

CITY OF CRETE, 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 Crete, Nebraska

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities - modified cash basis, the business-type activities - accrual basis, the aggregate discretely presented component units - accrual basis, each major fund - modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information - modified cash basis for the governmental funds of the City of Crete, 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 as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities - modified cash basis, the business-type activities - accrual basis, the aggregate discretely presented component units - accrual basis, each major fund - modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information - modified cash basis for the governmental funds of the City of Crete, Nebraska as of September 30, 2025, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with the basis of accounting described in Note A.

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 Crete, Nebraska and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter—Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting for the governmental activities and governmental funds. The governmental financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Crete, 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 Crete, 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 Crete, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Crete, Nebraska’s financial statements. The combining nonmajor governmental fund statements and the combining component unit financial statements are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information described in the second sentence of this paragraph is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the management’s discussion and analysis and budgetary comparison schedules, but does not include the financial statements and our auditor’s report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2026, on our consideration of the City of Crete, 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 Crete’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 Crete, Nebraska’s internal control over financial reporting and compliance.



Grand Island, Nebraska
January 14, 2026

CITY OF CRETE, NEBRASKA
MANAGEMENT’S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2025

As management of the City of Crete, we offer readers of the City of Crete financial statements this narrative overview and analysis of the financial activities of the City of Crete for the fiscal year ended September 30, 2025.

Financial Highlights

- The assets of the City of Crete exceeded its liabilities at the close of the most recent fiscal year by \$38,762,882 (*net position*). Of this amount, \$12,603,393 (*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 Crete’s governmental funds reported combined ending net position of \$10,548,110. Approximately 40.8 percent of this total amount, \$4,301,863, is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,562,410, or 105.6 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 Crete’s financial statements. The City of Crete’s 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 supplementary and other information in addition to the 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 Crete’s finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Crete’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 Crete 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.

CITY OF CRETE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2025

Both of the government-wide financial statements distinguish functions of the City of Crete 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 Crete include general government, public safety, highways and streets, community development, and culture and recreation. The business-type activities of the City of Crete include the Electric, Water, and Sewer Funds.

The government-wide financial statements include not only the City of Crete itself (known as the *primary government*), but also the two discretely presented component units (Community Development Agency and Friends of the Crete Public Library) for which the City of Crete 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 Crete, 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 Crete 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 Crete maintains fourteen 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, Street Fund, Debt Service Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

CITY OF CRETE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2025

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

Proprietary funds. The City of Crete maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Crete uses enterprise funds to account for its Electric, Water, and Sewer Funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Crete's various functions. The City of Crete uses internal service funds to account for its self-insurance for employee health insurance. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

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

The 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 24-61 of this report.

Other information. In addition to the financial statements and accompanying notes, this report also presents certain *supplementary and other information* concerning the City of Crete's budgetary comparison schedules, and combining statements for nonmajor governmental funds and for the component units. Supplementary and other information can be found on pages 62-69 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 Crete, assets exceeded liabilities by \$38,762,882 at the close of the most recent fiscal year.

CITY OF CRETE, NEBRASKA
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2025

Government-wide Financial Analysis, continued

Summary Statements of Net Position

	<u>Year Ended September 30, 2025</u>			<u>Year Ended September 30, 2024</u>		
	<u>Governmental Activities (Modified Cash Basis)</u>	<u>Business-type Activities (Accrual Basis)</u>	<u>Total</u>	<u>Governmental Activities (Modified Cash Basis)</u>	<u>Business-type Activities (Accrual Basis)</u>	<u>Total</u>
Current and Other Assets	\$ 10,548,110	\$ 11,937,534	\$ 22,485,644	\$ 9,593,220	\$ 11,613,113	\$ 21,206,333
Capital Assets	-	26,249,753	26,249,753	-	26,691,904	26,691,904
Total Assets	10,548,110	38,187,287	48,735,397	9,593,220	38,305,017	47,898,237
Long-term Liabilities	-	6,803,798	6,803,798	-	7,519,739	7,519,739
Other Liabilities	-	3,168,717	3,168,717	-	2,214,581	2,214,581
Total Liabilities	-	9,972,515	9,972,515	-	9,734,320	9,734,320
Net Position						
Net Investment in Capital						
Assets	-	18,730,014	18,730,014	-	18,459,356	18,459,356
Restricted	6,246,247	1,183,228	7,429,475	5,264,609	1,128,667	6,393,276
Unrestricted	4,301,863	8,301,530	12,603,393	4,328,611	8,982,674	13,311,285
Total Net Position	<u>\$ 10,548,110</u>	<u>\$ 28,214,772</u>	<u>\$ 38,762,882</u>	<u>\$ 9,593,220</u>	<u>\$ 28,570,697</u>	<u>\$ 38,163,917</u>

A large portion of the City of Crete’s net position (48.3 percent) reflects its investment in capital assets (land, infrastructure, buildings, distribution systems, vehicles, and equipment), net of any related debt used to acquire those assets that is still outstanding. The City of Crete uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Crete’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 Crete’s net position (19.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$12,603,393) 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 Crete 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.

Changes in Net Position

The following table presents a summary of revenues and expenses of the governmental and business-type activities:

CITY OF CRETE, NEBRASKA
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2025

	September 30, 2025			September 30, 2024		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>		<u>Activities</u>	<u>Activities</u>	
Revenues						
Program Revenues:						
Charges for Services	\$ 944,511	\$ 14,658,486	\$ 15,602,997	\$ 839,616	\$ 14,521,816	\$ 15,361,432
Operating Grants and Contributions	410,736	-	410,736	1,292,735	-	1,292,735
Capital Grants and Contributions	246,100	-	246,100	260,531	-	260,531
General Revenues:						
Property Taxes	1,543,707	-	1,543,707	1,491,568	-	1,491,568
Sales and Use Taxes	2,434,368	-	2,434,368	2,539,028	-	2,539,028
Other Taxes and Fees	1,059,658	-	1,059,658	783,863	-	783,863
State Allocation	1,849,139	-	1,849,139	1,800,343	-	1,800,343
Interest Income	164,261	200,235	364,496	164,167	209,362	373,529
Other	325,260	176,985	502,245	161,936	136,458	298,394
Total Revenues	<u>8,977,740</u>	<u>15,035,706</u>	<u>24,013,446</u>	<u>9,333,787</u>	<u>14,867,636</u>	<u>24,201,423</u>
Expenses						
General Government	903,721	-	903,721	951,817	-	951,817
Public Safety	3,090,940	-	3,090,940	3,055,739	-	3,055,739
Public Works	1,412,658	-	1,412,658	2,042,868	-	2,042,868
Environmental and Leisure	1,535,397	-	1,535,397	1,668,221	-	1,668,221
Economic Development	418,128	-	418,128	822,708	-	822,708
Debt Service	777,709	-	777,709	1,650,859	-	1,650,859
Electric	-	12,256,818	12,256,818	-	10,733,135	10,733,135
Water	-	1,228,812	1,228,812	-	1,148,550	1,148,550
Sewer	-	1,790,298	1,790,298	-	1,712,320	1,712,320
Total Expenses	<u>8,138,553</u>	<u>15,275,928</u>	<u>23,414,481</u>	<u>10,192,212</u>	<u>13,594,005</u>	<u>23,786,217</u>
Increase (Decrease) in Net Position Before Transfers	839,187	(240,222)	598,965	(858,425)	1,273,631	415,206
Net Transfers	115,703	(115,703)	-	350,004	(350,004)	-
Increase (Decrease) in Net Position	<u>\$ 954,890</u>	<u>\$ (355,925)</u>	<u>\$ 598,965</u>	<u>\$ (508,421)</u>	<u>\$ 923,627</u>	<u>\$ 415,206</u>

Financial Analysis of the Government’s Funds

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

Governmental Funds. The focus of the City of Crete’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 Crete’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.

CITY OF CRETE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2025

As of the end of the current fiscal year, the City of Crete's governmental funds reported combined ending fund balances of \$10,474,520. Approximately 34.3 percent of this total amount (\$3,594,283) 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 for street projects (\$1,908,501), 2) restricted to pay debt service (\$1,221,925), 3) endowed as nonspendable to fund perpetual care (\$136,728), 4) restricted for community betterment (\$210,203), 5) restricted for Federal programs (\$74,307), 6) restricted to fund economic development projects (\$2,436,538), 7) restricted for cemetery maintenance (\$27,440), 8) restricted for capital outlay (\$230,605), 9) committed for cemetery projects (\$10,000), 10) assigned for capital outlay (\$475,398), or 11) assigned for airport operations (\$148,592).

The General Fund is the chief operating fund of the City of Crete. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,562,410, while total fund balance reached \$5,736,578. As a measure of the General Fund's liquidity, it may be useful to compare unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 105.6 percent of General Fund total expenditures, while total fund balance represents 108.9 percent of General Fund total expenditures.

The fund balance of the City of Crete's General Fund increased by \$306,436 during the current fiscal year. Also the Street Fund increased by \$189,452, the Debt Service Fund increased by \$367,303, and the Capital Projects Fund decreased by \$305,355 during the current year.

Proprietary funds. The City of Crete'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 - \$5,213,410, Water Fund - \$384,632, and Sewer Fund - \$2,703,488. The growth (decrease) in net position for the proprietary funds was as follows: Electric Fund - \$(564,114), Water Fund - \$(92,261), and Sewer Fund - \$300,450. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of Crete's business-type activities.

Budgetary Highlights

There was no difference between the original budget and the final adopted budget for the General Fund.

CITY OF CRETE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2025

Capital Asset and Debt Administration

Capital Assets. The City of Crete's investment in capital assets for its business-type activities as of September 30, 2025, amounts to \$26,249,753 (net of accumulated depreciation). This investment in capital assets includes land, distribution systems, buildings and improvements, machinery and equipment, office furniture and equipment, and vehicles.

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

- Water meter replacement - \$108,949
- Construction in progress on water well and transmission main - \$148,059
- Walnut Creek sewer improvements - \$234,301
- Transformer additions and upgrades - \$171,284
- Electric meter replacement - \$28,320
- Terex electric line truck - \$279,250

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

	<u>Year Ended September 30, 2025</u>			<u>Year Ended September 30, 2024</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Land	\$ -	\$ 3,461,420	\$ 3,461,420	\$ -	\$ 3,461,420	\$ 3,461,420
Construction in Progress	-	608,113	608,113	-	425,720	425,720
Distribution Systems	-	20,302,530	20,302,530	-	20,721,879	20,721,879
Buildings and Improvements	-	1,383,058	1,383,058	-	1,769,411	1,769,411
Equipment	-	222,363	222,363	-	307,306	307,306
Vehicles	-	272,269	272,269	-	6,168	6,168
Total	<u>\$ -</u>	<u>\$ 26,249,753</u>	<u>\$ 26,249,753</u>	<u>\$ -</u>	<u>\$ 26,691,904</u>	<u>\$ 26,691,904</u>

Additional information on the City of Crete's capital assets can be found in Note C4 on pages 44-45 of this report.

Long-term Debt

Outstanding Long-term Debt

	<u>Year Ended September 30, 2025</u>			<u>Year Ended September 30, 2024</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Revenue Bonds	<u>\$ -</u>	<u>\$ 7,519,739</u>	<u>\$ 7,519,739</u>	<u>\$ -</u>	<u>\$ 8,232,548</u>	<u>\$ 8,232,548</u>

The City's long-term debt decreased \$712,809 (8.7 percent) during the year ended September 30, 2025, due to scheduled principal payments.

CITY OF CRETE, NEBRASKA
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2025

Additional information on the City of Crete’s long-term debt can be found in Note C5 on pages 45-48 of this report.

Economic Factors and Next Year’s Budgets and Rates

- Property tax asking for the year ending September 30, 2026 is \$1,604,890, which is \$59,560 (3.9 percent) more than the prior year.
- The City had remaining contractual commitments of \$62,449 as of September 30, 2025, for engineering on a street and alley improvement project. This project is expected to be completed by Fall 2026.
- At September 30, 2025, the City had remaining contractual commitments totaling \$238,462 for engineering for the bay hangar project. This project is expected to be completed by September 2027.
- The City had remaining contractual commitments totaling of \$127,724 as of September 30, 2025 on the SCADA upgrade project expected to be completed by August 2026.
- As of September 30, 2025, the City had contractual commitments totaling \$178,569 for the solar farm transformers and switchgear which are expected to be received during November 2025.
- The City had remaining contractual commitments of \$55,175 as of September 30, 2025 on the water well and transmission main project expected to be completed by Fall 2028.
- At September 30, 2025, the City had a remaining contractual commitment of \$115,705 for engineering on the Doane substation and electrical improvements project. This project is expected to be completed by Fall 2028.

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

Financial Contact

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors with a general overview of the City of Crete’s finances and to demonstrate the City’s accountability for the money with which the City is entrusted. If you have questions concerning any of the information presented in this report or requests for additional information, contact the City Treasurer, City of Crete, PO Box 86, Crete, NE 68333.

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

	Primary Government		Total	Component Units (Accrual Basis)
	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)		
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,189,578	\$ 5,029,740	\$ 9,219,318	\$ 269,621
Investments	100,000	3,496,635	3,596,635	1,540,416
County treasurer cash	78,549	-	78,549	-
Accounts receivable	-	1,250,257	1,250,257	-
Unbilled revenue	-	230,846	230,846	-
Accrued interest receivable	-	26,630	26,630	-
Current portion of TIF receivables	-	-	-	204,000
Due (to) from other funds	(44,383)	44,383	-	-
Inventory	-	420,847	420,847	-
Total current assets	4,323,744	10,499,338	14,823,082	2,014,037
Noncurrent assets:				
Restricted cash and cash equivalents	5,859,366	752,404	6,611,770	-
Restricted investments	365,000	685,792	1,050,792	-
Noncurrent portion of TIF receivables	-	-	-	1,879,400
Capital assets:				
Land	-	3,461,420	3,461,420	-
Construction in progress	-	608,113	608,113	-
Other capital assets, net of depreciation	-	22,180,220	22,180,220	-
Net capital assets	-	26,249,753	26,249,753	-
Total noncurrent assets	6,224,366	27,687,949	33,912,315	1,879,400
Total assets	10,548,110	38,187,287	48,735,397	3,893,437
LIABILITIES				
Current liabilities:				
Accounts payable	-	1,640,788	1,640,788	-
Accrued expenses	-	503,413	503,413	-
Customer deposits	-	254,968	254,968	-
Accrued interest	-	53,607	53,607	-
Current portion of long-term obligations	-	715,941	715,941	204,687
Total current liabilities	-	3,168,717	3,168,717	204,687
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	-	6,803,798	6,803,798	1,819,770
Total liabilities	-	9,972,515	9,972,515	2,024,457
NET POSITION				
Net investment in capital assets	-	18,730,014	18,730,014	-
Restricted for:				
Cemetery perpetual care	136,728	-	136,728	-
Street improvements	1,908,501	-	1,908,501	-
Debt service	1,221,925	1,183,228	2,405,153	-
Economic development	2,436,538	-	2,436,538	-
Federal projects	74,307	-	74,307	-
Capital projects	230,605	-	230,605	-
Community betterment	210,203	-	210,203	-
Cemetery maintenance	27,440	-	27,440	-
Unrestricted	4,301,863	8,301,530	12,603,393	1,868,980
Total net position	\$ 10,548,110	\$ 28,214,772	\$ 38,762,882	\$ 1,868,980

See notes to financial statements.

CITY OF CRETE, NEBRASKA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2025

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Primary government:			
Governmental activities			
(modified cash basis):			
General government	\$ 903,721	\$ 140,345	\$ 109,072
Public safety	3,090,940	475,249	257,169
Public works	1,412,658	70,234	-
Environment and leisure	1,535,397	258,683	44,495
Economic development	418,128	-	-
Principal payments	513,942	-	-
Interest and fees on long-term debt	263,767	-	-
Total governmental activities	8,138,553	944,511	410,736
Business-type activities			
(accrual basis):			
Electric	12,256,818	11,565,679	-
Water	1,228,812	1,135,568	-
Sewer	1,790,298	1,957,239	-
Total business-type activities	15,275,928	14,658,486	-
Total primary government	\$ 23,414,481	\$ 15,602,997	\$ 410,736
Component units (accrual basis):			
Friends of Crete Public Library	\$ 62,013	\$ -	\$ -
Community Development Agency	243,013	25,610	126,206
Total component units	\$ 305,026	\$ 25,610	\$ 126,206

See notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position				
<u>Capital Grants and Contributions</u>	<u>Primary Government</u>			Component Units (Accrual Basis)
	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)	Total	
\$ -	\$ (654,304)		\$ (654,304)	
50,000	(2,308,522)		(2,308,522)	
165,805	(1,176,619)		(1,176,619)	
30,295	(1,201,924)		(1,201,924)	
-	(418,128)		(418,128)	
-	(513,942)		(513,942)	
-	(263,767)		(263,767)	
<u>246,100</u>	<u>(6,537,206)</u>	\$ -	<u>(6,537,206)</u>	
-	-	(691,139)	(691,139)	
-	-	(93,244)	(93,244)	
-	-	166,941	166,941	
<u>-</u>	<u>-</u>	<u>(617,442)</u>	<u>(617,442)</u>	
<u>\$ 246,100</u>	<u>(6,537,206)</u>	<u>(617,442)</u>	<u>(7,154,648)</u>	
\$ 8,140				\$ (53,873)
-				(91,197)
<u>\$ 8,140</u>				<u>(145,070)</u>
General revenues:				
Taxes:				
Property	1,543,707	-	1,543,707	-
Motor vehicle	131,323	-	131,323	-
Occupation	200,711	-	200,711	-
Sales tax	2,434,368	-	2,434,368	-
Franchise	211,401	-	211,401	-
Special assessments	516,223	-	516,223	-
State allocation	1,849,139	-	1,849,139	-
Keno proceeds	91,754	-	91,754	-
Loan collections	54,773	-	54,773	-
Miscellaneous	8,251	-	8,251	-
Gain on disposal of assets	170,482	154,217	324,699	-
Interest income	164,261	200,235	364,496	44,967
Gain on investments	-	22,768	22,768	70,523
Net transfers	115,703	(115,703)	-	-
Total general revenues	<u>7,492,096</u>	<u>261,517</u>	<u>7,753,613</u>	<u>115,490</u>
Change in net position	954,890	(355,925)	598,965	(29,580)
Net position - September 30, 2024	<u>9,593,220</u>	<u>28,570,697</u>	<u>38,163,917</u>	<u>1,898,560</u>
Net position - September 30, 2025	<u>\$ 10,548,110</u>	<u>\$ 28,214,772</u>	<u>\$ 38,762,882</u>	<u>\$ 1,868,980</u>

CITY OF CRETE, NEBRASKA
BALANCE SHEET - MODIFIED CASH BASIS -
GOVERNMENTAL FUNDS

September 30, 2025

	<u>General</u> <u>Fund</u>	<u>Street</u> <u>Fund</u>
ASSETS		
Cash and cash equivalents	\$ 5,540,910	\$ 1,672,501
Investments	139,000	236,000
County treasurer cash	56,668	-
	<u>5,736,578</u>	<u>-</u>
Total assets	<u>\$ 5,736,578</u>	<u>\$ 1,908,501</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Due to other funds	\$ -	-
Fund balances:		
Nonspendable:		
Perpetual care	136,728	-
Restricted for:		
Street improvements	-	1,908,501
Debt service	-	-
Federal projects	-	-
Capital outlay	-	-
Community betterment	-	-
Economic development	-	-
Cemetery maintenance	27,440	-
Committed for:		
Cemetery projects	10,000	-
Assigned for:		
Capital outlay	-	-
Airport operations	-	-
Unassigned	5,562,410	-
	<u>5,736,578</u>	<u>1,908,501</u>
Total fund balances	<u>5,736,578</u>	<u>1,908,501</u>
Total liabilities and fund balances	<u>\$ 5,736,578</u>	<u>\$ 1,908,501</u>

See notes to financial statements.

Debt Service <u>Fund</u>	Capital Projects <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
\$ 1,200,044	\$ (1,771,836)	\$ 3,333,735	\$ 9,975,354
-	-	90,000	465,000
21,881	-	-	78,549
<u>\$ 1,221,925</u>	<u>\$ (1,771,836)</u>	<u>\$ 3,423,735</u>	<u>\$ 10,518,903</u>
\$ -	\$ 44,383	\$ -	\$ 44,383
-	-	-	136,728
-	-	-	1,908,501
1,221,925	-	-	1,221,925
-	-	74,307	74,307
-	-	230,605	230,605
-	-	210,203	210,203
-	-	2,436,538	2,436,538
-	-	-	27,440
-	-	-	10,000
-	-	475,398	475,398
-	-	148,592	148,592
-	(1,816,219)	(151,908)	3,594,283
<u>1,221,925</u>	<u>(1,816,219)</u>	<u>3,423,735</u>	<u>10,474,520</u>
<u>\$ 1,221,925</u>	<u>\$ (1,771,836)</u>	<u>\$ 3,423,735</u>	<u>\$ 10,518,903</u>

CITY OF CRETE, NEBRASKA

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

September 30, 2025

Total fund balances - governmental funds	\$ 10,474,520
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
The Internal Service Fund is included as a governmental activity in the statement of net position.	<u>73,590</u>
Total net position - governmental activities	<u><u>\$ 10,548,110</u></u>

See notes to financial statements.

CITY OF CRETE, NEBRASKA

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

For the year ended September 30, 2025

	<u>General</u> <u>Fund</u>	<u>Street</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>
REVENUES			
Taxes:			
Property	\$ 1,302,782	\$ -	\$ 240,922
Motor vehicle	131,323	-	-
Occupation	200,711	-	-
Sales tax	1,343,184	-	252,000
Franchise	211,401	-	-
Special assessments	-	-	511,801
Intergovernmental	988,073	1,026,150	-
Grants	229,492	-	-
Keno proceeds	-	-	-
Charges for services	796,205	35,343	-
Loan collections	-	-	-
Contributions	51,046	-	-
Interest income	152,689	2,465	624
Sales proceeds on capital assets	16,334	4,148	-
Other revenue	8,184	-	-
Total revenues	<u>5,431,424</u>	<u>1,068,106</u>	<u>1,005,347</u>
EXPENDITURES			
General government	772,419	-	-
Public safety	2,745,123	-	-
Public works	113,838	813,531	-
Environment and leisure	1,272,476	-	-
Economic development	-	-	-
Capital outlay	364,761	-	-
Principal payments on debt	-	60,000	395,000
Interest on long-term debt	-	20,723	231,824
Bond/loan fees	-	-	11,220
Total expenditures	<u>5,268,617</u>	<u>894,254</u>	<u>638,044</u>
Excess (deficiency) of revenues over expenditures	162,807	173,852	367,303
OTHER FINANCING SOURCES (USES)			
Transfers in	4,525,076	104,000	-
Transfers out	(4,381,447)	(88,400)	-
Net transfers	<u>143,629</u>	<u>15,600</u>	<u>-</u>
Net change in fund balances	306,436	189,452	367,303
Fund balances - September 30, 2024	<u>5,430,142</u>	<u>1,719,049</u>	<u>854,622</u>
Fund balances - September 30, 2025	<u>\$ 5,736,578</u>	<u>\$ 1,908,501</u>	<u>\$ 1,221,925</u>

See notes to financial statements.

Capital Projects <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
\$ -	\$ 3	\$ 1,543,707
-	-	131,323
-	-	200,711
-	839,184	2,434,368
-	-	211,401
-	4,422	516,223
-	-	2,014,223
165,805	44,734	440,031
-	91,754	91,754
-	112,963	944,511
-	54,773	54,773
-	675	51,721
329	7,492	163,599
-	150,000	170,482
-	67	8,251
<u>166,134</u>	<u>1,306,067</u>	<u>8,977,078</u>
-	131,302	903,721
-	16,188	2,761,311
399,705	-	1,327,074
-	134,196	1,406,672
-	389,678	389,678
85,584	120,022	570,367
-	58,942	513,942
-	-	252,547
-	-	11,220
<u>485,289</u>	<u>850,328</u>	<u>8,136,532</u>
(319,155)	455,739	840,546
13,800	176,975	4,819,851
-	(234,301)	(4,704,148)
<u>13,800</u>	<u>(57,326)</u>	<u>115,703</u>
(305,355)	398,413	956,249
<u>(1,510,864)</u>	<u>3,025,322</u>	<u>9,518,271</u>
<u>\$ (1,816,219)</u>	<u>\$ 3,423,735</u>	<u>\$ 10,474,520</u>

CITY OF CRETE, NEBRASKA

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

For the year ended September 30, 2025

Total net change in fund balances - governmental funds	\$ 956,249
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
The increase in net position of the Internal Service Fund is included as a governmental activity in the government wide statements.	<u>(1,359)</u>
Change in net position of governmental activities	<u><u>\$ 954,890</u></u>

See notes to financial statements.

CITY OF CRETE, NEBRASKA
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
September 30, 2025

	Business-type Activities - Enterprise Funds	
	Electric Fund	Water Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,401,422	\$ (58,025)
Investments	3,096,635	400,000
Accounts receivable	1,007,381	92,857
Unbilled revenue	175,563	20,613
Accrued interest receivable	25,565	485
Due from other funds	44,383	-
Inventory	380,311	40,536
Total current assets	7,131,260	496,466
Noncurrent assets:		
Restricted cash and cash equivalents	166,469	-
Restricted investments	619,866	-
Capital assets:		
Land	2,882,592	-
Construction in progress	367,099	196,656
Distribution systems	10,017,136	7,108,555
Buildings and improvements	3,378,363	1,523,579
Equipment	751,138	331,137
Vehicles	1,351,164	67,970
Accumulated depreciation	(11,170,503)	(5,416,566)
Net capital assets	7,576,989	3,811,331
Total noncurrent assets	8,363,324	3,811,331
Total assets	15,494,584	4,307,797
LIABILITIES		
Current liabilities:		
Accounts payable	1,590,345	27,356
Sales tax payable	51,437	-
Accrued payroll	56,889	22,476
Accrued compensated absences	217,033	62,002
Customer deposits	254,968	-
Accrued interest	2,146	-
Current portion of long-term obligations	130,000	-
Total current liabilities	2,302,818	111,834
Noncurrent liabilities:		
Noncurrent portion of long-term obligations	135,000	-
Total liabilities	2,437,818	111,834
NET POSITION		
Net investment in capital assets	7,311,989	3,811,331
Restricted for:		
Debt service	531,367	-
Unrestricted	5,213,410	384,632
Total net position	\$ 13,056,766	\$ 4,195,963

See notes to financial statements.

<u>Sewer Fund</u>	<u>Total</u>	Governmental Activities - Internal Service <u>Fund</u>
\$ 2,686,343	\$ 5,029,740	\$ 73,590
-	3,496,635	-
150,019	1,250,257	-
34,670	230,846	-
580	26,630	-
-	44,383	-
-	420,847	-
<u>2,871,612</u>	<u>10,499,338</u>	<u>73,590</u>
585,935	752,404	-
65,926	685,792	-
578,828	3,461,420	-
44,358	608,113	-
20,418,486	37,544,177	-
798,283	5,700,225	-
516,077	1,598,352	-
29,405	1,448,539	-
(7,524,004)	(24,111,073)	-
<u>14,861,433</u>	<u>26,249,753</u>	<u>-</u>
<u>15,513,294</u>	<u>27,687,949</u>	<u>-</u>
18,384,906	38,187,287	73,590
23,087	1,640,788	-
-	51,437	-
23,072	102,437	-
70,504	349,539	-
-	254,968	-
51,461	53,607	-
585,941	715,941	-
<u>754,065</u>	<u>3,168,717</u>	<u>-</u>
6,668,798	6,803,798	-
<u>7,422,863</u>	<u>9,972,515</u>	<u>-</u>
7,606,694	18,730,014	-
651,861	1,183,228	-
2,703,488	8,301,530	73,590
<u>\$ 10,962,043</u>	<u>\$ 28,214,772</u>	<u>\$ 73,590</u>

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

For the year ended September 30, 2025

	Business-type Activities - Enterprise Funds	
	Electric Fund	Water Fund
Operating revenues:		
Charges for services	\$ 11,080,177	\$ 1,092,070
Municipal sales	264,326	29,447
MEAN lease	173,141	-
Sale of materials	34,876	14,035
Miscellaneous revenues	13,159	16
Total operating revenues	11,565,679	1,135,568
Operating expenses:		
Cost of power	9,648,022	-
Salaries and benefits	1,563,394	631,010
Insurance and bonds	48,371	43,256
Utilities and telephone	28,376	119,900
Repairs and maintenance	146,601	53,434
Contracted services	31,565	25,353
Supplies	60,800	57,654
Vehicle expense	51,218	18,196
Fuel and oil	59,184	-
Professional fees	18,598	2,000
Rent expense	6,576	4,944
Dues, memberships and training	13,921	16,610
Bad debts	735	-
Miscellaneous	35,244	23,887
Depreciation	416,165	232,568
Franchise fees	120,000	-
Insurance claims and health premiums	-	-
Total operating expenses	12,248,770	1,228,812
Operating income (loss)	(683,091)	(93,244)
Nonoperating revenues (expenses):		
Interest income	150,060	2,800
Gain on investments	22,768	-
Gain (loss) on asset disposal	304,201	(1,817)
Interest expense	(8,048)	-
Total nonoperating revenues (expenses)	468,981	983
Income (loss) before transfers	(214,110)	(92,261)
Interfund transfers:		
Transfers in (out)	(350,004)	-
Change in net position	(564,114)	(92,261)
Net position - September 30, 2024	13,620,880	4,288,224
Net position - September 30, 2025	\$ 13,056,766	\$ 4,195,963

See notes to financial statements.

<u>Sewer Fund</u>	<u>Total</u>	Governmental Activities - Internal Service <u>Fund</u>
\$ 1,946,079	\$ 14,118,326	\$ 41,708
7,335	301,108	-
-	173,141	-
-	48,911	-
3,825	17,000	-
<u>1,957,239</u>	<u>14,658,486</u>	<u>41,708</u>
-	9,648,022	-
711,216	2,905,620	-
64,906	156,533	-
152,540	300,816	-
30,980	231,015	-
69,241	126,159	-
47,949	166,403	-
2,975	72,389	-
-	59,184	-
2,000	22,598	-
3,180	14,700	-
7,154	37,685	-
-	735	-
28,494	87,625	-
562,452	1,211,185	-
-	120,000	-
-	-	43,729
<u>1,683,087</u>	<u>15,160,669</u>	<u>43,729</u>
274,152	(502,183)	(2,021)
47,375	200,235	662
-	22,768	-
(148,167)	154,217	-
(107,211)	(115,259)	-
<u>(208,003)</u>	<u>261,961</u>	<u>662</u>
66,149	(240,222)	(1,359)
234,301	(115,703)	-
300,450	(355,925)	(1,359)
10,661,593	28,570,697	74,949
<u>\$ 10,962,043</u>	<u>\$ 28,214,772</u>	<u>\$ 73,590</u>

CITY OF CRETE, NEBRASKA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS

For the year ended September 30, 2025

	<u>Electric Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 11,611,853
Receipts from other funds	-
Payments to suppliers	(9,512,118)
Payments to employees	(1,462,115)
Net cash provided (used) by operating activities	637,620
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers (to) from other funds	(350,004)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of property and equipment	(518,897)
Proceeds from sale of property and equipment	436,871
Principal payments on capital debt	(130,000)
Interest paid on capital debt	(9,015)
Net cash used by capital and related financing activities	(221,041)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Decrease in investments	24,670
Increase in restricted investments	(764)
Interest received	172,828
Net cash provided by investing activities	196,734
Increase (decrease) in cash and cash equivalents	263,309
Cash and cash equivalents - beginning of the year	2,304,582
Cash and cash equivalents - end of the year	\$ 2,567,891
Composition of cash and cash equivalents:	
Cash and cash equivalents	\$ 2,401,422
Restricted cash and cash equivalents	166,469
Total cash and cash equivalents	\$ 2,567,891

See notes to financial statements.

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>Activities -</u>
<u>Fund</u>	<u>Fund</u>		<u>Internal Service</u>
			<u>Fund</u>
\$ 1,134,849	\$ 1,949,340	\$ 14,696,042	\$ -
-	-	-	41,708
(355,227)	(409,922)	(10,277,267)	(43,729)
(603,721)	(688,780)	(2,754,616)	-
<u>175,901</u>	<u>850,638</u>	<u>1,664,159</u>	<u>(2,021)</u>
-	234,301	(115,703)	-
(287,174)	(245,617)	(1,051,688)	-
-	-	436,871	-
-	(582,809)	(712,809)	-
-	(110,520)	(119,535)	-
<u>(287,174)</u>	<u>(938,946)</u>	<u>(1,447,161)</u>	<u>-</u>
-	-	24,670	-
-	-	(764)	-
2,800	47,375	223,003	662
<u>2,800</u>	<u>47,375</u>	<u>246,909</u>	<u>662</u>
(108,473)	193,368	348,204	(1,359)
50,448	3,078,910	5,433,940	74,949
<u>\$ (58,025)</u>	<u>\$ 3,272,278</u>	<u>\$ 5,782,144</u>	<u>\$ 73,590</u>
\$ (58,025)	\$ 2,686,343	\$ 5,029,740	\$ 73,590
-	585,935	752,404	-
<u>\$ (58,025)</u>	<u>\$ 3,272,278</u>	<u>\$ 5,782,144</u>	<u>\$ 73,590</u>

CITY OF CRETE, NEBRASKA

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

For the year ended September 30, 2025

	<u>Electric Fund</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (683,091)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	416,165
Change in assets and liabilities:	
Accounts receivable	20,678
Inventories	(10,181)
Customer deposits	23,500
Accounts payable	767,274
Sales tax payable	1,996
Accrued expenses	101,279
Net cash provided (used) by operating activities	<u>\$ 637,620</u>

See notes to financial statements.

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>Activities -</u>
<u>Fund</u>	<u>Fund</u>		<u>Internal Service</u>
			<u>Fund</u>
\$ (93,244)	\$ 274,152	\$ (502,183)	\$ (2,021)
232,568	562,452	1,211,185	-
(719)	(7,899)	12,060	-
(2,002)	-	(12,183)	-
-	-	23,500	-
12,009	(503)	778,780	-
-	-	1,996	-
27,289	22,436	151,004	-
<u>\$ 175,901</u>	<u>\$ 850,638</u>	<u>\$ 1,664,159</u>	<u>\$ (2,021)</u>

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

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CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Crete, Nebraska (City) are prepared in accordance with the modified cash basis of accounting for governmental funds and the accrual basis for the proprietary funds and discretely presented component units. 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 Crete, Nebraska, was incorporated in 1872 and became a City of the first class in 1997. The City operates under a Mayor-Council form of government with an elected chief executive, Mayor, and an elected legislative body, Council, composed of six members. The Mayor is elected at large for a four-year term, and the six members of the City Council are elected on 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, parks, recreation, electric, water and sanitary sewer systems, garbage collection, and general administrative services.

The City’s financial reporting entity comprises the following:

Primary Government:	City of Crete
Discretely Presented Component Units:	Community Development Agency Friends of Crete Public Library

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

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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:

	<u>Brief Description of Activities and Relationship to the City</u>
Community Development Agency	Established to enhance economic development activities in the City using tax increment financing.
Friends of Crete Public Library	Established to provide support for the operations of the Crete Public Library. Information included in this financial statement is from the entity's fiscal year ended August 31, 2025.

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. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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.
- 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 is 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.

Capital Projects Funds

Capital Projects Funds are used to account for resources restricted for the acquisition or construction of specific capital projects.

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Governmental Funds, continued

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.

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.

Internal Service Fund

The Internal Service Fund accounts for activities that provide goods and services to other funds, departments or agencies of the primary government and its component units on a cost-reimbursement basis.

Major and Nonmajor Funds

The funds are further classified as major or nonmajor as follows:

<u>Fund</u>	<u>Brief Description</u>
<i>Major:</i>	
Governmental:	
General Fund	See page 27 for description.
Street Fund	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 Fund	See above for description.
Capital Projects Fund	See page 27 for description.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. **Basis of Presentation, continued**

Major and Nonmajor Funds, continued

Major, continued:

Proprietary:

Enterprise:

Electric, Water, and

Sewer

See page 28 for description.

Nonmajor:

Governmental:

CDBG Fund

The CDBG Fund is a Special Revenue Fund that accounts for the City’s share of the Community Development Block Grant (CDBG) Program.

Owner Occupied Rehab Fund

The Owner Occupied Rehab Fund is a Special Revenue Fund that accounts for CDBG housing grants.

Keno Fund

The Keno Fund is a Special Revenue Fund that accounts for Keno proceeds and community betterment expenditures.

Capital Outlay Fund

The Capital Outlay Fund is a Special Revenue Fund that accounts for equipment sinking funds.

Economic Development Fund

The Economic Development Fund is a Special Revenue Fund that accounts for sales tax proceeds to be used for LB840 economic development.

FEMA Disaster Fund

The FEMA Disaster Fund is a Special Revenue Fund that accounts for emergency disaster recovery funding/expenditures.

ARPA Fund

The ARPA Fund is a Special Revenue Fund that accounts for Federal ARPA grants.

Airport Fund

The Airport Fund is a Special Revenue Fund that accounts for the operations of the airport.

BID Fund

The BID Fund is a Special Revenue Fund that accounts for Business Improvement District assessments.

LB357 Fund

The LB357 Fund is a Special Revenue Fund that accounts for sales tax restricted for capital outlay projects.

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.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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-type 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 activities are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position, revenues, and expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Under the modified cash basis of accounting, investments and county treasurer cash are reported as assets. Proceeds from issuance of long-term debt are recognized as revenue when received and payment of long-term debt principal is reported as an expenditure when paid. Capital asset purchases are recorded as expenditures and depreciation is not recognized. Right of use assets and related lease liabilities, as defined by GASB 87 and 96, are not reflected in the accompanying modified cash basis financial statements.

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Basis of Accounting, continued

Business-type activities 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 cash basis of accounting using a flow of current financial resources measurement focus. Proceeds from issuance of long-term debt are recognized as revenue when received and payment of long-term debt principal is reported as an expenditure when paid. Capital asset purchases are recorded as expenditures and depreciation is not recognized.

All proprietary funds and the discretely presented component unit 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 and the modified cash basis of accounting 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.

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Cash and Investments, continued

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.

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. Business-type activities report utility billings and grants receivable as their major receivables.

In the fund financial statements, proprietary fund receivables consist of all revenues earned at year end and not yet received. Utility accounts receivable compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

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.

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.

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets, continued

Government-wide Statements

In the government-wide financial statements, property and equipment for business-type activities are accounted for as capital assets. For governmental activities, capital assets used in governmental operations are accounted for as capital outlay expenditures of the governmental activities upon acquisition. The City has a \$5,000 capitalization threshold. All 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.

Depreciation for 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:

Utility System	25-40 years
Buildings and Improvements	25-40 years
Machinery and Equipment	5-10 years
Vehicles	5 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for the same as the government-wide statements. Capital assets used in proprietary fund operations are also accounted for the same as in the government-wide statements.

Compensated Absences

During the year ended September 30, 2025, the City adopted GASB No. 101, *Compensated Absences*. The City's policies regarding vacation time and sick leave permit employees to accumulate earned but unused leave. In the event of termination, an employee is paid for all unused accumulated vacation time. One-third of accumulated sick leave will be paid out to the employee upon death or eligible retirement.

Accumulated leave is accrued in the accompanying proprietary funds financial statement but not in the governmental funds.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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 business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable. Long-term debt for governmental activities is not reported as liabilities in the government-wide financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Fund Financial Statements

The accounting for governmental funds is the same in the fund financial statements as it is in the government-wide statements. The accounting for proprietary funds is also 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.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

Government-wide Statements, continued

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

Fund Financial Statements

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

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

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

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

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

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

Unassigned—All amounts not included in other spendable classifications.

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

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses

Sales and Use Tax

The City presently levies a two 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. One cent of the sales tax is recorded in the General Fund and used for budgeted General Fund appropriations, 0.5 cents recorded in the Debt Service Fund to pay for the library bonds and public safety equipment, and 0.5 cents is recorded in the Economic Development Fund. Half of the Economic Development Fund sales tax is to be used to pay for the pool and the other half is to be used for economic development grants. Sales tax collected on the sale of motor vehicles is restricted for street improvements as required by LB904.

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 Saline 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.

Property taxes levied for 2024-2025 are recorded as revenue when received by the County.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

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. It also includes 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 Funds – 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.

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.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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 Capital Projects 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.

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.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

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

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data, continued

- g. 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.
- h. The City of Crete adopts a budget by ordinance for all funds.

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

1. Cash and Investments

Cash

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:

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.

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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

1. Cash and Investments, continued

Cash, continued

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits	\$ 16,176,252	\$ 9,743,843	\$ 6,432,409	\$ -	\$ <u>16,100,709</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –					
Unrestricted cash and cash equivalents					\$ 9,219,318
Restricted cash and cash equivalents					6,611,770
Component Unit –					
Unrestricted cash and cash equivalents					<u>269,621</u>
					<u>\$ 16,100,709</u>

Investments

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

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

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

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

<u>Type of Investment</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Money Market	\$ 1,055	\$ -	\$ -	\$ 1,055	\$ 1,055
Time Deposits	4,784,870	-	-	4,784,870	4,784,870
Mutual Funds	1,401,918	-	-	<u>1,401,918</u>	<u>1,401,918</u>
				<u>\$ 6,187,843</u>	<u>\$ 6,187,843</u>

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

1. Cash and Investments, continued

Investments, continued

Reconciliation to Government-wide Statement of Net Position:

Primary Government –	
Unrestricted investments	\$ 3,596,635
Restricted investments	1,050,792
Component Units –	
Unrestricted investments	<u>1,540,416</u>
	<u>\$ 6,187,843</u>

2. Restricted Assets

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
Type of Restricted Assets:				
Cash and cash equivalents	\$ 5,859,366	\$ 752,404	\$ 6,611,770	\$ -
Investments	<u>365,000</u>	<u>685,792</u>	<u>1,050,792</u>	<u>-</u>
Total Restricted Assets	<u>\$ 6,224,366</u>	<u>\$ 1,438,196</u>	<u>\$ 7,662,562</u>	<u>\$ -</u>

Restricted cash and investments for the governmental activities consists of \$136,728 of General Fund assets restricted for cemetery perpetual care, \$27,440 of General Fund assets restricted for cemetery maintenance, \$1,908,501 of Street Fund assets restricted for street improvements, \$1,200,044 of Debt Service cash restricted for debt service, \$40,011 of Owner Occupied Rehab Fund cash restricted for Federal programs, \$4,424 of Business Improvement District Fund cash restricted for economic development, \$210,203 of Keno Fund cash restricted for community betterment, \$34,296 of ARPA Fund cash restricted for Federal programs, \$230,605 of LB357 cash restricted for capital outlay, and \$2,432,114 of Economic Development Fund cash restricted for economic development.

The Electric Fund restricted assets consist of \$531,367 restricted for debt service and \$254,968 restricted for customer deposits. The Sewer Fund has \$651,861 restricted for debt service.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

3. Accounts and Notes Receivable

Accounts receivable of the business-type activities consist of utilities receivables. Receivables detail at September 30, 2025, is as follows:

	<u>Business-type Activities</u>
Accounts receivable	\$ 1,452,457
Allowance for uncollectible accounts	<u>(202,200)</u>
Total accounts receivable	<u>\$ 1,250,257</u>

The Community Development Agency has seven tax increment financing (TIF) agreements with the following estimated TIF receivables and payables to redevelopers as of September 30, 2025:

<u>Project/ Redeveloper</u>	<u>TIF Receivable</u>	<u>TIF Payable</u>
Dairy Queen	\$ 17,100	\$ 17,645
Crete Lodging	827,700	827,700
Orscheln	430,400	430,400
Belohlavy Estates	217,800	224,203
Crete Senior Villas	223,000	228,909
Cardinal Ventures	295,600	295,600
Union Bank	<u>71,800</u>	<u>-</u>
	<u>\$ 2,083,400</u>	<u>\$ 2,024,457</u>
Current portion	\$ 204,000	\$ 204,687
Noncurrent portion	<u>1,879,400</u>	<u>1,819,770</u>
Total	<u>\$ 2,083,400</u>	<u>\$ 2,024,457</u>

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

4. Capital Assets

	Balance at October 1, <u>2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2025</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 3,461,420	\$ -	\$ -	\$ -	\$ 3,461,420
Construction in progress	<u>425,720</u>	<u>185,293</u>	<u>-</u>	<u>(2,900)</u>	<u>608,113</u>
Total capital assets not being depreciated	3,887,140	185,293	-	(2,900)	4,069,533
Other capital assets being depreciated:					
Distribution systems	36,987,881	557,596	(1,300)	-	37,544,177
Buildings and improvements	6,801,513	18,850	(1,123,038)	2,900	5,700,225
Equipment	2,077,045	10,700	(489,393)	-	1,598,352
Vehicles	<u>1,259,713</u>	<u>279,250</u>	<u>(90,424)</u>	<u>-</u>	<u>1,448,539</u>
Total other capital assets at historical cost	47,126,152	866,396	(1,704,155)	2,900	46,291,293
Less accumulated depreciation for:					
Distribution systems	(16,266,002)	(976,384)	739	-	(17,241,647)
Buildings and improvements	(5,032,102)	(143,198)	858,133	-	(4,317,167)
Equipment	(1,769,739)	(78,454)	472,204	-	(1,375,989)
Vehicles	<u>(1,253,545)</u>	<u>(13,149)</u>	<u>90,424</u>	<u>-</u>	<u>(1,176,270)</u>
Total accumulated depreciation	<u>(24,321,388)</u>	<u>(1,211,185) *</u>	<u>1,421,500</u>	<u>-</u>	<u>(24,111,073)</u>
Other capital assets, net	<u>22,804,764</u>	<u>(344,789)</u>	<u>(282,655)</u>	<u>2,900</u>	<u>22,180,220</u>
Business-type capital assets, net	<u>\$ 26,691,904</u>	<u>\$ (159,496)</u>	<u>\$ (282,655)</u>	<u>\$ -</u>	<u>\$ 26,249,753</u>

* Depreciation expense was charged to functions as follows:

Electric	\$ 416,165
Water	232,568
Sewer	<u>562,452</u>
Total Business-type Activities depreciation expense	<u>\$ 1,211,185</u>

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

4. Capital Assets, continued

Construction in progress at September 30, 2025 consists of \$212,237 of costs incurred on the Doane electrical substation improvement project, \$110,504 of costs incurred on the solar farm project, \$133,074 of costs incurred on the SCADA project, and \$152,298 of costs incurred on the well and transmission project. See note D3 for details on contractual commitments on these projects.

5. Long-term Debt

Changes in Long-term Debt

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

<u>Type of Debt</u>	Balance October 1, <u>2024</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>2025</u>	Amounts Due Within <u>One Year</u>
Business-type Activities:					
Bonds payable	\$ 8,232,548	\$ -	\$ (712,809)	\$ 7,519,739	\$ 715,941
Component unit:					
Community Development Agency					
TIF payables	\$ 1,654,505	\$ 572,310	\$ (202,358)	\$ 2,024,457	\$ 204,687

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

5. Long-term Debt, continued

Business-type Activities

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

Bonds payable:

During December 2016, the City issued \$1,230,000 of Series 2016 Electric Certificates of Participation to finance electric capital asset projects. Interest ranging from 1.15 to 2.85 percent is due semi-annually on June 15 and December 15, commencing June 15, 2017. The final principal payment is due December 15, 2026. \$ 265,000

On February 10, 2022, the City issued \$5,320,000 of Series 2022 Sewer Revenue Refunding Bonds to refinance the Series 2016A USDA Bonds. Interest ranging from 0.45 to 2.00 percent is due semi-annually on June 15 and December 15, commencing June 15, 2022. The final principal payment is due December 15, 2036. 4,265,000

On December 15, 2016, the Sewer Fund issued \$4,011,000 of Series 2016B USDA Bonds to refinance the bond anticipation note issued during the wastewater treatment plant project. The bonds bear interest of 1.375%. Annual principal and interest payments of \$230,793 are due commencing December 15, 2017 through December 15, 2036. 2,536,352

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

5. Long-term Debt, continued

Business-type Activities, continued

On December 15, 2016, the Sewer Fund issued \$717,000 of Series 2016C USDA Bonds to refinance the bond anticipation note issued during the wastewater treatment plant project. The bonds bear interest of 1.375%. Annual principal and interest payments of \$41,257 are due commencing December 15, 2017 through December 15, 2036.

453,387

Total business-type activity long-term debt

\$ 7,519,739

Current portion

\$ 715,941

Noncurrent portion

6,803,798

Total

\$ 7,519,739

Component Units

Community Development Agency:

See Note C3 for details on the \$2,024,457 of TIF payables due to redevelopers.

\$ 2,024,457

Current portion

\$ 204,687

Noncurrent portion

1,819,770

Total long-term debt

\$ 2,024,457

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

5. 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:

<u>Year Ending September 30,</u>	Business-type Activities	
	Other Debt Issues	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 715,941	\$ 109,883
2027	729,116	99,362
2028	602,336	90,049
2029	605,599	82,223
2030	613,907	73,953
2031-2035	3,220,774	227,616
2036-2037	1,032,066	17,792
	<u>\$ 7,519,739</u>	<u>\$ 700,878</u>

<u>Year Ending September 30,</u>	Component Units	
	Other Debt Issues	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 204,687	\$ -
2027	191,800	-
2028	191,800	-
2029	191,800	-
2030	191,800	-
2031-2035	942,000	-
2036-2040	110,570	-
	<u>\$ 2,024,457</u>	<u>\$ -</u>

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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

6. Accrued Compensated Absences

Accrued compensated absences for the business-type activities consisted of the following as of September 30, 2025:

	Balance October 1, <u>2024</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>2025</u>
Accrued compensated absences	\$ 213,711	\$ 135,828	\$ -	\$ 349,539

7. Interfund Transactions and Balances

Operating transfers for the year ended September 30, 2025:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Electric	\$ 350,004	\$ -
Street	88,400	(104,000)
Intrafund General	4,086,672	(4,086,672)
Capital Projects	-	(13,800)
Nonmajor Governmental Fund	-	(176,975)
Total General Fund	<u>4,525,076</u>	<u>(4,381,447)</u>
Street Fund:		
General	104,000	(88,400)
Capital Projects Fund:		
General	13,800	-
Nonmajor Governmental Funds	176,975	(234,301)
Electric Fund:		
General	-	(350,004)
Sewer Fund:		
Nonmajor Governmental Fund	<u>234,301</u>	<u>-</u>
Total Operating Transfers	<u>\$ 5,054,152</u>	<u>\$ (5,054,152)</u>

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

7. Interfund Transactions and Balances, continued

Interfund Balances

At September 30, 2025, the Capital Projects Fund owed \$44,383 to the Electric Fund. This interfund loan bears 2.39 percent interest and is due in 10 annual principal and interest payments of \$45,444 through July 2, 2024. The final payment was not made by July 2, 2024, and is expected to be paid during the year ending September 30, 2026.

8. Deficit Fund Balances

The deficit fund balance of \$(1,816,219) for the Capital Projects Fund is expected to be eliminated with the receipt of grant proceeds and transfers from other funds during the fiscal year ending September 30, 2026.

The deficit fund balance of \$(149,924) for the CDBG Fund is expected to be eliminated by interfund transfers during the fiscal year ending September 30, 2026.

The deficit fund balance of \$(1,984) for the FEMA Disaster Fund is expected to be eliminated by interfund transfers during the fiscal year ending September 30, 2026.

NOTE D – OTHER NOTES

1. Employee Pension and Other Benefit Plans

The City sponsors a defined contribution plan with Union Bank and Trust. It covers all full-time non-bargaining unit employees who have reached age 19 and who have put in one year of service except fire department personnel. Bargaining unit employees of the police department who have reached the age of 19 are covered immediately. The plan was established and is amended by Board resolution. Enrollment in the plan is mandatory. Each participant shall have seven percent of all earnings deferred. In addition, employees over age 50 are eligible to make catch-up contributions. The City matches 100 percent of the deferred contribution, excluding the over 50 catch-up contributions. Employer contributions vest at a rate of 20 percent per year. These requirements were established and may be amended by Board Resolution.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

The City's regular employer contribution amounted to \$218,159 for the year ended September 30, 2025, and the employee contributions also totaled \$218,159 for the year ended September 30, 2025, on \$3,116,555 of covered payroll (with total payroll of \$4,026,370).

The City's police contribution amounted to \$83,167 for the year ended September 30, 2025, and the police employee contributions also totaled \$83,167 for the year ended September 30, 2025, on \$1,188,106 of covered payroll.

The City also sponsors a non-qualified deferred compensation 457 plan with Principal and Hartford. The plan was established and is amended by Board Resolution. Enrollment in the plan is voluntary and no participation is required. The City does not match any portion of this plan. These requirements were established and may be amended by Board Resolution.

2. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance to minimize the effect of possible exposure to these risks. There have been no significant reductions in insurance coverage from coverage in the prior year. During the past three fiscal years, there have been no settlements exceeding the amount of the City's insurance coverage.

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 banks in the name of the City. The City's investments consist of certificates of deposit.

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 investment maturities are as follows:

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

Interest Rate Risk, continued

<u>Maturities by Month</u>	<u>Amount</u>
October 2025	\$ 339,994
November 2025	153,422
December 2025	117,533
February 2026	735,000
March 2026	10,000
April 2026	229,296
May 2026	91,000
June 2026	100,003
July 2026	201,049
August 2026	140,000
September 2026	410,171
October 2026	115,000
November 2026	354,449
December 2026	1,000
March 2027	97,873
April 2027	228,341
July 2027	41,000
September 2027	233,259
October 2027	137,309
March 2028	10,000
April 2028	228,857
July 2028	101,059
October 2028	2,000
November 2028	176,851
October 2029	246,389
August 2030	106,687
September 2030	38,829
	<u>\$ 4,646,371</u>

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

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, money market funds, and other securities backed by U.S. Government obligations, minimizing credit risk associated with the City’s investment portfolio.

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 certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Pinnacle Bank	\$ 1,024,424
City Bank & Trust	1,250,582
Wells Fargo Advisors	<u>2,371,365</u>
	<u>\$ 4,646,371</u>

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

3. Commitments

Claims and Lawsuits

The City is subject to claims and other actions arising in the ordinary course of business. Some of these claims and actions have resulted in lawsuits where the City is a defendant. In the opinion of City management, the potential loss on all claims and lawsuits as of September 30, 2025, will not be significant to the City’s financial statements.

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

NOTE D – OTHER NOTES, continued

3. Commitments, continued

Construction and Contractual Commitments

As of September 30, 2025, the City had the following construction and contractual obligations:

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/2025</u>	<u>Remaining Commitment</u>	<u>Expected Date of Completion</u>
2024 Street and Alley Improvements	\$ 156,370	\$ 93,921	\$ 62,449	Fall 2026
Two-bay Hangar	299,957	61,495	238,462	September 2027
Office 365 Migration	37,308	-	37,308	September 2027
Doane Electric Substation	324,330	208,625	115,705	Fall 2028
SCADA Upgrades:				
Engineering	137,000	57,173	79,827	
Contractor	84,965	42,482	42,483	
On-Call Services	15,000	9,586	5,414	
	<u>236,965</u>	<u>109,241</u>	<u>127,724</u>	August 2026
Well and Water Transmission Main	196,000	140,825	55,175	Fall 2028
Solar Farm Transformers	100,000	75,000	25,000	November 2025
Solar Farm Switchgear	<u>153,569</u>	<u>-</u>	<u>153,569</u>	November 2025
	<u>\$ 1,504,499</u>	<u>\$ 689,107</u>	<u>\$ 815,392</u>	

Self-Insurance Fund

The City provided medical insurance for eligible employees using a self-insurance fund prior to the 2015 calendar year. The fund was reported in the Internal Service Fund and was financed by operating transfers from the Proprietary and General Funds of an average amount per employee, which is based on management’s previous experience. The City no longer self-insures for health insurance.

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

NOTE D – OTHER NOTES, continued

3. Commitments, continued

Purchase Power Contract

On May 29, 1986 the City entered into a contract with Municipal Energy Agency of Nebraska (MEAN) for total power requirement. This agreement states that the City will purchase its power needs in excess of the power supplied by the United States Department of Energy, Western Area Power Administration directly from MEAN. To ensure that MEAN had adequate power to supply their municipal customers, MEAN participated in the building of certain power plants. The City committed to purchase power directly from MEAN for the longer of ten years or when the bonds to build the power plant had been paid in full. The power plant bonds are scheduled to be paid in full in the year 2041. The dollar amount of power purchased from MEAN was \$7,143,608 for the year ended September 30, 2025. As part of this agreement, the City has agreed to maintain its facility in working order so that if additional power is needed by MEAN it can use the City’s facility to generate such power. MEAN has agreed to pay the City a fee for maintaining its power plant in working condition. The amount paid to the City was \$173,141 for the year ended September 30, 2025. The City has the option to assign its rights and commitments in this contract if the entity to which it is assigning such rights and commitments is acceptable to MEAN. The capacity compensation rate is scheduled to decrease over the next four fiscal years.

Other Commitments

The City has contractual commitments requiring payments \$255 per month for five copiers through May 2026 and \$110 per month for a postage machine through October 2027.

4. Governmental Long-Term Debt

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

<u>Type of Debt</u>	Balance October 1, <u>2024</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>2025</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds payable	\$ 6,350,000	\$ -	\$ (455,000)	\$ 5,895,000	\$ 500,000
Bond anticipation notes	2,130,000	-	-	2,130,000	2,130,000
Financing agreement	-	220,971	(58,942)	162,029	51,651
Total Governmental-type Activities	<u>\$ 8,480,000</u>	<u>\$ 220,971</u>	<u>\$ (513,942)</u>	<u>\$ 8,187,029</u>	<u>\$ 2,681,651</u>

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

NOTE D – OTHER NOTES, continued

4. Governmental Long-Term Debt, continued

Governmental Activities:

The Debt Service Fund and Street Fund make the bond payments and the Capital Outlay Fund makes the financing agreement payments. As of September 30, 2025, the governmental long-term liabilities consisted of the following:

Bonds payable:

During August 2021, the City issued General Obligation Refunding Bonds totaling \$1,150,000 to refinance the Series 2014 GO Refunding Bonds and the Series 2018 Bond Anticipation Notes. The bonds bear interest at rates ranging from 0.25 percent to 0.80 percent with annual principal payments beginning November 15, 2011, through November 15, 2027. \$ 510,000

During February 2018, the City issued General Obligation Various Purpose Bonds totaling \$870,000 to refinance the Series 2014 and 2015 bond anticipation notes. The bonds bear interest at rates ranging from 1.50 percent to 3.20 percent with annual principal payments beginning December 15, 2018, through December 15, 2042. 500,000

During October 2017, the City issued Tax Supported Community Facility Bonds totaling \$4,335,000 for the library construction project. The bonds bear interest at rates ranging from 1.15 percent to 3.375 percent with annual principal payments beginning June 15, 2018, through June 15, 2042. 3,200,000

During April 2019, the City issued Highway Allocation Fund Pledge Bonds totaling \$975,000 for the street projects. The bonds bear interest at rates ranging from 1.80 percent to 3.35 percent with annual principal payments beginning December 15, 2020, through December 15, 2034. 700,000

During September 2024, the City issued General Obligation Various Purpose Bonds totaling \$985,000 to refinance the Series 2021 Bond Anticipation Notes. The bonds bear interest at rates ranging from 3.80 percent to 4.25 percent with annual principal payments beginning December 15, 2025, through December 15, 2039. 985,000

Bond anticipation notes:

During May 2023, the City issued Series 2023 Bond Anticipation Notes (BAN's) totaling \$2,130,000 to provide interim financing for capital projects. The BAN's bear interest of 3.70 percent and mature May 1, 2026. 2,130,000

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE D – OTHER NOTES, continued

4. Governmental Long-Term Debt, continued

Governmental Activities, continued:

Financing agreement:

On May 13, 2025, the City entered into a \$220,971 financing agreement with Tymco for a street sweeper. The financing agreement bears interest of 4.50 percent with annual payments of \$58,942 beginning May 13, 2025, through May 13, 2028.

	<u>162,029</u>
Total long-term debt	\$ <u>8,187,029</u>
Current portion	\$ 2,681,651
Noncurrent portion	<u>5,505,378</u>
Total long-term debt	\$ <u>8,187,029</u>

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

<u>Year Ending</u> <u>September 30,</u>	Governmental Activities			
	Direct Placement		Other Debt Issues	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 51,651	\$ 7,291	\$ 2,630,000	\$ 253,878
2027	53,975	4,967	520,000	165,699
2028	56,403	2,539	455,000	155,596
2029	-	-	340,000	145,536
2030	-	-	360,000	135,429
2031-2035	-	-	1,800,000	501,188
2036-2040	-	-	1,450,000	231,006
2041-2042	-	-	470,000	23,962
	<u>\$ 162,029</u>	<u>\$ 14,797</u>	<u>\$ 8,025,000</u>	<u>\$ 1,612,294</u>

CITY OF CRETE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

NOTE D – OTHER NOTES, continued

5. Interlocal Agreements

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

<u>Parties to Agreement</u>	<u>Term</u>	<u>Description</u>
Seward/Saline County Waste Area Management Agency	7/1/93 to indefinite	Solid waste disposal site
Saline County Mutual Finance Organization	7/1/16 to indefinite	Fire and rescue equipment
Saline County Rural Fire District	7/1/16 to indefinite	Fire and rescue services
Southeast Nebraska Development District	7/1/23 to 6/30/27	Economic and community development services
League Association of Risk Management	10/1/23 to 9/30/26	Risk management services and coverage
NMPP Energy MEAN	4/1/81 to 3/31/38	Wholesale electricity and related services
Crete Public Schools	2/1/23 to 1/31/28	School resource officer
Saline County	10/1/24 to 9/30/26	Emergency dispatch

6. LB840 Loans

On July 29, 2019, the City issued a \$28,000 LB840 loan to Artisan Mark for start up funding. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years and if the business creates and maintains the required employees for the seven year period.

On July 31, 2019, the City issued a \$20,000 LB840 loan to Saline County Medical Specialties for start up funding. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years and if the business creates and maintains the required employees for the seven year period.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE D – OTHER NOTES, continued

6. LB840 Loans, continued

On September 30, 2020, the City issued a \$28,000 LB840 loan to Elle's on Main. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years and if the business creates and maintains the required employees for the seven year period.

On October 16, 2020, the City issued a \$100,000 LB840 loan to Saline Medical Plaza, LLC. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years and if the business creates and maintains the required employees for the seven year period.

On November 17, 2020, the City issued a \$40,000 LB840 loan to Woods-Jones Enterprises, LLC. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years and if the business creates and maintains the required employees for the seven year period.

On March 2, 2021, the City issued a \$24,500 LB840 loan to The 1206, LLC. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years and if the business creates and maintains the required employees for the seven year period.

On February 10, 2022, the City issued a \$75,869 LB840 loan to Becker Industries, LLC. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years.

On May 1, 2023, the City issued a \$24,130 LB840 loan to The 1206, LLC. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of five years.

On July 5, 2023, the City issued a \$7,275 LB840 loan to PWR & DWD Rental Properties, LLC., dba Old Main Bar and Grill. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years.

As of September 30, 2024, the City had advanced \$214,596 on a committed \$351,159 LB840 loan to Blue River Arts Council. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years.

On August 15, 2025, the City issued a \$37,874 LB840 loan to Charpen Properties, LLC. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years.

During the year ended September 30, 2024, the City issued a \$45,000 LB840 loan to ALLO Crete, LLC. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years.

On May 1, 2024, the City issued a \$18,266 LB840 loan to Wool & Whimsey. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years.

During the year ended September 30, 2024, the City issued a \$150,000 LB840 loan to Roundabout Energy, LLC. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years and if the business creates and maintains the required employees for the seven year period.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE D – OTHER NOTES, continued

6. LB840 Loans, continued

On July 11, 2024, the City issued a \$96,856 LB840 loan to Old Main Bar & Grill. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years.

On November 26, 2024, the City issued a \$75,000 LB840 loan to Eric Thornburg. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years.

On April 7, 2025, the City issued an \$8,750 LB840 loan to Kathy’s Cardinal Kids Learning Center, LLC. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years.

On May 23, 2025, the City issued a \$4,500 LB840 loan to Crystal’s Bakery. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years.

During the year ended September 30, 2025, the City advanced \$5,844 on a committed \$27,351 LB840 loan to Majo Jewelry & Boutique. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years.

On June 20, 2025, the City issued a \$47,000 LB840 loan to Nixon Restaurant & Property Inc. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years.

On April 7, 2025, the City issued a \$150,000 LB840 loan to Old Main Bar & Grill. The loan is non-interest bearing and is forgivable if the business remains open and operating for a period of seven years.

7. Tax Abatements

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 by the CDA to finance the project for a period of up to 15 years.

CITY OF CRETE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE D – OTHER NOTES, continued

7. Tax Abatements, continued

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

<u>TIF Project:</u>	Years Remaining on <u>TIF Agreements</u>	2025 TIF <u>Valuation</u>	TIF Proceeds Received during the year <u>9-30-2025</u>
Dairy Queen	5	\$ 192,885	\$ 3,329
Crete Lodging	10	4,666,410	50,697
Orscheln	11	2,206,180	38,078
Belohlavy Estates	12	1,023,395	16,329
Crete Senior Villas	14	1,628,970	5,909
Cardinal Ventures	15	1,111,225	-
Union Bank	6	687,405	<u>11,864</u>
			<u>\$ 126,206</u>

8. Subsequent Events

Management has evaluated subsequent events through January 14, 2026, the date on which the financial statements were available for issue.

On November 4, 2025, Council approved a \$250,000 LB840 loan to Tom and Vicki Sorensen and approved a \$20,000 LB840 loan to Cristina’s Family Restaurant.

On November 18, 2025, Council approved a \$730,375 bid for street and alley paving from NLC, LLC.

SUPPLEMENTARY AND OTHER INFORMATION

CITY OF CRETE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
GENERAL FUND

Year ended September 30, 2025

	Budget (Original and <u>Final</u>)	Actual	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 1,303,300	\$ 1,302,782	\$ (518)
Motor vehicle	120,000	131,323	11,323
Occupation	140,000	200,711	60,711
Franchise	287,000	211,401	(75,599)
Sales	1,311,000	1,343,184	32,184
Intergovernmental	951,610	988,073	36,463
Grants	157,600	229,492	71,892
Charges for services	621,850	796,205	174,355
Interest income	21,350	152,689	131,339
Contributions	43,339	51,046	7,707
Sale of capital assets	12,500	16,334	3,834
Other	5,600	8,184	2,584
Total resources	4,975,149	5,431,424	456,275
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	826,070	772,419	(53,651)
Public safety	3,156,537	2,745,123	(411,414)
Public works	139,330	113,838	(25,492)
Environment and leisure	1,357,591	1,272,476	(85,115)
Capital outlay	228,975	364,761	135,786
Total charges to appropriations	5,708,503	5,268,617	(439,886)
Resources over (under) charges to appropriations	(733,354)	162,807	896,161
OTHER FINANCING SOURCES (USES)			
Transfers in	4,378,079	4,525,076	146,997
Transfers out	(3,644,725)	(4,381,447)	(736,722)
Net transfers	733,354	143,629	(589,725)
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER CHARGES TO APPROPRIATIONS			
	\$ -	\$ 306,436	\$ 306,436

CITY OF CRETE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
STREET FUND**

Year ended September 30, 2025

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Intergovernmental	\$ 1,045,300	\$ 1,026,150	\$ (19,150)
Charges for services	25,300	35,343	10,043
Interest income	250	2,465	2,215
Sales proceeds on capital assets	5,000	4,148	(852)
Other revenue	100	-	(100)
	<hr/>	<hr/>	<hr/>
Total resources	1,075,950	1,068,106	(7,844)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	1,129,950	813,531	(316,419)
Capital outlay	50,000	-	(50,000)
Principal payments	-	60,000	60,000
Interest expense	-	20,723	20,723
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	1,179,950	894,254	(285,696)
Resources over (under) charges to appropriations	(104,000)	173,852	277,852
OTHER FINANCING SOURCES (USES)			
Transfers in	104,000	104,000	-
Transfers out	-	(88,400)	(88,400)
	<hr/>	<hr/>	<hr/>
Net transfers	104,000	15,600	(88,400)
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER CHARGES TO APPROPRIATIONS			
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ -	\$ 189,452	\$ 189,452

CITY OF CRETE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
DEBT SERVICE FUND**

Year ended September 30, 2025

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Property tax	\$ 249,600	\$ 240,922	\$ (8,678)
Sales tax	252,000	252,000	-
Special assessments	89,900	511,801	421,901
Interest income	500	624	124
Total resources	<u>592,000</u>	<u>1,005,347</u>	<u>413,347</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Principal payments	390,000	395,000	5,000
Interest expense	200,000	231,824	31,824
Bond fees	2,000	11,220	9,220
Total charges to appropriations	<u>592,000</u>	<u>638,044</u>	<u>46,044</u>
RESOURCES OVER CHARGES TO APPROPRIATIONS	<u>\$ -</u>	<u>\$ 367,303</u>	<u>\$ 367,303</u>

CITY OF CRETE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
CAPITAL PROJECTS FUND**

Year ended September 30, 2025

	Budget (Original and <u>(Final)</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Grants		\$ 165,805	\$ 165,805
Interest income	-	329	329
Total resources	<u>-</u>	<u>166,134</u>	<u>166,134</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	-	399,705	399,705
Capital outlay	-	85,584	85,584
Total charges to appropriations	<u>-</u>	<u>485,289</u>	<u>485,289</u>
Resources under charges to appropriations	-	(319,155)	(319,155)
OTHER FINANCING SOURCES			
Transfers in	-	13,800	13,800
RESOURCES AND OTHER FINANCING SOURCES UNDER CHARGES TO APPROPRIATIONS	<u>\$ -</u>	<u>\$ (305,355)</u>	<u>\$ (305,355)</u>

CITY OF CRETE, NEBRASKA

**COMBINING BALANCE SHEET - MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS**

September 30, 2025

	Special Revenue Funds			
	CDBG	Owner	Business	Keno
	<u>Fund</u>	Occupied Rehab	Improvement	Keno
		<u>Fund</u>	<u>District Fund</u>	<u>Fund</u>
ASSETS				
Cash and cash equivalents	\$ (149,924)	\$ 40,011	\$ 4,424	\$ 210,203
Investments	-	-	-	-
Total assets	<u>\$ (149,924)</u>	<u>\$ 40,011</u>	<u>\$ 4,424</u>	<u>\$ 210,203</u>
LIABILITIES AND FUND BALANCES				
Liabilities:	\$ -	\$ -	\$ -	\$ -
Fund balances:				
Restricted for:				
Federal programs	-	40,011	-	-
Capital outlay	-	-	-	-
Community betterment	-	-	-	210,203
Economic development	-	-	4,424	-
Assigned for:				
Capital outlay	-	-	-	-
Airport operations	-	-	-	-
Unassigned	(149,924)	-	-	-
Total fund balances	<u>(149,924)</u>	<u>40,011</u>	<u>4,424</u>	<u>210,203</u>
Total liabilities and fund balances	<u>\$ (149,924)</u>	<u>\$ 40,011</u>	<u>\$ 4,424</u>	<u>\$ 210,203</u>

Special Revenue Funds						Total
ARPA	Airport	Capital	LB357	FEMA	Economic	Other
Fund	Fund	Outlay	Fund	Disaster	Development	Governmental
Fund	Fund	Fund	Fund	Fund	Fund	Funds
\$ 34,296	148,592	\$ 385,398	\$ 230,605	\$ (1,984)	\$ 2,432,114	\$ 3,333,735
-	-	90,000	-	-	-	90,000
<u>\$ 34,296</u>	<u>\$ 148,592</u>	<u>\$ 475,398</u>	<u>\$ 230,605</u>	<u>\$ (1,984)</u>	<u>\$ 2,432,114</u>	<u>\$ 3,423,735</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34,296	-	-	-	-	-	74,307
-	-	-	230,605	-	-	230,605
-	-	-	-	-	-	210,203
-	-	-	-	-	2,432,114	2,436,538
-	-	475,398	-	-	-	475,398
-	148,592	-	-	-	-	148,592
-	-	-	-	(1,984)	-	(151,908)
<u>34,296</u>	<u>148,592</u>	<u>475,398</u>	<u>230,605</u>	<u>(1,984)</u>	<u>2,432,114</u>	<u>3,423,735</u>
<u>\$ 34,296</u>	<u>\$ 148,592</u>	<u>\$ 475,398</u>	<u>\$ 230,605</u>	<u>\$ (1,984)</u>	<u>\$ 2,432,114</u>	<u>\$ 3,423,735</u>

CITY OF CRETE, NEBRASKA

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

Year ended September 30, 2025

	Special Revenue Funds			
	CDBG	Owner	Business	
	<u>Fund</u>	<u>Occupied</u>	<u>Improvement</u>	<u>Keno</u>
		<u>Rehab Fund</u>	<u>District Fund</u>	<u>Fund</u>
REVENUES				
Property tax	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-
Assessments	-	-	4,422	-
Keno proceeds	-	-	-	91,754
Charges for services	-	-	-	-
Grant income	-	44,734	-	-
Loan collections	-	-	-	-
Contributions	-	-	-	-
Interest income	-	56	2	65
Sale of property	-	-	-	-
Other income	-	-	-	-
Total revenues	-	44,790	4,424	91,819
EXPENDITURES				
General government	7,007	81,423	-	37,939
Public safety	-	-	-	-
Environment and leisure	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
Principal payments	-	-	-	-
Total expenditures	7,007	81,423	-	37,939
Excess (deficiency) of revenues over expenditures before transfers	(7,007)	(36,633)	4,424	53,880
OTHER FINANCING SOURCES				
Transfers in (out)	-	-	-	-
Net change in fund balances	(7,007)	(36,633)	4,424	53,880
Fund balances - September 30, 2024	(142,917)	76,644	-	156,323
Fund balances - September 30, 2025	\$ (149,924)	\$ 40,011	\$ 4,424	\$ 210,203

Special Revenue Funds

ARPA Fund	Airport Fund	Capital Outlay Fund	LB357 Fund	FEMA Disaster Fund	Economic Development Fund	Total Other Governmental Funds
\$ -	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ 3
-	-	-	230,592	-	608,592	839,184
-	-	-	-	-	-	4,422
-	-	-	-	-	-	91,754
-	112,963	-	-	-	-	112,963
-	-	-	-	-	-	44,734
-	-	-	-	-	54,773	54,773
-	-	675	-	-	-	675
-	-	-	13	-	7,356	7,492
-	-	-	-	-	150,000	150,000
-	67	-	-	-	-	67
<u>-</u>	<u>113,033</u>	<u>675</u>	<u>230,605</u>	<u>-</u>	<u>820,721</u>	<u>1,306,067</u>
-	-	4,933	-	-	-	131,302
-	-	16,188	-	-	-	16,188
-	121,997	12,199	-	-	-	134,196
-	-	-	-	-	389,678	389,678
-	81,280	10,292	-	-	28,450	120,022
<u>-</u>	<u>-</u>	<u>58,942</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,942</u>
<u>-</u>	<u>203,277</u>	<u>102,554</u>	<u>-</u>	<u>-</u>	<u>418,128</u>	<u>850,328</u>
-	(90,244)	(101,879)	230,605	-	402,593	455,739
<u>(234,301)</u>	<u>-</u>	<u>176,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,326)</u>
<u>(234,301)</u>	<u>(90,244)</u>	<u>75,096</u>	<u>230,605</u>	<u>-</u>	<u>402,593</u>	<u>398,413</u>
<u>268,597</u>	<u>238,836</u>	<u>400,302</u>	<u>-</u>	<u>(1,984)</u>	<u>2,029,521</u>	<u>3,025,322</u>
<u>\$ 34,296</u>	<u>\$ 148,592</u>	<u>\$ 475,398</u>	<u>\$ 230,605</u>	<u>\$ (1,984)</u>	<u>\$ 2,432,114</u>	<u>\$ 3,423,735</u>

CITY OF CRETE, NEBRASKA

**COMBINING STATEMENT OF NET POSITION -
COMPONENT UNITS**

August 31 and September 30, 2025

	Friends of Crete Public Library <u>(August 31, 2025)</u>	Community Development Agency <u>(September 30, 2025)</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 15,675	\$ 253,946	\$ 269,621
Investments	1,540,416	-	1,540,416
Current portion of TIF receivables	-	204,000	204,000
Total current assets	<u>1,556,091</u>	<u>457,946</u>	<u>2,014,037</u>
Noncurrent assets:			
Noncurrent portion of TIF receivables	-	1,879,400	1,879,400
Total assets	1,556,091	2,337,346	3,893,437
LIABILITIES			
Current liabilities:			
Current portion of long-term obligation	-	204,687	204,687
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	-	1,819,770	1,819,770
Total liabilities	<u>-</u>	<u>2,024,457</u>	<u>2,024,457</u>
NET POSITION			
Unrestricted	<u>\$ 1,556,091</u>	<u>\$ 312,889</u>	<u>\$ 1,868,980</u>

See notes to financial statements.

CITY OF CRETE, NEBRASKA

**COMBINING STATEMENT OF ACTIVITIES -
COMPONENT UNITS**

For the period ended August 31 and September 30, 2025

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Component units:			
Friends of Crete Public Library (8/31/25)	\$ 62,013	\$ -	\$ -
Community Development Agency (9/30/25)	243,013	25,610	126,206
Total component units	\$ 305,026	\$ 25,610	\$ 126,206

See notes to financial statements.

<u>Net (Expenses) Revenues and Changes in Net Position</u>			
<u>Capital Grants and Contributions</u>	<u>Friends of Crete Public Library</u>	<u>Community Development Agency</u>	<u>Total</u>
\$ 8,140	\$ (53,873)	\$ -	\$ (53,873)
-	-	(91,197)	(91,197)
<u>\$ 8,140</u>	<u>(53,873)</u>	<u>(91,197)</u>	<u>(145,070)</u>
General revenues:			
Interest and dividend income	44,967	-	44,967
Gain on investments	<u>70,523</u>	<u>-</u>	<u>70,523</u>
Total general revenues	<u>115,490</u>	<u>-</u>	<u>115,490</u>
Change in net position	61,617	(91,197)	(29,580)
Net position - September 30, 2024	<u>1,494,474</u>	<u>404,086</u>	<u>1,898,560</u>
Net position - September 30, 2025	<u>\$ 1,556,091</u>	<u>\$ 312,889</u>	<u>\$ 1,868,980</u>

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

To the Honorable Mayor and Members of the City Council
City of Crete, 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 - modified cash basis, the business-type activities - accrual basis, the aggregate discretely presented component units - accrual basis, each major fund - modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information - modified cash basis for the governmental funds of the City of Crete, 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 January 14, 2026. Our report on the financial statements disclosed that, as described in Note A to the financial statements, the City of Crete, Nebraska, prepares its financial statements for the governmental funds on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

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

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

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

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**A PROFESSIONAL
CORPORATION**

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 have not been 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 certain deficiencies in internal control, described below, that we consider to be significant deficiencies.

Segregation of Duties

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

Bank Reconciliations

The September 30, 2025 bank reconciliations had several erroneous outstanding checks and deposits in transit. Bank reconciliations should be reviewed for accuracy each month.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Crete'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 the no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Crete's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Crete's response to the findings identified in our audit and described above. The City of Crete'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. A review process will be implemented to ensure bank reconciliations are prepared accurately in the future. 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
January 14, 2026