

City of Gering, Nebraska
Basic Financial Statements
September 30, 2025

**City of Gering
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**City of Gering
Elected Officials and Administration**

Elected Officials	Position	Term Expires
Kent Ewing	Mayor	December 31, 2026
Rebecca Shields	Council Member (Ward I)	December 31, 2026
Susan Wiedeman	Acting President (Ward I)	December 31, 2028
Michael Gillen	Council President (Ward II)	December 31, 2028
Pam O'Neal	Council Member (Ward II)	December 31, 2026
Vacant	Council Member (Ward III)	December 31, 2028
Julie Morrison	Council Member (Ward III)	December 31, 2026
B.J. Kinsey	Council Member (Ward IV)	December 31, 2026
James Jackson	Council Member (Ward IV)	December 31, 2028

Administration	Position	
Pat Heath	City Manager	Appointed
Lyndsey Mathews	City Finance Director	Appointed
Kathleen Welfl	City Clerk	Appointed
Annie Folck	City Engineer	Appointed

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Independent Auditor's Report

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

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 Gering, Nebraska (the "City"), as of and for the year ended September 30, 2025, and the related notes to the basic 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 present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gering, Nebraska, as of September 30, 2025, 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.

Emphasis of Matter

The City has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City of Gering's 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 Discussion and Analysis, which follows this report, and Required Supplementary Information as listed in the Table of Contents, 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 GASB, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gering's basic financial statements. The accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2026, on our consideration of the City of Gering'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 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.

BerganKDV, LLC

St. Cloud, Minnesota
March 30, 2026

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**City of Gering
Management's Discussion and Analysis
(Unaudited)**

The management of the City of Gering, Nebraska (the City) offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025. Please consider this discussion in conjunction with the additional information provided in the transactions, events and conditions reflected in the City's financial statements (beginning on page 16).

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at September 30, 2025, by \$88,792,097 (net position). Of this amount, \$29,289,950 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of September 30, 2025, the City's governmental funds reported combined ending fund balances of \$19,036,055. This is an increase of \$407,135 in comparison with the prior year.
- As of September 30, 2025, unassigned fund balance for governmental funds was \$2,541,224, or 41% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic 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

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

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator 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, 2025. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general administrative services, public safety, streets and highways, planning and zoning, parks and recreation, cemetery, library, and self-insurance. The business-type activities of the City include electric, water, wastewater, sanitation utilities, golf course, leasing corporation and civic center.

The government-wide financial statements can be found on pages 16-17 of this report.

**City of Gering
Management's Discussion and Analysis
(Unaudited)**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements

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

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

The City maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, the KENO fund, the Streets fund, the LB 840 fund and the Downtown Development fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 18-25 of this report.

Proprietary funds - The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, wastewater and sanitation utilities in addition to the golf course, leasing corporation and civic center. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-funding health insurance. Because the self-funding services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for all of the enterprise funds.

The basic proprietary fund financial statements can be found on pages 26-31 of this report.

**City of Gering
Management's Discussion and Analysis
(Unaudited)**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 33 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget. The City adopts an annual appropriated budget for its general fund and all other governmental funds. A budgetary comparison statement has been provided for the General, KENO, Streets, LB840 and Downtown Development major funds to demonstrate compliance with this budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$88,792,097 at September 30, 2025.

By far the largest portion of the City's net position (43.6%) reflects its investment in capital assets (e.g., land, buildings, improvements, utility plant, infrastructure, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Gering
Management's Discussion and Analysis
(Unaudited)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**Condensed Statement of Net Position
September 30, 2025 and 2024**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 22,906,743	\$ 22,589,734	\$ 31,169,118	\$ 28,290,158	\$ 54,075,861	\$ 50,879,892
Capital assets	14,234,582	14,288,404	34,902,225	33,954,924	49,136,807	48,243,328
Total assets	<u>37,141,325</u>	<u>36,878,138</u>	<u>66,071,343</u>	<u>62,245,082</u>	<u>103,212,668</u>	<u>99,123,220</u>
Current liabilities	1,151,396	1,438,037	5,787,193	5,146,847	6,938,589	6,584,884
Long-term liabilities outstanding	1,153,993	877,275	6,295,742	6,555,000	7,449,735	7,432,275
Total liabilities	<u>2,305,389</u>	<u>2,315,312</u>	<u>12,082,935</u>	<u>11,701,847</u>	<u>14,388,324</u>	<u>14,017,159</u>
Deferred inflows of resources	32,247	-	-	-	32,247	-
Net assets						
Net investment in capital assets	13,357,307	13,261,422	25,345,020	24,434,089	38,702,327	37,695,511
Restricted	14,565,423	14,703,443	6,234,397	5,479,313	20,799,820	20,182,756
Unrestricted	<u>6,880,959</u>	<u>6,597,961</u>	<u>22,408,991</u>	<u>20,629,833</u>	<u>29,289,950</u>	<u>27,227,794</u>
Total net position	<u>\$ 34,803,689</u>	<u>\$ 34,562,826</u>	<u>\$ 53,988,408</u>	<u>\$ 50,543,235</u>	<u>\$ 88,792,097</u>	<u>\$ 85,106,061</u>

**City of Gering
Management's Discussion and Analysis
(Unaudited)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

At September 30, 2025, the City is able to report positive balances in all three categories of net position, for the government as a whole.

**Statement of Activities and Changes in Net Assets
September 30, 2025 and 2024**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	\$ 2,364,765	\$ 2,650,715	\$ 18,679,903	\$ 18,802,961	\$ 21,044,668	\$ 21,453,676
Operating grants and contributions	370,276	232,276	542,555	218,048	912,831	450,324
Capital grants and contributions	6,058	505,687	-	-	6,058	505,687
General revenues						
Property taxes	2,030,710	2,016,046	-	-	2,030,710	2,016,046
Tax increments	717,510	571,559	-	-	717,510	571,559
Sales and use tax	2,931,346	2,864,831	-	-	2,931,346	2,864,831
Franchise taxes	113,575	84,064	-	-	113,575	84,064
Other taxes	2,397,153	2,342,668	-	-	2,397,153	2,342,668
Investment income (loss)	692,316	874,154	894,722	1,079,851	1,587,038	1,954,005
Gain (loss) from sale of assets	-	32,188	30,000	31,946	30,000	64,134
Miscellaneous	78,222	125,796	43,906	42,643	122,128	168,439
Total revenues	<u>11,701,931</u>	<u>12,299,984</u>	<u>20,191,086</u>	<u>20,175,449</u>	<u>31,893,017</u>	<u>32,475,433</u>
Expenses						
General government	1,590,555	1,603,880	-	-	1,590,555	1,603,880
Public safety	3,716,172	3,649,847	-	-	3,716,172	3,649,847
Public works	2,002,347	1,888,281	-	-	2,002,347	1,888,281
Culture and recreation	4,158,457	4,073,887	-	-	4,158,457	4,073,887
Community Development	257,747	276,815	-	-	257,747	276,815
Interest on long-term debt	49,977	62,677	-	-	49,977	62,677
Electric	-	-	7,366,729	6,851,697	7,366,729	6,851,697
Water	-	-	1,801,503	1,625,001	1,801,503	1,625,001
Wastewater	-	-	1,317,065	1,204,656	1,317,065	1,204,656
Sanitation	-	-	3,634,146	3,544,078	3,634,146	3,544,078
Golf	-	-	1,051,248	958,648	1,051,248	958,648
Leasing Corp	-	-	200,364	200,252	200,364	200,252
Civic Center	-	-	778,077	873,649	778,077	873,649
Total expenses	<u>11,775,255</u>	<u>11,555,387</u>	<u>16,149,132</u>	<u>15,257,981</u>	<u>27,924,387</u>	<u>26,813,368</u>
Increase (decrease) in net assets before transfers	(73,324)	744,597	4,041,954	4,917,468	3,968,630	5,662,065
Transfers in (out)	528,077	1,350,000	(528,077)	(1,350,000)	-	-
Increase (decrease) in net assets	454,753	2,094,597	3,513,877	3,567,468	3,968,630	5,662,065
Error correction (See Note 20)	(213,890)	(115,563)	(68,704)	-	(282,594)	(115,563)
Net assets, October 1	<u>34,562,826</u>	<u>32,583,792</u>	<u>50,543,235</u>	<u>46,975,767</u>	<u>85,106,061</u>	<u>79,559,559</u>
Net assets, September 30	<u>\$ 34,803,689</u>	<u>\$ 34,562,826</u>	<u>\$ 53,988,408</u>	<u>\$ 50,543,235</u>	<u>\$ 88,792,097</u>	<u>\$ 85,106,061</u>

**City of Gering
Management's Discussion and Analysis
(Unaudited)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities

Governmental activities increased the City's net position by a total of \$454,753. Key elements in this increase follows:

- Decrease in Investment Income in the amount of \$181,838.
- Increased property and sales tax revenues of \$311,126.

Business-Type Activities

Business-type activities increased the city's net position by \$3,513,877. Key elements in this increase follows:

- Electric, water, wastewater and sanitation revenues were all over budgeted amounts.
- Additional reduced expenses in all business type funds from delayed capital improvements due to pandemic shut down and logistical delays.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

As of September 30, 2025, the City's governmental funds reported combined ending fund balances of \$19,036,055, an increase of \$407,135 in comparison with the prior year. This increase is largely due to the Operating Transfers in from Electric Department and the Investments Income.

The general fund is the chief operating fund of the City. At September 30, 2025, the unassigned fund balance of the general fund was \$2,541,224. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. The unassigned fund balance represents 41% of total general fund expenditures.

The fund balance of the City's general fund decreased by \$54,135 during fiscal year 2025. This decrease is largely due to the Operating Expenditures and the Investments Income.

Proprietary Funds

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

Unrestricted net position of the electric system, water system, wastewater system and landfill/sanitation collections department amounted to \$16,175,165, \$1,123,088, \$1,988,990 and \$2,283,032 respectively, at September 30, 2025. Unrestricted net position of the leasing corporation fund and civic center fund amounted to \$85,994 and \$235,625 respectively. Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

**City of Gering
Management's Discussion and Analysis
(Unaudited)**

GENERAL FUND BUDGETARY HIGHLIGHTS

Variances between actual general fund revenues and expenditures and the final budget include:

- \$112,701 negative variance in property taxes.
- \$35,304 positive variance in sales tax receipts.
- \$83,337 positive variance in charges for services revenue.
- \$26,461 negative variance in general governmental expenses.
- \$83,867 negative variance in public safety expense.
- \$233,433 negative variance in recreation expense.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2025, was \$49,136,807 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, streets, storm sewers, electric plant, and water and sewer plant.

**Capital Assets (Net of Depreciation)
September 30, 2025 and 2024**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 829,498	\$ 829,498	\$ 2,836,020	\$ 2,836,020	\$ 3,665,518	\$ 3,665,518
Construction in progress	297,387	58,125	2,594,007	1,025,780	2,891,394	1,083,905
Buildings and improvements	3,417,838	3,603,589	5,990,167	5,957,841	9,408,005	9,561,430
Equipment and vehicles	3,000,057	3,227,912	4,540,529	4,721,164	7,540,586	7,949,076
Infrastructure	6,422,752	6,210,170	-	-	6,422,752	6,210,170
Leased equipment	267,050	359,110	-	-	267,050	359,110
Utility systems	-	-	18,941,502	19,414,119	18,941,502	19,414,119
Total	\$ 14,234,582	\$ 14,288,404	\$ 34,902,225	\$ 33,954,924	\$ 49,136,807	\$ 48,243,328

Major capital asset events during 2025 included the following:

- Electric Fund - purchase new Altec Backyard \$193,878
- Landfill/Sanitation Fund - purchase new Western Star Roll Off \$259,732
- Water Fund - RAW Water Storage Tank \$1,697,515
- Water Fund - Water Main Project \$175,196
- Streets Fund - Street improvements \$322,645
- General Fund/Police Dept - replace 2 police units \$122,695
- LB357 Fund - Water Main Project \$232,000

Additional information on the City's capital assets can be found in Note 7 of the notes to the financial statements on pages 47-49 of this report.

**City of Gering
Management's Discussion and Analysis
(Unaudited)**

CAPITAL ASSET AND DEBT ADMINISTRATION

Long-Term Debt

At September 30, 2025, the City of Gering had total debt outstanding of \$8,430,793. This amount represents bonds secured by specified revenue sources (i.e., revenue bonds).

Additional information on the City's long-term debt can be found in Note 8 of the notes to the financial statements on pages 49-52 of this report.

**Outstanding Long-Term Debt
September 30, 2025 and 2024**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Notes payable	\$ 646,743	\$ 710,002	\$ -	\$ -	\$ 646,743	\$ 710,002
Revenue bonds	-	-	3,910,000	4,215,000	3,910,000	4,215,000
Compensated absences	667,218	-	331,300	-	998,518	-
Lease liabilities	230,532	316,980	2,645,000	2,940,000	2,875,532	3,256,980
Total	\$ 1,544,493	\$ 1,026,982	\$ 6,886,300	\$ 7,155,000	\$ 8,430,793	\$ 8,181,982

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The City's property tax base provided by real growth is estimated at 1.02%, with an actual property tax request of \$2,181,743.
- For the 2026 budget, the projection for sales tax was budgeted at a 5% increase to more align with actual receipts in the most recent years.
- Budgeted transfers from enterprise funds to government funds remained the same due to funds being aligned and becoming more self-sustaining.

Various utility rates were increased for the 2026 budget year. The residential and commercial water, wastewater and sanitation collection rates were increased as well as various landfill fees. In addition, the stormwater flat surcharge amount was increased. Electric rates for all users remained the same as last year. The rate increases implemented are necessary to fund debt service, capital expenditures, infrastructure investment, to cover the cost of inflation and to cover the cost of unfunded Federal mandates.

All of these factors were considered in preparing the City's budget for the 2026 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Gering, Finance Department, P.O. Box 687, Gering, NE 69341.

BASIC FINANCIAL STATEMENTS

Statement of Net Position
September 30, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments (including cash equivalents)	\$ 18,020,424	\$ 19,380,252	\$ 37,400,676
Cash with county treasurer	208,568	-	208,568
Accounts receivable	272,580	2,697,513	2,970,093
Taxes receivable	724,061	56,186	780,247
Lease receivable	21,037	-	21,037
Land held for resale	1,352,908	-	1,352,908
Interest receivable	16,115	24,162	40,277
Notes receivable	2,282,034	-	2,282,034
Prepaid items	-	25,000	25,000
Inventory	9,016	2,751,608	2,760,624
Restricted cash	-	6,234,397	6,234,397
Capital assets			
Land	829,498	2,836,020	3,665,518
Construction in progress	297,387	2,594,007	2,891,394
Capital assets being depreciated			
Utility systems	-	42,036,222	42,036,222
Buildings and improvements	7,595,964	13,227,315	20,823,279
Equipment and vehicles	9,044,822	15,915,201	24,960,023
Infrastructure	10,279,169	-	10,279,169
Leased equipment	460,304	-	460,304
Less accumulated depreciation and amortization	(14,272,562)	(41,706,540)	(55,979,102)
Total assets	<u>37,141,325</u>	<u>66,071,343</u>	<u>103,212,668</u>
Liabilities			
Accounts payable	\$ 568,844	\$ 1,282,973	\$ 1,851,817
Salaries and benefits payable	180,009	152,971	332,980
Interest payable	9,675	53,868	63,543
Due to other governments	2,368	97,223	99,591
Customer deposits	-	607,395	607,395
Landfill closure costs	-	3,002,205	3,002,205
Bond principal payable, net:			
Payable within one year	-	305,000	305,000
Payable after one year	-	3,605,000	3,605,000
Notes Payable			
Payable within one year	67,765	-	67,765
Payable after one year	578,978	-	578,978
Lease Liability			
Payable within one year	90,009	170,000	260,009
Payable after one year	140,523	2,475,000	2,615,523
Compensated absences payable			
Payable within one year	232,726	115,558	348,284
Payable after one year	434,492	215,742	650,234
Total liabilities	<u>2,305,389</u>	<u>12,082,935</u>	<u>14,388,324</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to lease receivable	32,247	-	32,247
Total deferred inflows of resources	<u>32,247</u>	<u>-</u>	<u>32,247</u>
Net Position			
Net investment in capital assets	13,357,307	25,345,020	38,702,327
Restricted for			
Community betterment	1,266,720	-	1,266,720
Economic development	5,614,089	-	5,614,089
Public safety	960,287	-	960,287
Road maintenance and improvements	2,168,630	-	2,168,630
American rescue plan and generator for city hall	174,535	-	174,535
Cemetery operations and improvements	649,853	-	649,853
Tourism and recreation	1,571,696	-	1,571,696
Downtown redevelopment	750,310	-	750,310
Debt service	1,409,303	-	1,409,303
Debt covenants	-	305,000	305,000
Landfill closure/post closure	-	5,929,397	5,929,397
Unrestricted	6,880,959	22,408,991	29,289,950
Total net position	<u>\$ 34,803,689</u>	<u>\$ 53,988,408</u>	<u>\$ 88,792,097</u>

See notes to basic financial statements.

Statement of Activities
Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 1,590,555	\$ 34,097	\$ -	\$ 6,058	\$ (1,550,400)	\$ -	\$ (1,550,400)
Public safety	3,716,172	151,395	99,060	-	(3,465,717)	-	(3,465,717)
Public works	2,002,347	118,585	271,216	-	(1,612,546)	-	(1,612,546)
Recreation	4,158,457	2,047,847	-	-	(2,110,610)	-	(2,110,610)
Community development	257,747	12,841	-	-	(244,906)	-	(244,906)
Interest on long-term debt	49,977	-	-	-	(49,977)	-	(49,977)
Total governmental activities	11,775,255	2,364,765	370,276	6,058	(9,034,156)	-	(9,034,156)
Business-type activities							
Electric	7,366,729	9,142,710	47,911	-	-	1,823,892	1,823,892
Water	1,801,503	2,071,476	185,725	-	-	455,698	455,698
Wastewater	1,317,065	1,478,583	6,803	-	-	168,321	168,321
Sanitation	3,634,146	4,216,088	283,589	-	-	865,531	865,531
Golf	1,051,248	980,556	17,548	-	-	(53,144)	(53,144)
Leasing	200,364	253,176	-	-	-	52,812	52,812
Civic	778,077	537,314	979	-	-	(239,784)	(239,784)
Total business-type activities	16,149,132	18,679,903	542,555	-	-	3,073,326	3,073,326
Total primary government	\$ 27,924,387	\$ 21,044,668	\$ 912,831	\$ 6,058	(9,034,156)	3,073,326	(5,960,830)
General revenues							
Property Taxes					2,030,710	-	2,030,710
Tax increments					717,510	-	717,510
Sales taxes					2,931,346	-	2,931,346
Franchise taxes					113,575	-	113,575
Miscellaneous taxes					2,397,153	-	2,397,153
Unrestricted investment earnings					692,316	894,722	1,587,038
Other general revenue					78,222	43,906	122,128
Gain on sale of capital assets					-	30,000	30,000
Transfers					528,077	(528,077)	-
Total general revenues and transfers					9,488,909	440,551	9,929,460
Change in net position					454,753	3,513,877	3,968,630
Net position - beginning, as previously stated					34,562,826	50,543,235	85,106,061
Accounting change (See Note 19)					(213,890)	(68,704)	(282,594)
Net position - beginning, as restated					<u>34,348,936</u>	<u>50,474,531</u>	<u>84,823,467</u>
Net position - ending					<u>\$ 34,803,689</u>	<u>\$ 53,988,408</u>	<u>\$ 88,792,097</u>

See notes to basic financial statements.

City of Gering
Balance Sheet - Governmental Funds
September 30, 2025

	Special Revenue			
	General Fund	Keno Fund	Street Fund	LB 840 Fund
Assets				
Cash and investments	\$ 3,216,570	\$ 1,348,803	\$ 1,955,103	\$ 1,801,884
Cash with county treasurer	90,688	-	-	11,146
Accounts receivable	49,889	16,106	176,851	-
Taxes receivable	263,732	-	96,266	113,321
Interest receivable	2,620	1,614	1,456	1,067
Notes receivable	-	-	-	436,145
Lease receivable	21,037	-	-	-
Inventory	9,016	-	-	-
Land held for resale	-	-	-	1,352,908
	\$ 3,653,552	\$ 1,366,523	\$ 2,229,676	\$ 3,716,471
Liabilities				
Accounts payable	\$ 147,751	\$ 99,803	\$ 54,595	\$ 12,500
Due to other governments	50	-	-	-
Salaries and benefits payable	142,243	-	31,296	-
Total liabilities	290,044	99,803	85,891	12,500
Deferred Inflows of Resources				
Unavailable revenue - other	-	-	46,349	-
Unavailable revenue - property taxes	131,168	-	-	-
Deferred inflows of resources related to lease receivable	32,247	-	-	-
Total deferred inflows of resources	163,415	-	46,349	-
Fund Balances				
Nonspendable	9,016	-	-	-
Restricted	649,853	1,266,720	2,097,436	3,703,971
Assigned	-	-	-	-
Unassigned	2,541,224	-	-	-
Total fund balances	3,200,093	1,266,720	2,097,436	3,703,971
Total liabilities, deferred inflow of resources, and fund balances	\$ 3,653,552	\$ 1,366,523	\$ 2,229,676	\$ 3,716,471

<u>Special Revenue</u>		
<u>Downtown Development Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 604,332	\$ 6,120,209	\$ 15,046,901
3,598	103,136	208,568
-	29,734	272,580
67,993	182,749	724,061
691	6,145	13,593
73,834	1,772,055	2,282,034
-	-	21,037
-	-	9,016
-	-	1,352,908
<u>\$ 750,448</u>	<u>\$ 8,214,028</u>	<u>\$ 19,930,698</u>
\$ 138	\$ 142,141	\$ 456,928
-	2,318	2,368
-	6,470	180,009
<u>138</u>	<u>150,929</u>	<u>639,305</u>
-	24,845	71,194
-	20,729	151,897
-	-	32,247
<u>-</u>	<u>45,574</u>	<u>255,338</u>
-	-	9,016
750,310	6,035,614	14,503,904
-	1,981,911	1,981,911
-	-	2,541,224
<u>750,310</u>	<u>8,017,525</u>	<u>19,036,055</u>
<u>\$ 750,448</u>	<u>\$ 8,214,028</u>	<u>\$ 19,930,698</u>

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City of Gering
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
September 30, 2025

Total fund balances - governmental funds	\$ 19,036,055
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 as assets in governmental funds:	
Cost of capital assets	28,507,144
Less accumulated depreciation/amortization	(14,272,562)
Certain revenues are include in net position but are excluded from fund balances until they are available to liquidate liabilities of the current period. Unavailable revenue relating to:	
Property taxes	151,897
Other	71,194
Long-term liabilities are included in net position but are excluded from fund balances until due and payable:	
Notes payable	(646,743)
Lease liability	(230,532)
Interest payable	(9,675)
Compensated absences payable	(667,218)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Self-Insurance Internal Service Fund are included in governmental activities in the Statement of Net Position.	
	<u>2,864,129</u>
Total net position - governmental activities	<u>\$ 34,803,689</u>

City of Gering
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended September 30, 2025

	Special Revenue			
	General Fund	Keno Fund	Street Fund	LB 840 Fund
Revenues				
Taxes	\$ 1,762,798	\$ -	\$ -	\$ -
Tax increments	-	-	-	27,393
Sales taxes	733,912	-	477,362	311,108
Franchise taxes	132,643	-	-	-
Miscellaneous taxes	953,046	-	1,341,067	-
Intergovernmental	24,525	-	200,022	-
Charges for services	435,091	1,659,125	5,073	96,043
Interest	101,945	59,000	70,354	71,278
Miscellaneous	36,237	-	13,864	382
Total revenues	4,180,197	1,718,125	2,107,742	506,204
Expenditures				
Current				
General government	658,080	-	-	-
Public safety	3,230,979	-	-	-
Public works	127,366	-	1,312,407	-
Recreation	1,923,271	1,576,608	-	-
Economic development	-	-	-	180,777
Debt service				
Principal	97,156	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	152,060	-	544,054	-
Total expenditures	6,188,912	1,576,608	1,856,461	180,777
Excess of revenues over (under) expenditures	(2,008,715)	141,517	251,281	325,427
Other Financing Sources (Uses)				
Insurance recoveries	-	-	-	-
Transfers in	2,000,000	-	-	-
Transfers out	(45,420)	-	-	-
Total other financing sources (uses)	1,954,580	-	-	-
Net change in fund balances	(54,135)	141,517	251,281	325,427
Fund Balances				
Beginning of year	3,254,228	1,125,203	1,846,155	3,378,544
End of year	\$ 3,200,093	\$ 1,266,720	\$ 2,097,436	\$ 3,703,971

<u>Special Revenue</u>		
<u>Downtown Development Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 295,748	\$ 2,058,546
168,952	521,165	717,510
461,424	947,540	2,931,346
-	-	132,643
-	103,040	2,397,153
-	74,535	299,082
-	248,105	2,443,437
20,973	254,075	577,625
-	19,181	69,664
<u>651,349</u>	<u>2,463,389</u>	<u>11,627,006</u>
-	672,323	1,330,403
-	107,588	3,338,567
-	-	1,439,773
-	534,940	4,034,819
8,324	6,622	195,723
-	63,259	160,415
-	48,521	48,521
-	1,754,094	2,450,208
<u>8,324</u>	<u>3,187,347</u>	<u>12,998,429</u>
<u>643,025</u>	<u>(723,958)</u>	<u>(1,371,423)</u>
-	6,058	6,058
-	45,420	2,045,420
(227,500)	-	(272,920)
<u>(227,500)</u>	<u>51,478</u>	<u>1,778,558</u>
415,525	(672,480)	407,135
<u>334,785</u>	<u>8,690,005</u>	<u>18,628,920</u>
<u>\$ 750,310</u>	<u>\$ 8,017,525</u>	<u>\$ 19,036,055</u>

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City of Gering
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to
the Statement of Activities - Governmental Funds
Year Ended September 30, 2025

Net change in fund balances - governmental funds \$ 407,135

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense:

Capital outlays	2,482,055
Depreciation/amortization expense	(1,291,454)
Assets transferred to enterprise funds	(1,244,423)

Revenues relating to delinquent taxes and notes receivable are included in the change in net position but are excluded from the net change in fund balances until they are available to liquidate liabilities of the current period. (45,824)

The issuance of long-term debt provides current financial resources to governmental funds, while 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 reported the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Note principal payments and adjustments	63,259
Lease principal payments and adjustments	86,448

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds:

Accrued interest payable	9,252
Compensated absences	6,427

An internal service fund is used by management to charge the costs of insurance to individual funds. The change in net position of the Self-Insurance Internal Service Fund is included in governmental activities in the Statement of Net Position. (18,122)

Change in net position - governmental activities \$ 454,753

City of Gering
Statement of Net Position - Proprietary Funds
September 30, 2025

	Electric Fund	Water Fund	Wastewater Fund	Sanitation Fund
Assets				
Current assets				
Cash and investments (including cash equivalents)	\$ 12,644,864	\$ 969,919	\$ 1,908,734	\$ 2,938,355
Accounts receivable	1,434,336	385,918	225,436	569,805
Taxes receivable	47,582	1,152	7,452	-
Interest receivable	16,387	1,123	1,417	5,059
Inventories	2,499,858	175,439	22,669	-
Prepaid expenses	-	-	-	25,000
Restricted cash	-	253,150	51,850	5,929,397
Total current assets	<u>16,643,027</u>	<u>1,786,701</u>	<u>2,217,558</u>	<u>9,467,616</u>
Noncurrent assets				
Advances to other funds	860,000	-	-	-
Capital assets				
Land	-	34,640	63,600	232,860
Utility systems	14,926,780	15,816,066	8,976,459	1,857,456
Buildings and improvements	1,212,170	197,694	84,398	2,431,662
Equipment and vehicles	3,064,969	785,478	2,041,967	8,078,531
Construction in progress	15,195	1,779,210	17,025	782,577
Total capital assets	<u>19,219,114</u>	<u>18,613,088</u>	<u>11,183,449</u>	<u>13,383,086</u>
Less accumulated depreciation	<u>(11,641,902)</u>	<u>(7,633,499)</u>	<u>(6,938,549)</u>	<u>(9,061,517)</u>
Net capital assets	<u>7,577,212</u>	<u>10,979,589</u>	<u>4,244,900</u>	<u>4,321,569</u>
Total noncurrent assets	<u>8,437,212</u>	<u>10,979,589</u>	<u>4,244,900</u>	<u>4,321,569</u>
Total assets	<u>\$ 25,080,239</u>	<u>\$ 12,766,290</u>	<u>\$ 6,462,458</u>	<u>\$ 13,789,185</u>
Liabilities				
Current liabilities				
Accounts payable	\$ 640,833	\$ 198,229	\$ 133,877	\$ 227,422
Salaries and benefits payable	42,708	25,858	16,002	45,091
Due to other governments	78,123	3,568	8,349	-
Accrued interest	-	17,517	3,588	-
Compensated absences due within one year	27,416	21,349	5,198	42,789
Current portion of long-term obligations	-	253,150	51,850	-
Total current liabilities	<u>789,080</u>	<u>519,671</u>	<u>218,864</u>	<u>315,302</u>
Noncurrent liabilities				
Customer deposit	487,597	104,084	-	-
Landfill closure costs	-	-	-	3,002,205
Compensated absences	51,185	39,858	9,704	79,885
Noncurrent portion of long-term obligations	-	2,992,150	612,850	-
Advances from other funds	-	-	-	860,000
Total noncurrent liabilities	<u>538,782</u>	<u>3,136,092</u>	<u>622,554</u>	<u>3,942,090</u>
Total liabilities	<u>1,327,862</u>	<u>3,655,763</u>	<u>841,418</u>	<u>4,257,392</u>
Net Position				
Net investment in capital assets	7,577,212	7,734,289	3,580,200	1,319,364
Restricted				
Debt covenants	-	253,150	51,850	-
Landfill closure/postclosure	-	-	-	3,002,205
New landfill	-	-	-	2,927,192
Unrestricted	16,175,165	1,123,088	1,988,990	2,283,032
Total net position	<u>23,752,377</u>	<u>9,110,527</u>	<u>5,621,040</u>	<u>9,531,793</u>
Total liabilities and net position	<u>\$ 25,080,239</u>	<u>\$ 12,766,290</u>	<u>\$ 6,462,458</u>	<u>\$ 13,789,185</u>

See notes to basic financial statements.

Golf Fund	Leasing Fund	Civic Fund	Totals	Governmental Activities - Internal Service Fund
\$ 588,973	\$ 118,958	\$ 210,449	\$ 19,380,252	\$ 2,973,523
27,434	-	54,584	2,697,513	-
-	-	-	56,186	-
22	49	105	24,162	2,522
53,642	-	-	2,751,608	-
-	-	-	25,000	-
-	-	-	6,234,397	-
<u>670,071</u>	<u>119,007</u>	<u>265,138</u>	<u>31,169,118</u>	<u>2,976,045</u>
-	-	-	860,000	-
1,803,584	-	701,336	2,836,020	-
459,461	-	-	42,036,222	-
1,311,727	4,349,743	3,639,921	13,227,315	-
1,187,912	-	756,344	15,915,201	-
-	-	-	2,594,007	-
4,762,684	4,349,743	5,097,601	76,608,765	-
(2,558,125)	(672,818)	(3,200,130)	(41,706,540)	-
<u>2,204,559</u>	<u>3,676,925</u>	<u>1,897,471</u>	<u>34,902,225</u>	<u>-</u>
<u>2,204,559</u>	<u>3,676,925</u>	<u>1,897,471</u>	<u>35,762,225</u>	<u>-</u>
\$ <u>2,874,630</u>	\$ <u>3,795,932</u>	\$ <u>2,162,609</u>	\$ <u>66,931,343</u>	\$ <u>2,976,045</u>
\$ 54,654	\$ 250	\$ 27,708	\$ 1,282,973	\$ 111,916
23,312	-	-	152,971	-
5,378	-	1,805	97,223	-
-	32,763	-	53,868	-
18,806	-	-	115,558	-
-	170,000	-	475,000	-
<u>102,150</u>	<u>203,013</u>	<u>29,513</u>	<u>2,177,593</u>	<u>111,916</u>
15,714	-	-	607,395	-
-	-	-	3,002,205	-
35,110	-	-	215,742	-
-	2,475,000	-	6,080,000	-
-	-	-	860,000	-
<u>50,824</u>	<u>2,475,000</u>	<u>-</u>	<u>10,765,342</u>	<u>-</u>
<u>152,974</u>	<u>2,678,013</u>	<u>29,513</u>	<u>12,942,935</u>	<u>111,916</u>
2,204,559	1,031,925	1,897,471	25,345,020	-
-	-	-	305,000	-
-	-	-	3,002,205	-
-	-	-	2,927,192	-
517,097	85,994	235,625	22,408,991	2,864,129
<u>2,721,656</u>	<u>1,117,919</u>	<u>2,133,096</u>	<u>53,988,408</u>	<u>2,864,129</u>
\$ <u>2,874,630</u>	\$ <u>3,795,932</u>	\$ <u>2,162,609</u>	\$ <u>66,931,343</u>	\$ <u>2,976,045</u>

City of Gering
Statement of Revenues, Expenses, and Changes
in Net Position - Proprietary Funds
Year Ended September 30, 2025

	Electric Fund	Water Fund	Wastewater Fund	Sanitation Fund
Operating Revenues				
Charges for services	\$ 9,142,710	\$ 2,071,476	\$ 1,478,583	\$ 4,216,088
Other revenues	47,911	185,725	6,803	283,589
Total operating revenues	<u>9,190,621</u>	<u>2,257,201</u>	<u>1,485,386</u>	<u>4,499,677</u>
Operating Expenses				
Cost of sales	4,374,520	-	-	-
Personnel services	1,252,328	781,020	486,820	1,417,579
Supplies	225,991	179,692	81,173	471,734
Operating expenses	1,087,587	425,899	384,396	961,888
Depreciation and amortization	426,303	368,006	354,973	782,945
Total operating expenses	<u>7,366,729</u>	<u>1,754,617</u>	<u>1,307,362</u>	<u>3,634,146</u>
Operating income (loss)	<u>1,823,892</u>	<u>502,584</u>	<u>178,024</u>	<u>865,531</u>
Nonoperating Revenues (Expenses)				
Rent	16,475	-	-	-
Investment income	522,206	43,872	67,165	238,678
Interest expense	-	(46,886)	(9,703)	-
Total nonoperating revenue (expenses)	<u>538,681</u>	<u>(3,014)</u>	<u>57,462</u>	<u>238,678</u>
Income before sale of capital assets and transfers	2,362,573	499,570	235,486	1,104,209
Other Financing Sources (Uses)				
Capital Contribution	-	1,244,423	-	-
Gain (loss) on sale of capital assets	-	-	-	30,000
Transfers in	-	-	-	-
Transfers out	(2,261,839)	-	-	-
Total other financing sources (uses)	<u>(2,261,839)</u>	<u>1,244,423</u>	<u>-</u>	<u>30,000</u>
Change in net position	100,734	1,743,993	235,486	1,134,209
Net Position				
Net position - beginning of year	23,497,943	7,379,227	5,388,644	8,593,024
Error correction (See Note 19)	170,000	-	-	(170,000)
Accounting change (See Note 19)	(16,300)	(12,693)	(3,090)	(25,440)
Net position - beginning, as restated	<u>23,651,643</u>	<u>7,366,534</u>	<u>5,385,554</u>	<u>8,397,584</u>
Net position - end of year	<u>\$ 23,752,377</u>	<u>\$ 9,110,527</u>	<u>\$ 5,621,040</u>	<u>\$ 9,531,793</u>

Net change in net position reported above

Amounts reported for business-type activities in the Statement of Activities are different because:

Transfers in of capital assets from governmental activities

Governmental activities contribution revenue reported above

Net change in net position restated

Golf Fund	Leasing Fund	Civic Fund	Totals	Governmental Activities - Internal Service Fund
\$ 980,556	\$ 253,176	\$ 537,314	\$ 18,679,903	\$ -
17,548	-	979	542,555	2,098,755
<u>998,104</u>	<u>253,176</u>	<u>538,293</u>	<u>19,222,458</u>	<u>2,098,755</u>
-	-	-	4,374,520	-
594,025	-	-	4,531,772	-
51,426	-	29,036	1,039,052	-
354,885	1,978	620,745	3,837,378	2,231,568
50,912	109,928	128,296	2,221,363	-
<u>1,051,248</u>	<u>111,906</u>	<u>778,077</u>	<u>16,004,085</u>	<u>2,231,568</u>
(53,144)	141,270	(239,784)	3,218,373	(132,813)
27,431	-	-	43,906	-
12,029	2,726	8,046	894,722	114,691
-	(88,458)	-	(145,047)	-
<u>39,460</u>	<u>(85,732)</u>	<u>8,046</u>	<u>793,581</u>	<u>114,691</u>
(13,684)	55,538	(231,738)	4,011,954	(18,122)
-	-	-	1,244,423	-
-	-	-	30,000	-
261,839	-	227,500	489,339	-
-	-	-	(2,261,839)	-
<u>261,839</u>	<u>-</u>	<u>227,500</u>	<u>(498,077)</u>	<u>-</u>
248,155	55,538	(4,238)	3,513,877	(18,122)
2,484,682	1,062,381	2,137,334	50,543,235	2,882,251
-	-	-	-	-
(11,181)	-	-	(68,704)	-
<u>2,473,501</u>	<u>1,062,381</u>	<u>2,137,334</u>	<u>50,474,531</u>	<u>2,882,251</u>
<u>\$ 2,721,656</u>	<u>\$ 1,117,919</u>	<u>\$ 2,133,096</u>	<u>\$ 53,988,408</u>	<u>\$ 2,864,129</u>
			\$ 3,513,877	
			1,244,423	
			<u>(1,244,423)</u>	
			<u>\$ 3,513,877</u>	

City of Gering
Statement of Cash Flows - Proprietary Funds
Year Ended September 30, 2025

	Electric Fund	Water Fund	Wastewater Fund	Sanitation Fund
Cash Flows - Operating Activities				
Receipts from customers	\$ 9,237,886	\$ 2,258,566	\$ 1,485,972	\$ 4,536,372
Interfund services provided and used	-	-	-	-
Payments to suppliers	(6,120,978)	(482,571)	(621,096)	(1,007,764)
Payments to employees	(1,284,398)	(782,783)	(479,427)	(1,429,761)
Net cash flows - operating activities	<u>1,832,510</u>	<u>993,212</u>	<u>385,449</u>	<u>2,098,847</u>
Cash Flows - Noncapital Financing Activities				
Transfer from other funds	-	-	-	-
Transfer to other funds	(2,261,839)	-	-	-
Net cash flows - noncapital financing activities	<u>(2,261,839)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows - Capital and Related Financing Activities				
Payments made on advance to other funds	170,000	-	-	-
Receipts from advance from other funds	-	-	-	(170,000)
Receipts from special assessments	-	-	-	-
Payments on special assessments	16,475	-	-	-
Principal paid on debt	-	(253,150)	(51,850)	-
Interest paid on debt	-	(44,557)	(9,126)	-
Proceeds from disposal of capital assets	-	-	-	30,000
Acquisition of capital assets	(259,421)	(721,163)	(216,433)	(659,722)
Net cash flows - capital and related financing activities	<u>(72,946)</u>	<u>(1,018,870)</u>	<u>(277,409)</u>	<u>(799,722)</u>
Cash Flows - Investing Activities				
Interest and dividends received	520,045	43,727	66,977	238,018
Net change in cash and cash equivalents	17,770	18,069	175,017	1,537,143
Cash and cash equivalents (including restricted cash), October 1	<u>12,627,094</u>	<u>1,205,000</u>	<u>1,785,567</u>	<u>7,330,609</u>
Cash and cash equivalents (including restricted cash), September 30	<u>\$ 12,644,864</u>	<u>\$ 1,223,069</u>	<u>\$ 1,960,584</u>	<u>\$ 8,867,752</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities				
Operating income (loss)	\$ 1,823,892	\$ 502,584	\$ 178,024	\$ 865,531
Adjustments to reconcile operating income (loss) to net cash flows - operating activities				
Depreciation expense	426,303	368,006	354,973	782,945
Accounts receivable	47,265	1,365	586	36,695
Inventory	(1,016,545)	(7,055)	231	-
Accounts payable	566,766	119,810	(155,410)	84,488
Sales tax payable	10,108	1,865	(348)	-
Salaries payable	(32,070)	(1,763)	7,393	(12,182)
Deposits payable	6,791	8,400	-	-
Closure/post-closure	-	-	-	341,370
Total adjustments	<u>8,618</u>	<u>490,628</u>	<u>207,425</u>	<u>1,233,316</u>
Net cash flows - operating activities	<u>\$ 1,832,510</u>	<u>\$ 993,212</u>	<u>\$ 385,449</u>	<u>\$ 2,098,847</u>

Golf Fund	Leasing Fund	Civic Fund	Totals	Governmental Activities - Internal Service Fund
\$ 993,239	\$ 253,176	\$ 553,815	\$ 19,319,026	\$ -
-	-	-	-	2,098,755
(398,451)	(1,728)	(690,551)	(9,323,139)	(2,369,009)
(591,015)	-	-	(4,567,384)	-
<u>3,773</u>	<u>251,448</u>	<u>(136,736)</u>	<u>5,428,503</u>	<u>(270,254)</u>
261,839	-	227,500	489,339	-
-	-	-	(2,261,839)	-
<u>261,839</u>	<u>-</u>	<u>227,500</u>	<u>(1,772,500)</u>	<u>-</u>
-	-	-	170,000	-
-	-	-	(170,000)	-
27,431	-	-	27,431	-
-	-	-	16,475	-
-	(295,000)	-	(600,000)	-
-	(84,281)	-	(137,964)	-
-	-	-	30,000	-
-	-	(67,499)	(1,924,238)	-
<u>27,431</u>	<u>(379,281)</u>	<u>(67,499)</u>	<u>(2,588,296)</u>	<u>-</u>
12,026	2,719	8,032	891,544	114,352
305,069	(125,114)	31,297	1,959,251	(155,902)
<u>283,904</u>	<u>244,072</u>	<u>179,152</u>	<u>23,655,398</u>	<u>3,129,425</u>
<u>\$ 588,973</u>	<u>\$ 118,958</u>	<u>\$ 210,449</u>	<u>\$ 25,614,649</u>	<u>\$ 2,973,523</u>
\$ (53,144)	\$ 141,270	\$ (239,784)	\$ 3,218,373	\$ (132,813)
50,912	109,928	128,296	2,221,363	-
(4,865)	-	15,522	96,568	-
10,271	-	-	(1,013,098)	-
(4,612)	250	3,659	614,951	(137,441)
1,035	-	(242)	12,418	-
3,010	-	-	(35,612)	-
1,166	-	(44,187)	(27,830)	-
-	-	-	341,370	-
<u>56,917</u>	<u>110,178</u>	<u>103,048</u>	<u>2,210,130</u>	<u>(137,441)</u>
<u>\$ 3,773</u>	<u>\$ 251,448</u>	<u>\$ (136,736)</u>	<u>\$ 5,428,503</u>	<u>\$ (270,254)</u>

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City of Gering
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Gering, Nebraska, is a municipality located in Scotts Bluff County. It operates as a Council-Mayor form of government. The City Council is composed of eight (8) council members and a mayor elected at-large by the citizens.

The financial statements present the City and its component units. The City includes all funds, account groups, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, certain organizations have been defined and are presented in this report as follows:

Blended Component Units - Reported as if they were part of the City.

Joint Ventures and Jointly Governed Organizations - The relationship of the City with the entity is disclosed.

For each of the categories above, the specific entities are identified as follows:

Blended Component Unit

1. City of Gering Leasing Corporation

The City of Gering Leasing Corporation was formed in 1989 to provide tax-exempt financing for various construction projects of the City. The City management and governing body exercise complete financial control over the City of Gering Leasing Corporation. Its activities are for the sole benefit of the City.

The services provided by the City of Gering Leasing Corporation are so intertwined with the City that the City of Gering Leasing Corporation is in substance the same as the City and is reported as a part of the City and blended into the City's financial statements as part of the proprietary funds.

2. Community Development Agency and Community Redevelopment Authority

The Community Development Agency was created by the Mayor and City Council to provide for redevelopment of various areas within the City. Although it is legally separate from the City, the sole purpose of this Agency is to provide for City redevelopment. The funding source for the Agency is Tax Increment Financing tax revenue that is remitted to the City and passed on to TIF developers and bondholders.

City of Gering
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Blended Component Unit (Continued)

2. Community Development Agency and Community Redevelopment Authority (Continued)

The Community Redevelopment Authority was created by the Mayor and City Council to provide for redevelopment of various areas within the City. Although it is legally separate from the City, the sole purpose of this Authority is to provide for City redevelopment. There currently is no funding source for the Authority.

The City has determined the Community Development Agency and Community Redevelopment Authority to be blended component units. The City Council appoints the majority of the governing board of these organizations and these organizations almost exclusively exist to benefit the City. Blended component units, although legally separate entities, are, in substance, part of the government's operations and thus are presented as such and included in governmental funds of the City.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. The fiduciary funds are only reported in the statement of fiduciary net position and the statement of changes in fiduciary net position at the fund financial statement level. 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. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. 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. Internally dedicated revenues are reported as general revenues rather than program revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

City of Gering
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Description of Funds:

Major Governmental Funds:

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

Keno Fund - This fund is a special revenue fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for community betterment.

Street Fund - This fund is a special revenue fund used to account for receipts and disbursements attributed to maintenance and improvement of the City streets and other City infrastructure.

LB840 Fund - This fund is a special revenue fund that accounts for the revenues and expenditures made for the Local Option Municipal Economic Development Act for the City. This Act sunsets in March 2030.

Downtown Development Fund - This fund is a special revenue fund that accounts for revenues and expenditures for the downtown district of the City.

Proprietary Funds:

Electric Fund - This fund is financed primarily by user charges, and accounts for the construction and operation of the municipal electric distribution system and related facilities.

Water Fund - This fund is financed primarily by user charges, and accounts for the construction and operation of the municipal water system and related facilities.

Wastewater Fund - This fund is financed primarily by user charges; this fund accounts for the construction and operation of the municipal sewer system and related facilities.

City of Gering
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Description of Funds: (Continued)

Proprietary Funds: (Continued)

Sanitation Fund - This fund is financed primarily by user charges; this fund accounts for the municipal sanitation collection and disposal process and construction and operation of related facilities.

Golf Fund - This fund is financed primarily by user charges, this fund accounts for the use, operations, and maintenance of the City's golf course.

Leasing Corporation Fund - This fund is used to account for leasing of acquisition or construction of major capital facilities (other than those financed by proprietary fund types).

Civic Center Fund - This fund is financed primarily by user charges, this fund accounts for the use, operations, and maintenance of the City's operation of the Civic Center facility.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1. Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, cash held by the County Treasurer, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and investments include nonpooled deposit balances related to Northfield Arboretum, USDA funding, Keno funding, meter deposits and landfill activity and balances from all funds that are combined and invested to the extent available in various securities as authorized by state law.

City of Gering
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

1. Cash and Investments (Continued)

Investments in debt securities are carried at fair value and cash deposits at financial institutions are carried at cost, which reasonably estimate fair value. Income from investments held by the individual funds is recorded in the respective funds as it is earned.

Certain investments for the City are reported at fair value as disclosed in Note 2. 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 the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City's investment in the Nebraska Agency Investment Trust is measured at the net asset value per share provided by the pool which approximates fair value.

The City's cash and cash equivalents include units of participation in the short-term investment pool of the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a special purpose government established under *Nebraska Statute*, The investment pool or trust is not registered and is not rated for credit risk. The City limits its interest rate risk by investing only in the short-term pools, which consists primarily of government agency or government securitized investments with maturities of less than one year.

2. Receivables

Consist of all revenues earned at year end and not yet received, Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes. Business-type activities reporting utility billings as their major receivables.

3. Lease Receivable

The City is a lessor for numerous non-cancellable leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the City measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date.

Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term in a systematic and rational manner.

Key estimates and judgments include how the City determines (1) the discount rate, (2) lease term, (3) lease receipts, and (4) amortization.

City of Gering
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

3. Lease Receivable (Continued)

The City determines the discount rate for leases based on the applicable State and Local Government Securities (SLGS) rate. The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period. The City has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position/fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that period. The City had two items that qualified for reporting in this category: Unavailable revenue received after the availability period and deferred inflows of resources related to lease receivable. Unavailable revenue is reported as deferred inflows on the governmental funds balance sheet and will be recognized as revenue next year. Deferred inflows of resources related to lease receivable is reported in both the government-wide Statement of Net Position and the Governmental Funds Balance Sheet.

5. Unbilled Utility Revenue

Billings for electric, water and sewer revenues are rendered on a monthly basis. Unbilled electric, water and sewer revenues, representing estimated consumer usage for the period between the last billing and the end of the year, have been recorded and are included in accounts receivable.

6. Inventory

Inventory is valued at cost using the first in, first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

7. Land Held for Resale

Land held for resale is carried at the lower of cost or net realizable value. The City acquires real property for the purpose of providing suitable locations and incentive for potential new commercial businesses to establish or relocate business operations within the City's economic area. As of September 30, 2025, the City holds two properties for this purpose at a total cost of \$1,352,908.

8. Capital Assets

Capital assets, which include property, plant, and equipment and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide statements. Capital assets are defined as assets that have initial useful lives that extend beyond a single reporting period. Capital assets are stated at cost or estimated historical cost if actual is unavailable, except for donated assets, which are recorded at their fair values when donated. The city utilizes a minimum capitalization threshold of \$5,000 for non-infrastructure capital assets and a threshold of \$50,000 for infrastructure capital assets.

City of Gering
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

8. Capital Assets (Continued)

As permitted by GASB Statement No. 34, the City has elected to capitalize governmental fund type infrastructure, consisting primarily of street improvements, on a prospective basis. Consequently, except for proprietary fund types, the financial statements do not include infrastructure prior to October 1, 2003 with the exception of significant street projects.

Major expenditures for property and those which substantially increased useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed when incurred. When fixed assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

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

Classification	Years
Buildings	25 - 40
Improvements	10 - 40
Equipment and vehicles	3 - 10
Infrastructure	10 - 50

9. Compensated Absences

The liability for compensated absences reported in the Statement of Net Position consists of leave that has not been used that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

10. Restricted Assets

Includes cash and certificates of deposit that are restricted as to its use. The primary restricted assets are related to debt and landfill closure costs and related liabilities. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources as needed.

11. Fund Balance

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. Classifications of fund balance that will be used are as follows:

1. Nonspendable Fund Balances - These are resources that cannot be spent because they are either not readily convertible to cash or are legally or contractually required to be maintained intact. Examples include money held in escrow, prepaid amounts, land held for resale, and long-term loans or notes receivable.

City of Gering
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

11. Fund Balance (Continued)

2. Restricted Fund Balances - These are resources whose spending is constrained externally by creditors or by laws and regulations of another government. Examples include grants, intergovernmental revenues, and resources in debt service funds that include a legally enforceable requirement that those resources be spent only for specific purposes.
3. Committed Fund Balances - These are resources that can only be used for specific purposes established by the City Council. Establishment of these specific purposes must be done by a resolution adopted by the City Council and may only be changed or removed by a resolution adopted by the City Council.
4. Assigned Fund Balances - These are resources that the City intends to be used for specific purposes but are neither restricted nor committed. Assigned fund balances are established by a motion of the City Council. The City Council may also delegate this authority.
5. Unassigned Fund Balances - These are resources that are available for any purpose of the fund. Amounts identified as cash flow resources are classified as unassigned. Only the General Fund may have a positive unassigned fund balance. A deficit fund balance in any fund must be classified as an unassigned fund balance.

When multiple classifications of resources are available for use, it is the City's policy to first use restricted resources if permitted, then committed, assigned, or unassigned resources. It is the City's policy to retain in fund balance resources that have the lowest level of constraints possible.

12. Net Position

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations on use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

13. Long-Term Obligations

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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

City of Gering
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

13. Long-Term Obligations (Continued)

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 issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

E. Use of Estimates

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

F. Property Taxes

Real estate and personal property taxes are levied and due on December 31 of each year and may be paid in two equal installments. The first and second half becomes delinquent on the following April 1 and August 1, respectively.

NOTE 2 - DEPOSITS AND INVESTMENTS

Nebraska State Statute § 14-563 R.R.S., 1943 authorizes funds of the City to be invested in "securities of the United States, the State of Nebraska, metropolitan city, county in which such metropolitan city is located, or school district of such city, in the securities of municipally owned and operated public utility property and plants of such city, or in the same manner as funds of the State of Nebraska are invested, except that the city treasurer may purchase certificates of deposit from and make time deposits in banks selected as depositories of City funds". Additionally, *Nebraska State Statute* § 15-847 R.R.S., 1943 requires banks either to give bonds or to pledge government securities (types of which are specifically identified in the Statutes) to the city treasurer in the amount of the City's deposits. The Statutes allow pledged securities to be reduced by the amount of the deposit, which is insured by the Federal Deposit Insurance Corporation (FDIC).

The City's cash and cash equivalents include units of participation in the short-term investment pool of the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a special purpose government established under *Nebraska Statute*. The investment pool or trust is not registered and is not rated for credit risk. The City limits its interest rate risk by investing only in the short-term pools, which consists primarily of government agency or government securitized investments with maturities of less than one year.

A. Deposits

Custodial Credit Risk: This 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.

City of Gering
Notes to Basic Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Deposits

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 Nebraska 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 is stated at cost, which approximates fair value. The City's cash deposits, including certificates of deposits, are with institutions insured by the Federal Deposit Insurance Corporation (FDIC) and other collateral. At September 30, 2025, the City's deposits at banks were \$17,653,247, all of which was insured by FDIC insurance or collateralized by pledged securities.

Cash held by the Scotts Bluff County Treasurer of \$208,568 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.

C. Investments

Credit Risk: This is the risk that a bank or other counterparty defaults on its principal and/or interest payments owed to the City. Or, for investments, credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in possession of an outside party.

Interest Rate Risk: This is the risk that the value of deposits will decrease as a result of a rise in interest rates. Or, for investments, interest rate risk is the risk that market values of securities in a portfolio would decrease due to changes in market value interest rates. The City's objective relating to interest rate risk may be mitigated by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and by investing operating funds primarily in shorter-term securities.

The City has invested funds in the Invesco Government Money Market Fund and the Royal Bank of Canada Government Money Market Fund. These funds invest exclusively in high-quality, short-term, U.S. dollar- denominated money market instruments that consist-of U.S. Government securities collateralized by U.S. Government obligations.

Investment Type	Fair Value	Investment Maturities			
		Less than One Year	1-2 Years	2-5 Years	Greater than 5 Years
NPAIT	\$ 168,435	\$ 168,435	\$ -	\$ -	\$ -
Nonnegotiable certificates of deposit	11,204,239	2,245,189	3,941,325	4,767,505	250,220
Money market accounts	14,606,645	14,606,645	-	-	-
Total	\$ 25,979,319	\$ 17,020,269	\$ 3,941,325	\$ 4,767,505	\$ 250,220

City of Gering
Notes to Basic Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Investments Managed by Trustee

The City's Pension Trust Funds are administered by trustees. At September 30, 2025, Pension Trust Funds managed by a trustee consisted of the following:

	Fire	Police	City	Total
Mutual Funds	\$ 200,952	\$ 3,687,990	\$ 9,140,830	\$ 13,029,772

The City has the following recurring fair value measurements as of September 30, 2025:

- \$14,775,080 of investments are valued using a quoted market price (Level 1 inputs)
- \$11,204,239 of investments are valued using a matrix pricing model (Level 2 inputs)

The following summary reconciles cash and investments to the financial statements:

Cash at county treasurer	\$ 208,568
Petty cash	2,507
Pooled deposits	13,708,579
Nonpooled deposits	3,944,668
Investments	25,979,319
Total	\$ 43,843,641
Statement of Net Position	
Cash and investments	\$ 37,400,676
Funds held by county treasurer	208,568
Restricted cash	6,234,397
Total deposits and investments	\$ 43,843,641

City of Gering
Notes to Basic Financial Statements

NOTE 3 - RESTRICTED CASH

Restricted cash in business-type funds consists of cash as follows:

Debt Retirement		
Cash required held by debt instrument for the sole purpose of debt retirement.	\$	305,000
Landfill Closure Costs		
Cash required by regulation to be set aside solely for the purpose of sanitation landfill closure and postclosure costs.		3,002,205
New Landfill Joint Sinking		
Cash required by resolution to be set aside solely for the purpose of siting a new landfill.		<u>2,927,192</u>
Total governmental funds restricted cash	\$	<u><u>6,234,397</u></u>

NOTE 4 - RECEIVABLES

The tax levy for the City is certified by the County Board each year. Real estate taxes are due and attach as an enforceable lien on December 31 following the levy date. The first half of real estate taxes becomes delinquent on April 1 and the second half becomes delinquent August 1 following the levy date. Delinquent taxes bear interest at a 14% annual rate. Property taxes are collected by the County Treasurer and are periodically remitted to the City.

The tax rate to finance governmental services other than the payment of principal and interest on long-term debt for the year ended September 30, 2025, was \$.310520 per \$100 of assessed valuation. The assessed valuation for the 2024-2025 tax year was \$723,585,790.

In the governmental fund financial statements, property taxes are recorded as a receivable when levied. Based on past experience, the uncollectible portion has been negligible and no allowance for uncollectible taxes has been recorded. Property taxes levied for 2024-2025 are recorded as revenue when levied and collected within 60 days after September 30, 2025. Prior-year levies were recorded using these same principles and remaining receivables are re-evaluated, annually. The portion of the taxes not collected within 60 days after year-end is recorded as unavailable revenue on the balance sheet.

In the government-wide financial statements, property taxes receivable and related revenue include all amounts due the City regardless of when cash is received. Historically, substantially all property taxes have been collected.

City of Gering
Notes to Basic Financial Statements

NOTE 4 - RECEIVABLES (CONTINUED)

Economic Development Program loans receivable at September 30, 2025 consist of the following:

	Balance October 1, 2024, restated	Additions (Awards)	Credits and Refinancing	Principal Payments	Balance September 30, 2025
Notes receivable					
Eligible for job credits	\$ 300,000	\$ -	\$ -	\$ -	\$ 300,000
Not eligible for job credits	394,465	17,931	-	(68,691)	343,705
Grants					
Eligible for job credits	47,000	-	-	(17,500)	29,500
Allowance for uncollectible accounts	(29,500)	-	-	-	(29,500)
Total LB840 notes receivable	<u>711,965</u>	<u>17,931</u>	<u>-</u>	<u>(86,191)</u>	<u>643,705</u>
TIF notes receivable	1,049,513	162,475	-	(161,596)	1,050,392
USDA notes receivable	715,500	-	-	(127,563)	587,937
 Total notes receivable	 <u>\$ 2,476,978</u>	 <u>\$ 180,406</u>	 <u>\$ -</u>	 <u>\$ (375,350)</u>	 <u>\$ 2,282,034</u>
 Forgivable grants					
Eligible for job credits	<u>\$ 198,500</u>	<u>\$ -</u>	<u>\$ (88,500)</u>	<u>\$ -</u>	<u>\$ 110,000</u>

NOTE 5 - INTERFUND LOANS AND LEASES

A. Loans

The following schedule summarizes interfund loans as of September 30, 2025.

The City's Electric Fund made a loan to the Sanitation Fund for the purpose of purchasing equipment at the landfill. Repayment of this loan will be made as repayment resources become available.

\$ 860,000

B. Leases

The City is committed under intra-entity lease agreements with the City of Gering Leasing Corporation for lease of the municipal golf course along with the Stadium and Quadplex ballfield. The terms of the leases specify that lease payments will consist of a total of all payments due to or payable on behalf of the Leasing Corporation for building bonds payable through September 30, 2038. The lease is recorded as lease expense in the General Fund and Lease Revenue in the Leasing Corporation Fund. All transactions from this agreement have been eliminated on the financial statements except the remaining debt.

City of Gering
Notes to Basic Financial Statements

NOTE 5 - INTERFUND LOANS AND LEASES (CONTINUED)

B. Leases (Continued)

The following schedule summarizes the current and future years required payments under lease.

Year Ending September 30,	General Fund Lease
2026	\$ 170,000
2027	175,000
2028	180,000
2029	185,000
2030-2034	1,005,000
2035-2037	930,000
Total	\$ 2,645,000

NOTE 6 - INTERFUND TRANSFERS

Transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to a debt service fund, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers during the year ended September 30, 2025 were as follows:

	Transfers In				Total
	General Fund	Other Governmental Funds	Golf Fund	Civic Center Fund	
Transfers Out					
General Fund	\$ -	\$ 45,420	\$ -	\$ -	\$ 45,420
Downtown Development Fund	-	-	-	227,500	227,500
Electric Fund	2,000,000	-	261,839	-	2,261,839
Total	\$ 2,000,000	\$ 45,420	\$ 261,839	\$ 227,500	\$ 2,534,759

Transfers were made for the following reasons:

- To balance the budget.
- Transfer the MFO Sinking Fund amount received by Fire to the Fire's Sinking Fund.
- Transfer of the Electric fund to the Golf course fund is the utilities that are used from homeowners around the surrounding golf course.

City of Gering
Notes to Basic Financial Statements

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated					
Land	\$ 829,498	\$ -	\$ -	\$ -	\$ 829,498
Construction in progress	58,125	1,484,105	-	(1,244,843)	297,387
Total capital assets not being depreciated	<u>887,623</u>	<u>1,484,105</u>	<u>-</u>	<u>(1,244,843)</u>	<u>1,126,885</u>
Other capital assets					
Buildings and improvements	7,536,554	59,410	-	-	7,595,964
Equipment and vehicles	8,660,507	383,895	-	420	9,044,822
Lease equipment	460,304	-	-	-	460,304
Infrastructure	9,724,524	554,645	-	-	10,279,169
Total other capital assets at historical cost	<u>26,381,889</u>	<u>997,950</u>	<u>-</u>	<u>420</u>	<u>27,380,259</u>
Less accumulated depreciation					
Buildings and improvements	3,932,965	245,161	-	-	4,178,126
Equipment and vehicles	5,432,595	612,170	-	-	6,044,765
Lease equipment	101,194	92,060	-	-	193,254
Infrastructure	3,514,354	342,063	-	-	3,856,417
Total accumulated depreciation	<u>12,981,108</u>	<u>1,291,454</u>	<u>-</u>	<u>-</u>	<u>14,272,562</u>
Total other capital assets, net	<u>13,400,781</u>	<u>(293,504)</u>	<u>-</u>	<u>420</u>	<u>13,107,697</u>
Governmental activities capital assets, net	<u>\$ 14,288,404</u>	<u>\$ 1,190,601</u>	<u>\$ -</u>	<u>\$ (1,244,423)</u>	<u>\$ 14,234,582</u>

City of Gering
Notes to Basic Financial Statements

NOTE 7 - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets not being depreciated					
Land	\$ 2,836,020	\$ -	\$ -	\$ -	\$ 2,836,020
Construction in progress	1,025,780	1,798,370	-	(230,143)	2,594,007
Total capital assets not being depreciated	<u>3,861,800</u>	<u>1,798,370</u>	<u>-</u>	<u>(230,143)</u>	<u>5,430,027</u>
Other capital assets					
Buildings and improvements	12,884,136	343,179	-	-	13,227,315
Utility systems	41,722,103	83,976	-	230,143	42,036,222
Equipment and vehicles	15,082,182	943,139	(110,120)	-	15,915,201
Total other capital assets at historical cost	<u>69,688,421</u>	<u>1,370,294</u>	<u>(110,120)</u>	<u>230,143</u>	<u>71,178,738</u>
Less accumulated depreciation					
Buildings and improvements	6,926,295	310,853	-	-	7,237,148
Utility systems	22,307,984	786,736	-	-	23,094,720
Equipment and vehicles	10,361,018	1,123,774	(110,120)	-	11,374,672
Total accumulated depreciation	<u>39,595,297</u>	<u>2,221,363</u>	<u>(110,120)</u>	<u>-</u>	<u>41,706,540</u>
Total other capital assets, net	<u>30,093,124</u>	<u>(851,069)</u>	<u>-</u>	<u>230,143</u>	<u>29,472,198</u>
Business-type activities capital assets, net	<u>\$ 33,954,924</u>	<u>\$ 947,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,902,225</u>

Depreciation and amortization expense was charged to functions/programs of the City as follows:

Governmental activities	
General Government	\$ 249,331
Public Safety	367,351
Public Works	502,361
Culture and Recreation	110,387
Economic Development	<u>62,024</u>
Total depreciation expense - governmental activities	<u>\$ 1,291,454</u>

City of Gering
Notes to Basic Financial Statements

NOTE 7 - CAPITAL ASSETS (CONTINUED)

Business-type activities	
Electric	\$ 426,303
Water	368,006
Wastewater	354,973
Sanitation	782,945
Golf	50,912
Leasing	109,928
Civic	<u>128,296</u>
 Total depreciation expense - business-type activities	 <u><u>\$ 2,221,363</u></u>

NOTE 8 - LONG-TERM DEBT

A. Components of Long-Term Liabilities

	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>	<u>Due Within One Year</u>
Long-term liabilities					
Governmental activities					
Note payable	6/27/2017	7.00%	12/1/2032	\$ 646,743	\$ 67,765
Police car camera lease	4/1/2024	N/A	3/30/2029	134,546	42,921
Body camera lease	3/1/2023	N/A	2/28/2028	71,031	34,877
Taser lease	11/1/2022	N/A	10/1/2027	24,955	12,211
Compensated absences				<u>667,218</u>	<u>232,726</u>
Total governmental activities				1,544,493	390,500
Business-type activities					
Bond payable, Series 2021 Water	7/15/2021	0.30% - 2.00%	12/15/2036	3,245,300	253,150
Bond payable, Series 2021 Wastewater	7/15/2021	0.30% - 2.00%	12/15/2036	664,700	51,850
2018 baseball field lease	1/1/2018	1.85% - 3.60%	11/15/2037	2,645,000	170,000
Compensated absences				<u>331,300</u>	<u>115,558</u>
Total business-type activities				<u>6,886,300</u>	<u>590,558</u>
 Total all long-term liabilities				 <u><u>\$ 8,430,793</u></u>	 <u><u>\$ 981,058</u></u>

Long-term bonded indebtedness listed above were issued to finance acquisition and construction of capital facilities or to refinance (refund) previous bond issues.

City of Gering
Notes to Basic Financial Statements

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B. Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2025, was as follows:

	Beginning Balance, Restated	Additions	Reductions	Ending Balance
Governmental activities				
Note payable	\$ 710,002	\$ -	\$ (63,259)	\$ 646,743
Police car camera lease	175,647	-	(41,101)	134,546
Body camera lease	104,677	-	(33,646)	71,031
Taser lease	36,656	-	(11,701)	24,955
Total governmental activities	<u>1,026,982</u>	<u>-</u>	<u>(149,707)</u>	<u>877,275</u>
Compensated absences	<u>673,645</u>	<u>-</u>	<u>(6,427)</u>	<u>667,218</u>
Governmental activity long-term liabilities	<u>1,700,627</u>	<u>-</u>	<u>(156,134)</u>	<u>1,544,493</u>
Business-type activities				
Bonds payable				
Bond payable, Series 2021 Water	3,498,450	-	(253,150)	3,245,300
Bond payable, Series 2021 Wastewater	716,550	-	(51,850)	664,700
2018 baseball field lease	2,810,000	-	(165,000)	2,645,000
2016 golf course lease	130,000	-	(130,000)	-
Total business-type activities	<u>7,155,000</u>	<u>-</u>	<u>(600,000)</u>	<u>6,555,000</u>
Compensated absences	<u>376,648</u>	<u>-</u>	<u>(45,348)</u>	<u>331,300</u>
Business-type activity long-term liabilities	<u>7,531,648</u>	<u>-</u>	<u>(645,348)</u>	<u>6,886,300</u>
Total all long-term liabilities	<u>\$ 9,232,275</u>	<u>\$ -</u>	<u>\$ (801,482)</u>	<u>\$ 8,430,793</u>

The change in compensated absences liability is presented as a net change.

City of Gering
Notes to Basic Financial Statements

NOTE 8 - LONG-TERM DEBT (CONTINUED)

C. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term liabilities:

Year Ending September 30,	Governmental Activities					
	Notes Payable		Lease Liabilities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 67,765	\$ 43,808	\$ 90,009	\$ 9,643	\$ 157,774	\$ 53,451
2027	72,592	38,981	93,718	5,935	166,310	44,916
2028	77,675	33,900	46,805	2,072	124,480	35,972
2029	83,294	28,278	-	-	83,294	30,350
2030	89,227	22,346	-	-	89,227	22,346
2031-2037	256,190	27,085	-	-	256,190	27,085
Total	\$ 646,743	\$ 194,398	\$ 230,532	\$ 17,650	\$ 877,275	\$ 212,048

Year Ending September 30,	Business-Type Activities					
	Bonds Payable		Lease Liabilities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 305,000	\$ 51,854	\$ 170,000	\$ 84,238	\$ 475,000	\$ 136,092
2027	310,000	49,700	175,000	79,880	485,000	129,580
2028	310,000	47,143	180,000	75,130	490,000	122,273
2029	315,000	44,094	185,000	69,973	500,000	114,067
2030	320,000	40,520	190,000	64,345	510,000	104,865
2031-2037	2,350,000	147,650	1,745,000	262,452	4,095,000	410,102
Total	\$ 3,910,000	\$ 380,961	\$ 2,645,000	\$ 636,018	\$ 6,555,000	\$ 1,016,979

D. Direct Borrowing and Direct Placement Debt

The City has outstanding bond debt from direct borrowing and direct placement related to business activities of the Leasing Corporation for the Stadium and Quad Plex in the amount of \$2,810,000. The debt is secured by specific real estate.

The City has outstanding notes from direct borrowing and direct placement related to government activities for the Cobblestone Tax Increment Financing project in the amount of \$710,002. This debt is secured by specific real estate and personal guarantees.

There are various bonds issued for tax increment financing projects within the City. These bonds are limited obligations payable exclusively from taxes levied against certain property in specified areas. These bonds are not general obligations of the CDA or the City and are not included in the City's financial statements. The accumulation of resources to pay these bonds is accounted for in the nonmajor funds of the City's financial statements.

E. Lease Liabilities

On November 1, 2022, the City entered into a lease agreement with Axon Enterprise for tasers. The lease agreement includes annual principal and interest payments of \$13,298. The lease agreement expires in 2026.

City of Gering
Notes to Basic Financial Statements

NOTE 8 - LONG-TERM DEBT (CONTINUED)

E. Lease Liabilities (Continued)

On March 1, 2023, the City entered into a lease agreement with Axon Enterprise for body cameras. The lease agreement includes annual principal and interest payments of \$37,447. The lease agreement expires in 2027.

On April 1, 2024, the City entered into a lease agreement with Axon Enterprise, Inc. for the use of in-car camera equipment. The lease agreement includes annual principal and interest payments of \$48,877. The lease agreement expires in 2028.

NOTE 9 - FUND BALANCE

A. Classifications

A summary of governmental fund balance classifications at September 30, 2025, is as follows:

	Major Funds						Total
	General Fund	Special Revenue Funds				Nonmajor Governmental Funds	
		Keno Fund	Street Fund	LB840 Fund	Downtown Redevelopment Fund		
Fund balances							
Nonspendable							
Inventory	\$ 9,016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,016
Restricted							
Community Betterment	-	1,266,720	-	-	-	-	1,266,720
Economic Development	-	-	-	3,703,971	-	1,910,118	5,614,089
Debt Service	-	-	-	-	-	1,418,978	1,418,978
American Rescue Plan	-	-	-	-	-	100,000	100,000
Generator for City Hall	-	-	-	-	-	74,535	74,535
Public Safety	-	-	-	-	-	960,287	960,287
Road Maintenance and Improvements	-	-	2,097,436	-	-	-	2,097,436
Cemetery Operations and Improvements	649,853	-	-	-	-	-	649,853
Downtown Redevelopment	-	-	-	-	750,310	-	750,310
Tourism and Recreation	-	-	-	-	-	1,571,696	1,571,696
Total restricted	<u>649,853</u>	<u>1,266,720</u>	<u>2,097,436</u>	<u>3,703,971</u>	<u>750,310</u>	<u>6,035,614</u>	<u>14,503,904</u>
Assigned							
Capital Improvements	-	-	-	-	-	1,756,968	1,756,968
Special Projects	-	-	-	-	-	224,943	224,943
Total assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,981,911</u>	<u>1,981,911</u>
Unassigned	<u>2,541,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,541,224</u>
Total fund balances	<u>\$ 3,200,093</u>	<u>\$ 1,266,720</u>	<u>\$ 2,097,436</u>	<u>\$ 3,703,971</u>	<u>\$ 750,310</u>	<u>\$ 8,017,525</u>	<u>\$ 19,036,055</u>

City of Gering
Notes to Basic Financial Statements

NOTE 10 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year, the City carried commercial insurance for general liability, public officials' liability, property coverage, workers' compensation coverage, commercial excess liability coverage, and the crime and blanket bond coverage insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The City has established as self-funded health care plan for the benefit of eligible City employees and their eligible dependents. The plan provides reimbursement for covered charges insured as a result of medically necessary treatment for illness or injury. The City purchases commercial insurance of claims in excess of coverage provided by the fund. At September 30, 2025, the City's maximum liability was \$45,000 per employee annually under the plan. The claims liability is included in the liabilities of the Internal Service Fund at December 31, 2025, and is based on the requirement that a liability for claims can be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred on the date of the financial statements and the loss can be reasonably estimated.

Year	Unpaid Claims at Beginning of Year	Incurred Claims	Premiums and Settlements	Unpaid Claims at End of Year
2024	\$ -	\$ 1,631,245	\$ (1,381,888)	\$ 249,357
2025	249,357	2,458,714	(2,596,155)	111,916

NOTE 11 - ENVIRONMENTAL REMEDIATION

The City is subject to laws and regulations relating to the protection of the environment. The City's policy is to accrue environmental and cleanup-related costs of a noncapital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty the potential impact of the City's continuing compliance efforts, management believe any future remediation or other compliance-related costs will not have a material adverse effect on the financial condition or reported results of operations of the City.

NOTE 12 - CONTINGENCIES

A. Self-Insurance

The City operates a self-insured medical insurance plan for dental and health insurance for its employees. The City has contracted with a third-party administrator to provide claims processing services. In addition, the City has purchased a stop-loss policy covering all claims in excess of \$45,000 per year, per claim. The City retains risk of loss for all claims up to the stop-loss amount. As of September 30, 2025, cumulative contributions and revenues in excess of claims and expense were \$2,864,129, which the City has designated for payment of future claims.

B. Federal and State Grants

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liabilities for reimbursement which may arise as the result of these audits are not believed to be material.

City of Gering
Notes to Basic Financial Statements

NOTE 12 - CONTINGENCIES (CONTINUED)

C. Unemployment Insurance

The City does not pay Nebraska Unemployment Tax, but instead operates on a reimbursable basis. The City must reimburse the State for actual benefit charges as they are incurred. Based on prior experience, the City believes claims of this nature, if any, will be immaterial.

NOTE 13 - RETIREMENT PLANS

The employees of the City are covered by several defined contribution retirement plans as detailed below. All plans are administered by outside trustees and, therefore, are not included in the City's basic financial statements. Any plan provisions or amendments are reviewed and approved by the Mayor and City Council. The City plans are administered by the International Cities and Counties Manager Association - Retirement Corporation (ICMA-RC). ICMA-RC is a not-for-profit organization chartered to provide a portable retirement plan for government employers nationwide. The City's total pension expense was \$375,506.

A. General

The City sponsors a defined contribution plan which covers substantially all general city employees. Under the terms of the plan, an employee must be age 21 or older and have completed one year of continuous service and have not attained the age of 64. Participating employees are required to contribute 6% of their earnings. The City then makes a matching contribution to the plan on their behalf. An additional voluntary contribution can be made by employees to the plan to the extent allowed under the Internal Revenue Code, currently an additional 10%. The City will contribute an amount equal to an employee's voluntary contribution, not to exceed 6% of the employee's compensation. Employees are 100% vested in the plan after completing 5 years of service, reaching normal retirement age (65), meeting the requirements for early retirement date, becoming totally disabled, or deceased, whichever occurs first. Contributions to the general city employee retirement plan were \$239,564 and \$237,996 by the City and plan participants, respectively. There are 69 participants in the plan.

B. Police

Police officers are covered by a defined contribution plan sponsored by the City. Participants in the plan are required to contribute 7.0% of their salary to the plan, which is matched by a 7.0% contribution from the City. Employees are fully Vested after 7 whole years of service. Contributions to the police retirement plan were \$122,352 and \$135,246 by the City and plan participants, respectively. There are 23 participants in the plan.

C. Fire Fighters

Fire fighters are covered by a defined contribution plan sponsored by the City. Eligible employees are required to contribute 6.5% of their salary to the plan, which the City then matches at the rate of 13% of the participant's salary. Employees are 40% vested after 4 whole years of service and an additional 10% per year following until fully vested after completion of 10 years of service. A participant's normal retirement age is the date he attains age 55 and completes 21 years of service. *Nebraska State Statutes* govern the coverage afforded to participants under this plan. Contributions to the fire fighter's employee retirement plan were \$13,590 and \$9,048 by the City and plan participants, respectively. There are 2 participants in the plan.

City of Gering
Notes to Basic Financial Statements

NOTE 14 - COMMITMENTS

The City has entered into a supply agreement with the City of Mitchell to provide solid waste collection and disposal services effective through January 31, 2026.

The City has entered into a supply agreement with the City of Bayard to provide solid waste collection and disposal services effective through December 31, 2026.

The City has entered into a supply agreement with the City of Lyman to provide solid waste collection and disposal services effective through February 28, 2027.

The City has entered into a supply agreement with the City of Scottsbluff to provide solid waste disposal services effective for the life of the currently existing Gering landfill.

The City has various multi-year construction projects in process which were not completed in the current fiscal year. As of September 30, 2025, outstanding commitments for these multi-year projects total approximately \$379,178.

NOTE 15 - ECONOMIC INDEPENDENCE

The City of Gering, Nebraska's Electric Department purchases most of its electricity for resale to customers from Municipal Energy Agency of Nebraska and Western Area Power Administration.

NOTE 16 - LANDFILL CLOSURE COSTS

State and federal laws and regulations required the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years 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 base on landfill capacity used as of each balance sheet date. The \$3,002,205 reported as landfill closure and post-closure cost liability at September 30, 2025, represents the cumulative amount reported to date on an amount that will satisfy the expected liability at the expected closure date in the year 2026. The estimated cost of closure and post-closure were re-estimated for current costs and current standards to \$3,002,205 as of September 30, 2025. Actual post-closure costs may be higher due to inflation, changes in technology, or changes in regulations.

The City does an annual survey to determine the amount of remaining airspace or capacity. Then the remaining life of the landfill is calculated based on historical volumes of waste received. As of September 30, 2025, it was calculated that the landfill has a minimum of two years left. This number could change if the amount of waste received is significantly higher or lower than historical averages.

City of Gering
Notes to Basic Financial Statements

NOTE 17 - TAX ABATEMENTS

As of September 30, 2025, the City provided tax abatements through the Tax Increment Financing (TIF) program. The Tax Increment Financing Law allows for the increased property taxes generated by the improvement of blighted property to be used to pay for the financing of community redevelopment/TIF projects. The statutes for community redevelopment/TIF are found in *Nebraska Revised Statute* SS 18-2101 through 18-2150. The City must declare the area as substandard, blighted, and in need of redevelopment. The City is required to prepare a development plan. TIF bonds may be issued for the acquisition of property, site preparation, and public improvements. An agreement is entered into between the City and the Developer, and a base valuation is established. The base property valuation remains assessable to all taxing entities. Any increase in value and resulting taxes are used to pay off the debt incurred for the redevelopment project. The project must not exceed a 15-year period. Currently, the City has Developer TIF bonds that extend through December 31, 2036. For the year ended September 30, 2025, the City abated \$93,915 in property tax revenue under the tax increment financing program

NOTE 18 - AMERICAN RESCUE PLAN

The City received American Rescue Plan funds in the amount of \$1,438,556 to cover necessary expenditures due to the public health emergency with respect to the pandemic. As of September 30, 2025, the City has spent all but \$100,000 of the funds of that were received and needs to restrict the \$100,000 for the future landbank that will be expended by December 31, 2026. The City does not anticipate using these funds for eligible expenditures within the period of performance required. If the City does not spend these funds in accordance with the Act requirements, there is a potential that the City would have to pay these funds back.

NOTE 19 - RESTATEMENTS AND ADJUSTMENTS OF BEGINNING NET POSITION AND FUND BALANCE

Beginning net position for the Electric Fund and Sanitation Fund had to be adjusted to account for an error correction made to record a payment made during the year ended September 30, 2024 from the Electric Fund to the Sanitation Fund for an interfund loan that was originally issued in 2017.

During the fiscal year ended September 30, 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. GASB Statement No. 101 updates the recognition and measurement guidance for liabilities related to compensated absences, including vacation leave, sick leave, and other paid time off.

	Proprietary Funds					Government-Wide	
	Electric Fund	Water Fund	Wastewater Fund	Sanitation Fund	Golf Fund	Governmental Activities	Business-Type Activities
9/30/24, as previously reported	\$23,497,943	\$7,379,227	\$5,388,644	\$8,593,024	\$2,484,682	\$ 34,562,826	\$ 50,543,235
Error correction	170,000	-	-	(170,000)	-	-	-
Accounting Change	(16,300)	(12,693)	(3,090)	(25,440)	(11,181)	(213,890)	(68,704)
9/30/24, as adjusted or restated	<u>\$23,651,643</u>	<u>\$7,366,534</u>	<u>\$5,385,554</u>	<u>\$8,397,584</u>	<u>\$2,473,501</u>	<u>\$ 34,348,936</u>	<u>\$ 50,474,531</u>

City of Gering
Notes to Basic Financial Statements

NOTE 20 - NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

Summary of any GASB Statements if statement will impact client's financial statements.

GASB Statement No. 103, *Financial Reporting Model Improvements*. The changes required by this Statement provide clarity, enhance the relevance of information, provide more useful information for decision-making, and provide for greater comparability amongst government entities. This Statement will be effective for the year ending December 31, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The disclosures required by this Statement provide users of the financial statements with essential information about certain types of capital assets. This Statement will be effective for the year ending December 31, 2026.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Gering
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual (Budgetary Basis) - General Fund
Year Ended September 30, 2025

	Budgeted Amounts		
	Original and Final	Actual Amounts	Variance with Final Budget
Revenues			
Taxes	\$ 1,841,515	\$ 1,728,814	\$ (112,701)
Sales tax	687,500	722,804	35,304
Franchise taxes	145,000	130,960	(14,040)
Miscellaneous taxes	896,244	952,424	56,180
Intergovernmental	-	15,357	15,357
Charges for services	350,771	434,108	83,337
Interest	30,000	97,697	67,697
Miscellaneous revenues	9,000	37,097	28,097
Total revenues	<u>3,960,030</u>	<u>4,119,261</u>	<u>159,231</u>
Expenditures			
General government	741,982	715,521	(26,461)
Public safety	3,406,391	3,322,524	(83,867)
Public works	145,993	126,077	(19,916)
Recreation	2,244,395	2,010,962	(233,433)
Debt service			
Principal	99,652	97,156	(2,496)
Total expenditures	<u>6,638,413</u>	<u>6,272,240</u>	<u>(366,173)</u>
Excess of revenues over (under) expenditures	(2,678,383)	(2,152,979)	525,404
Other Financing Sources (Uses)			
Transfers in	2,000,000	2,000,000	-
Transfers out	(45,421)	(45,420)	1
Total other financing sources (uses)	<u>1,954,579</u>	<u>1,954,580</u>	<u>1</u>
Net change in fund balances	<u>\$ (723,804)</u>	<u>(198,399)</u>	<u>\$ 525,405</u>
Fund Balance			
Beginning of year		<u>3,353,724</u>	
End of year		<u>\$ 3,155,325</u>	

City of Gering
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual (Budgetary Basis) - Keno Fund
Year Ended September 30, 2025

	Budgeted Amounts		Variance with Final Budget
	Original and Final	Actual Amounts	
Revenues			
Charges for services	\$ 1,754,500	\$ 1,675,510	\$ (78,990)
Interest	10,000	55,117	45,117
Total revenues	<u>1,764,500</u>	<u>1,730,627</u>	<u>(33,873)</u>
Expenditures			
Recreation	1,620,500	1,579,950	(40,550)
Total expenditures	<u>1,620,500</u>	<u>1,579,950</u>	<u>(40,550)</u>
Net change in fund balances	<u>\$ 144,000</u>	150,677	<u>\$ 6,677</u>
Fund Balance			
Beginning of year		<u>1,219,860</u>	
End of year		<u>\$ 1,370,537</u>	

City of Gering
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual (Budgetary Basis) - Street Fund
Year Ended September 30, 2025

	Budgeted Amounts		Variance with Final Budget
	Original and Final	Actual Amounts	
Revenues			
Taxes	\$ 1,378,308	\$ 1,342,080	\$ (36,228)
Sales tax	375,000	475,884	100,884
Intergovernmental	200,022	200,022	-
Charges for services	4,000	5,359	1,359
Interest	20,000	67,996	47,996
Miscellaneous revenues	500	15,402	14,902
Total revenues	<u>1,977,830</u>	<u>2,106,743</u>	<u>128,913</u>
Expenditures			
Public works	2,179,307	1,881,165	(298,142)
Total expenditures	<u>2,179,307</u>	<u>1,881,165</u>	<u>(298,142)</u>
Net change in fund balances	<u>\$ (201,477)</u>	225,578	<u>\$ 427,055</u>
Fund Balance			
Beginning of year		<u>1,667,491</u>	
End of year		<u>\$ 1,893,069</u>	

City of Gering
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual (Budgetary Basis) - LB 840 Fund
Year Ended September 30, 2025

	Budgeted Amounts	Actual Amounts	Variance with Final Budget
	Original and Final		
Revenues			
Taxes	\$ 27,318	\$ 16,247	\$ (11,071)
Sales tax	300,000	300,000	-
Intergovernmental	150,000	-	(150,000)
Charges for services	100,052	97,145	(2,907)
Interest	17,169	69,551	52,382
Miscellaneous revenues	-	382	382
Total revenues	<u>594,539</u>	<u>483,325</u>	<u>(111,214)</u>
Expenditures			
Economic development	1,143,426	116,369	(1,027,057)
Total expenditures	<u>1,143,426</u>	<u>116,369</u>	<u>(1,027,057)</u>
Net change in fund balances	<u>\$ (548,887)</u>	366,956	<u>\$ 915,843</u>
Fund Balance			
Beginning of year		<u>1,410,158</u>	
End of year		<u>\$ 1,777,114</u>	

City of Gering
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual (Budgetary Basis) - Downtown Development Fund
Year Ended September 30, 2025

	Budgeted Amounts		Variance with Final Budget
	Original and Final	Actual Amounts	
Revenues			
Taxes	\$ 49,000	\$ 51,085	\$ 2,085
Sales tax	412,500	454,759	42,259
Interest	1,000	19,855	18,855
Total revenues	<u>462,500</u>	<u>525,699</u>	<u>63,199</u>
Expenditures			
Economic development	50,422	8,462	(41,960)
Total expenditures	<u>50,422</u>	<u>8,462</u>	<u>(41,960)</u>
Excess of revenues over (under) expenditures	412,078	517,237	105,159
Other Financing Uses			
Transfers out	(390,000)	(227,500)	162,500
Total other financing uses	<u>(390,000)</u>	<u>(227,500)</u>	<u>162,500</u>
Net change in fund balances	<u>\$ 22,078</u>	289,737	<u>\$ 267,659</u>
Fund Balance			
Beginning of year		<u>317,317</u>	
End of year		<u>\$ 607,054</u>	

City of Gering
Notes to Required Supplementary Information

NOTE 1 - BUDGETARY ACCOUNTING

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

Amounts presented on the cash basis of accounting differ from those presented in accordance with the modified accrual basis of accounting due to the treatment of afforded accruals. A reconciliation for the year ended September 30, 2025, which discloses the nature and amount of the adjustments necessary to convert the actual modified accrual data to the budgetary basis, is presented below:

	General Fund	Keno Fund	Street Fund	LB 840 Fund	Downtown Development Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balances					
Balance on a GAAP basis	\$ (54,135)	\$ 141,517	\$ 251,281	\$ 325,427	\$ 415,525
 Basis differences (accruals occur because the cash basis of accounting use for budgeting differs from the modified accrual basis of accounting prescribed for governmental fund)					
	<u>(144,264)</u>	<u>9,160</u>	<u>(25,703)</u>	<u>41,529</u>	<u>(125,788)</u>
 Excess of revenues over expenditures and other financing sources (modified accrual)					
	<u>\$ (198,399)</u>	<u>\$ 150,677</u>	<u>\$ 225,578</u>	<u>\$ 366,956</u>	<u>\$ 289,737</u>

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SUPPLEMENTARY INFORMATION

City of Gering
Combining Balance Sheet -
Nonmajor Governmental Funds
September 30, 2025

	Special Revenue			
	Economic Development Fund	CDBG Fund	Capital Sinking Fund	Tourism Fund
Assets				
Cash and investments	\$ 828,892	\$ 91,471	\$ 846,115	\$ 1,095,451
Cash with county treasurer	7,158	-	-	-
Accounts receivable	3,750	-	-	-
Taxes receivable	-	-	-	45,328
Accrued interest	243	-	1,619	804
Notes receivable	978,604	-	-	-
Total assets	\$ 1,818,647	\$ 91,471	\$ 847,734	\$ 1,141,583
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 44,641
Due to other governments	-	-	-	-
Salaries and benefits payable	-	-	-	4,680
Total liabilities	-	-	-	49,321
Deferred Inflows of Resources				
Unavailable revenue - other	-	-	-	-
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances				
Restricted	1,818,647	91,471	847,734	1,092,262
Assigned	-	-	-	-
Total fund balances	1,818,647	91,471	847,734	1,092,262
Total liabilities, deferred inflow of resources, and fund balances	\$ 1,818,647	\$ 91,471	\$ 847,734	\$ 1,141,583

Special Revenue			Debt Service	Capital Project	Total Nonmajor Governmental Funds
RV Park Fund	Public Safety Fund	Special Projects Fund	Debt Service Fund	Capital Projects Fund	
\$ 488,221	\$ 92,917	\$ 406,195	\$ 628,053	\$ 1,642,894	\$ 6,120,209
-	15,894	-	80,084	-	103,136
1,139	-	24,845	-	-	29,734
-	24,100	-	-	113,321	182,749
127	371	1,156	1,072	753	6,145
-	-	-	793,451	-	1,772,055
<u>\$ 489,487</u>	<u>\$ 133,282</u>	<u>\$ 432,196</u>	<u>\$ 1,502,660</u>	<u>\$ 1,756,968</u>	<u>\$ 8,214,028</u>
\$ 5,945	\$ -	\$ 7,873	\$ 83,682	\$ -	\$ 142,141
2,318	-	-	-	-	2,318
1,790	-	-	-	-	6,470
<u>10,053</u>	<u>-</u>	<u>7,873</u>	<u>83,682</u>	<u>-</u>	<u>150,929</u>
-	-	24,845	-	-	24,845
-	20,729	-	-	-	20,729
-	<u>20,729</u>	<u>24,845</u>	<u>-</u>	<u>-</u>	<u>45,574</u>
479,434	112,553	174,535	1,418,978	-	6,035,614
-	-	224,943	-	1,756,968	1,981,911
<u>479,434</u>	<u>112,553</u>	<u>399,478</u>	<u>1,418,978</u>	<u>1,756,968</u>	<u>8,017,525</u>
<u>\$ 489,487</u>	<u>\$ 133,282</u>	<u>\$ 432,196</u>	<u>\$ 1,502,660</u>	<u>\$ 1,756,968</u>	<u>\$ 8,214,028</u>

City of Gering
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended September 30, 2025

	Special Revenue			
	Economic Development Fund	CDBG Fund	Capital Sinking Fund	Tourism Fund
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Tax increments	134	-	-	-
Sales taxes	-	-	-	313,207
Miscellaneous taxes	-	-	-	67,576
Intergovernmental	-	-	-	-
Charges for services	-	-	-	15,426
Miscellaneous				
Interest	14,697	-	46,208	43,369
Miscellaneous	-	-	4,368	625
Total revenues	<u>14,831</u>	<u>-</u>	<u>50,576</u>	<u>440,203</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Recreation	-	-	-	432,650
Economic development	6,622	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	32,708	46,271
Total expenditures	<u>6,622</u>	<u>-</u>	<u>32,708</u>	<u>478,921</u>
Excess of revenues over (under) expenditures	<u>8,209</u>	<u>-</u>	<u>17,868</u>	<u>(38,718)</u>
Other Financing Sources				
Insurance recoveries	-	-	-	-
Transfers in	-	-	45,420	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>45,420</u>	<u>-</u>
Net change in fund balances	8,209	-	63,288	(38,718)
Fund Balances				
Beginning of year	<u>1,810,438</u>	<u>91,471</u>	<u>784,446</u>	<u>1,130,980</u>
End of year	<u>\$ 1,818,647</u>	<u>\$ 91,471</u>	<u>\$ 847,734</u>	<u>\$ 1,092,262</u>

	Special Revenue		Debt Service	Capital Project	Total Nonmajor Governmental Funds
RV Park Fund	Public Safety Fund	Special Projects Fund	Debt Service Fund	Capital Projects Fund	
\$ -	\$ 295,748	\$ -	\$ -	\$ -	\$ 295,748
-	-	-	521,031	-	521,165
-	-	-	-	634,333	947,540
-	35,464	-	-	-	103,040
-	-	74,535	-	-	74,535
232,679	-	-	-	-	248,105
14,808	10,613	44,645	28,538	51,197	254,075
337	-	-	13,851	-	19,181
<u>247,824</u>	<u>341,825</u>	<u>119,180</u>	<u>563,420</u>	<u>685,530</u>	<u>2,463,389</u>
-	-	72,325	599,998	-	672,323
-	107,588	-	-	-	107,588
94,459	-	-	7,831	-	534,940
-	-	-	-	-	6,622
-	-	-	63,259	-	63,259
-	-	-	48,521	-	48,521
18,743	179,948	1,244,423	-	232,001	1,754,094
<u>113,202</u>	<u>287,536</u>	<u>1,316,748</u>	<u>719,609</u>	<u>232,001</u>	<u>3,187,347</u>
<u>134,622</u>	<u>54,289</u>	<u>(1,197,568)</u>	<u>(156,189)</u>	<u>453,529</u>	<u>(723,958)</u>
-	-	6,058	-	-	6,058
-	-	-	-	-	45,420
-	-	<u>6,058</u>	-	-	<u>51,478</u>
<u>134,622</u>	<u>54,289</u>	<u>(1,191,510)</u>	<u>(156,189)</u>	<u>453,529</u>	<u>(672,480)</u>
<u>344,812</u>	<u>58,264</u>	<u>1,590,988</u>	<u>1,575,167</u>	<u>1,303,439</u>	<u>8,690,005</u>
<u>\$ 479,434</u>	<u>\$ 112,553</u>	<u>\$ 399,478</u>	<u>\$ 1,418,978</u>	<u>\$ 1,756,968</u>	<u>\$ 8,017,525</u>

City of Gering
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025

<u>Federal Agency/Pass Through Agency/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Expenditures</u>
U.S. Department of Home Land Security		
Passed through the State of Nebraska		
Hazard Mitigation Grant Program	97.039	\$ 99,380
U.S. Department of Justice		
Passed through the Nebraska State Patrol		
Edware Byrne Memorial Justice Assistance Grant/WING	95.001	11,611
Office of the National Drug Control Policy		
Passed through the National Science Foundation		
High Intensity Drug Trafficking Areas Program	95.001	6,500
Total High Intensity Drug Trafficking Areas Program		<u>18,111</u>
U.S. Department of Transportation		
Passed through the State of Nebraska High Way Safety		
State and Community Highway Safety	20.600	1,095
State Traffic Safety Information System Improvements Grants Program	20.610	7,170
National Priority Safety Programs	20.616	1,966
Safe Streets for all	20.939	46,349
Total U.S. Department of Transportation		<u>56,580</u>
U.S. Department of Treasury		
Passed through the State of Nebraska		
Coronavirus State and Local Recovery Funds	21.027	<u>1,338,556</u>
 Total Federal Expenditures		 <u>\$ 1,512,627</u>

City of Gering
Notes to the Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Gering, Nebraska under programs of the federal government for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Gering, Nebraska, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Gering, Nebraska.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, or other applicable regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 - PASS-THROUGH GRANT NUMBERS

All pass-through entities listed above use the same Assistance Listing Numbers as the federal grantors to identify these grants and have not assigned any additional identifying numbers.

NOTE 4 - INDIRECT COST RATE

The City of Gering, Nebraska has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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**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***

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gering, Nebraska (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 30, 2026.

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 City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a material weakness as audit finding 2025-001.

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*.

City's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BerganKDV, LLC

St. Cloud, Minnesota
March 30, 2026



**Report on Compliance for the Major Federal Program
and Report on Internal Control over Compliance in Accordance with
the Uniform Guidance**

Independent Auditor's Report

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Gering, Nebraska's (the City's) compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2025. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Report on Internal Control Over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BerganKDV, LLC

St. Cloud, Minnesota
March 30, 2026

City of Gering, Nebraska
Schedule of Findings and Questioned Costs

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).
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Internal control over financial reporting:	
<ul style="list-style-type: none"> • Material weakness(es) identified? • Significant deficiency(ies) identified? 	Yes, Audit finding 2025-001 None reported

Noncompliance material to financial statement noted?	No
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Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
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Internal control over major programs:	
<ul style="list-style-type: none"> • Material weakness(es) identified? • Significant deficiency(ies) identified? 	No None reported

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
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Identification of Major Programs

Assistance Listing No:	21.027
Name of Federal Program:	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:	\$1,000,000
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Auditee qualified as low risk auditee?	No
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City of Gering
Schedule of Findings and Questioned Costs

SECTION II - FINANCIAL STATEMENT FINDINGS

2025-001 Material Weakness

Segregation of Duties

Criteria:

Proper internal accounting controls require segregation of duties so that no one individual has access to both the accounting records and cash items or handles a transaction from inception to completion.

Condition:

The City utilizes its office and accounting personnel to segregate duties where feasible but due to the size of the accounting and office staff during the year the City did not have appropriate segregation of duties in all areas. There are instances where individuals responsible for performing or overseeing accounting functions also have access to cash and cash items.

Additionally, during the course of our audit, we proposed material audit adjustments and a prior period adjustment that would not have been identified as a result of the City's existing internal controls system and, therefore, could have resulted in a material misstatement of the City's financial statements. These adjustments detected as a result of audit procedures were corrected by management.

Effect or Potential Effect:

Intentional or unintentional errors could be made and not be detected within a timely period by the City's management in the normal course of performing their assigned functions.

Recommendation:

A remedy for this situation would be for the City to reassign duties to other personnel, accounting staff or an outsourced accountant to allow for improved internal accounting control and segregation of duties.

City of Gering
Schedule of Findings and Questioned Costs

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2025-001 Material Weakness (Continued)

Segregation of Duties (Continued)

Views of Responsible Officials and Corrective Action Plan:

The City continues to evaluate its processes and controls and will implement changes to improve its internal control structure where feasible.

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions planned in Response to Finding
The City will continue to monitor the segregation of accounting duties and implement any changes that are deemed possible.
3. Official Responsible for Ensuring CAP
The City Finance Director is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The completion date for this CAP is ongoing.
5. Plan to Monitor Completion of CAP
The City Manager will be monitoring this CAP.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV - PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None