets.

BUSINESS-TYPE ACTIVITIES

Business-Type activities (see Exhibit H) increased the city's net position by \$1,901,145, accounting for 68% of the total growth in the government's net position. Some explanatory remarks regarding this statement are as follows: the overall operating revenues for business-type activities decreased by \$524,967 from the prior year, Electric Fund change in net position decreased from \$1,634,504 in 2022 to \$1,435,852 in 2023 due to decreased operating revenues, Water Fund change in net position decreased from \$327,008 in 2022 to \$14,165 in 2023 due to decreased operating revenues and increased operating expenses, Sewer Fund change in net position increased from \$27,209 in 2022 to \$184,427 in 2023 due to an increase in revenues, and the Landfill Fund change in net position decreased from \$285,040 in 2022 to \$266,701 in 2023 due to an increase in operating expenses.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

GOVERNMENTAL FUNDS

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

As per Resolution No. 20120102, adopted by the City Council on January 10, 2012, a Fund Balance Policy in Accordance with GASB 54 was adopted. The following categories are in compliance with that resolution: As of September 30, 2023, the City's Governmental Funds reported combined ending fund balances of \$18,046,642, an increase of \$1,181,505 compared to the prior year.

The Governmental Funds are the chief operating funds of the City. As of September 30, 2023, the **Nonspendable Fund** balance of the General Fund was \$36,976 which represents the Golf Course inventory; the **Committed Fund** was \$3,429,205. Committed Funds includes the Insurance Reserve Account, Street Equipment Reserve Account and Economic Development funds; the **Unassigned Fund** was \$6,138,301 which is the remainder of the Governmental Fund Balances; and **Restricted Funds** was \$8,442,160 which is restricted for Street Department and Debt Service. Total Liabilities, Deferred Inflows of Resources and Fund Balances for Governmental Funds was \$21,799,261. The fund balance of the City's General Fund increased by \$96,519 during this fiscal year.

The Street Fund had a total restricted fund balance of \$5,335,292, which was carried over to the next fiscal year budget to fund scheduled street projects. The Debt Service Fund had a total restricted fund balance of \$3,106,868 which is entirely reserved for debt payments. The other non-major Governmental Funds had a total committed fund balance of \$1,604,510 which include Economic Development, Capital Projects, Cemetery Perpetual Care, Golf Development, Unemployment and Boy Scouts.

PROPRIETARY FUNDS

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position of the Sewer, Water, Electric, and Landfill Funds amounted to a total of \$12,813,356. Restricted Assets for the same funds consist of \$335,324 for Customer Deposits, \$980,739 for Capital Improvements, \$1,698,770 for Debt Service, and \$1,346,123 for Landfill Closure Costs. Factors concerning the finances of these funds have already been addressed in the discussion of the city's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

There was no difference between the original advertised budget and the final approved budget. The budget relies heavily on sales and property tax revenue. This year the sales tax revenue came in approximately \$456,856 over budget in the General Fund and \$138,136 under budget in the Street Fund. The overall General Fund was under budget due lower than expected other local receipts.

The budget and budgetary accounting process for the municipality is explained in detail in Exhibit M Notes to the Required Supplementary Information that accompanies the schedule entitled Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General and Major Special Revenue Fund - Budgetary Basis.

CAPITAL ASSET AND DEBT ADMINISTRATION

This year's changes in assets and long-term debt are explained in detail in Note 3 of the Financial Statements. The long-term debt is explained in Notes to the Financial Statements in categories for General Obligation, Special Assessment Bonds, Notes Payable, Capital Leases and Proprietary Fund illustrating the changes throughout the fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic factors and conditions which may affect future budgets and revenues:

During the last decade, Sidney saw unprecedented growth along with uncertainty in some areas of business created by outside private forces. The 2018-2019 trade wars, lingering pandemic issues, inflation and possible recession, and reduction of available equipment and supplies due to supply chain bottlenecks has created higher than normal costs for supplies needed to keep the city's departments and infrastructure running. If these conditions persist budgets and utility rates will have to increase to maintain stability of city services.

The largest impact locally is the purchase by Bass Pro of Cabela's, Sidney's largest employer with almost 2,000 employees and the reorganization/consolidation has led to a staffing reduction in Sidney of an estimated 1,800 positions. This move originally had a direct effect on home sales, which slowed significantly for a period, and prices dropped as more houses entered the market. Previously homes were a scarce commodity in Sidney. Throughout 2018 and 2019, home sales skyrocketed with 8 -10 homes sales closing each week. Over 900 new 'family units' have moved to Sidney over the last three years due to housing and job availability. There are currently less than 20 homes available for sale. Retirees looking for a lower cost and more relaxed lifestyle as well as younger people who can now work from home have made Sidney a popular relocation destination. With the coming of an additional 200 jobs being created by the Clean Harbors expansion in Kimball and the GBSD project coming to the area as well as several local Sidney based companies wanting to expand, housing and work force have become a huge need for Sidney and more importantly the entire region.

In other good news during the last 5-7 years, new construction in the area included a new hospital, new office headquarters building for Cabela's and remodeling and renovation of other Cabela's facilities, two new hotels, a new Applebee's, a new Love's truck stop with apartments and a truck service facility, a renovated hotel complex, new roads to facilitate proposed new housing projects, a new apartment complex, new trails, a new water park, a new airport terminal, a new private commercial development park, utilities and roads were built in the City's industrial park (now with its first new business), and the industrial park outside of town has added more property, more rail lines (already served by three railroads) and Bell Pole to its already burgeoning repertoire. There have been over 100 new and expanding businesses in and around Sidney over the last three years including Lukjan Metals, Progress Rail, a new medical clinic, an emergency care facility, Agri-plastics, Sand Hills Global, GL Huyett, 308 Ag, UST Global/Xpansion, Vitalix, NexGen, Highby Outdoors, Worldwide Trophy Adventures, an expanded Bomgaars and the pipe coating business is back open. We also have a 19.5-million-dollar 50,000 square foot extended care unit extension set to break ground in 2023. I believe this is possible due to Sidney's aggressive recruiting strategy, room for growth and available human capital to fill the jobs. The human capital, workforce housing, and expanded early childhood development to accommodate this growth is where we will focus our efforts now.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City Manager or City Clerk/Treasurer's Office (telephone number 308-254-5300 and email address – citymanager@cityofsidney.org) at 1115 13th Avenue, Sidney, Nebraska.



David Scott, City Manager



Kegan Carwin, City Finance Director

CITY OF SIDNEY, NEBRASKA
GOVERNMENT-WIDE STATEMENT OF NET POSITION

EXHIBIT A

September 30, 2023

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 14,486,046	\$ 6,925,769	\$ 21,411,815
Cash with Fiscal Agent	162,560	-	162,560
Equity in Pooled Cash and Investments	2,955,719	6,375,362	9,331,081
Receivables (Net of Allowances for Uncollectibles)			
Taxes	785,194	-	785,194
Accounts	-	1,071,028	1,071,028
Special Assessments	3,371,275	10,830	3,382,105
Accrued Interest	1,491	7,383	8,874
Interfund Balances	(198,082)	198,082	-
Inventory	36,976	466,168	503,144
Bond Issue Costs	3,196	548	3,744
Discount on Bonds Payable	-	1,574	1,574
Restricted Assets			
Cash and Cash Equivalents	-	3,277,632	3,277,632
Investments	-	242,691	242,691
Equity in Pooled Cash and Investments	-	666,846	666,846
Capital Assets:			
Land and Land Improvements	2,045,410	1,738,338	3,783,748
Buildings and Structures	6,628,244	25,528,018	32,156,262
Vehicles	3,013,738	2,091,239	5,104,977
Equipment	5,060,546	10,823,388	15,883,934
Infrastructure	46,286,169	36,835,566	83,121,735
Accumulated Depreciation	(25,891,029)	(40,937,786)	(66,828,815)
Right to Use Asset - Equipment	40,533	-	40,533
Accumulated Amortization	(11,822)	-	(11,822)
TOTAL ASSETS	58,776,164	55,322,676	114,098,840
LIABILITIES			
Current Liabilities:			
Taxes Payable	-	64,466	64,466
Accounts Payable	99,719	20,789	120,508
Accrued Interest	49,348	22,057	71,405
Accrued Salaries and Employee Benefits Payable	66,371	91,730	158,101
Compensated Absences Payable within one year	35,937	35,330	71,267
Bonds, Notes and Leases Payable within one year	1,946,619	466,279	2,412,898
Other	50,223	-	50,223
Customer Deposits Payable	-	335,324	335,324
Total Current Liabilities	2,248,217	1,035,975	3,284,192
Non-Current Liabilities:			
Construction & Demolition Landfill Closure Costs	-	78,355	78,355
Landfill Closure Care	-	1,236,547	1,236,547
Compensated Absences	358,299	185,003	543,302
Bonds, Notes and Leases Payable	15,382,195	3,803,947	19,186,142
Total Non-Current Liabilities	15,740,494	5,303,852	21,044,346
TOTAL LIABILITIES	17,988,711	6,339,827	24,328,538
NET POSITION			
Net Investment in Capital Assets	19,842,975	31,808,537	51,651,512
Restricted for:			
Debt Service	3,106,868	1,698,770	4,805,638
Street Improvements	5,372,701	-	5,372,701
Landfill Closure	-	1,346,123	1,346,123
Customer Deposits	-	335,324	335,324
Unrestricted	12,464,909	13,794,095	26,259,004
TOTAL NET POSITION	\$ 40,787,453	\$ 48,982,849	\$ 89,770,302

The Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

EXHIBIT B

For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business- Type Activities	Total
PRIMARY GOVERNMENT:							
Governmental Activities							
General Government	\$ 3,518,402	\$ 587,035	\$ 17,668	\$ 531,097	\$ (2,382,602)	\$ -	\$ (2,382,602)
Public Safety	1,640,422	-	-	-	\$ (1,640,422)	-	(1,640,422)
Public Works	2,786,017	-	997,799	170,923	\$ (1,617,295)	-	(1,617,295)
Health & Social Services	492,963	32,750	167,974	-	\$ (292,239)	-	(292,239)
Culture and Recreation	2,766,922	556,030	203,000	-	\$ (2,007,892)	-	(2,007,892)
Interest on Long-Term debt	310,149	-	-	-	\$ (310,149)	-	(310,149)
Total Governmental Activities	11,514,875	1,175,815	1,386,441	702,020	(8,250,599)	-	(8,250,599)
Business-Type Activities							
Electric	7,772,072	9,053,473	-	-	-	1,281,401	1,281,401
Water	2,007,195	1,683,943	-	-	-	(323,252)	(323,252)
Sewer	1,289,536	1,439,155	-	-	-	149,619	149,619
Landfill	1,694,789	1,843,319	-	-	-	148,530	148,530
Total Business-Type Activities	12,763,592	14,019,890	-	-	-	1,256,298	1,256,298
Total Primary Government	\$ 24,278,467	\$ 15,195,705	\$ 1,386,441	\$ 702,020	(8,250,599)	1,256,298	(6,994,301)

General Revenues:		
Taxes:		
Property Taxes	2,399,368	2,399,368
Sales Tax	4,764,346	4,764,346
Other Local Taxes	121,055	121,055
Motor Vehicle Taxes	137,974	137,974
Miscellaneous Special Assessments	231,839	231,839
Intergovernmental Revenues	252,517	252,517
Franchise Fees	843,042	843,042
Miscellaneous State Revenues	416,759	416,759
Investment Income	90,441	172,577
Miscellaneous Revenues	162,364	148,019
Transfers of Capital	(289,283)	289,283
Sale of Land	-	21,440
Insurance Proceeds	6,873	13,528
Total General Revenues and Transfers	9,137,295	644,847
Change in Net Position	886,696	1,901,145
Net Position - Beginning	39,900,757	47,081,704
Net Position - Ending	\$ 40,787,453	\$ 48,982,849

Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
BALANCE SHEET
GOVERNMENTAL FUNDS

EXHIBIT C

September 30, 2023

	General Fund	Street Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 4,957,355	\$ 5,256,320	\$ 3,044,042	\$ 1,228,329	\$ 14,486,046
Cash with Fiscal Agent	100,095	-	62,465	-	162,560
Equity in Pooled Cash and Investments	2,574,622	4,916	-	376,181	2,955,719
Receivables (Net of Allowances for Uncollectibles)					
Taxes	556,003	134,657	94,534	-	785,194
Special Assessments	-	-	3,371,275	-	3,371,275
Accrued Interest	1,491	-	-	-	1,491
Inventory	36,976	-	-	-	36,976
TOTAL ASSETS	\$ 8,226,542	\$ 5,395,893	\$ 6,572,316	\$ 1,604,510	\$ 21,799,261
LIABILITIES					
Liabilities					
Advances from Other Funds	\$ -	\$ -	\$ 198,082	\$ -	\$ 198,082
Accounts Payable	99,661	58	-	-	99,719
Compensated Absences Payable	31,560	4,377	-	-	35,937
Accrued Salaries Payable	59,476	6,895	-	-	66,371
Claims Payable	-	-	-	-	-
Deferred Claims	30,636	11,862	-	-	42,498
Other	7,725	-	-	-	7,725
Total Liabilities	229,058	23,192	198,082	-	450,332
DEFERRED INFLOWS OF RESOURCES					
Unavailable Property Tax Revenue	34,921	-	26,352	-	61,273
Uncollected Special Assessments	-	-	3,241,014	-	3,241,014
Total Deferred Inflows of Resources	34,921	-	3,267,366	-	3,302,287
FUND BALANCES					
Nonspendable	36,976	-	-	-	36,976
Restricted	-	5,335,292	3,106,868	-	8,442,160
Committed	1,787,286	37,409	-	1,604,510	3,429,205
Unassigned	6,138,301	-	-	-	6,138,301
Total Fund Balances	7,962,563	5,372,701	3,106,868	1,604,510	18,046,642
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 8,226,542	\$ 5,395,893	\$ 6,572,316	\$ 1,604,510	\$ 21,799,261

The Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENTS OF NET POSITION

EXHIBIT D

September 30, 2023

Total fund balance - total governmental funds		\$ 18,046,642
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		
	Governmental Capital Assets	63,074,640
	Less: Accumulated Depreciation	<u>(25,902,851)</u>
		37,171,789
Other assets used in governmental activities are not financial resources and therefore are not reported in governmental funds:		
Bond Issue Costs		3,196
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
	Bonds and Notes Payable	17,328,814
	Compensated Absences Payable	<u>358,299</u>
		(17,687,113)
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		
		(49,348)
Other long-term assets are not available to pay for current period expenditures and, therefore, deferred in the funds.		
		3,241,014
Property tax revenues are not available to pay for current period expenditures and, therefore are deferred in the funds.		
		61,273
		<hr/>
Net Position of Governmental Activities		<u><u>\$ 40,787,453</u></u>

The Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

EXHIBIT E

GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	General Fund	Street Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 4,708,516	\$ 1,001,794	\$ 1,457,948	\$ 300,000	\$ 7,468,258
Special Assessments	-	-	506,076	-	506,076
Franchise Fees	843,042	-	-	-	843,042
Intergovernmental Revenues	489,928	1,065,417	111,730	-	1,667,075
Charges for Services	1,143,065	-	-	32,750	1,175,815
Interest	29,496	42,781	9,813	8,351	90,441
Grants	185,295	170,923	15,347	516,097	887,662
Donations	200,000	-	-	3,000	203,000
Miscellaneous Revenues	73,365	3,157	70,400	15,442	162,364
Total Revenues	7,672,707	2,284,072	2,171,314	875,640	13,003,733
Expenditures					
General Government	2,643,570	-	110,063	662,469	3,416,102
Public Safety	1,587,487	-	-	-	1,587,487
Public Works	-	1,032,425	-	-	1,032,425
Health and Social Services	478,654	-	-	-	478,654
Culture and Recreation	2,286,050	-	-	-	2,286,050
Capital Outlay	43,220	252,901	-	170,942	467,063
Debt Service					
Lease Payments (Principal and Interest)	-	-	10,737	-	10,737
Bond Payments (Principal, Interest and Charges)	-	-	2,261,300	-	2,261,300
Total Expenditures	7,038,981	1,285,326	2,382,100	833,411	11,539,818
Excess (Deficiency) of Revenues Over Expenditures	633,726	998,746	(210,786)	42,229	1,463,915
Other Financing Sources (Uses)					
Insurance Proceeds	6,873	-	-	-	6,873
Transfers In	-	21,806	237,374	186,510	445,690
Transfers Out	(254,797)	(190,893)	-	-	(445,690)
Capital Contributions	(289,283)	-	-	-	(289,283)
Total Other Financing Sources (Uses)	(537,207)	(169,087)	237,374	186,510	(282,410)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	96,519	829,659	26,588	228,739	1,181,505
Fund Balances, October 1	7,866,044	4,543,042	3,080,280	1,375,771	16,865,137
Fund Balances, September 30	\$ 7,962,563	\$ 5,372,701	\$ 3,106,868	\$ 1,604,510	\$ 18,046,642

The Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

EXHIBIT F

For the Year Ended September 30, 2023

Net change in fund balances - total governmental funds		\$ 1,181,505
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.</p>		467,063
<p>Depreciation and amortization expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.</p>		(2,386,435)
<p>Amortization expense of bond issue costs is reported in the government-wide statement of activities and changes in net position, but the amortization is not recognized as an expenditure in governmental funds.</p>		(3,197)
<p>The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
	Principal Payments on Bond Payable	1,880,179
	Payments on Capitalized Leases	19,951
	Issuance of Long-Term Debt	-
		1,900,130
<p>Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as an expenditure in governmental funds.</p>		64,955
<p>Compensated absences payments reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.</p>		(17,573)
<p>Some property taxes and assessments will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues in the governmental funds.</p>		(319,752)
<p>Change in Net Position of Governmental Funds</p>		\$ 886,696

The Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
STATEMENT OF NET POSITION

EXHIBIT G

PROPRIETARY FUNDS
September 30, 2023

	Business-Type Activities - Enterprise Funds				Totals
	Electric	Water	Sewer	Landfill	
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 3,997,113	\$ 1,168,195	\$ 562,610	\$ 1,197,851	\$ 6,925,769
Equity in Pooled Cash and Investments	5,822,617	29,344	517,163	6,238	6,375,362
Receivables					
Customer Accounts - Net of Allowances for					
Uncollectible Accounts	581,284	192,345	131,383	166,016	1,071,028
Special Assessment	-	4,515	6,315	-	10,830
Advances from Other Funds	198,082	-	-	-	198,082
Accrued Interest	5,650	1,109	624	-	7,383
Inventory	414,225	51,943	-	-	466,168
Total Current Assets	11,018,971	1,447,451	1,218,095	1,370,105	15,054,622
Capital Assets:					
Land and Land Improvements	152,138	1,241,313	135,087	209,800	1,738,338
Buildings and Structures	5,169,121	2,678,117	14,410,506	3,270,274	25,528,018
Vehicles	772,316	58,053	728,643	532,227	2,091,239
Equipment	5,452,281	1,373,526	510,074	3,487,507	10,823,388
Infrastructure	15,361,409	20,338,861	1,135,296	-	36,835,566
Accumulated Depreciation	(13,230,802)	(13,506,537)	(8,406,506)	(5,793,941)	(40,937,786)
Total Property and Equipment	13,676,463	12,183,333	8,513,100	1,705,867	36,078,763
Other Assets					
Bond Issue Costs	-	-	-	548	548
Discount on Bonds Payable	-	-	-	1,574	1,574
Restricted Assets					
Cash and Cash Equivalents	371,249	501,946	995,575	1,408,862	3,277,632
Investments	200,000	-	-	42,691	242,691
Equity in Pooled Cash and Investments	94,818	326,056	245,972	-	666,846
Total Other Assets	666,067	828,002	1,241,547	1,453,675	4,189,291
TOTAL ASSETS	25,361,501	14,458,786	10,972,742	4,529,647	55,322,676
LIABILITIES					
Current Liabilities					
Taxes Payable	64,466	-	-	-	64,466
Accounts Payable	-	16,721	-	4,068	20,789
Accrued Interest	-	14,078	6,098	1,881	22,057
Compensated Absences Payable Within One Year	10,236	6,095	5,069	13,930	35,330
Bonds, Notes and Leases Payable Within One Year	-	150,231	216,048	100,000	466,279
Accrued Salaries and Employee Benefits	35,060	15,751	13,435	27,484	91,730
Customer Deposits	327,144	3,655	-	4,525	335,324
Total Current Liabilities	436,906	206,531	240,650	151,888	1,035,975
Long-Term Liabilities					
Compensated Absences Payable	87,943	13,159	14,162	69,739	185,003
Closure Costs	-	-	-	1,236,547	1,236,547
Construction & Demolition Landfill Closure Costs	-	-	-	78,355	78,355
Bonds and Notes Payable	-	2,250,981	1,347,966	205,000	3,803,947
Total Long-Term Liabilities	87,943	2,264,140	1,362,128	1,589,641	5,303,852
TOTAL LIABILITIES	524,849	2,470,671	1,602,778	1,741,529	6,339,827
NET POSITION					
Net Investment in Capital Assets	13,676,463	9,782,121	6,949,086	1,400,867	31,808,537
Restricted for:					
Customer Deposits	327,144	3,655	-	4,525	335,324
Capital Improvements	119,524	188,661	567,124	105,430	980,739
Debt Service	200,000	824,347	674,423	-	1,698,770
Landfill Closure Costs	-	-	-	1,346,123	1,346,123
Unrestricted	10,513,521	1,189,331	1,179,331	(68,827)	12,813,356
TOTAL NET POSITION	\$ 24,836,652	\$ 11,988,115	\$ 9,369,964	\$ 2,788,118	\$ 48,982,849

The Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

EXHIBIT H

PROPRIETARY FUNDS
For the Year Ended September 30, 2023

	Business-Type Activities - Enterprise Funds				Total
	Electric	Water	Sewer	Landfill	
Operating Revenue					
Charges for Services	\$ 9,053,473	\$ 1,683,943	\$ 1,439,155	\$ 1,843,319	\$ 14,019,890
Insurance Proceeds	-	3,349	4,237	5,942	13,528
Miscellaneous	53,902	26,903	5,214	62,000	148,019
Total Operating Revenue	<u>9,107,375</u>	<u>1,714,195</u>	<u>1,448,606</u>	<u>1,911,261</u>	<u>14,181,437</u>
Operating Expenses					
Administration	703,857	671,710	608,870	756,772	2,741,209
Distribution	6,517,142	311,279	-	-	6,828,421
Operation	-	300,891	278,125	566,599	1,145,615
Depreciation	551,073	673,941	380,384	356,091	1,961,489
Amortization	-	-	-	784	784
Total Operating Expenses	<u>7,772,072</u>	<u>1,957,821</u>	<u>1,267,379</u>	<u>1,680,246</u>	<u>12,677,518</u>
Operating Income (Loss)	<u>1,335,303</u>	<u>(243,626)</u>	<u>181,227</u>	<u>231,015</u>	<u>1,503,919</u>
Non-Operating Revenue (Expense)					
Interest Income	100,549	22,801	20,438	28,789	172,577
Interest Expense	-	(49,374)	(22,157)	(14,543)	(86,074)
Sale of Land	-	-	-	21,440	21,440
Total Other Revenue (Expense)	<u>100,549</u>	<u>(26,573)</u>	<u>(1,719)</u>	<u>35,686</u>	<u>107,943</u>
Income (Loss) Before Contributions & Transfers	<u>1,435,852</u>	<u>(270,199)</u>	<u>179,508</u>	<u>266,701</u>	<u>1,611,862</u>
Capital Contribution	-	284,364	4,919	-	289,283
Change in Net Position	<u>1,435,852</u>	<u>14,165</u>	<u>184,427</u>	<u>266,701</u>	<u>1,901,145</u>
Net Position at Beginning of Year	<u>23,400,800</u>	<u>11,973,950</u>	<u>9,185,537</u>	<u>2,521,417</u>	<u>47,081,704</u>
Net Position at End of Year	<u>\$ 24,836,652</u>	<u>\$ 11,988,115</u>	<u>\$ 9,369,964</u>	<u>\$ 2,788,118</u>	<u>\$ 48,982,849</u>

The Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
STATEMENT OF CASH FLOWS

EXHIBIT I

PROPRIETARY FUNDS
For the Year Ended September 30, 2023

	Business-Type Activities - Enterprise Funds				
	Electric	Water	Sewer	Landfill	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Customers	\$ 9,096,280	\$ 1,704,593	\$ 1,444,064	\$ 1,836,132	\$ 14,081,069
Cash Received from Other Funds for Services	-	-	-	45,968	45,968
Other Cash Operating Receipts	-	30,251	-	21,974	52,225
Cash Payments to Suppliers and Employees for Goods and Services	(7,183,622)	(1,202,221)	(881,092)	(1,293,248)	(10,560,183)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	1,912,658	532,623	562,972	610,826	3,619,079
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Advance of Interfund Receivable	18,039	-	-	-	18,039
NET CASH (USED FOR) NONCAPITAL FINANCING ACTIVITIES	18,039	-	-	-	18,039
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES					
Acquisition and Construction of Capital Assets	(898,948)	(284,364)	(17,011)	-	(1,200,323)
Principal Paid on Bonds and Notes Payable	-	(147,271)	(213,196)	(95,000)	(455,467)
Contributed Capital	-	284,364	4,919	-	289,283
Interest Paid	-	(50,237)	(22,988)	(14,923)	(88,148)
NET CASH (USED FOR) CAPITAL & RELATED FINANCING ACTIVITIES	(898,948)	(197,508)	(248,276)	(109,923)	(1,454,655)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	97,052	21,877	20,557	50,229	189,715
(Increase) Decrease in Investments	(105,411)	(15,978)	(49,806)	(9,004)	(180,199)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(8,359)	5,899	(29,249)	41,225	9,516
Net Increase (Decrease) in Cash and Cash Equivalents	1,023,390	341,014	285,447	542,128	2,191,979
Cash and Cash Equivalents, October 1	3,344,972	1,329,127	1,272,738	2,064,585	8,011,422
Cash and Cash Equivalents, September 30	\$ 4,368,362	\$ 1,670,141	\$ 1,558,185	\$ 2,606,713	\$ 10,203,401
Reconciliation of Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 1,335,303	\$ (243,626)	\$ 181,227	\$ 231,014	\$ 1,503,918
Adjustments to Reconcile Net Income to Net Cash Provided by Operations					
Depreciation and Amortization	551,074	673,941	380,384	356,875	1,962,274
(Increase) Decrease in Receivables	(22,960)	20,934	(4,542)	(7,067)	(13,635)
(Increase) Decrease in Inventories	9,268	55,009	-	-	64,277
Increase (Decrease) in Taxes and Accounts Payable	-	15,628	(2,474)	(2,345)	10,809
Increase (Decrease) in Other Accruals	18,050	-	-	23,747	41,797
Increase (Decrease) in Compensated Absences Payable	8,328	9,413	8,322	7,386	33,449
Increase (Decrease) in Accrued Salaries Payable	1,730	1,609	55	1,336	4,730
Increase (Decrease) in Customer Deposits Payable	11,865	(285)	-	(120)	11,460
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 1,912,658	\$ 532,623	\$ 562,972	\$ 610,826	\$ 3,619,079

The Notes to the Financial Statements are an integral part of these statements.

CITY OF SIDNEY, NEBRASKA
STATEMENT OF NET POSITION - FIDUCIARY FUND

EXHIBIT J

September 30, 2023

	Custodial Funds
Assets	
Cash and Cash Equivalents	\$ 621,803
Total Assets	621,803
Net Position	
Restricted for:	
TIF Bonds	487,072
Volunteer Fire Department	134,731
Total Net Position	\$ 621,803

CITY OF SIDNEY, NEBRASKA
STATEMENT OF CHANGES IN NET POSITION -
FIDUCIARY FUND

For the Year Ended September 30, 2023

	Custodial Funds
Additions:	
Property Taxes	\$ 646,856
Volunteer Fire Department	53,544
Interest Income	2,110
Total Additions	702,510
Deductions:	
TIF Bond Payments	382,176
Volunteer Fire Department	80,710
Total Deductions	462,886
Change in Net Position	239,624
Net Position - September 30, 2022	382,179
Net Position - September 30, 2023	\$ 621,803

The Notes to the Financial Statements are an integral part of these statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City Council (the Council) is the basic level of government, which has oversight responsibility and control over all activities related to the City of Sidney (the City). The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services. The City receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the City is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since Council members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Component Units

The financial statements of the City include the accounts of all City operations. The financial statements include the following component unit:

1. The Sidney Area Solid Waste Agency is a blended component unit, meaning although it is a legally separate entity, it is in substance part of the City's operations. The agency was created pursuant to Sections 13-801 to 13-827 of R.R.S. Nebraska 1943 as amended and is the owner of the Sidney Area's Solid Waste Landfill. The City and the Agency entered into an agreement whereas the City has been designated manager and operator of the Sidney Area Solid Waste Landfill. The agency is included in the Landfill Enterprise Fund.

B. Government-Wide and Fund Financial Statements

1) Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. Fiduciary activities, whose resources are not available to finance the City's programs, are excluded from the government-wide statements. The material effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

2) 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 constitutes its assets, liabilities, fund balances, 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:

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

- 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.
- 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.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the total economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including interest on long-term debt, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes, sales taxes, highway user fees, interdepartmental charges, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual. Special assessments are recorded as revenues in the year the assessments become current. Annual installments not yet due are reflected as special assessment receivables and deferred revenues. Other revenue items are considered to be measurable and available only when cash is received by the City.

Government funds include the following fund types:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The special revenue funds are used to account for specific revenues that are legally restricted or committed to expenditure for specific purposes. These, for the City, happen to be part of the City's non-major governmental funds that the City holds. They are the Economic Development, Cemetery, Golf Development, Unemployment and a Boy Scout Fund.

The debt service fund accounts for the servicing of general long-term debt not being financed by proprietary funds.

The capital projects fund accounts for the purchase of fixed assets, the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds, and the future acquisition of capital endeavors. Funding sources include debt proceeds, intergovernmental sources, third party contributions and General Fund operating transfers.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund.

The Street Fund accounts for the resources accumulated and payments made for the maintenance, construction, and improvement of the streets in the City.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related expenses of general long-term debt paid primarily from taxes. The fund balance of the Debt Service Fund is reserved to signify that the amounts are restricted exclusively for debt service expenditures.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included in the Statement of Net Position. The City reports the following major enterprise funds:

The Electric Fund accounts for the activities of the City's electric distribution operations. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for Electric debt. All costs are financed through charges to utility customers with rates regularly reviewed and adjusted if necessary.

The Water Fund accounts for the activities of the City's water distribution operations. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for Water debt. All costs are financed through charges to utility customers with rates regularly reviewed and adjusted if necessary.

The Sewer Fund accounts for the activities of the City's wastewater utility. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for Sewer debt. All costs are financed through charges to utility customers with rates regularly reviewed and adjusted if necessary.

The Landfill Fund accounts for all operations of the Sidney Area Solid Waste Agency and the activities of the City's sanitation operations. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for Landfill debt. All costs are financed through charges to utility customers with rates regularly reviewed and adjusted if necessary.

Additionally, the City reports the following fund type:

The Custodial Fund is used to account for assets held by the City in a purely custodial capacity. The reporting entity includes two custodial funds at September 30, 2023. Since custodial funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. The City's Custodial Fund includes the TIF and the Volunteer Fire Department activity.

The effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the business-type functions and various other functions of the government. Elimination of these charges would not distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, fines and forfeitures, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for goods and services. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

D. Assets, Liabilities and Net Position or Equity

1. Cash and Cash Equivalents and Cash with Fiscal Agent

Cash is comprised of the City's checking and savings accounts, money market accounts, and certificates of deposit with maturity dates of three months or less from purchase date. Cash with fiscal agent represents taxes collected by the county treasurer but not remitted to the City as of September 30, 2023.

2. Equity in Pooled Cash and Investments

Equity in pooled cash and investments consist of each fund's excess cash that is pooled with other funds' cash and invested through a brokerage firm or local banks in certificates of deposits, savings accounts and government securities. This is an internal investment pool between the City's funds. The city treasurer is responsible for making investment decisions and monitors the accounts.

3. Receivables

Receivables are stated net of an allowance for uncollectible accounts. In the governmental fund financial statements, taxes receivable is offset by the deferral of the related revenues until payment is received, except amounts received within sixty days of the balance sheet date. Special assessments receivable is investments purchased from external entities. Other receivables include notes and merchandise receivables, and receivables for requested cost reimbursement relating to capital projects.

4. Inventory

Inventory consists of golf resale inventory in the general fund and repair parts and supplies to be used in the Enterprise Funds. Inventory is valued at cost. The costs of inventories are recorded as expenses when consumed rather than when purchased.

5. Interfund Transactions

The City eliminates interfund transactions in the government-wide financial statements, with the exception of charges between the business-type functions and various other functions of the government.

6. Bond Issue Costs

Bond issue costs consist of the costs incurred related to bond issuance in the proprietary funds. These costs are reported as expenditures in the period in which they are incurred.

7. Bond Premiums

Bond Premiums consist of the receipt generated on the pricing of a bond being higher than the par value or the prevailing interest rates being offered. These receipts are reported as income in the period in which they are received.

8. Discount on Bonds Payable

Discount on bonds payable in the proprietary funds are deferred and amortized over the life of the bonds using the straight-line method.

8. Restricted Assets

Investments consist of certificates of deposit with maturity dates of more than three months from the purchase date. Certain bank accounts and investments are used to hold and pay customer deposits in the enterprise funds. The landfill enterprise fund includes cash that is restricted for payment of closure and post-closure costs.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

9. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, drainage systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalization value of the assets constructed.

Interest costs for fixed-asset construction within enterprise funds are capitalized. However, all other interest costs are expensed in the debt service fund.

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

<u>Assets</u>	<u>Years</u>
Buildings	10 - 50
Improvements	5 - 40
Infrastructure	20 - 35
Equipment	2 - 20
Utility Plant	30 - 40

10. Taxes Payable and Accounts Payable

Taxes Payable include payroll taxes and sales taxes. Accounts payable represents amounts due for goods or services received but not paid for at September 30, 2023.

11. Compensated Absences Payable and Accrued Salaries Payable

Compensated absences payable and accrued salaries payable include accrued payroll payable, and vacation and sick leave earned but not paid as of the fiscal year end.

12. Advances from Other Funds

Advances from other funds are long-term borrowing between funds.

13. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the fund level financial statements will sometimes report a separate section for deferred outflows of resources and for deferred inflows of resources. A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditure) until then. A deferred inflow of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. Accordingly, the unavailable revenue of property taxes of \$61,273 and uncollected special assessments of \$3,241,014 are reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

14. Other Liabilities

Other liabilities include health insurance payables, landfill closure costs payable and payables due on CDBG projects.

15. Customer Deposits Payable

Funds hold cash as a deposit until certain conditions of an agreement are met, at which time the cash is returned to the owner. Occasionally, the owner will default on the conditions and the cash held as a deposit becomes the property of the City and is recorded as revenue at that time.

16. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Previously, bond premiums and discounts were deferred and amortized over the life of the bonds using the effective interest method. Under new standards they are reported as income in the year received. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenditures in the periods in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received, are reported as current debt service expenditures.

17. Deferred Loss on Early Retirement of Debt

Deferred loss on early retirement of debt is the result of the proprietary funds advance refunding of utilities revenue and refunding bonds. This deferred loss was capitalized and is amortized over the term of the bonds using the straight-line method.

18. Fund Equity

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 improvements of those assets and adjusted for deferred inflows and outflows of resources attributable to capital assets and long-term debt.

b. *Restricted* – Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets with restriction constraints placed on the use of either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Of the total net position, \$4,805,638 is restricted for future debt service, \$335,324 for customer deposits, \$5,372,701 for street improvements, and \$1,346,123 for the landfill closure.

c. *Unrestricted* – Net amounts of assets, deferred inflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

Fund Financial Statements:

Beginning with fiscal year 2011, the City implemented GASB 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers, through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest-level action to remove or change the constraint;
- Assigned fund balance – amounts the City intends to use for a specific purpose; intent can be expressed by the Council or by an official or body to which the Council delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the General Fund.

The Council established (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This could typically be done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Council through adoption or amendment of the budget as intended for specific purpose.

The City strives to maintain an unassigned fund balance to be used for unanticipated emergencies that should arise from state or governmental funding shortfalls.

19. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

20. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reporting period. Actual results could differ from these estimates.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual regulations. The results of audit tests disclosed no instances of noncompliance that are considered material to the financial statements or that are required to be reported under *Government Auditing Standards*.

- A. The City was under collateralized with uninsured cash balances for the year ended September 30, 2023, in the amount of \$12,348.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

Note 3: DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Cash and Cash Equivalents and Investments

State laws authorize the City, with the consent of its Council, to invest the funds of the City in securities of which individuals of prudence, discretion and intelligence acquire or retain in dealing with the property of others. The City may also invest in certificates of deposit of banks that are members of the FDIC to the extent that deposits are insured by the FDIC.

Internal Investment Pool

The City maintains a cash and investment pool that is available for use by all funds. Each fund types' portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments." Included in this account are certificates of deposit and savings accounts from local banks and investments from a brokerage firm that include certificates of deposit and government securities. In addition, the City has other assets that are classified as investments. Investments are stated at cost, which approximates fair value, with accrued interest shown under a separate caption on the balance sheet.

The following summarizes cash and cash equivalents, equity in pooled cash and investments, investments, and cash with fiscal agent by fund type at September 30, 2023.

	Cash and Cash Equivalents	Equity in Pooled Cash & Investments	Investments	Subtotal	Cash with Fiscal Agent	Totals
General Fund	\$ 4,957,355	\$ 2,574,622	\$ -	\$ 7,531,977	\$ 100,095	\$ 7,632,072
Special Revenue Funds	6,484,649	381,097	-	6,865,746	-	6,865,746
Debt Service Fund	3,044,042	-	-	3,044,042	62,465	3,106,507
Proprietary Funds	10,203,401	7,042,208	242,691	17,488,300	-	17,488,300
Agency Fund	621,803	-	-	621,803	-	621,803
Totals	\$ 25,311,250	\$ 9,997,927	\$ 242,691	\$ 35,551,868	\$ 162,560	\$ 35,714,428

Deposits and Investments

Deposit risks include:

- Custodial Credit Risk – for deposits, custodial credit risk is the risk that in the event of the failure of a bank or other counterparty, the City will not be able to recover the value of its deposits or collateral securities in the possession of a third party.
- Credit Risk – for deposits, credit risk is the risk that a bank or other counterparty defaults on its principal and/or interest payments owed to the City.
- Interest Rate Risk – for deposits, interest rate risk is the risk that the value of deposits will decrease as a result of a rise in interest rates.

The City has not adopted a specific risk management policy for deposits but does require all deposits and investments be in compliance with the provisions of State statutes. Statutes authorize the City to invest in time deposits at banks selected as depositories of City funds, direct debt securities of the United States government, and certain government agency bonds.

Cash and investments are stated at cost, which approximates fair value. The City's cash deposits, including certificates of deposit, are insured by the Federal Deposit Insurance Corporation (FDIC) and

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

securities held in safekeeping pledged to the entity where the security is held. At September 30, 2023, the City had bank balances of \$35,657,902, (this does not reflect outstanding checks or deposits in transit). All securities are held by the City’s pledging financial institution, but not in the City’s name. Of this amount, \$12,348 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized - Points West Community Bank	\$ 12,348
Total	\$ 12,348

Cash held by the Cheyenne County Treasurer of \$162,560 was covered by collateral held by the County or was invested in U.S. Government Securities held by the County and are held by the County’s agent in the City’s name.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets.

Assets and liabilities are classified into one of the following categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

A financial instrument’s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. All of the City’s certificate of deposits as of September 30, 2023, are categorized as level 2 investments. Additionally, a landfill bond holding account at BOK Financial in the amount of \$42,690 invests excess cash in treasury securities, also categorized as a level 2 investment.

B. Capital Assets

Details of Capital Assets

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

NOTES TO THE BASIC FINANCIAL STATEMENTS -- EXHIBIT K
(Continued)

Governmental Activities	October 1, 2022 Balance	Additions	Deletions	Transfers	September 30, 2023 Balance
Capital Assets					
Land/Land Improvements	\$ 2,045,410	\$ -	\$ -	\$ -	2,045,410
Buildings & Structures	6,614,655	13,589	-	-	6,628,244
Vehicles	2,905,455	108,283	-	-	3,013,738
Equipment	4,799,806	260,740	-	-	5,060,546
Infrastructure	46,201,718	84,451	-	-	46,286,169
Total Capital Assets	\$ 62,567,044	\$ 467,063	\$ -	\$ -	63,034,107
Less Accumulated Depreciation					
Building/Structure	\$ 3,218,609	\$ 289,377	\$ -	\$ -	3,507,986
Vehicles	2,496,866	124,278	-	-	2,621,144
Equipment	3,281,425	124,878	-	-	3,406,303
Infrastructure	14,517,827	1,837,769	-	-	16,355,596
Total Accumulated Depreciation	\$ 23,514,727	\$ 2,376,302	\$ -	\$ -	25,891,029
Total Capital Assets, net	\$ 39,052,317	\$ (1,909,239)	\$ -	\$ -	37,143,078

Lease Assets:	October 1, 2022 Balance	Additions	Deletions	Transfers	September 30, 2023 Balance
Equipment	\$ 40,533	\$ -	\$ -	\$ -	40,533
Less Accumulated Amortization					
Equipment	\$ 1,689	\$ 10,133	\$ -	\$ -	11,822
Total Lease Assets, net	\$ 38,844	\$ (10,133)	\$ -	\$ -	28,711
Governmental Activities					
Capital Assets, net	\$ 39,091,161	\$ (1,919,372)	\$ -	\$ -	37,171,789

*Depreciation expense was charged to governmental functions as follows:

General Government	\$ 84,544
Public Safety	71,523
Public Works, which includes the depreciation of general infrastructure assets	1,751,293
Health & Social Services	11,285
Culture and Recreation	457,657
	<u>\$ 2,376,302</u>

*Amortization expense was charged to governmental functions as follows:

Culture and Recreation	\$ 10,133
	<u>\$ 10,133</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

Business-Type Activities

A summary of the Proprietary Fund Fixed Assets as of September 30, 2023, is as follows:

	October 1, 2022			September 30, 2023
	Balance	Additions	Deletions	Balance
Land/Land Improvements	\$ 1,738,338	\$ -	\$ -	\$ 1,738,338
Buildings and Structures	25,528,019	-	-	25,528,019
Vehicles	2,091,239	-	-	2,091,239
Equipment	10,774,535	48,852	-	10,823,387
Infrastructure	35,684,096	1,151,470	-	36,835,566
Total Capital Assets	\$ 75,816,227	\$ 1,200,322	\$ -	\$ 77,016,549
Less Accumulated Depreciation:	October 1, 2022			September 30, 2023
	Balance	Additions	Deletions	Balance
Building/Structure	\$ 13,761,307	\$ 387,854	\$ -	\$ 14,149,161
Vehicles	1,316,250	137,812	-	1,454,062
Equipment	5,730,202	437,128	-	6,167,330
Infrastructure	18,168,538	998,695	-	19,167,233
Total Accumulated Depreciation	\$ 38,976,297	\$ 1,961,489	\$ -	\$ 40,937,786
Total Business-Type Activities Capital Assets, net	\$ 36,839,930	\$ (761,167)	\$ -	\$ 36,078,763

C. Details of Long-Term Liabilities

Governmental Activities

1. Bonds Payable – Various Purpose Bonds Payable

Various Purpose Bonds and Debt Payable at September 30, 2023, is comprised of the following individual issues:

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

\$1,915,000 Various Purpose Refunding Bonds, Series 2020A, due in annual installments through December 15, 2029; interest at 0.40-2.45%	180,000
\$1,520,000 Recreational Facilities Infrastructure Bonds, Series 2014, due in annual installments through December 15, 2023; interest at 0.40-3.00%	165,000
\$3,600,000 Limited Tax Refunding Bond, Series 2017B, due in semi-annual installments through May 1, 2026; interest at 2.00-4.00%	1,340,000
\$1,204,876 Note Payment to Nebraska Department of Environmental Quality for JESWA, due in semi-annual installments through June 15, 2038 with a 1.25% interest rate and a 1.00% administration fee	916,619
\$1,538,000 Waste Disposal Facilities Revenue Bonds issued to the Sidney Area Solid Waste due in semi-annual installments through August 15, 2028 with 3.350% interest rates	831,000
\$780,000 Various Purpose Refunding Bonds, Series 2020A, due in annual installments through December 15, 2029; interest at 0.50-1.30%	555,000
\$11,655,000 Various Purpose Refunding Bonds, Series 2020B, due in annual installments through December 15, 2036; interest at 0.697-2.829%	10,945,000
\$2,455,000 Highway Allocation Fund Pledge Bonds, Series 2021, due in semi-annual installments through December 15, 2036; interest at 2.00% interest rates	2,330,000
	<u><u>\$ 17,262,619</u></u>

Funds are accumulated from assessments, interest collections and tax levies.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

2. Changes in Various Purpose Bonds and Debt Payable

Description	Issue Date	Interest Rate	Balance October 1	Bonds Issued	Bonds Paid	Balance September 30	Amounts Due Within One Year
Various Purpose Refunding Bonds	09/30/14	0.40-2.45%	\$ 355,000	\$ -	\$ 175,000	\$ 180,000	\$ 180,000
Recreational Facility Public Infra. Bonds	01/02/14	0.40-3.00%	325,000	-	160,000	165,000	165,000
2017-B Limited Tax Refunding Bond	10/05/17	2.00-4.00%	1,770,000	-	430,000	1,340,000	440,000
Joint East Sidney Watershed NDEQ Loan	07/28/18	1.25%	971,798	-	55,179	916,619	55,871
2018A Solid Waste Disposal Bonds	08/29/18	3.35%	981,000	-	150,000	831,000	155,000
2020A G.O. Various Purpose Refunding	11/10/20	.50-1.30%	630,000	-	75,000	555,000	75,000
2020B G.O. Various Purpose Refunding	11/10/20	.70-2.83%	11,655,000	-	710,000	10,945,000	710,000
2021 Highway Allocation Fund Pledge Bonds	08/19/21	2.00%	2,455,000	-	125,000	2,330,000	145,000
Total			\$ 19,142,798	\$ -	\$ 1,880,179	\$ 17,262,619	\$ 1,925,871

Various Purpose Bonds and Debt Payable at September 30, 2023, has the following maturities:

Fiscal Year	Principal	Interest	Total
2024	1,925,871	338,447	2,264,318
2025	1,602,571	308,854	1,911,425
2026	1,623,280	282,341	1,905,621
2027	1,184,999	254,047	1,439,046
2028	1,220,726	232,839	1,453,565
2029-2033	5,194,862	844,225	6,039,087
2034-2038	4,510,310	235,374	4,745,684
	\$ 17,262,619	\$ 2,496,127	\$ 19,758,746

3. Leases

The City, as a lessee, has entered into the following lease agreements:

\$40,533 - First-Citizens Bank & Trust Four-year lease of Toro Greensmaster mower with FMV buyout at end of lease. Implied interest rate of 4.0% paid out of Debt Service Fund.	\$ 20,251
Total Leases Payable	\$ 20,251

Leases Payable has the following maturities on September 30, 2023:

Fiscal Year	Principal	Interest	Total
2024	9,927	810	10,737
2025	10,324	413	10,737
	20,251	1,223	21,474

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

4. Notes Payable

Notes Payable, on September 30, 2023, is comprised of the following:

\$56,350 - Colorado Golf & Turf	\$ 45,944
Five-year lease to own with annual installments due May 1.	
Implied interest rate of 4.0% paid out of Debt Service Fund.	
Proceeds used for purchase of 30 Club Car golf carts.	
Total Notes Payable	\$ 45,944

Notes Payable has the following maturities at September 30, 2023:

Fiscal Year	Principal	Interest	Total
2024	10,821	1,833	12,654
2025	11,253	1,401	12,654
2026	11,702	952	12,654
2027	12,168	486	12,654
	45,944	4,672	50,616

5. Changes in Long-Term Liabilities

Description	Balance October 1	Debt Issued	Debt Retired	Balance September 30	Amounts Due Within One Year
Various Purpose Bonds & Debt Payable	\$ 19,142,798	\$ -	\$ 1,880,179	\$ 17,262,619	\$ 1,925,871
Notes Payable	56,350	-	10,406	45,944	10,821
Capital Leases	29,796	-	9,545	20,251	9,927
Compensated Absences	380,704	13,532	-	394,236	35,937
	\$ 19,609,648	\$ 13,532	\$ 1,900,130	\$ 17,723,050	\$ 1,982,556

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

D. Business-Type Activities – Long-Term Liabilities

Bonds and Notes Payable

\$915,000 Waste Disposal Facilities Revenue Bonds issued to the Sidney Area Solid Waste due in semi-annual installments through August 15, 2026 with 2.10-3.95% interest rates	\$ 305,000
Total Bonds Payable	305,000
\$3,215,548 Note Payable to Nebraska Department of Environmental Quality for improvements to public water booster, due in semi-annual installments through June 15, 2037 with a 2.00 % interest rate and a 0.5% administration fee.	2,401,212
\$4,125,000 Note Payable to Nebraska Department of Environmental Quality for improvements to wastewater treatment system, due in semi-annual installments through June 15, 2030 with a 1.33 % interest rate and administration fee waived for the life of the loan. This note is the result of previously issued separate \$2,750,000 and \$1,375,000 notes being combined into one by the State agency during the current year.	1,564,014
Total Notes Payable	3,965,226
Total Bonds and Notes Payable	\$ 4,270,226

The City has included the bonded indebtedness of the Sidney Area Solid Waste Agency into these financial statements. The City has control of the agency with the agency to provide money for the payment of the bonded indebtedness. All receipts and expenditures of the agency will be the City's responsibility.

Bonds and Notes Payable have the following maturities:

Fiscal Year	Principal	Interest	Total
2024	466,279	79,010	545,289
2025	472,190	69,450	541,640
2026	483,199	59,641	542,840
2027	384,309	49,384	433,693
2028	390,523	43,170	433,693
2029-2033	1,318,256	131,080	1,449,336
2034-2037	755,470	34,385	789,855
	\$ 4,270,226	\$ 466,120	\$ 4,736,346

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

Changes in Bonds and Notes Payable

Description	Issue Date	Interest Rate	Balance October 1	Debt Issued	Debt Retired	Balance September 30	Amounts Due Within One Year
Sidney Area Solid Waste Waste Disposal Facilities Revenue Bonds - 2011 Series	07/19/11	2.10 - 3.95%	\$ 400,000	\$ -	\$ 95,000	\$ 305,000	\$ 100,000
Note Payable - Nebraska DEQ - Sewer Construction	2009	1.33%	1,777,210	-	213,196	1,564,014	216,048
Note Payable - Nebraska DEQ - Water Booster	2016	2.00%	2,548,483	-	147,271	2,401,212	150,231
Total			<u>\$ 4,725,693</u>	<u>\$ -</u>	<u>\$ 455,467</u>	<u>\$ 4,270,226</u>	<u>\$ 466,279</u>

E. Interfund Transactions

Operating Transfers are authorized cash transfers between funds. The following is a schedule of operating transfers:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 254,797
Street Fund	21,806	190,893
Debt Service Fund	237,374	-
Non-Major Governmental Funds	186,510	-
Total Operating Transfers	<u>\$ 445,690</u>	<u>\$ 445,690</u>

Transfers are used to service the Debt Service Fund by maintaining debt related payments in that fund and to service the projects taking place in the Capital Projects Fund; therefore, governmental activities funds transfer monies to these funds. The remaining transfers were for normal operating purposes and were within the normal operations of the City.

Equity Transfers were utilized for expenditures in the Water and Sewer fund that qualify for reimbursement under the American Rescue Plan Act (ARPA). The funds were originally received into the General Fund. The assets supported by the ARPA funds were expensed in the Water and Sewer funds and therefore are appropriately offset by the redistribution. The equity transfers were as follows:

Fund	Equity Transfers In	Equity Transfers Out
General Fund	\$ -	\$ 289,283
Water Fund	284,364	-
Sewer Fund	4,919	-
Total Equity Transfers	<u>\$ 289,283</u>	<u>\$ 289,283</u>

Advances from Other Funds are proceeds from other funds. These interfund balances were the result of internal financing. The balance of \$198,082 is not expected to be repaid within one year. The following is a schedule of due to/due from other funds:

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

Fund	Advances from Other Funds	Advances from Other Funds
Debt Service Fund	\$ -	\$ 198,082
Electric Fund	198,082	-
Total Due From/To Other Funds	\$ 198,082	\$ 198,082

Note 4: OTHER INFORMATION

A. Landfill Closure and Post-Closure Cost

The Nebraska Environmental Protection Act, the Integrated Solid Waste Management Act, and the Nebraska Administrative Code Title 132-Integrated Solid Waste Management Regulations require owners of a solid waste disposal area to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance monitoring functions at the site after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each fiscal year end.

The amount of \$1,236,547 was reported as landfill closure and post closure care liability at September 30, 2023, which represents 43.00 percent of the cumulative landfill closure and post closure care liability of \$2,875,628. As a result of the new landfill cell configuration that was completed during the prior fiscal years, the City has used approximately 30.09 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post closure care of \$1,639,081 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care of \$2,875,628 in fiscal year 2023. The City expects to close the landfill in the year 2053. Actual cost may be higher because of inflation, changes in technology, or changes in regulations.

The City submitted to the State of Nebraska Department of Environmental Quality a request to modify the cell configuration at the facilities. It was accepted November 17, 2011. The cost estimates for new closure costs and post-closure costs were revised when the Department of Environmental Quality approved these modifications. As the result of the cell modification, the life of the landfill has been extended for over 30 years. However, the remaining site life is assumed to be the maximum of 30 years as allowed by the State of Nebraska Department of Environmental Quality.

The \$78,355 reported as construction and demolition landfill closure and post closure care liability at September 30, 2023, represents the cumulative amount reported to date based on the use of the expected life of 30 years. The City will recognize the remaining estimated cost of closure and post closure care of \$139,021 as the remaining estimated years end. These amounts are based on what it would cost to perform all closure and post closure cares of \$217,376 in fiscal year 2023. The City expects to close the landfill in the year 2046. Actual cost may be higher because of inflation, changes in technology, or changes in regulations.

The City is required to make annual contributions to a separate account to finance closure and post-closure care. The City is in compliance with these requirements and, at September 30, 2023, investments of \$1,303,432 are held for these purposes. These are reported as restricted assets on the balance sheet. The City expects future inflation costs to be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post closure care requirements are determined (because of changes in technology or applicable laws and regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

B. Tax Increment Financing (TIF)

During the 1996 - 1997 year, the Council created the Community Development Agency of the City of Sidney, Nebraska. The purpose of the Agency is to assist with redevelopment of real estate located within the City.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

The Agency has all of the powers of a redevelopment authority provided for under the Community Development Law of the State of Nebraska. As of September 30, 2023, the Agency has ten contracts issued. To finance these grants the Agency originally issued separate bonds totaling \$11,247,600. The outstanding balance of these bonds including interest, as of September 30, 2023, was \$9,721,389. These bonds constituted limited obligations of the Agency payable exclusively from real estate taxes from certain real estate located within the respected project areas. These real estate taxes have been pledged for the payment of the separate bond issues and are not included in these financial statements. The City acts only as a paying agent by receiving the tax money from the county and paying the bond payments to the bondholders. This activity is included in the Custodial Fund.

C. Unemployment Insurance

Unemployment insurance is paid by the City on a reimbursement basis to the State of Nebraska.

D. Risk Management

The City is exposed to various other risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The City is covered by commercial insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years. The City is currently involved in legal actions where certain parties have made tort claims for damages. Management believes the outcome of these proceedings will not have any material financial impact on the City.

E. Pension Plans

General Government – The City participates in the City of Sidney, Nebraska 401(K) Employee Savings Plan, which covers all employees except for police. Under the plan, each employee participating in the plan can contribute up to 15 percent of salary to the plan. The City will make a contribution on behalf of the employee in the amount matching the percent of the contribution made by the employee up to a maximum of six percent. City contributions for the employees range from three and one-half percent to seven percent. Contributions are submitted monthly. Contributions to the plan by the City were \$153,083 for the year while employee contributions totaled \$130,912.

Police Employees – City of Sidney police sworn officers are covered by a separate pension plan, which was amended on January 1, 1989. Each police officer participating in the retirement system must contribute six and one-half percent of salary. Such payment shall be made by regular payroll deductions from said salary and shall be credited to the employee's account on a monthly basis. The City contributed to the retirement system a sum equal to seven percent of the participating employee's salary. Employer contributions to the plan for the year ended September 30, 2023, were \$47,361 and employee contributions were \$47,361.

F. Contingencies and Commitments

1. Property Tax Receipts:

A movement towards property tax reduction is present in the political and legal environment in the State of Nebraska. The City will be subject to a tax levy limit of \$.45 per hundred dollars of assessed valuation for the 2023-2024 year. In addition, the full impact of current legislation and proposed initiatives regarding spending and revenue limitations cannot be assessed.

2. Economic Uncertainty:

The City of Sidney has experienced growth in the last few years, but also is experiencing an uncertainty that has been created by outside economic forces. Inflation has caused significant impacts to local businesses. Additionally, COVID-19 continues to have potential adverse impacts, as some calls for precaution continue. Finally, the effects of the Cabela's/Bass Pro merger continue to cause economic uncertainty for the community, for the city itself and its tax revenue streams, and for future planned developments.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

G. Compensated Absences

Employees earn vacation leave based on hours worked and years of employee service. Sick leave accrues at the rate of eight hours per full month of service. Upon termination, an employee is paid for unused vacation accrued. After two full years of continued service, employees will be paid at termination, one day for every two days of sick leave accrued, based on years of employment and employment status.

Compensated absence liabilities related to governmental funds are recorded in both governmental funds and the government wide. The portion of the liability expected to be funded by current available resources is recognized in the governmental funds. The portion of the liability that is not expected to be funded by current available resources is recognized in the government wide statement. For the proprietary fund types, compensated absence liabilities are recorded as individual fund liabilities.

H. Group Medical Insurance

The City's medical insurance program is a "self-insured" plan funded by both the City and participating employees which began on September 1, 2013. The City makes a predetermined contribution to the plan each month for a portion of health insurance coverage. This is done on a bi-monthly basis for qualifying City employees and their dependents. Employees contribute through payroll deductions for the balance of their health insurance coverage.

The City's medical insurance program is made up of two contracts, a specific stop loss contract and an aggregate stop loss contract. The specific stop loss contract has a specific annual deductible of \$40,000 per individual and with an unlimited lifetime maximum benefit on eligible expenses. The aggregate stop loss contract has a total expected claim liability of \$787,455. The liability may go up based on increased enrollment, but the maximum it will ever be is \$984,319. The aggregate contract will pay up to \$1,000,000 on total claims over the attachment point. The total annual maximum outlay expected for premiums, claims, administration, and laser liability as of September 30, 2023, is \$1,587,511.

All claims are reviewed and processed by an independent insurance company. The insurance company pays claims based on the health plan and the city reimburses the insurance company for the amount of each claim paid. The insurance company charges the City a fee for this service. At September 30, 2023, the amount of estimated claims payable was \$97,853. Changes in the reported liability for the last five years resulted from the following:

Fiscal Year	Balance October 1	Current Year Claims	Claim Payments	Balance September 30
2018-2019	34,624	1,579,340	1,580,822	33,142
2019-2020	33,142	1,139,464	1,138,223	34,383
2020-2021	34,383	1,395,714	1,363,793	66,304
2021-2022	66,304	1,508,385	1,532,786	41,903
2022-2023	41,903	1,472,280	1,416,330	97,853

Accrued liabilities include provisions for claims reported and claims incurred but not reported. The provision for reported claims and for claims incurred but not yet reported is determined by an independent consultant.

I. Fund Equity

Reservations of fund balances and net assets represent amounts that are legally segregated and that cannot be appropriated in subsequent years. Designations of unreserved fund equity reflect tentative management plans or intent for future use of available financial resources. At September 30, 2023, \$3,106,868 of the Debt Service Fund's fund balance and \$5,335,292 of the Street Fund's fund balance were reserved for repayments of debt.

NOTES TO THE BASIC FINANCIAL STATEMENTS – EXHIBIT K
(Continued)

At September 30, 2023, the following amounts of net position were reserved: The Landfill Fund's reserve includes \$1,346,123 reserved for landfill closure costs, \$105,430 for capital purchases, and \$4,525 for customer deposits. The Electric Fund reserved \$327,144 for customer deposits, \$119,524 for capital purchases, and \$200,000 for bond reserves. The Water fund reserved \$3,655 for customer deposits, \$188,661 for capital purchases, and \$824,347 for future bond payments. The Sewer Fund reserved \$567,124 for capital purchases and \$674,423 for future bond payments.

J. Library Foundation

In 2003, The Library Board, a component of the City, began a foundation primarily for the expansion of the library. These funds are within the City authority. The City will budget for the resource and expenditures of these funds. On September 30, 2023, the Foundation had \$6,222 in a checking account, and \$201,004 invested in a savings account and certificates of deposit.

CITY OF SIDNEY, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL AND
MAJOR SPECIAL REVENUE FUND - BUDGETARY BASIS

EXHIBIT L

For the Year Ended September 30, 2023

	General Fund			Street Fund			Debt Service Fund		
	Original and Final Budget	Actual Amounts Budgetary Basis See Note	Variance with Final Budget Positive (Negative)	Original and Final Budget	Actual Amounts Budgetary Basis See Note	Variance with Final Budget Positive (Negative)	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance October 1	\$ 6,444,631	\$ 6,444,631	\$ -	\$ 4,021,403	\$ 4,021,403	\$ -	\$ 2,441,895	\$ 2,441,895	\$ -
Resources (inflows):									
Personal and Real Property Taxes	1,520,453	1,404,803	(115,650)	-	-	-	1,077,409	1,103,486	26,077
Federal Receipts	136,500	185,295	48,795	137,414	-	(137,414)	-	-	-
Motor Vehicle Pro-Rate	3,700	4,041	341	-	-	-	-	-	-
Highway Allocation and Incentive	-	-	-	959,678	997,799	38,121	-	-	-
Motor Vehicle Fee	-	-	-	65,000	67,618	2,618	-	-	-
State Receipts Other	284,587	154,359	(130,228)	-	170,923	170,923	-	15,347	15,347
Motor Vehicle Tax	132,800	137,974	5,174	-	-	-	-	-	-
Sales Tax	2,658,200	3,115,056	456,856	425,000	286,864	(138,136)	-	491,869	491,869
Local Receipts Local	4,318,959	2,441,574	(1,877,385)	693,000	752,385	59,385	1,010,362	25,377	(984,985)
Other Financing Sources	-	6,873	6,873	-	21,806	21,806	-	813,851	813,851
Amounts available for appropriation	9,055,199	7,449,975	(1,605,224)	2,280,092	2,297,395	17,303	2,087,771	2,449,930	362,159
Charges to appropriations (outflows):									
General Government	3,541,706	2,685,212	856,494	-	-	-	-	-	-
Public Safety	2,025,992	1,587,487	438,505	-	-	-	-	-	-
Streets	-	-	-	1,680,894	1,022,379	658,515	-	-	-
Health & Social Services	439,781	478,654	(38,873)	-	-	-	-	-	-
Economic Development	650,000	-	650,000	-	-	-	-	-	-
Culture and Recreation	2,460,118	2,275,479	184,639	-	-	-	-	-	-
Capital Outlay	1,344,700	43,220	1,301,480	1,270,000	252,901	1,017,099	-	-	-
Other Financing Uses	-	254,797	(254,797)	-	190,893	(190,893)	2,087,771	2,374,878	(287,107)
Total charges to appropriations	10,462,297	7,324,849	3,137,448	2,950,894	1,466,173	1,484,721	2,087,771	2,374,878	(287,107)
Budgetary Fund Balance, September 30	\$ 5,037,533	\$ 6,569,757	\$ 1,532,224	\$ 3,350,601	\$ 4,852,625	\$ 1,502,024	\$ 2,441,895	\$ 2,516,947	\$ 75,052

The Notes to the Required Supplementary Information (RSI) is an integral part of the Statements.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (RSI) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGETARY BASIS

SEPTEMBER 30, 2023

A. Budget and Budgetary Accounting

The City is required by state law to adopt annual budgets for all funds. The budget is presented on the cash basis of accounting, which is consistent with the requirements of the state budget act. The City files an All-Purpose Budget for all funds.

State Statutes of the Nebraska Budget Act provide 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 expenditures and/or tax levy limitations. Proprietary funds are also allowed to follow the municipal proprietary function act when filing their budget.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

As of August 1, or shortly thereafter, Administration of the City prepares a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain taxpayer comments.

If the City plans to increase their property tax request by more than 2% plus allowable growth, they are required to participate in a Joint Public Hearing. The City must notify the County Clerk of the need to participate by September 5. The hearing will be held between September 14-24.

Prior to the budget filing date, the budget is legally adopted by the City Council through passage of a resolution.

Total actual expenditures may not legally exceed the total budget of expenditures. Appropriations for expenditures lapse at year-end. Revisions require a public hearing and Council approval.

The property tax request for the prior year shall be the property tax request for the current year for purposes of the levy set by the County Board of Equalization unless the governing body of the School District passes, by a majority vote, a resolution or ordinance setting the tax request at a different amount prior to October 15.

The resolutions shall only be passed after a special hearing called for such purpose is held and after notice is published in a newspaper of general circulation in the area of the school district at least four days prior to the hearing.

Any resolution setting a tax request at a different amount than the prior year tax request shall be certified and forwarded to the County Clerk prior to October 15.

The property tax requirement resulting from the budget process is utilized to establish the tax levy in accordance with the procedures discussed above, which attaches as an enforceable lien on property within the City as of December 31. Taxes are due as of that date. One-half of the real estate taxes due December 31 become delinquent after the following May 1, with the second one-half becoming delinquent after September 1.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (RSI) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGETARY BASIS

September 30, 2023

B. Budgetary Statement Reconciliation of Generally Accepted Accounting Principles (GAAP) and Budgetary Basis

The accompanying Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual – Budgetary Basis presents comparisons of the budget with actual data on a budgetary basis for the general fund and major special revenue fund. The budget document has a separate line item for capital outlay. On the GAAP-basis financial statements, these expenditures are not broken out by function. Also, debt service requirements are included in other funds' budgets and not as transfers to the debt service fund as shown on the financial statements. The following reconciles the budgetary inflows and outflows and GAAP revenues and expenditures:

	General Fund	Street Fund
Sources/inflows of resources:		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 7,449,975	\$ 2,297,395
Differences--budget to GAAP:		
Receipts from accounts receivable are a budgetary resource but may not be a current year revenue for financial reporting purposes		
Taxes Receivables	110	-
MV Sales Tax Receivable	-	7,414
Sales Tax Receivable	25,661	1,069
	25,771	8,483
Revenue from deferred property taxes are not a budgetary resource but is recognized as a current year revenue for financial reporting		
Deferred Revenue Taxes	3,834	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	\$ 7,479,580	\$ 2,305,878
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total charges to appropriation" from the budgetary comparison schedule	\$ 7,324,849	\$ 1,466,173
Differences--budget to GAAP		
The City budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis		
Compensated Absences	(3,859)	(182)
Accrued Salaries and Benefit Payables	5,504	11,687
	1,645	11,505
The City budgets for inventory purchases expected to be paid, rather than on the modified accrual basis		
Accounts Payable	(43,287)	(1,460)
Inventory	10,571	-
	(32,716)	(1,460)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance-governmental funds	\$ 7,293,778	\$ 1,476,218

CITY OF SIDNEY, NEBRASKA
COMBINING BALANCE SHEET

EXHIBIT N

NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2023

	Capital Project Fund	Special Revenue Funds					Totals
		Economic Development	Cemetery	Golf Development	Unemployment	Scouts	
ASSETS							
Cash and Cash Equivalents	\$ 416,414	\$ 805,420	\$ -	\$ -	\$ -	\$ 6,495	\$ 1,228,329
Equity in Pooled Cash & Investments	-	-	283,278	1,632	91,271	-	376,181
TOTAL ASSETS	\$ 416,414	\$ 805,420	\$ 283,278	\$ 1,632	\$ 91,271	\$ 6,495	\$ 1,604,510
FUND BALANCES							
Committed	\$ 416,414	\$ 805,420	\$ 283,278	\$ 1,632	\$ 91,271	\$ 6,495	\$ 1,604,510
TOTAL FUND BALANCES	416,414	805,420	283,278	1,632	91,271	6,495	1,604,510
TOTAL FUND BALANCES	\$ 416,414	\$ 805,420	\$ 283,278	\$ 1,632	\$ 91,271	\$ 6,495	\$ 1,604,510

CITY OF SIDNEY, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

EXHIBIT O

NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Capital Project Fund	Special Revenue Funds					Totals
		Economic Development	Cemetery	Golf Development	Unemployment	Scouts	
Revenues							
Taxes	\$ -	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ 300,000
Charges for Services	-	26,000	6,750	-	-	-	32,750
Interest	1,244	1,884	4,067	387	763	6	8,351
Grants	-	516,097	-	-	-	-	516,097
Donations	-	-	-	3,000	-	-	3,000
Miscellaneous Revenues	-	15,366	-	-	-	76	15,442
Total Revenues	1,244	859,347	10,817	3,387	763	82	875,640
Expenditures							
Operating Expenses	-	650,240	3,539	8,690	-	-	662,469
Capital Outlay	170,942	-	-	-	-	-	170,942
Total Expenditures	170,942	650,240	3,539	8,690	-	-	833,411
Excess (Deficiency) of Revenues Over (Under) Expenditures	(169,698)	209,107	7,278	(5,303)	763	82	42,229
Other Financing Sources (Uses)							
Transfers In	186,510	-	-	-	-	-	186,510
Total Other Financing Sources (Uses)	186,510	-	-	-	-	-	186,510
Excess (Deficiency) of Revenues and Other Sources (Uses) Over (Under) Expenditures and Other Uses	16,812	209,107	7,278	(5,303)	763	82	228,739
Fund Balance, October 1	399,602	596,313	276,000	6,935	90,508	6,413	1,375,771
Fund Balance, September 30	\$ 416,414	\$ 805,420	\$ 283,278	\$ 1,632	\$ 91,271	\$ 6,495	\$ 1,604,510

CITY OF SIDNEY, NEBRASKA
INDIVIDUAL SCHEDULE OF REVENUES

EXHIBIT P

GENERAL FUND
For the Years Ended September 30, 2023

	2023
Revenues	
Taxes/Shared Intergovernmental Revenue	
General Property	\$ 1,408,747
Motor Vehicle	137,974
Sales	3,140,717
Occupation	21,078
	4,708,516
Licenses, Fees and Permits	
Franchise Fees	843,042
	843,042
Intergovernmental Revenues	
Bookmobile and Police Reimbursement	94,346
Economic Development Reimbursement	20,000
Homestead	66,512
Motor Vehicle Pro-Rate	4,041
Municipal Equalization	238,260
Miscellaneous	66,769
	489,928
Charges for Services	
Administration Fees	387,470
Licenses and Permits	149,408
Cemetery Lots, Openings and Perpetual Care	43,252
Swimming Pool and Handibus Fees	98,870
Golf Fees, Storage and Merchandise	435,063
Library Fees	4,768
Animal Control	6,905
Miscellaneous	17,329
	1,143,065
Interest	29,496
State and Federal Grants	185,295
Donations	200,000
Other Revenue	
Rent	54,960
Miscellaneous	18,405
	73,365
Total Revenues	7,672,707
Other Financing Sources	
Insurance Proceeds	6,873
	6,873
Total Revenues	\$ 7,679,580

CITY OF SIDNEY, NEBRASKA
INDIVIDUAL SCHEDULE OF EXPENDITURES
GENERAL FUND ACCOUNTS

EXHIBIT Q

GENERAL GOVERNMENT
For the Year Ended September 30, 2023

	Administration	Economic Development	Engineering and Inspection	Total
Expenditures				
Current Commodities				
Office Supplies	\$ 4,359	\$ -	\$ 1,097	\$ 5,456
Department Supplies	19,334	722	647	20,703
Maintenance/Repairs	37,065	-	4,165	41,230
	<u>60,758</u>	<u>722</u>	<u>5,909</u>	<u>67,389</u>
Personal Services				
Salaries - Other	484,906	66,446	63,298	614,650
Employee Benefits	197,283	17,498	32,179	246,960
	<u>682,189</u>	<u>83,944</u>	<u>95,477</u>	<u>861,610</u>
Contractual Services				
Insurance	12,917	-	4,166	17,083
Utilities	39,590	1,364	523	41,477
Travel/Training	11,413	298	4,326	16,037
Dues and Subscriptions	21,953	10,290	185	32,428
Professional Fees	140,255	10,804	-	151,059
Advertising and Promotion	15,039	6,699	-	21,738
Janitorial Service	4,711	-	-	4,711
Emergency Services	485,489	-	-	485,489
Economic Development	614,207	-	-	614,207
Contracted Services	-	-	-	-
Recreation Coordination	114,000	-	-	114,000
13th Ave. Building Expense	146,471	-	-	146,471
Miscellaneous	69,511	-	360	69,871
	<u>1,675,556</u>	<u>29,455</u>	<u>9,560</u>	<u>1,714,571</u>
Total Current Expenditures	<u>2,418,503</u>	<u>114,121</u>	<u>110,946</u>	<u>2,643,570</u>
Capital Outlay				
Capital Outlay	16,469	-	-	16,469
Transfers Out	26,806	2,000	3,500	32,306
Capital Contributions	289,283	-	-	289,283
	<u>332,558</u>	<u>2,000</u>	<u>3,500</u>	<u>338,058</u>
Total Expenditures	<u>\$ 2,751,061</u>	<u>\$ 116,121</u>	<u>\$ 114,446</u>	<u>\$ 2,981,628</u>

CITY OF SIDNEY, NEBRASKA
INDIVIDUAL SCHEDULE OF EXPENDITURES
GENERAL FUND ACCOUNTS

EXHIBIT R

PUBLIC SAFETY
For the Year Ended September 30, 2023

	Police	Fire	Total
Expenditures			
Current Commodities			
Supplies	\$ 55,176	\$ 43,390	\$ 98,566
Maintenance/Repairs	40,031	23,105	63,136
	<u>95,207</u>	<u>66,495</u>	<u>161,702</u>
Personal Services			
Salaries	787,581	25,800	813,381
Employee Benefits	384,790	1,974	386,764
	<u>1,172,371</u>	<u>27,774</u>	<u>1,200,145</u>
Contractual Services			
Insurance	90,780	28,006	118,786
Contract Labor	30,361	13,959	44,320
Utilities	24,799	3,813	28,612
Travel and Training	15,697	2,282	17,979
Dues and Subscription	-	1,913	1,913
Advertising	-	2,288	2,288
Miscellaneous	11,742	-	11,742
	<u>173,379</u>	<u>52,261</u>	<u>225,640</u>
Total Current Expenditures	<u>1,440,957</u>	<u>146,530</u>	<u>1,587,487</u>
Capital Outlay	26,751	-	26,751
Transfers Out	45,000	40,000	85,000
	<u>71,751</u>	<u>40,000</u>	<u>111,751</u>
Total Expenditures	<u>\$ 1,512,708</u>	<u>\$ 186,530</u>	<u>\$ 1,699,238</u>

CITY OF SIDNEY, NEBRASKA
INDIVIDUAL SCHEDULE OF EXPENDITURES
GENERAL FUND ACCOUNTS

EXHIBIT S

HEALTH AND SOCIAL SERVICES
For the Year Ended September 30, 2023

	Cemetery	Handibus	Total
Expenditures			
Current Commodities			
Supplies	\$ 9,168	\$ 29,193	\$ 38,361
Maintenance/Repairs	21,767	21,036	42,803
	<u>30,935</u>	<u>50,229</u>	<u>81,164</u>
Personal Services			
Salaries	85,737	137,200	222,937
Employee Benefits	33,551	45,311	78,862
	<u>119,288</u>	<u>182,511</u>	<u>301,799</u>
Contractual Services			
Insurance	18,575	24,537	43,112
Utilities	9,325	8,459	17,784
Travel and Training	701	486	1,187
Rent	-	26,000	26,000
Advertising	211	-	211
Miscellaneous	6,750	647	7,397
	<u>35,562</u>	<u>60,129</u>	<u>95,691</u>
Total Current Expenditures	<u>185,785</u>	<u>292,869</u>	<u>478,654</u>
Capital Outlay	-	-	-
Transfers Out	7,000	3,000	10,000
	<u>7,000</u>	<u>3,000</u>	<u>10,000</u>
Total Expenditures	<u>\$ 192,785</u>	<u>\$ 295,869</u>	<u>\$ 488,654</u>

CITY OF SIDNEY, NEBRASKA
INDIVIDUAL SCHEDULE OF EXPENDITURES
GENERAL FUND ACCOUNTS

EXHIBIT T

CULTURE AND RECREATION
For the Year Ended September 30, 2023

	Park	Pool	Golf	Library	Total
Expenditures					
Current Commodities					
Supplies	\$ 42,862	\$ 3,298	\$ 181,653	\$ 14,526	\$ 242,339
Maintenance/Repairs	128,469	17,727	72,049	17,742	235,987
Books and Periodicals	-	-	-	33,370	33,370
Printing	-	-	-	1,164	1,164
Pro Shop Merchandise and Concessions	-	6,691	125,469	-	132,160
	<u>171,331</u>	<u>27,716</u>	<u>379,171</u>	<u>66,802</u>	<u>645,020</u>
Personal Services					
Salaries	379,867	66,330	286,027	256,280	988,504
Employees Benefits	173,186	5,074	69,789	136,163	384,212
	<u>553,053</u>	<u>71,404</u>	<u>355,816</u>	<u>392,443</u>	<u>1,372,716</u>
Contractual Services					
Insurance	57,974	19,496	24,118	14,263	115,851
Utilities	41,919	16,731	32,024	13,330	104,004
Travel and Training	1,468	3,366	1,184	1,465	7,483
Dues and Subscriptions	165	-	5,598	335	6,098
Advertising and Promotion	275	-	1,615	713	2,603
Janitorial Service	-	-	-	5,319	5,319
Contract Services	-	-	-	8,906	8,906
Miscellaneous	2,161	382	11,450	4,057	18,050
	<u>103,962</u>	<u>39,975</u>	<u>75,989</u>	<u>48,388</u>	<u>268,314</u>
Total Current Expenditures	<u>828,346</u>	<u>139,095</u>	<u>810,976</u>	<u>507,633</u>	<u>2,286,050</u>
Capital Outlay	-	-	-	-	-
Transfers Out	33,000	4,000	84,492	6,000	127,492
	<u>33,000</u>	<u>4,000</u>	<u>84,492</u>	<u>6,000</u>	<u>127,492</u>
Total Expenditures	<u>\$ 861,346</u>	<u>\$ 143,095</u>	<u>\$ 895,468</u>	<u>\$ 513,633</u>	<u>\$ 2,413,542</u>



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 City Council
City of Sidney, Nebraska 69162

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sidney (the City), Sidney, Nebraska, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 13, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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.

A handwritten signature in blue ink that reads "Rauner & Associates, P.C." in a cursive style.

Rauner & Associates, P.C.
Sidney, Nebraska

February 13, 2024