CITY OF SEWARD, NEBRASKA

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

September 30, 2025

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Seward, Nebraska, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Seward, Nebraska, as of September 30, 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.

We did not audit the financial statements of the Seward Airport Authority, which represent 83.5 percent, 82.6 percent, and 91.3 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of September 30, 2025, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Seward Airport Authority, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Seward, Nebraska's basic financial statements. The combining nonmajor governmental funds financial statements and the combining component unit financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the supplementary information described in the second sentence of this paragraph is 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 August 10, 2026, on our consideration of the City of Seward, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Seward's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Seward, Nebraska's internal control over financial reporting and compliance.

AMGL, P.C.

Grand Island, Nebraska
August 10, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Seward, we offer readers of the City of Seward financial statements this narrative overview and analysis of the financial activities of the City of Seward for the fiscal year ended September 30, 2025. For information on the Seward Airport Authority component unit included in these financial statements, please see the separate audit report for the Airport.

Financial Highlights

- The assets of the City of Seward exceeded its liabilities at the close of the most recent fiscal year by $94,874,401 (*net position*). Of this amount, $10,493,528 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Seward's governmental activities reported combined ending net position of $52,408,128. Approximately 10.2 percent of this total amount, $5,367,964, is *unrestricted net position*.
- At the end of the current fiscal year, the General Fund had unassigned fund balance of $3,635,257, or 40.1 percent of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 14 and 15 of this report.

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

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

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

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

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric, Water, and Sewer Funds, all of which are considered to be major funds of the City of Seward.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-63 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Seward's budgetary comparison schedules. Required supplementary information can be found on pages 64-68 of this report.

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Seward, assets exceeded liabilities by $94,874,401 at the close of the most recent fiscal year.

Summary Statements of Net Position

	September 30, 2025			September 30, 2024		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	$ 8,826,038	$ 11,374,730	$ 20,200,768	$ 8,178,985	$ 12,727,567	$ 20,906,552
Capital Assets	52,009,285	38,471,599	90,480,884	34,810,719	35,197,429	70,008,148
Total Assets	60,835,323	49,846,329	110,681,652	42,989,704	47,924,996	90,914,700
Long-term Liabilities	7,139,067	4,293,274	11,432,341	3,673,776	5,217,885	8,891,661
Other Liabilities	1,288,128	3,086,782	4,374,910	1,969,692	2,382,078	4,351,770
Total Liabilities	8,427,195	7,380,056	15,807,251	5,643,468	7,599,963	13,243,431
Net Position:						
Net Investment in Capital Assets	44,656,415	33,461,599	78,118,014	30,748,922	29,152,429	59,901,351
Restricted	2,383,749	3,879,110	6,262,859	1,656,787	3,027,411	4,684,198
Unrestricted	5,367,964	5,125,564	10,493,528	4,940,527	8,145,193	13,085,720
Total Net Position	$ 52,408,128	$ 42,466,273	$ 94,874,401	$ 37,346,236	$ 40,325,033	$ 77,671,269

By far the largest portion of the City of Seward's net position (82.3 percent) reflects its investment in capital assets (land, infrastructure, buildings, machinery, vehicles, and equipment), net of any related debt used to acquire those assets that is still outstanding. The City of Seward uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Seward's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Seward's net position (6.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* ($10,493,528) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Expenses and Program Revenues - Governmental Activities

Function	Year Ended September 30, 2025 Program Revenues	Year Ended September 30, 2025 Program Expenses	Year Ended September 30, 2024 Program Revenues	Year Ended September 30, 2024 Program Expenses
General Government	$ 214,724	$ 461,403	$ 174,035	$ 438,925
Economic Development	-	860,022	-	805,172
Public Safety	378,568	2,328,748	240,268	1,809,541
Public Works	684,835	1,480,537	820,180	1,363,344
Environment and Leisure	14,540,447	3,162,452	1,949,511	3,093,380
Interest	-	247,427	-	74,899
Depreciation	-	1,685,703	-	1,511,382
Total	$ 15,818,574	$ 10,226,292	$ 3,183,994	$ 9,096,643

Revenues by Source - Governmental Activities

SOURCES OF REVENUE

	Year Ended September 30, 2025		Year Ended September 30, 2024	
Charges for Services	$ 1,858,222	7.35 %	$ 1,574,408	12.78 %
Operating Grants and Contributions	510,327	2.02	171,665	1.39
Capital Grants and Contributions	13,450,025	53.19	1,437,921	11.68
Property Taxes	2,136,231	8.45	2,003,502	16.27
Motor Vehicle Taxes	191,617	0.76	191,893	1.56
Sales Tax	3,182,975	12.59	3,118,504	25.32
Franchise Tax	1,480,043	5.85	1,403,486	11.40
Occupation Tax	263,277	1.04	261,772	2.13
TIF Proceeds	699,222	2.77	691,112	5.61
State Allocation	1,237,885	4.90	1,136,560	9.23
Insurance Proceeds	-	-	122,238	0.99
Miscellaneous	128,068	0.51	65,255	0.53
Interest	150,292	0.59	175,078	1.42
Loss on Sale of Assets	-	-	(37,682)	(0.31)
Total	$ 25,288,184	100.00 %	$ 12,315,712	100.00 %

Net position increased $15,061,892 in the governmental activities during the year ended September 30, 2025.

Business-type activities. Business-type activities increased the City of Seward's net position by $2,141,240 for the year ended September 30, 2025. Key elements of this increase are as follows:

Expenses and Program Revenues - Business-type Activities

Function	Year Ended September 30, 2025 Program Revenues	Year Ended September 30, 2025 Program Expenses	Year Ended September 30, 2024 Program Revenues	Year Ended September 30, 2024 Program Expenses
Electric	$ 12,282,955	$ 12,541,616	$ 12,525,955	$ 11,646,630
Water	2,426,752	1,986,761	2,359,838	1,818,364
Sewer	2,966,629	1,739,479	2,535,531	1,497,458
Total	$ 17,676,336	$ 16,267,856	$ 17,421,324	$ 14,962,452

Revenues by Source - Business-type Activities

SOURCES OF REVENUE	Year Ended September 30, 2025		Year Ended September 30, 2024	
Charges for Services	$ 17,670,757	95.99 %	$ 17,416,892	95.67 %
Capital Grants and Contributions	5,579	0.03	4,432	0.02
Interest	302,536	1.64	262,236	1.44
Gain on Sale of Assets	309,150	1.68	433,561	2.38
Miscellaneous	121,074	0.66	89,580	0.49
Total	$ 18,409,096	100.00 %	$ 18,206,701	100.00 %

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Seward's governmental funds reported combined ending fund balances of $7,069,794. Approximately 51.4 percent of this total amount ($3,635,257) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balances is not available for new spending because it has already been 1) restricted to pay debt service ($194,874), 2) restricted for street projects ($834,201), 3) restricted for Federal programs ($17,511), 4) restricted for economic development ($388,812), 5) restricted for capital projects ($689,470), 6) placed in a nonspendable endowment for cemetery perpetual care ($258,881), 7) committed for public safety ($694,740), 8) committed for sports complex lights ($32,413), 9) assigned for parks ($52,267), 10) assigned for cemetery ($160,464), 11) assigned for the Wellness Center ($13,120) or 12) assigned for budgetary stabilization ($97,784).

The General Fund is the chief operating fund of the City of Seward. At the end of the current fiscal year, unassigned fund balance of the General Fund was $3,635,257, while total fund balance reached $4,686,045. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 40.1 percent of total General Fund expenditures, while total fund balance represents 51.7 percent of that same amount.

The fund balance of the City of Seward's General Fund increased by $336,758. The Street Fund increased $474,105.

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

Unrestricted net position of the proprietary funds at the end of the year was as follows: Electric Fund - $7,572,526, Water Fund - $(3,536,650), and Sewer Fund - $1,089,688. The change in net position for the proprietary funds was as follows: Electric Fund – increase of $358,615, Water Fund – increase of $498,716, and Sewer Fund – increase of $1,283,909. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of Seward's business-type activities.

Budgetary Highlights

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

Capital Asset and Debt Administration

Capital Assets. The City of Seward's investment in capital assets for its governmental and business-type activities as of September 30, 2025, amounts to $90,480,884 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, building and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

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

- Wellness center improvements - $3,669,233
- Wellness center equipment - $321,372
- Wellness center in-kind donations for the wellness center - $10,893,524
- Various street improvement projects - $1,096,968
- Civic center renovation - $1,827,909
- 2025 Pumper truck - $273,465
- Engineering for levee drainage pump station - $232,080
- New water tower project - $1,664,994
- 6th Street water main improvement project - $195,439
- RO water improvements - $999,851
- Walker Worthman loop improvements - $624,636
- SCADA upgrade - $145,241
- WWTF improvement project - $879,580

- Electrical service - $512,242
- Ditch Witch tractor with blade - $205,515

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

	Year Ended September 30, 2025			Year Ended September 30, 2024		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	$ 913,417	$ 1,659,998	$ 2,573,415	$ 852,951	$ 1,883,771	$ 2,736,722
Construction in progress	1,600,722	7,838,652	9,439,374	9,473,340	8,480,810	17,954,150
Infrastructure	20,125,173	-	20,125,173	14,489,385	-	14,489,385
Buildings	26,738,224	1,203,903	27,942,127	7,875,048	1,272,972	9,148,020
Equipment	2,631,749	1,677,475	4,309,224	2,119,995	2,041,304	4,161,299
Distribution systems	-	26,091,571	26,091,571	-	21,518,572	21,518,572
Total	$ 52,009,285	$ 38,471,599	$ 90,480,884	$ 34,810,719	$ 35,197,429	$ 70,008,148

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

Long-term debt. At the end of the current fiscal year, the City of Seward had total long-term debt outstanding of $12,362,870. Of this amount, $2,735,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Seward's debt represents bonds and notes secured solely by specified revenue sources (i.e., revenue bonds and notes payable and financing agreements).

City of Seward's Outstanding Debt

	Year Ended September 30, 2025			Year Ended September 30, 2024		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General Obligation Bonds	$ 2,375,000	$ -	$ 2,375,000	$ 2,855,000	$ -	$ 2,855,000
Highway Allocation Bonds	360,000	-	360,000	410,000	-	410,000
Municipal Improvement Bonds	4,325,206	-	4,325,206	621,494	-	621,494
Public Safety Bonds	-	-	-	-	-	-
Revenue Bonds	-	5,010,000	5,010,000	-	6,045,000	6,045,000
Note Payable	-	-	-	-	-	-
Financing Agreements	292,664	-	292,664	175,303	-	175,303
Total	$ 7,352,870	$ 5,010,000	$ 12,362,870	$ 4,061,797	$ 6,045,000	$ 10,106,797

The City of Seward's total debt increased by $2,256,073 (22.3 percent) during the current fiscal year, as the City made scheduled principal payments and issuance of new debt for the wellness center.

Additional information on the City of Seward's long-term debt can be found in Note C7 on pages 51-56 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- Property tax asking for the year ending September 30, 2026 of $2,261,795 is $106,190 (4.9 percent) higher than the prior year. The property valuation also increased 4.9 percent over the prior year.
- At September 30, 2025, the City had various contractual commitments included in the budgeted expenditures. See Note D3 on page 59 for detail.
- The City budgeted for a 3% increase in water rates and a 15% increase in sewer rates effective with the October 2025 billing.

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

Request for Information

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

CITY OF SEWARD, NEBRASKA
STATEMENT OF NET POSITION
September 30, 2025

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	$ 3,992,294	$ (1,064,492)	$ 2,927,802	$ 528,029
Certificates of deposit	463,691	3,980,847	4,444,538	66,405
County treasurer cash	60,716	-	60,716	5,539
Investments	-	-	-	911,214
Receivables:				
Property tax	40,982	-	40,982	5,539
Accounts, net of allowance for doubtful accounts	1,093	1,587,650	1,588,743	16,487
Unbilled revenue	-	535,687	535,687	-
Interest	1,952	19,382	21,334	5
Current portion of notes	162,751	-	162,751	-
Due from other governments	721,047	-	721,047	-
Prepaid expense	-	-	-	26,580
Inventory	117,652	2,319,864	2,437,516	-
Total current assets	5,562,178	7,378,938	12,941,116	1,559,798
Noncurrent assets:				
Restricted cash and cash equivalents	2,261,425	2,600,453	4,861,878	-
Restricted certificates of deposit	15,000	1,395,339	1,410,339	-
Permanently restricted investments	-	-	-	85,616
Noncurrent notes receivable	987,435	-	987,435	-
Capital assets:				
Land	913,417	1,659,998	2,573,415	105,156
Construction in progress	1,600,722	7,838,652	9,439,374	1,938,303
Other capital assets, net of depreciation	49,495,146	28,972,949	78,468,095	3,276,577
Net capital assets	52,009,285	38,471,599	90,480,884	5,320,036
Total noncurrent assets	55,273,145	42,467,391	97,740,536	5,405,652
Total assets	60,835,323	49,846,329	110,681,652	6,965,450
LIABILITIES				
Current liabilities:				
Accounts payable	376,579	1,707,065	2,083,644	-
Accrued interest	27,941	15,454	43,395	4,775
Other accrued expenses	213,488	207,581	421,069	-
Customer deposits	-	116,682	116,682	-
Unavailable property tax	29,028	-	29,028	-
Unearned revenue	44,565	-	44,565	18,824
Current portion of long-term obligations	596,527	1,040,000	1,636,527	106,200
Total current liabilities	1,288,128	3,086,782	4,374,910	129,799
Noncurrent liabilities:				
Compensated absences - noncurrent	382,724	323,274	705,998	-
Noncurrent portion of long-term obligations	6,756,343	3,970,000	10,726,343	252,234
Total noncurrent liabilities	7,139,067	4,293,274	11,432,341	252,234
Total liabilities	8,427,195	7,380,056	15,807,251	382,033
NET POSITION				
Net investment in capital assets	44,656,415	33,461,599	78,118,014	4,961,602
Restricted for:				
Capital projects	689,470	-	689,470	-
Debt service	194,874	3,879,110	4,073,984	-
Street projects	834,201	-	834,201	-
Federal programs	17,511	-	17,511	-
Economic development	388,812	-	388,812	-
Cemetery perpetual care	258,881	-	258,881	-
Permanently restricted-Guthal	-	-	-	85,616
Unrestricted	5,367,964	5,125,564	10,493,528	1,536,199
Total net position	$ 52,408,128	$ 42,466,273	$ 94,874,401	$ 6,583,417

See notes to financial statements.

CITY OF SEWARD, NEBRASKA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary government:			
Governmental activities:			
General government	$ 461,403	$ 48,000	$ 166,724
Economic development	860,022	-	-
Public safety	2,328,748	207,060	155,733
Public works	1,480,537	356,915	1,553
Environment and leisure	3,162,452	1,246,247	186,317
Interest and related expenses	247,427	-	-
Depreciation - unallocated	1,685,703	-	-
Total governmental activities	10,226,292	1,858,222	510,327
Business-type activities:			
Electric	12,541,616	12,278,885	-
Water	1,986,761	2,426,752	-
Sewer	1,739,479	2,965,120	-
Total business-type activities	16,267,856	17,670,757	-
Total primary government	$ 26,494,148	$ 19,528,979	$ 510,327
Component units:			
Seward Airport Authority	$ 428,764	$ 153,781	$ -
Seward Library Foundation	24,941	-	12,350
Total component units	$ 453,705	$ 153,781	$ 12,350

See notes to financial statements.

Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position			
	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
$ -	$ (246,679)		$ (246,679)	
-	(860,022)		(860,022)	
15,775	(1,950,180)		(1,950,180)	
326,367	(795,702)		(795,702)	
13,107,883	11,377,995		11,377,995	
-	(247,427)		(247,427)	
-	(1,685,703)		(1,685,703)	
13,450,025	5,592,282	$ -	5,592,282	
4,070	-	(258,661)	(258,661)	
-	-	439,991	439,991	
1,509	-	1,227,150	1,227,150	
5,579	-	1,408,480	1,408,480	
$ 13,455,604	5,592,282	1,408,480	7,000,762	
$ 1,281,598				$ 1,006,615
-				(12,591)
$ 1,281,598				994,024
General revenues:				
Taxes:				
Property	2,136,231	-	2,136,231	250,439
Motor vehicle	191,617	-	191,617	-
Sales tax	3,182,975	-	3,182,975	-
Franchise	1,480,043	-	1,480,043	-
Occupation	263,277	-	263,277	-
TIF proceeds	699,222	-	699,222	-
State allocation	1,237,885	-	1,237,885	-
Insurance proceeds	-	-	-	-
Miscellaneous	128,068	121,074	249,142	10,796
Interest income	150,292	302,536	452,828	7,956
Gain on investments	-	-	-	144,698
Gain on sale of assets	-	309,150	309,150	-
Total general revenues	9,469,610	732,760	10,202,370	413,889
Change in net position	15,061,892	2,141,240	17,203,132	1,407,913
Net position - September 30, 2024	37,346,236	40,325,033	77,671,269	5,175,504
Net position - September 30, 2025	$ 52,408,128	$ 42,466,273	$ 94,874,401	$ 6,583,417

CITY OF SEWARD, NEBRASKA
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2025

	General	Street	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 3,992,294	$ -	$ -	$ -	$ -	$ 3,992,294
Certificates of deposit	463,691	-	-	-	-	463,691
County treasurer cash	60,716	-	-	-	-	60,716
Receivables:						
Accounts, net of allowance for doubtful accounts	521	572	-	-	-	1,093
Interest	1,927	-	-	-	25	1,952
Property tax	40,982	-	-	-	-	40,982
Due from other governments	412,953	170,443	-	137,651	-	721,047
Inventory	-	117,652	-	-	-	117,652
Restricted assets:						
Cash	-	864,553	194,874	551,819	650,179	2,261,425
Certificates of deposit	-	-	-	-	15,000	15,000
Total assets	$ 4,973,084	$ 1,153,220	$ 194,874	$ 689,470	$ 665,204	$ 7,675,852
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 78,056	$ 298,523	$ -	$ -	$ -	$ 376,579
Accrued expenses	135,390	20,496	-	-	-	155,886
Unearned golf revenue	44,565	-	-	-	-	44,565
Unavailable property tax	29,028	-	-	-	-	29,028
Total liabilities	287,039	319,019	-	-	-	606,058
Fund balances:						
Nonspendable						
Cemetery perpetual care	-	-	-	-	258,881	258,881
Restricted for:						
Capital projects	-	-	-	689,470	-	689,470
Debt service	-	-	194,874	-	-	194,874
Street projects	-	834,201	-	-	-	834,201
Federal programs	-	-	-	-	17,511	17,511
Economic development	-	-	-	-	388,812	388,812
Committed for:						
Public safety	694,740	-	-	-	-	694,740
Sports complex lights	32,413	-	-	-	-	32,413
Assigned for:						
Budgetary stabilization	97,784	-	-	-	-	97,784
Parks	52,267	-	-	-	-	52,267
Cemetery	160,464	-	-	-	-	160,464
Wellness Center	13,120	-	-	-	-	13,120
Unassigned	3,635,257	-	-	-	-	3,635,257
Total fund balances	4,686,045	834,201	194,874	689,470	665,204	7,069,794
Total liabilities and fund balances	$ 4,973,084	$ 1,153,220	$ 194,874	$ 689,470	$ 665,204	$ 7,675,852

See notes to financial statements.

CITY OF SEWARD, NEBRASKA

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

September 30, 2025

Total fund balances - governmental funds		$ 7,069,794
Amounts reported for *governmental activities* in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $72,420,250, and the accumulated depreciation is $20,410,965.		52,009,285
Notes receivable are not financial resources and therefore are not reported as assets in governmental funds. The notes receivable are reported as assets in the statement of net position.		1,150,186
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Compensated absences	$ (440,326)	
Accrued interest on long-term debt	(27,941)	
Bonds payable	(7,060,206)	
Financing agreements	(292,664)	(7,821,137)
Total net position - governmental activities		$ 52,408,128

See notes to financial statements.

CITY OF SEWARD, NEBRASKA

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

For the year ended September 30, 2025

	General	Street	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	$ 2,136,231	$ -	$ -	$ -	$ -	$ 2,136,231
Motor vehicle	191,617	-	-	-	-	191,617
Sales tax	1,559,764	352,840	413,164	707,207	150,000	3,182,975
Franchise	1,480,043	-	-	-	-	1,480,043
Occupation	263,277	-	-	-	-	263,277
TIF proceeds	-	-	-	-	699,222	699,222
Intergovernmental	354,386	1,045,432	-	-	-	1,399,818
Charges for services	1,835,127	23,095	-	-	-	1,858,222
Loan collections	-	-	-	-	139,540	139,540
Interest income	82,875	6	9,176	961	57,274	150,292
Grants	41,394	190,429	-	281,000	84,151	596,974
Contributions	2,171,982	-	-	-	-	2,171,982
Bond/loan proceeds	273,465	-	-	3,703,712	-	3,977,177
Other income	16,365	42,864	-	-	68,839	128,068
Total revenues	10,406,526	1,654,666	422,340	4,692,880	1,199,026	18,375,438
EXPENDITURES						
General government	311,015	-	-	59,272	84,151	454,438
Economic development	-	-	-	-	1,343,850	1,343,850
Public safety	2,221,842	-	-	-	-	2,221,842
Public works	509,243	920,939	-	-	146	1,430,328
Environment and leisure	3,076,892	-	-	-	-	3,076,892
Capital outlay	2,807,247	1,056,955	-	3,990,604	-	7,854,806
Principal payments on debt	132,381	23,723	530,000	-	-	686,104
Interest on long-term debt	11,148	433	60,924	170,953	-	243,458
Total expenditures	9,069,768	2,002,050	590,924	4,220,829	1,428,147	17,311,718
Excess (deficiency) of revenues over expenditures	1,336,758	(347,384)	(168,584)	472,051	(229,121)	1,063,720
OTHER FINANCING SOURCES (USES)						
Transfers in	-	1,000,000	178,511	-	-	1,178,511
Transfers out	(1,000,000)	(178,511)	-	-	-	(1,178,511)
Net transfers	(1,000,000)	821,489	178,511	-	-	-
Net change in fund balances	336,758	474,105	9,927	472,051	(229,121)	1,063,720
Fund balances - September 30, 2024	4,349,287	360,096	184,947	217,419	894,325	6,006,074
Fund balances - September 30, 2025	$ 4,686,045	$ 834,201	$ 194,874	$ 689,470	$ 665,204	$ 7,069,794

See notes to financial statements.

CITY OF SEWARD, NEBRASKA

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

For the year ended September 30, 2025

Total net change in fund balances - governmental funds	$ 1,063,720
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 their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay ($18,884,269), including assets aquired via in-kind donation ($10,893,525) and additions paid for directly by the Nebraska Department of Transportation ($135,938), exceeded depreciation expense ($1,685,703) during the period.	17,198,566
Collection of loan proceeds on economic development loans is reported as revenue in the governmental funds, but reduces assets in the statement of net position.	(139,540)
The issuance of economic development loans is reported as an expense in the governmental funds, but increases assets in the statement of net position.	501,022
Forgiveness of LB840 loans is not reported in the fund financial statements, but is reported as an economic development expense in the statement of activities.	(17,194)
The change in compensated absences is reported as an expense in the statement of net position. Compensated absences are not reported in the governmental funds.	(249,640)
The change in accrued interest payable is reported as an expense in the statement of net position. Accrued interest payable is not reported in the governmental funds.	(3,969)
The issuance of debt is reported as revenue in the governmental funds, but the issuance increases long-term liabilities in the statement of net position.	(3,977,177)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	686,104
Change in net position of governmental activities	$ 15,061,892

See notes to financial statements.

CITY OF SEWARD, NEBRASKA

STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS

September 30, 2025

	Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 1,651,057	$ (3,505,074)	$ 789,525	$ (1,064,492)
Certificates of deposit	3,509,825	166,673	304,349	3,980,847
Receivables:				
Accounts, net of allowance for doubtful accounts	1,162,099	199,260	226,291	1,587,650
Unbilled revenue	350,566	82,301	102,820	535,687
Interest	14,927	2,969	1,486	19,382
Inventory	2,193,593	126,271	-	2,319,864
Total current assets	8,882,067	(2,927,600)	1,424,471	7,378,938
Noncurrent assets:				
Restricted cash and cash equivalents	120,357	438,935	2,041,161	2,600,453
Restricted certificates of deposit	472,396	535,698	387,245	1,395,339
Capital assets:				
Land	1,299,283	270,621	90,094	1,659,998
Construction in progress	303,944	4,846,240	2,688,468	7,838,652
Distribution systems	23,090,480	22,449,202	13,407,117	58,946,799
Buildings	1,381,073	144,976	432,769	1,958,818
Equipment	3,788,692	573,938	1,208,406	5,571,036
Less accumulated depreciation	(17,480,449)	(9,923,083)	(10,100,172)	(37,503,704)
Net capital assets	12,383,023	18,361,894	7,726,682	38,471,599
Total noncurrent assets	12,975,776	19,336,527	10,155,088	42,467,391
Total assets	21,857,843	16,408,927	11,579,559	49,846,329
LIABILITIES				
Current liabilities:				
Accounts payable	987,334	485,988	233,743	1,707,065
Customer deposits	116,682	-	-	116,682
Accrued interest payable	7,282	6,497	1,675	15,454
Other accrued expenses	77,257	30,542	31,113	138,912
Sales tax payable	68,669	-	-	68,669
Current portion of long-term obligations	435,000	335,000	270,000	1,040,000
Total current liabilities	1,692,224	858,027	536,531	3,086,782
Noncurrent liabilities:				
Compensated absences - noncurrent	168,999	86,023	68,252	323,274
Noncurrent portion of long-term obligations	1,675,000	840,000	1,455,000	3,970,000
Total noncurrent liabilities	1,843,999	926,023	1,523,252	4,293,274
Total liabilities	3,536,223	1,784,050	2,059,783	7,380,056
NET POSITION				
Net investment in capital assets	10,273,023	17,186,894	6,001,682	33,461,599
Restricted for:				
Debt service	476,071	974,633	2,428,406	3,879,110
Unrestricted	7,572,526	(3,536,650)	1,089,688	5,125,564
Total net position	$ 18,321,620	$ 14,624,877	$ 9,519,776	$ 42,466,273

See notes to financial statements.

CITY OF SEWARD, NEBRASKA

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

For the year ended September 30, 2025

	Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
Operating revenues:				
User charges	$ 12,208,652	$ 2,235,866	$ 2,941,022	$ 17,385,540
Customer service charges	41,356	10,171	14,539	66,066
Other revenue	28,877	180,715	9,559	219,151
Total operating revenues	12,278,885	2,426,752	2,965,120	17,670,757
Operating expenses:				
Cost of power	6,898,129	-	-	6,898,129
Personnel	1,414,730	729,136	666,094	2,809,960
Contract services	106,108	26,505	61,410	194,023
Utilities	95,794	176,402	84,903	357,099
Repairs and maintenance	386,490	244,329	133,104	763,923
Supplies	368,230	36,318	24,369	428,917
Professional fees	98,271	55,144	130,957	284,372
Insurance	118,011	73,378	69,269	260,658
Fuel and transportation	15,090	6,014	8,363	29,467
Dues, memberships & training	24,206	15,370	18,001	57,577
Miscellaneous	606,645	2,554	8,856	618,055
Franchise fees	1,357,021	123,022	-	1,480,043
Depreciation	988,954	472,911	512,109	1,973,974
Total operating expenses	12,477,679	1,961,083	1,717,435	16,156,197
Operating income (loss)	(198,794)	465,669	1,247,685	1,514,560
Nonoperating revenues (expenses):				
Interest income	187,052	58,725	56,759	302,536
Miscellaneous income	121,074	-	-	121,074
Grant revenue	4,070	-	1,509	5,579
Gain on disposal of capital assets	309,150	-	-	309,150
Interest expense	(61,937)	(25,678)	(22,044)	(109,659)
Loan administration fees	(2,000)	-	-	(2,000)
Total nonoperating revenues (expenses)	557,409	33,047	36,224	626,680
Change in net position	358,615	498,716	1,283,909	2,141,240
Net position - September 30, 2024	17,963,005	14,126,161	8,235,867	40,325,033
Net position - September 30, 2025	$ 18,321,620	$ 14,624,877	$ 9,519,776	$ 42,466,273

See notes to financial statements.

CITY OF SEWARD, NEBRASKA

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS

For the year ended September 30, 2025

	Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	$ 12,489,351	$ 2,502,804	$ 2,934,633	$ 17,926,788
Payments to suppliers	(10,193,340)	(755,254)	(530,949)	(11,479,543)
Payments to employees	(1,377,603)	(673,795)	(616,063)	(2,667,461)
Net cash provided by operating activities	918,408	1,073,755	1,787,621	3,779,784
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of property and equipment	(708,662)	(3,414,988)	(859,379)	(4,983,029)
Proceeds from sale of capital assets	532,923	-	-	532,923
Grant proceeds	4,070	-	1,509	5,579
Principal payments on capital debt	(430,000)	(330,000)	(275,000)	(1,035,000)
Interest paid on capital debt	(63,064)	(27,426)	(22,193)	(112,683)
Loan administration fees	(2,000)	-	-	(2,000)
Net cash used by capital and related financing activities	(666,733)	(3,772,414)	(1,155,063)	(5,594,210)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Increase in certificates of deposit	(142,741)	(7,670)	(5,615)	(156,026)
Increase in restricted certificates of deposit	(2,186)	(6,025)	(2,867)	(11,078)
Interest received	184,736	59,082	56,880	300,698
Net cash provided by investing activities	39,809	45,387	48,398	133,594
Increase (decrease) in cash and cash equivalents	291,484	(2,653,272)	680,956	(1,680,832)
Cash and cash equivalents - beginning of the year	1,479,930	(412,867)	2,149,730	3,216,793
Cash and cash equivalents - end of the year	$ 1,771,414	$ (3,066,139)	$ 2,830,686	$ 1,535,961
Composition of cash and cash equivalents:				
Cash and cash equivalents	$ 1,651,057	$ (3,505,074)	$ 789,525	$ (1,064,492)
Restricted cash and cash equivalents	120,357	438,935	2,041,161	2,600,453
Total cash and cash equivalents	$ 1,771,414	$ (3,066,139)	$ 2,830,686	$ 1,535,961

See notes to financial statements.

CITY OF SEWARD, NEBRASKA

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS, Continued

For the year ended September 30, 2025

	Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ (198,794)	$ 465,669	$ 1,247,685	$ 1,514,560
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Miscellaneous nonoperating revenue	121,074	-	-	121,074
Depreciation expense	988,954	472,911	512,109	1,973,974
Change in assets and liabilities:				
Accounts receivable	94,234	76,212	(30,487)	139,959
Inventories	(287,517)	(11,495)	-	(299,012)
Accounts payable	164,280	15,277	8,283	187,840
Customer deposits	(4,842)	(160)	-	(5,002)
Sales tax payable	3,892	-	-	3,892
Accrued expenses	37,127	55,341	50,031	142,499
Net cash provided by operating activities	$ 918,408	$ 1,073,755	$ 1,787,621	$ 3,779,784

See notes to financial statements.

CITY OF SEWARD, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Financial Reporting Entity

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

The City's financial reporting entity comprises the following:

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Blended Component Units

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

Discretely Presented Component Units

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

	Brief Description of Activities and Relationship to the City:
Seward Airport Authority	Established to provide for the operation of the Seward Airport. The component unit information was obtained from financial statements which can be obtained by contacting the Seward Airport Authority.
Seward Library Foundation	Established to support the Seward library.

2. Basis of Presentation

Government-wide Financial Statements

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fund Financial Statements

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

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Debt Service Fund

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Governmental Funds, continued

Capital Projects Fund

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

Permanent Fund

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

Proprietary Funds

Enterprise Funds

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

Major and Nonmajor Funds

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

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

3. Measurement Focus and Basis of Accounting

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Measurement Focus

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

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

a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. The proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Basis of Accounting, continued

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

4. Assets, Liabilities, and Equity

Estimates

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

Cash and Investments

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

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Receivables

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

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

Due from Other Governments

The total due from other governments consists of the following:

Fund	Amount	Service
General	$ 412,953	Sales Tax
Street	69,768	Sales Tax
Street	16,968	Motor Vehicle Fees
Street	83,707	Highway Allocation
Capital Projects	137,651	Sales Tax
	$ 721,047	

Inventory

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

Restricted Assets

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets

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

Government-wide Statements

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

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

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets, continued

Fund Financial Statements

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

Unavailable Revenues

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

Compensated Absences

During the year ended September 30, 2025, the City implemented GASB 101, *Compensated Absences*. This statement requires governments to recognize a liability for certain types of leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The objective of this Statement is to better align the recognition of compensated absences liabilities with the accrual basis of accounting and improve consistency.

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

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

Compensated absences are accrued based on the likelihood of time used in the accompanying financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Long-term Debt

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

Government-wide Statements

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

Fund Financial Statements

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

Equity Classifications

Government-wide Statements

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

a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

Fund Financial Statements

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

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

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

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

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

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

Unassigned−All amounts not included in other spendable classifications.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses

Sales and Use Tax

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

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

Property Taxes

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Property Taxes, continued

Property taxes levied for 2024-2025 are recorded as revenue when expected to be collected within 60 days after September 30, 2025. Prior-year levies were recorded using these same principles, and remaining receivables are re-evaluated annually. Property taxes expected to be collected after 60 days are recorded as deferred revenue on the fund balance sheets.

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

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

Governmental Funds – by Character and Function

Proprietary Fund – by Operating and Nonoperating

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Interfund Transfers

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

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Fund Accounting Requirements

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

2. Deposit Laws and Regulations

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

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

The Airport Authority had unsecured funds of $172,083 as of September 30, 2025.

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

3. Revenue Restrictions

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

4. Debt Restrictions and Covenants

Bonds Payable

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

5. Budgetary Data

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

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

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

a. On or before August 1, the City prepares a budget for the fiscal year commencing October 1. The budget includes proposed expenditures and resources available.

b. The budget is published with subsequent public hearings to obtain taxpayer comments.

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data, continued

c. Prior to September 30, the City Council adopts the budget, which is then filed with the appropriate state and county officials.

d. Total expenditures may not legally exceed total appropriations. Appropriations lapse at year end and any revisions require board approval.

e. The County Clerk certifies a preliminary property tax levy for each fund of the City which levied property taxes in the county the previous year based on the combined valuation and amount required for the City the prior year. The preliminary levy becomes the final levy unless the governing board passes, by a majority vote, a resolution setting the levy at a different amount.

f. The property tax requirements resulting from the budget process are utilized by the County Assessor to establish the tax levy. Taxes are levied annually on or before October 20. Real property taxes and personal property taxes are due December 31 with the first half delinquent May 1 and the second half delinquent September 1.

g. Appropriations lapse at the end of the fiscal year, except for capital improvement appropriations and certain encumbrances against operating budgets.

h. The City of Seward adopts a budget by resolution for all fund types.

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

1. Cash and Investments

Deposits

The City's policies regarding deposits of cash are discussed in Note A4. The table presented below is designed to disclose how its deposits were insured or secured with collateral at September 30, 2025. The categories of collateral are defined as follows:

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

1. Cash and Investments, continued

Deposits, continued

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

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

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

Types of Deposits	Total Bank Balance	Category 1	Category 2	Category 3	Total Carrying Value
Demand deposits and certificates of deposit	$ 14,246,364	$ 1,635,786	$ 12,438,495	$ 172,083	$ 14,238,991

Reconciliation to Government-wide Statement of Net Position:	
Primary Government –	
Unrestricted cash and cash equivalents	$ 2,927,802
Unrestricted certificates of deposit	4,444,538
Restricted cash and cash equivalents	4,861,878
Restricted certificates of deposit	1,410,339
Component Units –	
Unrestricted cash and cash equivalents	528,029
Unrestricted certificates of deposit	66,405
	$ 14,238,991

Investments

The City's policies and applicable laws regarding investments are discussed in Notes A4 and B2. The table presented below is designed to disclose whether the investments are insured or registered and who holds the security at September 30, 2025. The categories of investments are defined as follows:

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

1. Cash and Investments, continued

Investments, continued

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

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

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

Type of Investment	Category 1	Category 2	Category 3	Carrying Amount	Fair Value
Publicly Traded Equities	$ -	$ 996,830	$ -	$ 996,830	$ 996,830

Reconciliation to Government-wide Statement of Net Position:

Component Units –	
Unrestricted investments	$ 911,214
Permanently restricted investments	85,616
	$ 996,830

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

2. Restricted Assets

The restricted assets as of September 30, 2025, are as follows:

	Governmental Activities	Business-type Activities	Total Primary Government	Component Unit
Type of Restricted Assets:				
Cash and cash equivalents	$ 2,261,425	$ 2,600,453	$ 4,861,878	$ -
Certificates of deposit	15,000	1,395,339	1,399,261	-
Investments	-	-	-	85,616
	$ 2,276,425	$ 3,995,792	$ 6,272,217	$ 85,616

Restricted cash and investments for governmental activities consists of $864,553 of Street Fund cash restricted for street projects, $194,874 of Debt Service Fund cash restricted for debt service, $17,511 of CDBG Fund cash restricted for Federal programs, $185,190 of LB840 Fund cash restricted for economic development, $203,622 of TIF Fund cash restricted for economic development, $551,819 of Capital Projects Fund cash restricted for capital projects, and $258,856 of Perpetual Care Fund cash and certificates of deposit restricted for cemetery perpetual care.

Restricted business-type assets consist of debt service reserves of $476,071 for the Electric Fund, $974,633 for the Water Fund, and $2,428,406 for the Sewer Fund. The Electric Fund has $116,682 restricted for customer deposits.

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

3. Accounts and Notes Receivable

Accounts receivable of the business-type activities consist of utilities receivable. Accounts receivable for the governmental activities and component units consist of minor receivables. Receivables detail at September 30, 2025, is as follows:

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
Accounts receivable	$ 1,093	$ 1,593,900	$ 1,594,993	$ 16,487
Allowance for doubtful accounts	-	(6,250)	(6,250)	-
Net accounts receivable	$ 1,093	$ 1,587,650	$ 1,588,743	$ 16,487

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

3. Accounts and Notes Receivable, continued

Notes receivable for the governmental activities consist of the following at September 30, 2025:

Type of Loan	Due From	Note Balance at September 30, 2025	Terms
LB840	Seward Hotel Group	$ 16,555	3.25%; monthly payments over 15 years; final payment due 9/1/27
LB840	ECES, Inc	14,843	2.625%; monthly payments due over 10 years; final payment due 1/1/29
LB840	Barely Legal Distilling, LLC	70,000	2.25%; monthly payments due over 5 years; final payment due 2/1/25
LB840	Green Future Properties	152,421	2.75%; monthly payments due over 15 years; 12% of the loan will be forgiven after 166 payments have been made; final payment due 9/1/34
LB840	Turning Point Behavioral Health & Addiction Counseling	3,377	1.75%; monthly payments due over 10 years; final payment due 12/1/26
LB840	Nixon Restaurant and Property, Inc.	15,428	1.625%; monthly payments due over 5 years; final payment due 3/1/27
LB840	14tin, LLC	39,745	1.625%; monthly payments due over 10 years; final payment due 9/1/32
LB840	Hexagon Properties	48,079	1.875%; monthly payments due over 15 years; final payment due 3/30/32
LB840	Red Path Gallery & Tasting Room	17,211	2.375%; monthly payments due over 10 years; final payment due 8/1/28

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

3. Accounts and Notes Receivable, continued

Note Held By	Due From	Note Balance at September 30, 2025	Terms
LB840	The Alps Dog Retreat	19,150	2.375%; monthly payments due over 72 months; $13,081.50 is forgivable after 64 payments; final payment due 12/1/26
LB840	Fullfield Ag, LLC	90,432	1.875%; monthly payments due over 15 years; final payment due 2/15/32
LB840	I. H. Freary Building, LLC	29,671	3.875%; monthly payments due over 10 years; final payment due 5/1/28
LB840	Buds Flower Shop, LLC	79,450	4.25%; monthly payments due over 120 months; $21,176.09 is forgivable after 120 payments; final payment due 4/1/35
LB840	MC Retail, LLC	91,799	4.25%; monthly payments due over 10 years; final payment due 3/1/35
LB840	H&H Recreation Inc.	40,000	3.875%; 20 percent forgivable annually if borrower retains improvements; due 3/31/29
LB840	Neutral Grounds Coffee Co	2,100	3.875%; 20 percent forgivable annually if borrower retains improvements; due 10/31/28
LB840	Focus Properties 511, LLC	200,000	3.75%; monthly payments due over 180 months; $79,462 is forgivable after 120 payments; final payment due 3/1/41
LB840	Brexi Properties, LLC	121,875	3.75%; monthly payments due over 9 years; final payment due 9/1/34
LB840	Squire Wards, LLC	168,050	4.0%; monthly payments due over 10 years; final payment due 12/1/34

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

3. Accounts and Notes Receivable, continued

Allowance for uncollectible note receivable	(70,000)
Total notes receivable	$ 1,150,186
Current portion	$ 162,751
Noncurrent portion	987,435
	$ 1,150,186

4. Capital Assets

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

	Balance at October 1, 2024	Additions	Disposals	Reclass	Balance at September 30, 2025
Governmental Activities:					
Capital assets not being depreciated:					
Land	$ 852,951	$ 60,466	$ -	$ -	$ 913,417
Construction in progress	9,473,340	989,977	-	(8,862,595)	1,600,722
Total capital assets not being depreciated	10,326,291	1,050,443	-	(8,862,595)	2,514,139
Other capital assets being depreciated:					
Infrastructure	23,251,286	421,870	-	6,089,350	29,762,506
Buildings	12,501,095	16,405,494	-	2,761,007	31,667,596
Machinery and equipment	7,661,245	1,006,462	(203,936)	12,238	8,476,009
Total other capital assets at historical cost	43,413,626	17,833,826	(203,936)	8,862,595	69,906,111
Less accumulated depreciation for:					
Infrastructure	(8,761,901)	(875,432)	-	-	(9,637,333)
Buildings	(4,626,047)	(303,325)	-	-	(4,929,372)
Machinery and equipment	(5,541,250)	(506,946)	203,936	-	(5,844,260)
Total accumulated depreciation	(18,929,198)	(1,685,703) *	203,936	-	(20,410,965)
Other capital assets, net	24,484,428	16,148,123	-	8,862,595	49,495,146
Governmental activities capital assets, net	$ 34,810,719	$ 17,198,566	$ -	$ -	$ 52,009,285

* Depreciation expense was charged to governmental activities as follows:

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

4. Capital Assets, continued

Governmental Activities, continued:

General government	$ 17,360
Public safety	
Fire	63,997
Police	76,194
Total public safety	140,191
Public works:	
Streets and storm sewers	913,262
Cemetery	37,021
Total public works	950,283
Environment and leisure:	
Civic Center	49,573
Golf	75,557
Library	135,122
Parks and recreation	211,530
Senior Center	20,042
Trails	70,012
Wellness Center	16,033
Total environment and leisure	577,869
Total governmental depreciation expense	$ 1,685,703

Construction in progress at September 30, 2025, consists of $62,718 for the Pinewood Avenue project, $69,548 for the Plum Creek bridge project, $696,685 for the Worthman Blvd project, $156,881 for the E Hillcrest Street project, $500,227 for the levee drainage pump station project, $56,936 for the hike/bike trail project and $57,727 for bandshell shade project. See Note D3 for additional details on these projects.

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

4. Capital Assets, continued

	Balance at October 1, 2024	Additions	Disposals	Reclass	Balance at September 30, 2025
Business-type Activities:					
Capital assets not being depreciated:					
Land	$ 1,883,771	$ -	$ (223,773)	$ -	$ 1,659,998
Construction in progress	8,480,810	3,034,235	-	(3,676,393)	7,838,652
Total capital assets not being depreciated	10,364,581	3,034,235	(223,773)	(3,676,393)	9,498,650
Other capital assets being depreciated:					
Buildings	1,958,818	-	-	-	1,958,818
Distribution systems	52,832,724	2,437,682	-	3,676,393	58,946,799
Equipment	5,581,313	-	(10,277)	-	5,571,036
Total other capital assets at historical cost	60,372,855	2,437,682	(10,277)	3,676,393	66,476,653
Less accumulated depreciation for:					
Buildings	(685,846)	(69,069)	-	-	(754,915)
Distribution systems	(31,314,152)	(1,541,076)	-	-	(32,855,228)
Equipment	(3,540,009)	(363,829)	10,277	-	(3,893,561)
Total accumulated depreciation	(35,540,007)	(1,973,974) *	10,277	-	(37,503,704)
Other capital assets, net	24,832,848	463,708	-	3,676,393	28,972,949
Business-type capital assets, net	$ 35,197,429	$ 3,497,943	$ (223,773)	$ -	$ 38,471,599

* Depreciation expense was charged to functions as follows:

Electric	$ 988,954
Water	472,911
Sewer	512,109
Total business-type activities depreciation expense	$ 1,973,974

Construction in progress at September 30, 2025, consists of $4,577,922 for the water tower project, $268,318 for SCADA system upgrades, $29,113 for recycling center retaining wall, $1,993,884 for the wastewater treatment plant improvement project, $3,070 for police department services, $609,083 for wastewater treatment facility soil surcharge, $85,501 for Worthman Blvd extension project, and $271,761 for industrial substation upgrade. See Note D3 for additional detail of the construction in progress at September 30, 2025.

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

4. Capital Assets, continued

	Balance at October 1, 2024	Additions	Disposals	Reclass	Balance at September 30, 2025
Airport Authority:					
Capital assets not being depreciated:					
Land	$ 105,156	$ -	$ -	$ -	$ 105,156
Construction in progress	388,780	1,549,523	-	-	1,938,303
	493,936	1,549,523	-	-	2,043,459
Other capital assets being depreciated:					
Buildings	4,311,353	18,147	-	-	4,329,500
Improvements	2,543,114	-	-	-	2,543,114
Equipment	266,828	25,760	-	-	292,588
Total other capital assets at historical cost	7,121,295	43,907	-	-	7,165,202
Less accumulated depreciation for:					
Buildings	(1,737,643)	(116,600)	-	-	(1,854,243)
Improvements	(1,725,137)	(78,516)	-	-	(1,803,653)
Equipment	(205,948)	(24,782)	-	-	(230,730)
Total accumulated depreciation	(3,668,728)	(219,898)	-	-	(3,888,626)
Other capital assets, net	3,452,567	(175,991)	-	-	3,276,576
Airport Authority capital assets, net	$ 3,946,503	$ 1,373,532	$ -	$ -	$ 5,320,035

5. Accounts Payable

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

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

6. Accrued Compensated Absences

Accrued compensated absences for the city consisted of the following as of September 30, 2025.

	Balance at 9/30/2024	Additions	Reductions	Balance at 9/30/2025	Current Portion
Accrued compensated absences:					
Governmental activities	$ 190,686	$ 249,640	$ -	$ 440,326	$ 57,602
Business-type Activities	$ 231,267	$ 123,815	$ -	$ 355,082	$ 31,808

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

Current portion of compensated absences is included in accrued expenses on the financial statements.

7. Long-term Debt

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

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2025:

Type of Debt	Balance 9/30/2024	Additions	Deductions	Balance 9/30/2025	Due Within One Year
Governmental Activities:					
Bonds payable	$ 3,886,494	$ 3,703,712	$ (530,000)	$ 7,060,206	$ 485,000
Financing agreements	175,303	273,465	(156,104)	292,664	111,527
Total governmental	$ 4,061,797	$ 3,977,177	$ (686,104)	$ 7,352,870	$ 596,527
Business-type Activities					
Bonds payable	$ 6,045,000	$ -	$ (1,035,000)	$ 5,010,000	$ 1,040,000
Component Units:					
Airport Authority	$ 192,828	$ 252,234	$ (86,628)	$ 358,434	$ 106,200

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

7. Long-term Debt, continued

Governmental Activities

As of September 30, 2025, the governmental long-term liabilities consisted of the following:

Bonds payable:	
General obligation refunding bonds - series 2020, with original issue amount of $4,725,000. Interest ranges from 1.15 to 1.80 percent with final maturity April 15, 2030.	$ 2,375,000
Highway allocation bonds – series 2016, with original issue amount of $825,000. Interest ranges from 2.0 to 4.0 percent with final maturity October 1, 2031.	360,000
Tax supported municipal improvement bond - series 2023, with original issue amount of up to $9,800,000. Interest of 4.65 percent is due in monthly payments until December 15, 2025 then semi-annual payments of principal and interest will begin June 15, 2026 until final maturity December 15, 2045.	4,325,206
Total bonds payable	7,060,206
Financing Agreements:	
Financing agreement due to Exchange Bank dated September 1, 2020, with original issue amount of $148,882 to finance golf carts. The note bears interest of 3.25 percent and is due in 30 monthly principal and interest payments of $3,300, commencing April 1, 2021 through September 1, 2025 (no note payments are due October through March each year), with a final installment of $64,762 due September 1, 2025. This agreement was replaced with a financing agreement dated January 29, 2026.	64,762

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

7. Long-term Debt, continued

Governmental Activities, continued

Financing Agreements, continued:

Financing agreement due to Jones National Bank dated April 10, 2024, with original issue amount of $59,811 to finance a Greensmaster mower. The note bears interest of 5.03 percent and is due in ten semi-annual principal and interest payments of $6,871, commencing October 30, 2024 through April 30, 2029.	49,155
Financing agreement due to Cattle Bank & Trust dated October 1, 2020, with original issue amount of $115,700 to finance a 2020 Case 621GXR wheel loader. The note bears interest of 2.20 percent and is due in five annual principal and interest payments of $24,245, commencing November 30, 2020 through November 30, 2024.	-
Financing agreement due to Jones National Bank dated December 4, 2020, with original issue amount of $47,459 to finance a Toro Reelmaster 3555-D. The note bears interest of 2.13 percent and is due in five annual principal and interest payments of $9,980, commencing April 30, 2021 through April 30, 2025.	-
Financing agreement due to Cattle Bank & Trust dated April 1, 2025, with original issue amount of $273,465 to finance a pumper truck. The note bears interest of 5.40 percent and is due in ten semi-annual principal and interest payments of $31,573, commencing October 1, 2025 through April 1, 2030. The agreement was modified August 19, 2025 to semi-annual payments of $20,351 after a large payment $94,718 was paid.	178,747
Total financing agreements	292,664
Total governmental activities long-term obligations	$ 7,352,870

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

7. Long-term Debt, continued

Governmental Activities, continued

Current portion	$ 596,527
Noncurrent portion	6,756,343
Total	$ 7,352,870

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

Business-type Activities

As of September 30, 2025, the long-term debt payable from proprietary fund resources consisted of the following:

Bonds and notes payable:	
Electric revenue refunding bonds - series 2012, with original issue amount of $1,855,000. Interest ranges from 0.40 to 2.55 percent with final maturity February 15, 2025.	$ -
Electric revenue refunding bonds - series 2016, with original issue amount of $4,755,000. Interest ranges from 0.85 to 3.20 percent with final maturity February 15, 2036.	2,110,000
Water revenue refunding bonds - series 2020, with original issue amount of $1,635,000. Interest ranges from 1.20 to 2.15 percent with final maturity February 15, 2036.	930,000
Water revenue refunding bonds - series 2016, with original issue amount of $1,205,000. Interest ranges from 0.95 to 1.80 percent with final maturity June 1, 2026.	245,000
Sewer revenue refunding bonds – series 2021, with original issue amount of $3,055,000. Interest ranges from 0.25 to 1.50 percent with final maturity September 1, 2032.	1,725,000
Total business-type activity debt	$ 5,010,000
Current portion	$ 1,040,000
Noncurrent portion	3,970,000
Total	$ 5,010,000

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

7. Long-term Debt, continued

Component Unit

Airport debt:

Three lines of credit at a local bank to fund project costs until Federal and state grant money is received, bearing interest of 6.20, 8.10, and 8.10 percent, respectively.	$ 106,200
Nebraska Department of Transportation, Division of Aeronautics, bearing interest of 0.00 percent. Repayment is not required until the completion of the project.	252,234
Total Airport notes and bonds payable	$ 358,434
Current portion	$ 106,200
Noncurrent portion	252,234
Total	$ 358,434

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

7. Long-term Debt, continued

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2025, are as follows:

	Governmental Activities				Business-type Activities	
Year Ending	Direct Placement Debt		Other Debt Issues		Other Debt Issues	
September 30,	Principal	Interest	Principal	Principal	Principal	Interest
2026	$ 111,527	$ 7,680		$ 485,000	$ 1,040,000	$ 95,005
2027	45,672	8,773		679,950	595,000	80,385
2028	47,802	6,640		691,298	515,000	72,167
2029	49,952	4,491		657,945	530,000	63,629
2030	37,711	1,514		669,904	530,000	54,132
2031-2035	-	-		1,020,926	1,605,000	125,113
2036-2040	-	-	1,980,000	1,121,138	195,000	3,120
2041-2045	-	-	380,000	1,410,838	-	-
2046	-	-		323,207	-	-
	$ 292,664	$ 29,098	$ 2,360,000	$ 7,060,206	$ 5,010,000	$ 493,551

As of the reporting date, the Airport Authority has an outstanding loan balance of $252,234 with 0% interest held by the Nebraska Department of Transportation (NDOT), Division of Aeronautics, related to the Airport project. No amortization schedule has been established for this loan, as repayment is not required until the completion of the project. Consequently, this loan has been excluded from the standard long-term debt repayment schedule.

8. Interfund Transactions and Balances

The General Fund transferred $1,000,000 to the Street Fund during the year ended September 30, 2025. Also, the Street Fund transferred $178,511 to the Debt Service Fund during the year ended September 30, 2025.

NOTE D – OTHER NOTES

1. Employee Pension and Other Benefit Plans

Under Nebraska statutes, the City is to maintain a retirement plan for City police officers. This plan is funded through employee and employer contributions. The total contributions under this plan are deposited under a money purchase retirement plan with Ameritas Retirement. This plan requires that covered employees and the City contribute an amount equal to seven percent of the employee's monthly salary until such employee becomes eligible for regular retirement, at which time contributions shall cease. The eligible and covered payroll amounted to $1,039,868 for the year ended September 30, 2025. Both the City and the covered employees' required contribution of $72,786 was made for the year ended September 30, 2025. The employer contributions vest at the following rate: 0 to 2 years - 0 percent, 2 to 3 years - 40 percent, 4 years - 60 percent, 5 to 6 years - 80 percent, 7 years - fully vested. The employees also have the ability to make voluntary contributions to a deferred compensation plan in accordance with Internal Revenue Code Section 457. Voluntary 457 contributions totaled $0 during the year ended September 30, 2025.

The City maintains a defined contribution plan for the City employees in accordance with Internal Revenue Code Sections 457 and 401(a). The plan is available to all full-time City employees after six months of service. This plan is funded through employee and employer contributions. The total contributions under this plan are deposited with Ameritas Retirement. This plan requires that both covered employees and the City contribute six percent of the employee's salary to the plan. The total payroll amounted to $4,258,663 and the covered payroll amounted to $4,141,368 for the year ended September 30, 2025. The City and the employees contributed $248,482 and $248,482, respectively, for the year ended September 30, 2025. The employees also contributed $36,050 to a deferred compensation plan in accordance with Internal Revenue Code Section 457 during the year ended September 30, 2025.

2. Risk Management

Insurance

The City is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The City purchases commercial insurance to protect against risks listed above. Insurance is maintained for the various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; dishonest employees; injuries to employees; and natural disasters. During the year ended September 30, 2025, the City did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City's investments at September 30, 2025, are held by the counterparties not in the name of the City. The underlying securities consist of cash, direct obligations of or guaranteed by the full faith and credit of the U.S. Government, and other similar obligations of the U.S. Government or its agencies.

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

Maturities by Month	Amount
November 2025	$ 89,648
December 2025	1,589,477
January 2026	233,896
February 2026	857,925
March 2026	333,415
April 2026	995,399
May 2026	62,297
June 2026	540,930
July 2026	152,257
September 2026	311,175
March 2027	300,545
May 2027	273,973
December 2028	113,940
	$ 5,854,877

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

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

Concentration of Credit Risk. The City's investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2025, the City's investments in certificates of deposit consisted of the following:

Financial Institution	Amount
Cattle National Bank	$ 3,165,324
Jones National Bank	2,455,657
Union Bank	233,896
	$ 5,854,877

Foreign Currency Risk. This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The City's investments had no exposure to foreign currency risk and the City held no investments denominated in foreign currency at September 30, 2025.

3. Commitments

Construction/Contractual Commitments

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

Project	Contract Amount	Paid Through 9/30/25	Obligation Pending	Expected Completion Date
Bandshell Shade	146,574	(57,726)	88,848	December 2025
Worthman Blvd Extension	2,429,660	(768,604)	1,661,056	April 2026
E Hillcrest Improvements	329,267	(235,669)	93,598	September 2026
2026 Chevrolet Silverado	47,414	-	47,414	October 2025
Grasshopper 900d Mower	21,500	-	21,500	October 2025
Handheld Wireless Radios	5,920	-	5,920	October 2025
Exmark 96" Mower	56,854	-	56,854	October 2025
GIS Upgrades	309,844	(305,345)	4,499	October 2025
Industrial Substation 12.47kv	301,750	(240,692)	61,058	December 2025
Water Tower	3,521,790	(3,315,348)	206,442	June 2026
Worthman Water Main Extension	207,452	(162,291)	45,161	April 2026
SCADA Upgrades - Phase 200	161,740	(153,182)	8,558	October 2025
WWTF Improvements	3,628,689	(1,960,018)	1,668,671	October 2028
WWTF Soil Surcharge	577,422	(547,662)	29,760	December 2025

NOTE D – OTHER NOTES, continued

3. Commitments, continued

Power Contract

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

4. Interlocal Agreements

The City has the following interlocal agreements in effect as of September 30, 2025:

Parties to Agreement	Agreement Period	Descriptions
Civil Defense	1981 - ongoing	Joint City/County Organization
Police Department	1990 – ongoing	Interlocal cooperative "RAP"/Rural Apprehension Program
Nebraska Community Energy Alliance	6/17/14 thru 6/17/2074	Advancement of Natural Gas & Electric Vehicle Infrastructure and Use
Seward County	6/01/2025 thru 5/31/2026	Prosecution Services/Per Year
Seward County	2004 – ongoing	Emergency Management Organization (Joint County-City)
Seward County	1997 – ongoing	EL overhead line-Section 27 & 28, Township N Range 3E
Seward County	1995 – ongoing	Combined Communications Center (Enhanced 911)
Seward County	1999 – ongoing	Police firearms range
Seward County	2011 – ongoing	Wellhead protection/City pays admin & Legal fees
Seward County Public Power	1980 – ongoing	Joint use of poles/SPPD to pay $1.50/pole
South Crest Subdivision	1982 – ongoing	Sanity Imp Dist #3-WA & SE/City to provide routine maintenance
Staplehurst, Village of	2000 – ongoing	Use of burn site for brush & untreated wood/Staplehurst pays $1,000/yr

NOTE D – OTHER NOTES, continued

4. Interlocal Agreements, continued

Parties to Agreement	Agreement Period	Descriptions
Statewide Communications Alliance	2002 – 2032	Jointly own, operate, regulate, manage and maintain statewide system
Upper Big Blue Natural Resources District	5/02/2017 thru 6/30/2023 (extended)	Construction costs for hiking/bicycle trail $150,000 paid by Upper Big Blue NRD
Seward County Rural Fire Protection District	07/01/2025 thru 06/30/2026	Fire Protection/Equipment
Seward County Chamber & Development Partnership	10/1/2024 thru 9/30/2025	Economic Development
H-GAC	10/1/2022 thru 9/30/2023; auto renews	Cooperative purchasing program #17-5994
Seward County	4/26/2022 – project completion	E Seward St construction
Seward County School District	2/15/22 – 2/15/32	Wellness Center construction and board
Butler, Saline, Seward, York Counties and Cities of Seward and York	01/14/2020 – 01/14/2026	Public safety software, hardware, and services with Zuercher
Statewide Communications Alliance	2002 – 2032	Jointly own, operate, regulate, manage and maintain statewide system
Upper Big Blue Natural Resources District	02/20/2018 – 06/30/2027	Pay up to 50% of Levee accreditation
Seward County, Saline County, Cities of: Seward, Milford, Crete, Friend, Villages of: Goehner, Staplehurst, Bee, Tamora, Pleasant Dale, Beaver Crossing, Dorchester	09/14/1993- 09/14/2043	Seward/Saline County Solid Waste Management Agency

5. Tax Abatements/Conduit Debt

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

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

NOTE D – OTHER NOTES, continued

5. Tax Abatements/Conduit Debt, continued

Information relevant to the abatements granted by the CDA for the year ended September 30, 2025 is as follows:

TIF Project:	Years Remaining on TIF Agreements	2025 TIF Valuation	TIF Proceeds Received during the year 9-30-2025
Progressive Sheet Metal	3	$ 183,594	$ 2,625
Sports Express	3	179,903	2,573
Cobblestone Inn	3	1,883,763	16,336
B & M Seed	3	449,098	3,874
Jones Bank	4	1,035,594	14,795
Grimes Construction	0	-	5,592
CNG, Inc.	5	7,108,954	100,993
Lindner	5	333,310	4,755
Two Creeks Holding	6	370,616	5,302
Bottle Rocket Brewing	6	290,847	4,493
Bradford	7	260,364	3,720
Peek Properties	5	95,061	1,358
Plex Homes (Phase 1)	10	1,570,190	22,405
Project Superior	10	24,305,229	347,656
Green Futures	10	737,832	10,554
Kach 139	15	432,540	-
Kach 647	11	99,071	2,129
Kach 640/644	11	316,034	3,969
Else & Burger	11	314,315	4,491
Seward Dairy Queen	11	626,025	8,954
Alps Dog Retreat	12	294,814	4,377
GH Coffee	11	261,369	3,737
Levanders Body Shop	11	850,200	7,275
Two Creeks Storage	9	134,362	1,921
Old Town Square	12	194,900	2,911
Ironhide (IHC)	12	772,713	11,052
Plex Homes (Phase 2)	12	1,528,693	19,820
Plex Homes (Phase 3 & 4)	13	3,295,087	42,655

NOTE D – OTHER NOTES, continued

5. Tax Abatements/Conduit Debt, continued

TIF Project:	Years Remaining on TIF Agreements	2025 TIF Valuation	TIF Proceeds Received during the year 9-30-2025
Fast Mart	8	744,665	10,641
14TIN	14	52,513	611
Ironhide (IHC Phase 2)	14	1,910,800	24,830
SCCDP Daycare	14	283,546	2,818
360 Properties	15	458,311	-
Focus Properties	15	3,795,520	-
Meyco Holdng	15	357,374	-
			$ 699,222

6. Related Party Transactions

A former council member is the redeveloper on three TIF projects in Note D5 (Bradford, Kach 647, and Kach 640/644).

7. Subsequent Events

Management has evaluated subsequent events through August 10, 2026, the date on which the financial statements were available for issue.

On January 20, 2026, the City awarded a construction contract for the Worthman Blvd water main phase III project to Van Kirk Brothers Contracting in the amount of $396,160. The City also approved Schemmer Associates to perform construction engineering services for the Worthman Blvd phase III project in the amount of $103,506.

On March 3, 2026, the City approved amendment #4 in the amount of $630,209 to the agreement with SEH Inc. for design and bidding services. The City also approved a 24 month rental agreement with Aqua Aerobic Systems Inc. for a temporary treatment system.

On March 17, 2026, the City awarded a construction contract for the Seward industrial substation expansion project to Jolma Utilities LLC in the amount of $2,878,989.

On May 26, 2026, the City awarded a construction contract for the metering, manhole, and sampling building project to Van Kirk Brothers Contracting in the amount of $311,520.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SEWARD, NEBRASKA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended September 30, 2025

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Taxes:			
Property	$ 2,152,487	$ 2,142,625	$ (9,862)
Motor vehicle	174,000	191,617	17,617
Sales tax	1,173,326	1,480,749	307,423
Franchise	1,322,031	1,480,043	158,012
Occupation	257,000	263,277	6,277
Intergovernmental	53,000	354,386	301,386
Charges for services	1,849,088	1,839,891	(9,197)
Interest income	62,060	82,141	20,081
Grants	315,830	41,394	(274,436)
Contributions	250,500	2,171,982	1,921,482
Bond/loan proceeds	-	273,465	273,465
Other	1,884,484	16,365	(1,868,119)
Total resources	9,493,806	10,337,935	844,129
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	362,898	279,810	(83,088)
Public safety	2,260,428	2,256,505	(3,923)
Public works	564,360	486,414	(77,946)
Environment and leisure	3,352,542	3,074,154	(278,388)
Capital outlay	2,984,183	3,110,718	126,535
Principal payments on debt	-	132,381	132,381
Interest expense	-	11,148	11,148
Total charges to appropriations	9,524,411	9,351,130	(173,281)
Resources over (under) charges to appropriations	(30,605)	986,805	1,017,410
OTHER FINANCING USES			
Transfers out	(1,000,000)	(1,000,000)	-
RESOURCES UNDER CHARGES TO APPROPRIATIONS AND OTHER FINANCING USES	$ (1,030,605)	$ (13,195)	$ 1,017,410

CITY OF SEWARD, NEBRASKA

BUDGETARY COMPARISON SCHEDULE - STREET FUND

Year ended September 30, 2025

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Taxes:			
Sales tax	$ 300,000	$ 362,141	$ 62,141
Intergovernmental	1,270,528	1,046,619	(223,909)
Charges for services	23,966	22,744	(1,222)
Interest income	-	6	6
Grants	1,583,000	190,429	(1,392,571)
Bond/loan proceeds	2,000,000	-	(2,000,000)
Other income	10,000	42,864	32,864
Total resources	5,187,494	1,664,803	(3,522,691)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	919,859	949,845	29,986
Capital projects	5,877,721	1,544,142	(4,333,579)
Principal payments on debt	-	23,723	23,723
Interest on long-term debt	-	433	433
Total charges to appropriations	6,797,580	2,518,143	(4,279,437)
Resources under charges to appropriations	(1,610,086)	(853,340)	756,746
OTHER FINANCING SOURCES (USES)			
Transfers in	1,000,000	1,000,000	-
Transfers out	(178,510)	(178,511)	(1)
Net transfers	821,490	821,489	(1)
RESOURCES AND OTHER FINANCING SOURCES (USES) UNDER CHARGES TO APPROPRIATIONS	$ (788,596)	$ (31,851)	$ 756,745

CITY OF SEWARD, NEBRASKA

BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND

Year ended September 30, 2025

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Sales tax	$ 413,164	$ 413,164	$ -
Interest income	5,000	9,176	4,176
Total resources	418,164	422,340	4,176
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Principal payments	530,000	530,000	-
Interest and fees	61,674	60,924	(750)
Total charges to appropriations	591,674	590,924	(750)
Resources under charges to appropriations	(173,510)	(168,584)	4,926
OTHER FINANCING SOURCES			
Transfer in	178,510	178,511	1
RESOURCES AND OTHER FINANCING SOURCES OVER CHARGES TO APPROPRIATIONS	$ 5,000	$ 9,927	$ 4,927

CITY OF SEWARD, NEBRASKA

BUDGETARY COMPARISON SCHEDULE - CAPITAL PROJECTS FUND

Year ended September 30, 2025

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Sales tax	$ 780,000	$ 680,869	$ (99,131)
Grants	281,000	281,000	-
Bond/loan proceeds	10,100,000	3,703,712	(6,396,288)
Interest income	100	961	861
Total resources	11,161,100	4,666,542	(6,494,558)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	-	59,272	59,272
Capital outlay	11,100,000	3,990,604	(7,109,396)
Interest and fees	-	170,953	170,953
Total charges to appropriations	11,100,000	4,220,829	(6,879,171)
RESOURCES OVER CHARGES TO APPROPRIATIONS	$ 61,100	$ 445,713	$ 384,613

CITY OF SEWARD, NEBRASKA

BUDGETARY COMPARISON SCHEDULES - NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

Year ended September 30, 2025

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

	General Fund	Street Fund	Debt Service Fund	Capital Projects Fund
Sources/inflows of resources:				
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	$ 10,337,935	$ 1,664,803	$ 422,340	$ 4,666,542
Differences - budget to GAAP:				
Cash to accrual adjustments	68,591	(10,137)	-	26,338
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 10,406,526	$ 1,654,666	$ 422,340	$ 4,692,880
Uses/outflows of resources:				
Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedules	$ 9,351,130	$ 2,518,143	$ 590,924	$ 4,220,829
Differences - budget to GAAP:				
Cash to accrual adjustments	(281,362)	(516,093)	-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 9,069,768	$ 2,002,050	$ 590,924	$ 4,220,829

SUPPLEMENTARY INFORMATION

CITY OF SEWARD, NEBRASKA

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS

September 30, 2025

	Special Revenue Funds		
	CDBG	LB840	TIF
ASSETS			
Interest receivable	$ -	$ -	$ -
Restricted assets:			
Cash and cash equivalents	17,511	185,190	203,622
Certificates of deposit	-	-	-
Total assets	$ 17,511	$ 185,190	$ 203,622
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ -	$ -	$ -
Fund balances:			
Nonspendable:			
Cemetery perpetual care	-	-	-
Restricted for:			
Federal programs	17,511	-	-
Economic development	-	185,190	203,622
Total fund balances	17,511	185,190	203,622
Total liabilities and fund balances	$ 17,511	$ 185,190	$ 203,622

Permanent Fund Perpetual Care	Total Nonmajor Governmental Funds
$ 25	$ 25
243,856	650,179
15,000	15,000
$ 258,881	$ 665,204
$ -	$ -
258,881	258,881
-	17,511
-	388,812
258,881	665,204
$ 258,881	$ 665,204

CITY OF SEWARD, NEBRASKA

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

For the year ended September 30, 2025

	Special Revenue Funds		
	CDBG	LB840	TIF
REVENUES			
Sales tax	$ -	$ 150,000	$ -
TIF proceeds	-	-	699,222
Grant revenue	84,151	-	-
Loan collections	-	139,540	-
Interest income	-	33,375	6,905
Miscellaneous income	-	-	68,839
Total revenues	84,151	322,915	774,966
EXPENDITURES			
General government	84,151	-	-
Economic development	-	568,208	775,642
Public works	-	-	-
Total expenditures	84,151	568,208	775,642
Net change in fund balances	-	(245,293)	(676)
Fund balances - September 30, 2024	17,511	430,483	204,298
Fund balances - September 30, 2025	$ 17,511	$ 185,190	$ 203,622

Permanent Fund	Total Nonmajor
Perpetual Care	Governmental Funds
$ -	$ 150,000
-	699,222
-	84,151
-	139,540
16,994	57,274
-	68,839
16,994	1,199,026
-	84,151
-	1,343,850
146	146
146	1,428,147
16,848	(229,121)
242,033	894,325
$ 258,881	$ 665,204

CITY OF SEWARD, NEBRASKA

COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS

September 30, 2025

	Seward Airport Authority	Seward Library Foundation	Total Component Units
ASSETS			
Current assets:			
Cash and cash equivalents	$ 442,550	$ 85,479	$ 528,029
Certificates of deposit	-	66,405	66,405
County treasurer cash	5,539	-	5,539
Investments	-	911,214	911,214
Receivables:			
Property tax	5,539	-	5,539
Accounts receivable	16,487	-	16,487
Interest	5	-	5
Prepaid insurance	26,580	-	26,580
Total current assets	496,700	1,063,098	1,559,798
Noncurrent assets:			
Permanently restricted investments	-	85,616	85,616
Capital assets:			
Land	105,156	-	105,156
Construction in progress	1,938,303	-	1,938,303
Other capital assets, net of depreciation	3,276,577	-	3,276,577
Net capital assets	5,320,036	-	5,320,036
Total noncurrent assets	5,320,036	85,616	5,405,652
Total assets	5,816,736	1,148,714	6,965,450
LIABILITIES			
Current liabilities:			
Accrued interest payable	4,775	-	4,775
Unearned revenue	18,824	-	18,824
Current portion of long-term debt	106,200	-	106,200
Total current liabilities	129,799	-	129,799
Noncurrent liabilities:			
Noncurrent portion of long-term debt	252,234	-	252,234
Total liabilities	382,033	-	382,033
NET POSITION			
Net investment in capital assets	4,961,602	-	4,961,602
Permanently restricted-Guthal	-	85,616	85,616
Unrestricted	473,101	1,063,098	1,536,199
Total net position	$ 5,434,703	$ 1,148,714	$ 6,583,417

CITY OF SEWARD, NEBRASKA

COMBINING STATEMENT OF ACTIVITIES - COMPONENT UNITS

For the year ended September 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Seward Airport Authority:			
Airport	$ 428,764	$ 153,781	$ -
Seward Library Foundation:			
Library support	24,941	-	12,350
Total component units	$ 453,705	$ 153,781	$ 12,350

	Net (Expenses) Revenues and Changes in Net Position		
Capital Grants and Contributions	Airport Authority	Seward Library Foundation	Total Component Units
$ 1,281,598	$ 1,006,615	$ -	$ 1,006,615
-	-	(12,591)	(12,591)
$ 1,281,598	1,006,615	(12,591)	994,024
General revenues:			
Taxes:			
Property	250,439	-	250,439
Interest income	3,757	3,975	7,732
Dividends	-	224	224
Gain on investments	-	144,698	144,698
Other income	10,796	-	10,796
Total general revenues	264,992	148,897	413,889
Change in net position	1,271,607	136,306	1,407,913
Net position - beginning of year	4,163,096	1,012,408	5,175,504
Net position - end of year	$ 5,434,703	$ 1,148,714	$ 6,583,417

AMGL
CPAs & Advisors

SHAREHOLDERS:
Marcy J. Luth
Heidi A. Ashby
Christine R. Shenk
Michael E. Hoback
Joseph P. Stump
Kyle R. Overturf
Tracy A. Cannon
Jamie L. Clemans
Travis L. Arnold

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Seward, Nebraska, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated August 10, 2026.

Our report includes a reference to other auditors who audited the financial statements of the Airport Authority, as described in our report on the City's financial statements. The results of the other auditors' testing of internal control over financial reporting and compliance and other matters for the Airport Authority are not included in this report. This report does include our consideration of internal control over financial reporting and compliance and other matters for Seward Library Foundation, which was audited as part of our audit.

Report on Internal Control Over Financial Reporting

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

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

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

Segregation of Duties

During our audit, we noted that key accounting duties are not adequately segregated due to limited staffing and the absence of a formal review process to offset the lack of segregation. As a result, there is an increased risk of errors, misappropriation of assets, or unauthorized transactions. The organization should have internal controls requiring incompatible duties be assigned to different individuals, or that effective compensating controls be implemented to reduce the risks noted above. We recommend management evaluate the current assignment of duties and, where segregation is not practical, implement documented compensating controls such as independent review of reconciliations, approval of transactions, periodic review of user access, and review of supporting documentation by someone independent of the transaction process.

Report on Compliance and Other Matters

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

City of Seward's Response to Findings

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

Purpose of this Report

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

AMGL, P.C.

Grand Island, Nebraska
August 10, 2026