CITY OF HASTINGS, NEBRASKA
UTILITY DEPARTMENTS

FINANCIAL STATEMENTS

September 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Utility Advisory Board
Hastings Utilities
City of Hastings, Nebraska

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and each major fund of Hastings Utilities, Hastings, Nebraska, as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise Hastings Utilities' basic 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 business-type activities and each major fund of Hastings Utilities, Hastings, Nebraska as of September 30, 2025 and 2024, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note A, the financial statements present only the Hastings Utilities (Electric System and Combined System) of the City of Hastings, Nebraska, and do not purport to, and do not present fairly the financial position of the City of Hastings, Nebraska, as of September 30, 2025 and 2024, and the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

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A PROFESSIONAL CORPORATION

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hastings Utilities' 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 Hastings Utilities' 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 Hastings Utilities' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hastings Utilities' basic financial statements. The accompanying supplementary information as described in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the supplementary information described in the second sentence of this paragraph is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2026, on our consideration of the Hastings Utilities' 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 Hastings Utilities' 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 Hastings Utilities' internal control over financial reporting and compliance.

AMGL, P.C.

Grand Island, Nebraska
February 4, 2026

CITY OF HASTINGS, NEBRASKA
UTILITIES DEPARTMENT

MANAGEMENT'S DISCUSSION & ANALYSIS
For the year ended September 30, 2025

This Management's Discussion and Analysis ("MD&A") is part of the annual financial report for the City of Hastings Utility Department (HU). The purpose of the MD&A is to present an overview and analysis of the financial activities of HU during the fiscal year ended September 30, 2025. The MD&A should be read in conjunction with HU's financial statements, which immediately follow this section of the report.

USING THIS REPORT

The Statement of Net Position includes information on HU's assets and liabilities at September 30, 2025 and September 30, 2024. It includes all investments in resources (assets), obligations to creditors (liabilities), and net position (equity).

The Statements of Revenue and Expenses and Changes in Net Position present the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year.

The Statement of Cash Flows presents changes in cash and cash equivalents, separated by operating activities, capital and non-capital financing activities, and investing activities.

These statements help to answer the question "Is HU as a whole better off or worse off financially as a result of the period's activities?" Change in net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows, and is one way to measure HU's financial health. Increases or decreases in net position can indicate improving or deteriorating financial health. This information, used along with the rest of this report, should be considered as a whole, along with any notable non-financial factors.

OVERVIEW OF HASTINGS UTILITIES

Hastings Utility Department (HU) is a municipally-owned, not-for-profit utility system that provides its customers a number of essential services. Each service operates as its own company, with separate revenue, expense and budgeting functions. These utility operations were brought within the governance of the Mayor and City Council in May 2017. A 5-member Utility Advisory Board appointed by the Mayor reviews the utility operations' and budget and makes recommendations on both to the Mayor and City Council for their approval. These recommendations assist the Mayor and City Council in making sound, well-informed decisions which will provide utility customers with reliable, dependable service at very competitive rates well into the future.

The Utility Advisory Board members are local citizens and also customers of the services provided by HU. Each of the five board members is appointed for a five-year term with one appointment or reappointment made each year.

MANAGEMENT'S DISCUSSION & ANALYSIS, Continued
For the year ended September 30, 2025

The Electric system consists of generation at the Whelan Energy Center 1 (WEC 1), a coal fired power plant; the North Denver Station (NDS) and the Don Henry Power Center (DHPC). Maintenance and construction of transmission and distribution systems are provided by the Line and Substation/Metering departments.

Unit	Rating	Commercial Operation Date
Whelan Energy Center Unit 1	77 MW	1981
North Denver Station Unit 4	15 MW	1957
North Denver Station Unit 5	25 MW	1967
Don Henry Power Center Unit 1	18 MW	1972

The Combined system includes gas, water, and pollution control utilities. Street lighting was transferred from the Combined system to the Electric Fund effective October 1, 2020.

HU also purchases power from Whelan Energy Center 2 (WEC 2), a coal fired power plant rated at 220MW, which is owned by the Public Power Generation Agency (PPGA). In addition to HU, participants in PPGA include Municipal Energy Agency of Nebraska, Heartland Consumers Power District, Grand Island Utilities, and Nebraska City Utilities.

HU is the Operating Agent for WEC 2, which adjoins WEC 1. The 81 employees of WEC 1 also staff WEC 2, which has no actual employees. Each participant shares in the cost of operation and receives a share of the MW output of the facility.

REVENUES AND EXPENSES

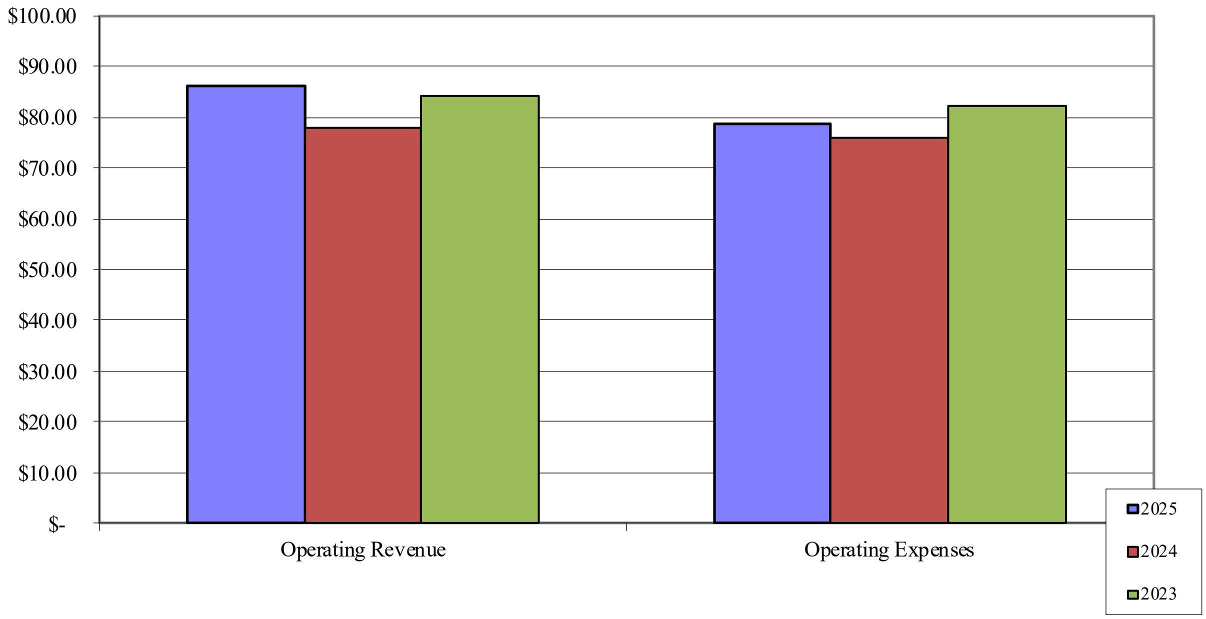
Summary Results of Operations (dollars in millions)
For the years ended September 30,

	2025	2024	2023
Revenues:			
Operating Revenues	$ 86.24	$ 77.86	$ 84.33
Non-Operating Revenues	16.14	14.05	15.03
Total Revenues	102.38	91.91	99.36
Expenses:			
Operating Expenses	78.51	75.79	81.98
Payments In Lieu of Tax	3.70	3.78	3.97
Non-Operating Expenses	10.64	9.73	10.21
Total Expenses	92.85	89.30	96.16
Net Income Before Contributions	9.53	2.61	3.20
Capital Contributions	3.91	1.12	0.24
Change in Net Position	13.44	3.73	3.44
Net Position - Beginning	248.60	244.87	241.43
Net Position - Ending	$ 262.04	$ 248.60	$ 244.87

Operating revenue increased $8.38M, due primarily to a $4.38M increase in electric retail sales and a $3.42M increase in SPP market sales. Operating expenses increased $2.72M.

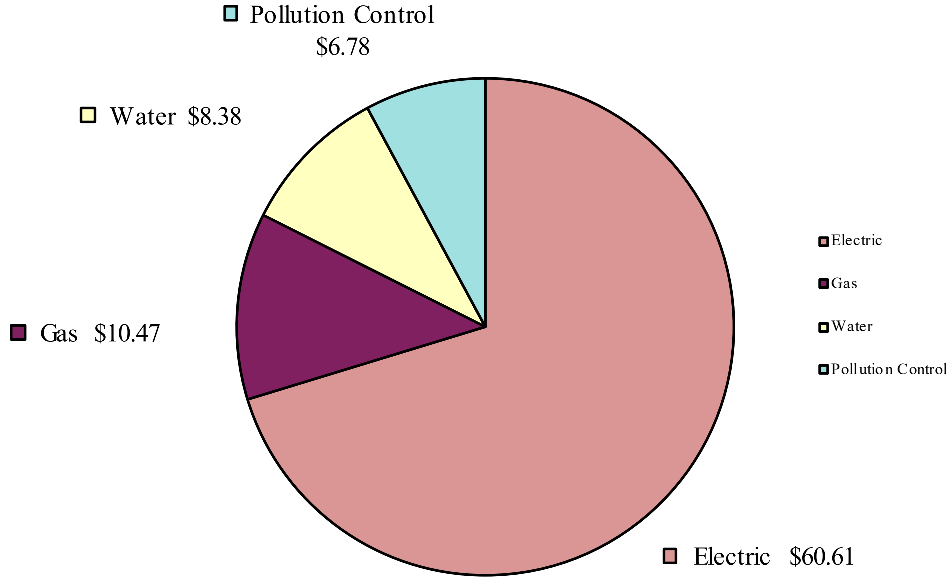
Comparison of Revenues and Expenses

Hastings Utility Department
2025 - 2024 - 2023

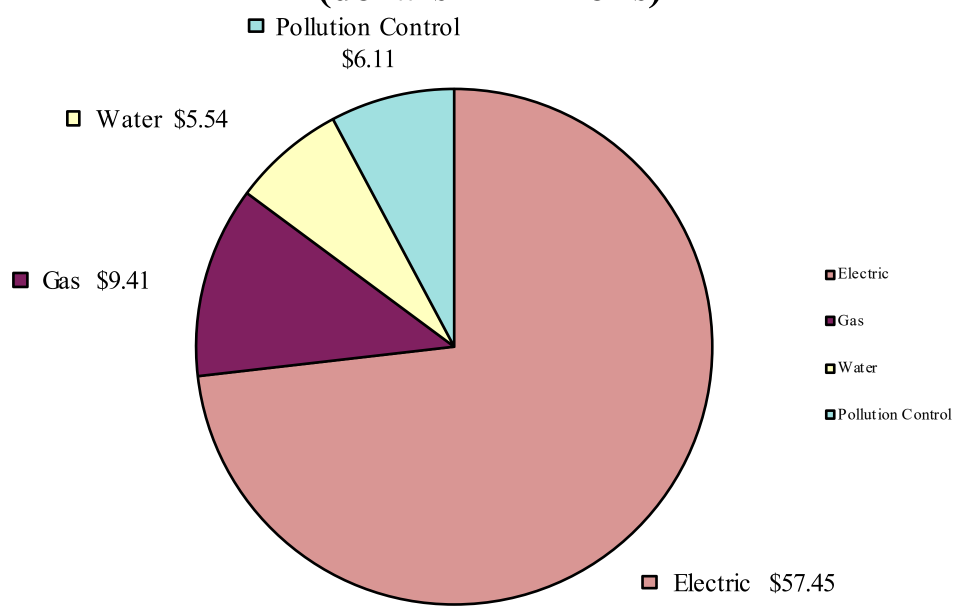


Revenue & Expenses

2025 OPERATING REVENUE BY DEPARTMENT (dollars in millions)



2025 OPERATING EXPENSES BY DEPARTMENT (dollars in millions)



PAYMENTS IN LIEU OF TAXES

Transfers of payments in lieu of taxes to the City of Hastings are a huge benefit of local ownership of the utility system. Since HU is a part of the City of Hastings, it does not pay any property taxes, as would be the case if the system were privately owned. Therefore, it has been a longstanding practice of HU to transfer revenues to the City's general fund. The transfers ensure that the other essential service areas provided by the City do not suffer as a result of public ownership of HU. Factors that drive an increase or decrease in transfer payments include the levels of utility service used by HU's customer base (see Note C7).

MISCELLANEOUS REVENUES AND EXPENSES

As a whole, non-operating income increased \$2.09M, while non-operating expenses increased \$0.90M. Non-operating revenues include interest income, participation and capacity agreement income, coal sales, jobbing reimbursements, reimbursement for services provided to PPGA, and miscellaneous income. Non-operating expenses include interest expense, loss on disposal of assets, cost of coal, jobbing and services to PPGA (see Note D3).

CAPITAL ASSETS

A major philosophy of HU's approach to delivering its services is staying ahead of the "reliability curve". Delivery networks and facilities are constantly evaluated to determine if they are capable of supplying needed services now and into the future, resulting in extensive capital additions in the past years. Total utility plant in service increased from \$397.29M in 2024 to \$413.67M in 2025, an increase of \$16.38M. After depreciation and including construction in progress, net utility plant increased from \$205.42M in 2024 to \$218.17M in 2025, an increase of \$12.75M.

Significant capital expenditures during the year ended September 30, 2025 included:

- Gas meters - \$155,114
- Academic lift station (contribution in aid of construction) - \$2,446,915
- Primary anaerobic digester structure upgrade - \$3,833,563
- Modify 3505 Yost Avenue building - \$645,588
- Water meters - \$229,108
- Upgrade to 8" water main on Boston (A to E Streets) - \$554,827
- Well 6 structure - \$199,965
- Electric meters – 450,395
- Electric distribution poles, conductor, overhead and underground improvements - \$2,555,812
- Street lights - \$207,126

- WEC1 bottom ash conveyor system - $3,479,857
- Unit 5 boiler building winterization - $173,030
- Electric line transformers - $550,567
- Construction in progress on electric projects - $2,052,021
- Construction in progress on gas projects - $843,223
- Construction in progress on water projects - $640,397
- Construction in progress on sewer projects - $283,085

LONG-TERM DEBT

Total long-term debt decreased from $9.1M to $8.3M as $0.7M of notes payable were issued and scheduled principal payments were made.

FACTORS BEARING ON THE NEXT FISCAL YEAR

- Infrastructure replacement projects are expected to continue to address aging water and sewer systems.
- Rising costs of healthcare continue to be a challenge.
- The Sewer Department has a remaining contractual commitment of $424,409 on aeration basin equipment, expected to be completed by January 2026.
- The Water Department has a remaining contractual commitment of $506,216 on the Sixth Street main replacement project, expected to be completed by March 2026.
- The Water Department has a remaining contractual commitment of $995,089 on the Highway 6 water improvement project, expected to be completed by March 2026.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of HU's primary government finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Hastings, Manager, Utilities, 1228 North Denver Avenue, Hastings, NE 68901.

CITY OF HASTINGS, NEBRASKA
UTILITY DEPARTMENTS

STATEMENTS OF NET POSITION

September 30,

	Electric Fund	
	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 8,960,056	$ 7,619,672
Investments	6,720,000	6,720,000
Accounts receivable	7,231,634	7,057,798
Interest receivable	67,653	77,215
Interfund receivable (payable)	57,914	(143,633)
Inventory	9,661,212	9,693,763
Total current assets	32,698,469	31,024,815
Noncurrent assets:		
Restricted cash and cash equivalents	1,590,831	1,382,691
Capital assets:		
Construction in progress	34,040,874	31,988,853
Electric	219,091,088	211,582,836
Gas	-	-
Water	-	-
Pollution control	-	-
Administrative	-	-
Less accumulated depreciation	(147,443,604)	(143,331,743)
Subtotal	105,688,358	100,239,946
Non-utility plant	15,866,333	15,866,333
Less accumulated depreciation	(9,907,659)	(9,297,723)
Net capital assets	111,647,032	106,808,556
Total noncurrent assets	113,237,863	108,191,247
Total assets	145,936,332	139,216,062
LIABILITIES		
Current liabilities:		
Accounts payable	6,294,488	5,495,105
Accrued payroll expenses	383,635	454,571
Accrued interest payable	-	-
Sales tax payable	14,778	18,572
Customer deposits	-	-
Current portion of long-term debt	-	-
Total current liabilities	6,692,901	5,968,248
Noncurrent liabilities:		
Compensated absences	2,333,693	1,820,344
Accrued emissions fees	16,540	13,057
Accrued ash disposal fees	1,590,831	1,525,269
Noncurrent portion of long-term debt	-	-
Total noncurrent liabilities	3,941,064	3,358,670
Total liabilities	10,633,965	9,326,918
NET POSITION		
Net investment in capital assets	111,647,032	106,808,556
Restricted for debt service	-	-
Unrestricted	23,655,335	23,080,588
Total net position	$ 135,302,367	$ 129,889,144

See notes to financial statements.

Combined System 2025	Combined System 2024	Total 2025	Total 2024
$ 16,369,649	$ 15,719,312	$ 25,329,705	$ 23,338,984
4,550,781	6,228,438	11,270,781	12,948,438
3,301,259	2,799,452	10,532,893	9,857,250
19,865	61,989	87,518	139,204
(57,914)	143,633	-	-
2,421,123	2,270,373	12,082,335	11,964,136
26,604,763	27,223,197	59,303,232	58,248,012
715,852	549,710	2,306,683	1,932,401
15,146,973	13,805,201	49,187,847	45,794,054
-	-	219,091,088	211,582,836
37,801,315	37,574,528	37,801,315	37,574,528
64,160,856	62,678,509	64,160,856	62,678,509
76,524,895	70,454,132	76,524,895	70,454,132
16,087,292	14,996,801	16,087,292	14,996,801
(97,235,247)	(94,328,201)	(244,678,851)	(237,659,944)
112,486,084	105,180,970	218,174,442	205,420,916
-	-	15,866,333	15,866,333
-	-	(9,907,659)	(9,297,723)
112,486,084	105,180,970	224,133,116	211,989,526
113,201,936	105,730,680	226,439,799	213,921,927
139,806,699	132,953,877	285,743,031	272,169,939
1,554,312	2,056,554	7,848,800	7,551,659
315,492	288,132	699,127	742,703
39,752	44,063	39,752	44,063
216,412	239,419	231,190	257,991
555,252	549,710	555,252	549,710
877,233	828,382	877,233	828,382
3,558,453	4,006,260	10,251,354	9,974,508
2,057,566	1,982,492	4,391,259	3,802,836
-	-	16,540	13,057
-	-	1,590,831	1,525,269
7,450,803	8,254,226	7,450,803	8,254,226
9,508,369	10,236,718	13,449,433	13,595,388
13,066,822	14,242,978	23,700,787	23,569,896
104,158,048	96,098,362	215,805,080	202,906,918
160,600	-	160,600	-
22,421,229	22,612,537	46,076,564	45,693,125
$ 126,739,877	$ 118,710,899	$ 262,042,244	$ 248,600,043

CITY OF HASTINGS, NEBRASKA
UTILITY DEPARTMENTS

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the years ended September 30,

	Electric Fund 2025	Electric Fund 2024
Operating revenues	$ 60,605,463	$ 52,478,980
Operating expenses (non-depreciation)	(53,152,101)	(51,067,613)
Operating income before depreciation	7,453,362	1,411,367
Less depreciation	(4,300,703)	(4,107,955)
Operating income (loss)	3,152,659	(2,696,588)
Nonoperating revenues (expenses):		
Interest income	602,086	1,397,250
DEE loan forgiveness	-	-
Payments in lieu of taxes	(2,392,307)	(2,229,696)
Participation and capacity agreement	2,156,529	1,308,605
Allocated administration interest and other revenue	-	-
Miscellaneous income	646,698	839,035
Net coal sales	1,217,438	923,380
Interest expense	-	-
Non-utility plant depreciation expense	(609,936)	(609,936)
Miscellaneous expenses	(277,268)	(391,565)
Loss on disposal of assets	(53,698)	(303,893)
Contributions in aid of construction	971,022	628,190
Total other income (expenses)	2,260,564	1,561,370
Change in net position	5,413,223	(1,135,218)
Net position - beginning of year		
As previously reported	129,889,144	128,794,666
Restatement	-	2,229,696
As restated	129,889,144	131,024,362
Net position - end of year	$ 135,302,367	$ 129,889,144

See notes to financial statements.

Combined System		Total	
2025	2024	2025	2024
$ 25,636,757	$ 25,380,258	$ 86,242,220	$ 77,859,238
(18,124,054)	(17,941,407)	(71,276,155)	(69,009,020)
7,512,703	7,438,851	14,966,065	8,850,218
(2,934,592)	(2,671,590)	(7,235,295)	(6,779,545)
4,578,111	4,767,261	7,730,770	2,070,673
752,786	614,116	1,354,872	2,011,366
120,427	278,895	120,427	278,895
(1,310,859)	(1,551,845)	(3,703,166)	(3,781,541)
-	-	2,156,529	1,308,605
149,224	215,385	149,224	215,385
1,126,284	276,979	1,772,982	1,116,014
-	-	1,217,438	923,380
(90,869)	(100,384)	(90,869)	(100,384)
-	-	(609,936)	(609,936)
(101,461)	(70,989)	(378,729)	(462,554)
(134,798)	(60,016)	(188,496)	(363,909)
2,940,133	491,438	3,911,155	1,119,628
3,450,867	93,579	5,711,431	1,654,949
8,028,978	4,860,840	13,442,201	3,725,622
118,710,899	112,298,214	248,600,043	241,092,880
-	1,551,845	-	3,781,541
118,710,899	113,850,059	248,600,043	244,874,421
$ 126,739,877	$ 118,710,899	$ 262,042,244	$ 248,600,043

CITY OF HASTINGS, NEBRASKA
UTILITY DEPARTMENTS

STATEMENTS OF CASH FLOWS

For the years ended September 30,

	2025		
	Electric Fund	Combined System	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	$ 72,936,210	$ 26,308,997	$ 99,245,207
Payments to suppliers	(48,856,217)	(9,833,887)	(58,690,104)
Payments to employees	(11,717,472)	(8,555,597)	(20,273,069)
Net cash provided by operating activities	12,362,521	7,919,513	20,282,034
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Increase (decrease) in due to/from other funds	(201,547)	201,547	-
Payments in lieu of tax to City of Hastings	(2,392,307)	(1,310,859)	(3,703,166)
Net cash provided (used) by noncapital financing activities	(2,593,854)	(1,109,312)	(3,703,166)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(9,802,813)	(10,726,105)	(20,528,918)
Contributions in aid of construction	971,022	2,940,133	3,911,155
Sale of capital assets	-	49,008	49,008
DEE loan proceeds (including loan forgiveness)	-	194,237	194,237
Principal payments on capital debt	-	(828,382)	(828,382)
Interest paid on capital debt	-	(95,180)	(95,180)
Net cash used by capital and related financing activities	(8,831,791)	(8,466,289)	(17,298,080)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease in investments	-	1,677,657	1,677,657
Decrease in restricted investments	-	-	-
Interest income received	611,648	794,910	1,406,558
Net cash provided by investing activities	611,648	2,472,567	3,084,215
Increase (decrease) in cash and cash equivalents	1,548,524	816,479	2,365,003
Cash and cash equivalents - beginning of the year	9,002,363	16,269,022	25,271,385
Cash and cash equivalents - end of the year	$ 10,550,887	$ 17,085,501	$ 27,636,388
Cash and cash equivalents consists of:			
Cash and cash equivalents	$ 8,960,056	$ 16,369,649	$ 25,329,705
Restricted cash and cash equivalents	1,590,831	715,852	2,306,683
Total cash and cash equivalents	$ 10,550,887	$ 17,085,501	$ 27,636,388

See notes to financial statements.

2024		
Electric Fund	Combined System	Total
$ 61,850,587	$ 25,398,891	$ 87,249,478
(49,500,080)	(9,122,482)	(58,622,562)
(10,432,913)	(7,955,058)	(18,387,971)
1,917,594	8,321,351	10,238,945
(11,770,409)	11,770,409	-
(2,229,696)	(1,551,845)	(3,781,541)
(14,000,105)	10,218,564	(3,781,541)
(25,640,515)	(9,649,584)	(35,290,099)
628,190	491,438	1,119,628
-	5,000	5,000
-	449,830	449,830
-	(137,692)	(137,692)
-	(55,441)	(55,441)
(25,012,325)	(8,896,449)	(33,908,774)
2,075,284	36,328	2,111,612
-	200,000	200,000
1,395,827	577,877	1,973,704
3,471,111	814,205	4,285,316
(33,623,725)	10,457,671	(23,166,054)
42,626,088	5,811,351	48,437,439
$ 9,002,363	$ 16,269,022	$ 25,271,385
$ 7,619,672	$ 15,719,312	$ 23,338,984
1,382,691	549,710	1,932,401
$ 9,002,363	$ 16,269,022	$ 25,271,385

CITY OF HASTINGS, NEBRASKA
UTILITY DEPARTMENTS

STATEMENTS OF CASH FLOWS, Continued

For the years ended September 30,

	2025		
	Electric Fund	Combined System	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	$ 3,152,659	$ 4,578,111	$ 7,730,770
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	4,910,639	3,237,185	8,147,824
Participation and capacity agreements	2,156,529	-	2,156,529
Miscellaneous income, net of expenses	976,932	1,174,047	2,150,979
(Increase) decrease in assets:			
Accounts receivable	(173,836)	(501,807)	(675,643)
Inventory	32,551	(150,750)	(118,199)
Increase (decrease) in liabilities:			
Accounts payable	799,383	(502,242)	297,141
Accrued expenses	507,664	79,427	587,091
Customer deposits	-	5,542	5,542
Net cash provided by operating activities	$ 12,362,521	$ 7,919,513	$ 20,282,034

See notes to financial statements.

	2024		
	Electric Fund	Combined System	Total
	$ (2,696,588)	$ 4,767,261	$ 2,070,673
	4,717,891	2,901,897	7,619,788
	1,308,605	-	1,308,605
	760,914	421,375	1,182,289
	(888,025)	(402,742)	(1,290,767)
	(562,743)	(13,338)	(576,081)
	(998,312)	351,372	(646,940)
	275,852	304,621	580,473
	-	(9,095)	(9,095)
	$ 1,917,594	$ 8,321,351	$ 10,238,945

CITY OF HASTINGS, NEBRASKA
UTILITY DEPARTMENTS

NOTES TO FINANCIAL STATEMENTS

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CITY OF HASTINGS, NEBRASKA
UTILITY DEPARTMENTS

NOTES TO FINANCIAL STATEMENTS

September 30, 2025 and 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements referred to above present only the Departments and do not purport to, and do not, present fairly the financial position of the City of Hastings, Nebraska, as of September 30, 2025, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements do not include the Landfill Fund, which is also an enterprise fund of the City.

1. Financial Reporting Entity

The City of Hastings, Nebraska (the "City") under the direction of the City Council, owns and operates electric, gas, water, and pollution control/waste water treatment utilities ("Utilities"). In accordance with the provisions of Ordinance Number 2622 of the City of Hastings, the Electric System is to be accounted for separately from other utility operations. Therefore, the accompanying financial statements have been prepared to reflect the financial position and results of operations and cash flows of the Electric System and Combined System (gas, water, and pollution control/waste water treatment utilities) on a segregated as well as a combined basis. The street lighting operation was transferred from the Combined System to the Electric System effective October 1, 2020. The Electric System follows the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission (FERC). Certain costs are shared by the Electric System and the Combined System. Joint administrative and general expenses are paid by the Combined System and the Electric System is billed for its portion on the basis of overhead studies. Total billings for these inter-system charges totaled $2,931,307 for the year ended September 30, 2025 and $3,148,121 for the year ended September 30, 2024.

In determining the financial reporting entity, the Departments comply with the provisions of GASB Statement No. 61, and has addressed all potential component units (traditionally separate reporting entities) for which the Departments may be financially accountable, and, as such, should be included within the Departments' financial statements. The Utilities (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 Departments. 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.

The Departments are enterprise funds of the City of Hastings, Nebraska, and have determined that they have no component units for reporting purposes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Measurement Focus and Basis of Accounting

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

Measurement Focus

The Departments utilize the “flow of economic resources” measurement focus and uses the accrual basis of accounting. 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.

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.

The Departments’ accounting records are maintained in accordance with accounting principles generally accepted in the United States of America for regulated utilities and generally follow the Uniform System of Accounts for Public Utilities and License prescribed by the Federal Energy Regulatory Commission (FERC). The Utilities prepare its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

The Departments first apply unrestricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Assets, Liabilities, and Equity

Estimates

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

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Departments consider cash on hand and in the bank, as well as cash and equity in pooled cash held by the City, which are readily convertible to known amounts of cash and have original maturities of three months or less, to be cash and cash equivalents.

Investments

Investments are reported at market value based on Level I evidence (investment trading prices on the open market). Certificate of deposit investments are carried at cost, which approximates fair market value. Interest income consists of interest income from investments, certificates of deposit, and cash and cash equivalents.

Receivables

Billings for the sale of electric, water and sewer are generally rendered on a monthly basis. Accounts receivable are stated at the amount billed to customers, with credit extended on an unsecured basis. Receivable balances are carried at the amount that is deemed collectible and is reviewed by management on a regular basis. An allowance for credit losses of $60,000 and $60,000 was recorded on the Electric Fund as of September 30, 2025 and 2024. Estimated sales which have not been billed are accrued and recorded in the period to which they relate as unbilled revenues.

Inventories

Materials and supplies inventories are recorded at the lower of cost (average cost) or market, using the first in first out method.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Assets, Liabilities, and Equity, continued

Restricted Assets

Restricted assets include cash and certificates of deposit that are legally restricted as to their use. The restricted assets are related to debt service reserve accounts and fly ash disposal costs.

Capital Assets

The basis of the utility plant in service consists of a 1944 appraisal made by Black and Veatch, consulting engineers, for the electric and water systems, a 1954 appraisal made by Henningson, Durham and Richardson, Inc. for the pollution control/waste water treatment system and the book value of assets received in 1954, the time of consolidation for the gas system. Additions since these dates are at cost. In accordance with FERC requirements, contributions in aid of construction had been used to reduce the cost basis of fixed assets of the electric and gas systems through December 31, 2000. After January 1, 2001, the contributions in aid of construction are included in the statements of revenue and expenses, as directed by GASB Statement No. 33.

The Utilities use a work order system of accounting for new construction. Under this system, the cost of a project is accumulated in a Construction Work in Progress Account. Upon completion of the project, the total cost is transferred to the appropriate Utility Plant in Service Account.

Depreciation, amortization, and maintenance:

Effective October 1, 2022, Hastings Utilities changed depreciation methods, and now use the straight line method over the estimated lives of the capital assets (ranging from 5 to 50 years). The provision for depreciation was computed at an overall straight-line composite rate of approximately 3.0% for the year ended September 30, 2024 and this method continues to be used for the non-utility plant assets in the Electric Fund. Depreciation expense taken during the year ended September 30, 2025 was $8,147,824 and for the year ended September 30, 2024 was $7,619,788.

The Utilities charge maintenance and repairs, including the cost of minor renewals of property, to maintenance expenses. Replacements of property (except minor replacements) are charged to Utilities plant accounts. The Department has a $10,000 capitalization threshold. Upon retirement of property, the cost of property is removed from the plant accounts and charged to a reserve for depreciation, and the related salvage, net of removal costs, is credited thereto.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Assets, Liabilities, and Equity, continued

Accrued Compensated Absences

During the year ended September 30, 2025, the Utilities adopted GASB No. 101, *Compensated Absences.* All regular full-time employees earn sick leave and vacation leave. Employees accrue vacation leave at variable rates based on years of service. The Utilities adopted a resolution on November 2, 1990, effective January 1, 1991, allowing utility employees who have been employed for a period of not less than ten continuous years by the Utilities to receive accumulated medical leave upon termination. The amount of compensation is to be 25 percent of accumulated medical leave. This rate remains in effect for those employees with less than 20 years of service. As of December 28, 2014, this rate was changed to 50 percent of unused medical leave for employees with 20 continuous years of service or more. The Utilities also have a policy to pay 25 percent of unused sick pay in excess of 137.5 days on an annual basis.

Long-term Debt

The long-term debt consists of notes and bonds payable.

Net Position Classifications

Net Position is classified into 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 improvement of those assets.

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Assets, Liabilities, and Equity, continued

Equity Restatement

During the year ended September 30, 2025, the Council approved a change to the calculation methodology for payments in-lieu of tax. Prior to this change, the in-lieu of tax had been accrued at year end based on annual revenue and paid over the subsequent 12 months. The payment in-lieu of tax is paid based on current month revenue effective September 30, 2025. As a result, equity as of September 30, 2023 was restated to increase net position and decrease accounts payable on the Electric Fund $2,229,696 and to increase net position and decrease accounts payable on the Combined System $1,551,845.

4. Revenues, Expenditures, and Expenses

Revenues and Expenses

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

Allocation of Combined System Administration Other Income

The Utilities have allocated the combined system's administration's other income to the operating departments of the combined system.

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. 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 Departments' deposit policy for custodial credit risk requires compliance with the provisions of state law.

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

1. Deposit Laws and Regulations, continued

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 Departments' 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 Utility Departments' name.

2. 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 Nebraska Department of Water, Energy, and Environment (NDWEE) water notes payable require a debt service reserve account. The Series 2021 Combined Systems Revenue Refunding Bonds do not require a debt reserve account. The Departments are in compliance with the bond restrictions and covenants.

3. Budgetary Data

An appropriated budget is adopted each fiscal period for the Departments on the cash basis, which is consistent with State of Nebraska budget guidelines. Budgets are approved by the Mayor and City Council.

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

CITY OF HASTINGS, NEBRASKA
UTILITY DEPARTMENTS

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025 and 2024

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

1. Cash and Investments

Deposits

The Departments' policies regarding deposits of cash are discussed in Note A3. The table presented below is designed to disclose how the Departments' 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 Departments (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 Departments' 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 Departments' name; or collateralized with no written or approved collateral agreement.

Types of Deposits	Total Bank Balance	Category 1	Category 2	Category 3	Total Carrying Value
Demand deposits and certificates of deposit	$ 38,770,884	$ 2,662,756	$ 35,833,155	$274,974	$ 38,907,169

Reconciliation to Government-wide Statement of Net Position:

Primary Government -	
Unrestricted cash and cash equivalents	$ 25,329,705
Unrestricted investments	11,270,781
Restricted cash and cash equivalents	2,306,683
Total	$ 38,907,169

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

1. Cash and Investments, continued

	Investment Maturities (in Years)				
	< 1	1 - 5	5 - 10	> 10	Total
CD's	$ 3,510,000	$ -	$ -	$ -	$ 3,510,000
Money market	7,760,781	-	-	-	7,760,781
	$ 11,270,781	$ -	$ -	$ -	$ 11,270,781

Unrestricted cash and investments at September 30, 2025 and 2024, consisted of:

	September 30, 2025		September 30, 2024	
	Cash & Cash Equivalents	Investments	Cash & Cash Equivalents	Investments
Electric Fund:				
Rate stabilization	$ -	$ 4,210,000	$ -	$ 4,210,000
Revenue fund	8,807,300	500,000	7,473,343	500,000
Southwest Power Pool	152,756	-	146,329	-
Insurance fund	-	2,010,000	-	2,010,000
Total	$ 8,960,056	$ 6,720,000	$ 7,619,672	$ 6,720,000
Combined System:				
General operating	$ 15,306,099	$ -	$ 14,705,662	$ -
Petty cash	550	-	650	-
Economic development	813,000	-	1,013,000	-
Rate stabilization	-	3,800,781	-	5,228,438
Revenue fund	-	-	-	-
Insurance fund	250,000	750,000	-	1,000,000
Total	$ 16,369,649	$ 4,550,781	$ 15,719,312	$ 6,228,438

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

2. Restricted Assets

The restricted cash and investments at September 30, 2025 and 2024 consisted of:

	September 30, 2025		September 30, 2024	
	Cash & Cash Equivalents	Investments	Cash & Cash Equivalents	Investments
Electric Fund:				
Fly ash disposal	$ 1,590,831	$ -	$ 1,382,691	$ -
Combined System:				
Debt service	$ 160,600	$ -	$ -	$ -
Customer deposits	555,252	-	549,710	-
Total restricted	$ 715,852	$ -	$ 549,710	$ -

Electric System:

The Electric System maintains the following special accounts:

1) Insurance Fund

A special electric insurance fund of $2,010,000 was established for the sole and exclusive purpose of insuring property which otherwise would have been insured under lower deductible amounts in the building and contents insurance policy and boiler and machine insurance policy. This electric insurance fund can be used only in the event of a loss in the electric department which would otherwise have been paid by an insurance carrier had there been no deductible or a deductible of a lesser amount and only with the approval of the City Council of the City of Hastings.

2) Rate Stabilization Fund

The Utilities established a rate stabilization fund in March 1996. The funds above those needed to meet current reserve requirements as determined by the City Council will be accumulated and used to pay a portion of the costs of anticipated major capital facilities or as otherwise directed by the City Council.

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

2. Restricted Assets, continued

Electric System, continued:

3) Closure/Post Closure Care Account

In 2001, the Utilities entered into an agreement with the NDWEE to establish a Closure/Post Closure Care Account. The purpose of this account is to accumulate sufficient monies to fund all related costs of closure and post closure of the ash disposal area at the Whelan Energy Center. Monies are deposited into this account at a rate $3.00 per ton of ash put into the disposal area. The calculated amount of the Closure/Post Closure liability was $1,590,831 at September 30, 2025 and $1,525,269 at September 30, 2024. The amount on deposit in the Closure/Post Closure Care Account was $1,590,831 at September 30, 2025 and was $1,382,691 at September 30, 2024.

Combined System:

Under the terms of the revenue bond ordinance, the revenues and earnings of the Combined Utility System are pledged for the payment of principal and interest on the Series 2021 bonds and the NDWEE water notes payable and the following special accounts are required:

1) Bond Payment Fund

Specific monthly deposits to the account are required in the amount of 1/6 of the next maturing semiannual interest payment, plus an amount equal to 1/12 of the next maturing principal payment.

2) Debt Service Reserve Fund

The Series 2021 bonds do not have a specific debt service reserve requirement.

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

2. Restricted Assets, continued

The Combined System maintains other special accounts for the following purposes:

1) Customer Deposits

   To account for refundable customer security deposits.

2) Insurance Fund

   A special combined insuance fund of $1,000,000 was established for the sole and exclusive purpose of insuring property which otherwise would have been insured under lower deductible amounts in the building and contents insurance policy fund. This special combined insurance fund can be used only in the event of a loss in the gas, water or pollution control departments which would otherwise have been paid by an insurance carrier had there been no deductible or a deductible of a lesser amount and only with the approval of the City Council of the City of Hastings.

3) Rate Stabilization Fund

   The Utilities established a rate stabilization fund in November of 1995. The funds above those needed to meet current reserve requirements as determined by the City Council will be accumulated and used to pay a portion of the costs of major capital facilities or as otherwise directed by the City Council.

CITY OF HASTINGS, NEBRASKA
UTILITY DEPARTMENTS

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025 and 2024

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

3. Capital Assets

The major classes of property, plant, and equipment at September 30, 2025, are shown below:

	Balance 9/30/2024	Additions	Disposals	Reclass	Balance 9/30/2025
Capital assets not being depreciated:					
Land	$ 7,234,360	$ -	$ -	$ -	$ 7,234,360
Construction in progress	45,794,054	3,818,725	-	(424,932)	49,187,847
Total capital assets not being depreciated	53,028,414	3,818,725	-	(424,932)	56,422,207
Capital assets being depreciated:					
Electric	208,462,095	7,750,792	(242,540)	-	215,970,347
Electric non-utility plant	15,866,333	-	-	-	15,866,333
Gas	37,203,365	331,748	(104,961)	-	37,430,152
Water	61,367,646	1,573,447	(91,100)	-	62,849,993
Pollution control	68,022,539	6,341,844	(271,081)	-	74,093,302
Administrative	14,996,801	712,362	(46,803)	424,932	16,087,292
Total depreciable assets at historical cost	405,918,779	16,710,193	(756,485)	424,932	422,297,419
Less accumulated depreciation for:					
Electric	(143,331,743)	(4,300,703)	188,842	-	(147,443,604)
Electric non-utility plant	(9,297,723)	(609,936)	-	-	(9,907,659)
Gas	(34,162,837)	(162,809)	104,312	-	(34,221,334)
Water	(11,489,803)	(909,573)	11,841	-	(12,387,535)
Pollution control	(38,756,439)	(1,862,210)	168,698	-	(40,449,951)
Administrative	(9,919,122)	(302,593)	45,288	-	(10,176,427)
Total accumulated depreciation	(246,957,667)	(8,147,824)	518,981	-	(254,586,510)
Depreciable capital assets, net	158,961,112	8,562,369	(237,504)	424,932	167,710,909
Net property, plant, and equipment	$ 211,989,526	$ 12,381,094	$ (237,504)	$ -	$ 224,133,116

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

3. Capital Assets, continued

The major classes of property, plant, and equipment at September 30, 2024, are shown below:

	Balance 9/30/2023	Additions	Disposals	Reclass	Balance 9/30/2024
Capital assets not being depreciated:					
Land	$ 6,265,168	$ 969,192	$ -	$ -	$ 7,234,360
Construction in progress	30,727,924	18,006,511	-	(2,940,381)	45,794,054
Total capital assets not being depreciated	36,993,092	18,975,703	-	(2,940,381)	53,028,414
Capital assets being depreciated:					
Electric	202,119,842	7,917,879	(1,575,626)	-	208,462,095
Electric non-utility plant	15,866,333	-	-	-	15,866,333
Gas	35,527,945	1,330,790	(77,181)	421,811	37,203,365
Water	55,312,951	4,213,638	(88,720)	1,929,777	61,367,646
Pollution control	66,107,054	1,915,485	-	-	68,022,539
Administrative	13,501,156	936,604	(29,752)	588,793	14,996,801
Total depreciable assets at historical cost	388,435,281	16,314,396	(1,771,279)	2,940,381	405,918,779
Less accumulated depreciation for:					
Electric	(140,495,521)	(4,107,955)	1,271,733	-	(143,331,743)
Electric non-utility plant	(8,687,787)	(609,936)	-	-	(9,297,723)
Gas	(34,135,911)	(103,305)	76,379	-	(34,162,837)
Water	(10,728,512)	(785,797)	24,506	-	(11,489,803)
Pollution control	(36,973,951)	(1,782,488)	-	-	(38,756,439)
Administrative	(9,718,567)	(230,307)	29,752	-	(9,919,122)
Total accumulated depreciation	(240,740,249)	(7,619,788)	1,402,370	-	(246,957,667)
Depreciable capital assets, net	147,695,032	8,694,608	(368,909)	2,940,381	158,961,112
Net property, plant, and equipment	$ 184,688,124	$ 27,670,311	$ (368,909)	$ -	$ 211,989,526

CITY OF HASTINGS, NEBRASKA
UTILITY DEPARTMENTS

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025 and 2024

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

4. Long-term Debt

Changes in Long-term Debt

	Balance 9/30/2024	Additions	Principal Payments	Balance 9/30/2025	Amounts Due Within One Year
Sewer bond payable	$ 6,910,000	$ -	$ (690,000)	$ 6,220,000	$ 730,000
Water notes payable	2,172,608	73,810	(138,382)	2,108,036	147,233
Total	$ 9,082,608	$ 73,810	$ (828,382)	$ 8,328,036	$ 877,233

	Balance 9/30/2023	Additions	Principal Payments	Balance 9/30/2024	Amounts Due Within One Year
Sewer bond payable	$ 6,910,000	$ -	$ -	$ 6,910,000	$ 690,000
Water notes payable	2,139,365	170,935	(137,692)	2,172,608	138,382
Total	$ 9,049,365	$ 170,935	$ (137,692)	$ 9,082,608	$ 828,382

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

Combined Systems Revenue Refunding Bonds, dated August 5, 2021, with interest of 1.30 percent. Interest is due in semi-annual installments and principal is due in annual installments through October 15, 2032. These bonds are paid by the Pollution Control Department.	$ 6,220,000
NDWEE note for the lead service line replacement project dated March 15, 2025, bearing no interest. Semi-annual principal payments of $4,079 are due commencing December 15, 2025 through June 15, 2055. Payments are made by the Water Department.	244,746

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

4. Long-term Debt, continued

NDWEE note for the Hastings aquifer storage and restoration project dated September 11, 2017, bearing interest of 0.5 percent, due in semi-annual principal and interest installments of $74,109 plus a 0.5 percent service fee through June 15, 2038. Payments are made by the Water Department.	1,863,290
Total notes and bond payable	$ 8,328,036
Current portion	$ 877,233
Noncurrent portion	7,450,803
Total	$ 8,328,036

Year Ending	Direct Placement Debt			Other Debt Issues	
September 30,	Principal	Interest	Fees	Principal	Interest
2026	$ 147,233	$ 9,143	$ 9,143	$ 730,000	$ 76,115
2027	147,929	8,447	8,447	740,000	66,560
2028	148,629	7,747	7,747	750,000	56,875
2029	149,332	7,043	7,043	770,000	46,995
2030	150,039	6,337	6,337	785,000	36,888
2031-2035	760,921	20,958	20,958	2,445,000	47,937
2036-2040	481,580	3,865	3,865	-	-
2041-2045	40,791	-	-	-	-
2046-2050	40,791	-	-	-	-
2051-2055	40,791	-	-	-	-
	$ 2,108,036	$ 63,540	$ 63,540	$ 6,220,000	$ 331,370

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

5. Accrued Compensated Absences

Accrued compensated absences for the business-type activities consisted of the following as of September 30, 2025 and 2024:

	Balance 9/30/2024	Increase	Decrease	Balance 9/30/2025
Accrued compensated absences	$ 3,802,836	$ 588,423	$ -	$ 4,391,259

	Balance 9/30/2023	Increase	Decrease	Balance 9/30/2024
Accrued compensated absences	$ 3,450,622	$ 352,214	$ -	$ 3,802,836

6. Environmental Remediation

At present there is an ongoing investigation in the Hastings area of groundwater contamination. The investigation is being conducted by the United States Environmental Protection Agency (EPA). The City of Hastings (the City) has been named as a potentially responsible party (PRP) at three of the seven designated subsites, and has some involvement at the four remaining subsites by virtue of its ownership and operation of public facilities. Additionally, the City and other parties are responsible for what is known as the Area Wide Operable Unit, which is an overlay of six of the seven subsites. The City's liability at three of these subsites, and for the Area Wide Operable Unit, will be in the form of annual maintenance and operating costs of remediation equipment and improvements (such as landfill covers). The cost is projected at somewhere between $100,000 and $150,000 per year, although much of such costs will be satisfied by in-kind services provided by City staff.

The City's obligation on one sub-site, Operable Units 12 and 20 of the 2nd Street Sub-site, in which the City had been designated the only potentially responsible party, has been settled by a consent decree dated August 30, 2010 in the amount of $14,130,572. However, upon receipt of a cash settlement of $1,000,000, in-kind services in the amount of $1,700,000, and 49.6 percent of any insurance recovery, the City will be deemed to have met this obligation. The cash obligation and insurance recovery have been paid. The City and the utilities have provided approximately $747,000 of in-kind services. On June 4, 2017, the State took over the groundwater (down-gradient) operable unit (OU20) and the City will no longer provide in-kind services on OU20. The EPA is continuing to monitor/operate source control operable unit (OU12) and informed the City to cease all in-kind services on June 30, 2017; nevertheless, the City is willing to continue to provide any additional in-kind services as requested by the EPA in order to reduce the expected remaining liability, which was reduced to $953,392 pursuant to the consent decree. At September 30, 2018, the City of Hastings General Operating Fund had accrued a liability of $953,392. This liability was paid by the City of Hastings General Operating Fund over three years ($317,797 per year) during the years ended September 30, 2019 through 2021. The City and EPA entered into a joint stipulation to terminate consent decree which was filed in Federal Court on January 5, 2022 and approved by the court that same day.

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

6. Environmental Remediation, continued

The City is currently in negotiations with the EPA on a solution for the South Landfill Subsite. An evapotranspiration cap was installed as the source control remedy in 2004. The groundwater remedy is currently monitored natural attenuation (MNA). The EPA has indicated it does not believe the report demonstrates that MNA will meet EPA's standards for MNA remedies. The PRP's have submitted a focused feasibility study (FFS) outlining various alternatives for cleanup of the contamination. The FFS outlined several types of remediation, ranging in cost from $1,710,000 to $16,470,000 and was submitted to EPA and NDEE on August 12, 2019. The FFS is still under review and the remediation alternative remains to be approved by the EPA. The City is one of two remaining PRP's on this subsite and expects to incur 50 percent of the cost of whatever solution is ultimately selected.

7. Payments to the City of Hastings

Electric System

In Lieu of Tax Payment - The transfer from the Electric System to the General Fund of the City was calculated as 5.7 percent of retail sales of the Electric System for the year ended September 30, 2025. The transfer to the General Fund, based on operating revenues for the year ended September 30, 2025, is calculated to be $2,392,307. For the year ended September 30, 2024, the transfer from the Electric System to the General Fund of the City was calculated as 5.9 percent of the operating revenues of the Electric System for the prior year. The transfer to the General Fund of the City for the year ended September 30, 2024 was $2,229,696.

Combined System

In Lieu of Tax Payment - The City withdraws monthly from combined funds for payment to the General Fund of the City an amount equal to 7.64 percent of water operating revenues and 6.5 percent of gas operating revenues. For the year ending September 30, 2025 the total amount of in lieu of tax payments are calculated to be $1,310,859 based on the operating revenues for the year ended September 30, 2025. For the year ended September 30, 2024, the total amount of in lieu of tax payments were calculated to be $1,551,845, based on the operating revenues for the year ended September 30, 2024.

NOTE D – OTHER NOTES

1. Pension Plan

All employees of the Utilities meeting certain age and length of service requirements are members of a contributory pension plan administered by the City. Total pension expense to the Utilities was $1,424,797 for the year ended September 30, 2025 and $1,247,054 for the year ended September 30, 2024. The pension plan is a defined contribution plan and all funding is current. Employee contributions are matched by the City at 4 percent up to $25,000 of wages and then 8 percent thereafter.

The Department offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Department employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. No contributions are made to the plan by the Department.

2. Risk Management

The City Utility Departments are 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. They purchase commercial insurance for general liability, public official's liability, property coverage, and crime and blanket bond coverage to minimize the effects 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 Hastings Utility Departments' 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 Utility Departments 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 Utility Departments' investments at September 30, 2025, are held by banks in the name of the Utility Departments.

The Utility Departments' investments consist of certificates of deposit and money market accounts.

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Utility Departments' investment policy requires that market conditions and investment securities be analyzed to determine the maximum yield to be obtained and to minimize the impact of rising interest rates. The certificate of deposit maturities are summarized in Note C1.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Utility Departments' investments consist of certificates of deposit, money market funds, and other securities backed by U.S. Government obligations, minimizing credit risk associated with the Utility Departments' investment portfolio.

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

Financial Institution	Amount
Five Points Bank	$ 500,000
Pinnacle Bank	1,510,000
Home Federal	1,500,000
	$ 3,510,000

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

NOTE D – OTHER NOTES, continued

3. Contractual Commitments

MEAN Participation Agreement

As of February 23, 1983, the Utilities entered into a Participation Power Sales Agreement with the Municipal Energy Agency of Nebraska (MEAN). MEAN may purchase up to 6.95 percent of the power generated by the Whelan Energy Center #1 (WEC #1) for the longer of: 1) the time until the final maturity date of the debts to construct, improve or add to the component facilities of WEC #1 or, 2) the City removes WEC #1 and the part of the City's transmission system in which MEAN participates. MEAN will pay for all fuel related costs of generating the power it uses plus 6.95 percent of: 1) principal and interest costs of the bonded debt attributable to WEC #1, 2) the capital improvements to WEC #1 and related transmission systems, 3) fixed costs of operating and maintaining WEC #1 and the related transmission system, including taxes, 4) direct and allocated administrative and general costs associated with WEC #1, and 5) costs to prevent or correct unusual loss or damage to the WEC #1 system which are not insured or recovered from a third party.

Coal Supply Agreements

On December 15, 2006, the Utilities entered into an agreement with AGP Corn Processing, Inc. (AGP) to supply coal to a truck loadout facility built and paid for by AGP on the Whelan Energy Center property. Upon completion of the truck loadout facility, the facility was given to the Utilities, with AGP being responsible for the costs to operate and maintain the facility. The agreement is for a sixteen year period beginning on April 1, 2007. Coal deliveries commenced in August of 2008. AGP is obligated to buy annually not less than 100,000 tons and not to exceed 160,000 tons of coal from the Utilities. As a result of an agreement with AGP entered into on December 23, 2013, the minimum annual coal purchase requirement was reduced to 70,000 tons.

NOTE D – OTHER NOTES, continued

3. Contractual Commitments, continued

Coal Contracts

Peabody COALSALES, LLC

On October 19, 2022 the Utilities entered into an agreement with Peabody for the purchase of coal for the period January 1, 2023 through December 31, 2023. The agreement provides a minimum of 400,000 tons and a maximum of 1,000,000 tons each of the calendar years beginning January 1, 2023 through December 31, 2025. Peabody has first right to supply any excess over the maximum under the terms of the agreement.

The Burlington Northern and Santa Fe Railway Company

On September 16, 2022, the Utilities entered into an agreement with The BNSF Railway Company for the transportation of coal for the period of September 16, 2022 through December 31, 2027. The agreement has a minimum annual tonnage requirement of 450,000 tons.

Natural Gas Contracts

Central Plains Energy Project

On September 25, 2006, the Utilities executed an Interlocal Agreement to enter into the joint entity known as the Central Plains Energy Project (CPEP). CPEP was created between and among public agencies to achieve savings and enhanced reliability, efficiency and supply security through the joint purchase of natural gas and the arrangement of joint services on behalf of its participant members and certain other public agencies. CPEP's members include the Metropolitan Utilities District in Omaha, Nebraska, the Municipal Gas Utility of the City of Cedar Falls, Iowa and the City of Hastings.

NOTE D – OTHER NOTES, continued

3. <u>Contractual Commitments, continued</u>

Natural Gas Contracts, continued

<u>Central Plains Energy Project, continued</u>

On July 1, 2009, the Utilities entered into a 30 year Gas Supply Agreement (GSA) with CPEP Project No. 2 for approximately 25 percent of the Utilities 10 year historical average annual natural gas consumption. To provide the natural gas supply for the GSA, CPEP entered into a 30 year term Prepaid Natural Gas Purchase and Sale Agreement (Agreement) with the Royal Bank of Canada (RBC) for delivery of natural gas to CPEP.

On January 30, 2014, RBC filed a Complaint in the United States District Court for the District of Nebraska (Court) seeking a declaration that RBC be entitled to terminate the Agreement with CPEP as a result of changes in applicable banking and regulatory authorities, which RBC claimed to have a material, adverse effect on the transaction. CPEP disagreed that the regulatory changes RBC cited would result in a material, adverse effect on the transaction, and filed an Answer and Counterclaim with the Court asking for damages from RBC as a result of anticipatory breach of the Agreement.

Prior to the matter being heard by the Court, RBC and CPEP negotiated a settlement where RBC would provide the funds necessary and redeem all outstanding bonds associated with the 2009 issue; issuance of new bonds to effectuate a five year term fixed discount Prepaid Transaction between RBC and CPEP; and certain cash payments to CPEP. CPEP in turn entered into a new GSA with the Utilities for a five year term that shall run from November 1, 2014 through October 31, 2019, and provides for delivery of the same monthly volumes received previously. Prior to the end of the five year term RBC and CPEP may negotiate to extend the Agreement for a mutually agreeable term and fixed discount rate. If these negotiations are unsuccessful, the Agreement will terminate effective October 31, 2019. In the event an extension of the Agreement between RBC and CPEP is negotiated, the Utilities, in its sole discretion, has the option of whether it wishes to extend the term of its GSA with CPEP, incorporating the new term and discount rate, or cease taking deliveries effective October 31, 2019.

On November 16, 2018, the Utilities entered into a 30 year Gas Supply Agreement (GSA) with CPEP Project No. 4 for approximately 25 percent of the Utilities 10 year historical average annual natural gas consumption. To provide the natural gas supply for the GSA, CPEP entered into a 30 year term Prepaid Natural Gas Purchase and Sale Agreement (Agreement) with J. Aron & Company LLC, a New York limited liability company ("J. Aron") and a wholly-owned subsidiary of The Goldman Sachs Group, Inc., for the delivery of natural gas to CPEP.

NOTE D – OTHER NOTES, continued

3. Contractual Commitments, continued

Natural Gas Contracts, continued

Trailblazer Pipeline Company LLC

The Utilities signed a firm natural gas transportation contract running through September 30, 2025 with the Trailblazer Pipeline Company LLC (Trailblazer). The Maximum Daily Quantity (MDQ) under the contract is 14,840 Dth/day.

Tall Grass Interstate Gas Transmission LLC

The Utilities also have a long term firm natural gas transportation contract with Tall Grass Interstate Gas Transmission LLC. The contract originated on October 1, 1993 with the current contract term running through August 31, 2026. The Maximum Daily Quantity (MDQ) is 16,000 Dth/day.

Power Purchase Agreement

CCC-Hastings Renewable Energy, LLC

On August 31, 2016, the Utilities executed a Power Purchase Agreement (PPA) with CCC-Hastings Renewable Energy, LLC (HRE), to purchase the entire output of a 1.7 MW General Electric wind turbine. The PPA has a 25 year term with an option for Utilities to extend thereafter. The wind turbine is located on property owned by the Central Community College and is interconnected to the Utilities' electric distribution system. Per the terms of the PPA, HRE was responsible for obtaining all required permits, turbine construction oversight and payment of all costs to construct the turbine and interconnection facilities. HRE will also own, operate and have cost responsibility to maintain the wind turbine and interconnection facilities going forward. The wind turbine began commercial operation on December 29, 2016.

NOTE D – OTHER NOTES, continued

3. Contractual Commitments, continued

Wind Power Purchase Agreement

Central Community College

On August 31, 2016, the Utilities executed a Wind Power Purchase Agreement (WPPA) with Central Community College (CCC) which will provide for the Utilities to sell CCC energy purchased by the Utilities from a wind turbine owned by CCC-Hastings Renewable Energy, LLC (HRE). The intent of the WPPA is for the Utilities to provide up to 100 percent of CCC's energy needs at its Hastings' campus with energy produced by the wind turbine. In addition, CCC will receive a portion of the Renewable Energy Credits generated by the wind turbine. The WPPA is to remain in force for a term that coincides with the Power Purchase Agreement between the Utilities and HRE, which is currently 25 years.

Public Power Generation Agency Financial Commitments

On October 25, 2006, the Utilities entered into an Amended and Restated Participation Agreement with the Public Power Generation Agency (PPGA). PPGA was formed under the Interlocal Cooperation Act of the State of Nebraska to construct and operate Whelan Energy Center Unit 2 (WEC 2), a 220 megawatt (MW) coal-fired electric generating plant located at the existing Whelan Energy Center. The Agreement entitles the Utilities to 35 MW of capacity (or 15.91 percent) of the estimated 220 MW capacity of WEC 2. Under the terms of the Agreement, the Utilities have been selected to be the Project Construction Manager and Project Operating Agent for WEC 2. WEC 2 began commercial operation on May 1, 2011.

At September 30, 2025, PPGA had $496,135,000 of revenue bonds outstanding. Under terms of the agreement with PPGA referred to in the preceding paragraph, Hastings Utilities is responsible for 15.91 percent of the outstanding debt ($78,930,568 at September 30, 2025). It is expected that PPGA will continue to make the scheduled principal and interest payments as part of its normal operations. However, Hastings Utilities would be responsible for its 15.91 percent share of debt payments should PPGA be unable to service the debt.

NOTE D – OTHER NOTES, continued

3. Contractual Commitments, continued

Construction Commitments

	Contract Amount	Paid/Incurred at 9/30/25	Remaining Commitment	Estimated Completion
Aeration Basin equipment	$ 3,177,000	$ 2,752,591	$ 424,409	January 2026
Enviromental office upgrade	30,780	-	30,780	October 2025
North Elm First Subdivision	248,838	213,161	35,677	October 2025
Lochland Meadows 17th Subdivision	327,246	307,558	19,688	October 2025
Sixth Street main replacement	729,381	223,165	506,216	March 2026
Highway 6 water improvements	1,280,594	285,505	995,089	March 2026
	$ 5,793,839	$ 3,781,980	$ 2,011,859	

4. Other Commitments

On November 8, 2023, the City entered into a 63-month commitment for a postage machine for $275 per month.

NOTE D – OTHER NOTES, continued

5. Subsequent Events

Management has evaluated subsequent events through February 4, 2026, the date on which the financial statements were available for issue.

SUPPLEMENTARY INFORMATION

CITY OF HASTINGS, NEBRASKA
ELECTRIC DEPARTMENT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the years ended September 30,

	2025	2024
Operating revenues:		
Retail	$ 42,418,210	$ 38,037,064
SPP market sales	16,216,584	12,801,768
Wholesale	1,970,669	1,640,148
Total operating revenues	60,605,463	52,478,980
Operating expenses:		
Production expenses:		
Fuel	7,368,469	5,869,387
Other	9,153,295	9,634,550
Purchased power	15,660,786	15,683,965
SPP market purchases	9,895,211	8,803,396
Transmission and distribution expenses	2,994,606	2,774,767
General and administrative expenses:		
Direct	5,148,427	5,153,427
Indirect	2,931,307	3,148,121
Depreciation	4,300,703	4,107,955
Total operating expenses	57,452,804	55,175,568
Operating income (loss)	3,152,659	(2,696,588)
Other income (expenses)		
Interest income	602,086	1,397,250
Payments in lieu of taxes	(2,392,307)	(2,229,696)
Reimbursement from PPGA	7,180,994	6,665,265
Cost of services to PPGA	(7,180,994)	(6,665,265)
Participation and capacity agreements	2,156,529	1,308,605
Miscellaneous income	646,698	839,035
Coal sales	3,407,566	2,448,228
Cost of coal resold	(2,190,128)	(1,524,848)
Non-utility plant depreciation expense	(609,936)	(609,936)
Loss on asset disposals	(53,698)	(303,893)
Miscellaneous expenses	(277,268)	(391,565)
Contributions in aid of construction	971,022	628,190
Total other income (expenses)	2,260,564	1,561,370
Change in net position	5,413,223	(1,135,218)
Net position - beginning of year		
As previously reported	129,889,144	128,794,666
Restatement	-	2,229,696
As restated	129,889,144	131,024,362
Net position - end of year	$ 135,302,367	$ 129,889,144

CITY OF HASTINGS, NEBRASKA
COMBINED SYSTEMS

DEPARTMENTAL STATEMENTS OF NET POSITION

September 30,

	2025	
	Gas	Water
ASSETS		
Current assets:		
Cash and cash equivalents	$ 10,052,637	$ 4,301,054
Investments	4,082,781	302,000
Accounts receivable	804,872	1,488,291
Interest receivable	12,329	4,530
Interfund receivable (payable)	15,082	18,562
Inventory	502,979	-
Total current assets	15,470,680	6,114,437
Noncurrent assets:		
Restricted cash and cash equivalents	-	160,600
Capital assets:		
Construction in progress	1,039,740	2,568,326
Gas	37,801,315	-
Water	-	64,160,856
Pollution control	-	-
Administrative	-	-
Less accumulated depreciation	(34,221,334)	(12,387,535)
Net capital assets	4,619,721	54,341,647
Total noncurrent assets	4,619,721	54,502,247
Total assets	20,090,401	60,616,684
LIABILITIES		
Current liabilities:		
Accounts payable	379,630	289,254
Accrued payroll expenses	65,420	59,533
Accrued interest payable	-	2,691
Sales tax payable	1,461	5,105
Customer deposits	-	-
Current portion of long-term debt	-	147,233
Total current liabilities	446,511	503,816
Noncurrent liabilities:		
Compensated absences	401,465	220,890
Noncurrent portion of long-term debt	-	1,960,803
Total noncurrent liabilities	401,465	2,181,693
Total liabilities	847,976	2,685,509
NET POSITION		
Net investment in capital assets	4,619,721	52,233,611
Restricted for debt service	-	160,600
Unrestricted	14,622,704	5,536,964
Total net position	$ 19,242,425	$ 57,931,175

See notes to financial statements.

2025		Total	
Pollution Control	Administration	2025	2024
$ 1,238,257	777,701	$ 16,369,649	$ 15,719,312
166,000	-	4,550,781	6,228,438
757,518	250,578	3,301,259	2,799,452
3,006	-	19,865	61,989
16,010	(107,568)	(57,914)	143,633
-	1,918,144	2,421,123	2,270,373
2,180,791	2,838,855	26,604,763	27,223,197
-	555,252	715,852	549,710
6,489,902	5,049,005	15,146,973	13,805,201
-	-	37,801,315	37,574,528
-	-	64,160,856	62,678,509
76,524,895	-	76,524,895	70,454,132
-	16,087,292	16,087,292	14,996,801
(40,449,951)	(10,176,427)	(97,235,247)	(94,328,201)
42,564,846	10,959,870	112,486,084	105,180,970
42,564,846	11,515,122	113,201,936	105,730,680
44,745,637	14,353,977	139,806,699	132,953,877
230,149	655,279	1,554,312	2,056,554
50,112	140,427	315,492	288,132
37,061	-	39,752	44,063
1,665	208,181	216,412	239,419
-	555,252	555,252	549,710
730,000	-	877,233	828,382
1,048,987	1,559,139	3,558,453	4,006,260
258,970	1,176,241	2,057,566	1,982,492
5,490,000	-	7,450,803	8,254,226
5,748,970	1,176,241	9,508,369	10,236,718
6,797,957	2,735,380	13,066,822	14,242,978
36,344,846	10,959,870	104,158,048	96,098,362
-	-	160,600	-
1,602,834	658,727	22,421,229	22,612,537
$ 37,947,680	$ 11,618,597	$ 126,739,877	$ 118,710,899

CITY OF HASTINGS, NEBRASKA
COMBINED SYSTEMS

DEPARTMENTAL STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the years ended September 30,

	2025		
	Gas	Water	Pollution Control
Operating revenue	$ 10,475,387	$ 8,384,049	$ 6,777,321
Operating expenses (non-depreciation)	(9,245,188)	(4,634,782)	(4,244,084)
Operating income before depreciation	1,230,199	3,749,267	2,533,237
Less depreciation	(162,809)	(909,573)	(1,862,210)
Operating income	1,067,390	2,839,694	671,027
Other income (expenses)			
Interest income	518,641	159,805	74,340
DEE loan forgiveness	-	120,427	-
Payments in lieu of taxes	(677,444)	(633,415)	-
Allocation of administration department revenue	66,554	41,977	40,693
Reimbursement from PPGA	-	1,687	-
Cost of services to PPGA	-	(1,687)	-
Miscellaneous income	778,881	356,453	(9,050)
Interest expense	-	(9,636)	(81,233)
Gain (loss) on disposal of assets	(649)	(31,767)	(102,382)
Miscellaneous expenses	(71,693)	(22,466)	(7,302)
Contributions in aid of construction	242,368	194,059	2,503,706
Total other income (expenses)	856,658	175,437	2,418,772
Change in net position	$ 1,924,048	$ 3,015,131	$ 3,089,799
Net position - beginning of year			
As previously reported			
Restatement			
As restated			
Net position - end of year			

2025		2024
Administration	Total	Total
$ -	$ 25,636,757	$ 25,380,258
-	(18,124,054)	(17,941,407)
-	7,512,703	7,438,851
-	(2,934,592)	(2,671,590)
-	4,578,111	4,767,261
-	752,786	614,116
-	120,427	278,895
-	(1,310,859)	(1,551,845)
-	149,224	215,385
-	1,687	1,814
-	(1,687)	(1,814)
-	1,126,284	276,979
-	(90,869)	(100,384)
-	(134,798)	(60,016)
-	(101,461)	(70,989)
-	2,940,133	491,438
-	3,450,867	93,579
$ -	8,028,978	4,860,840
	118,710,899	112,298,214
	-	1,551,845
	118,710,899	113,850,059
	$ 126,739,877	$ 118,710,899

CITY OF HASTINGS, NEBRASKA
COMBINED SYSTEM - GAS DEPARTMENT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the years ended September 30,

	2025	2024
Operating revenues:		
Retail	$ 10,475,387	$ 10,107,324
Operating expenses:		
Production expenses:		
Fuel	5,842,137	5,680,497
Other	321,017	123,049
Transmission and distribution expenses	1,172,687	1,188,921
General and administrative expenses:		
Direct	1,182,411	937,464
Indirect	726,936	798,146
Intra-city services	-	(26,198)
Depreciation	162,809	103,305
Total operating expenses	9,407,997	8,805,184
Operating income	1,067,390	1,302,140
Other income (expenses)		
Interest income	518,641	446,329
Payments in lieu of taxes	(677,444)	(667,397)
Allocation of administration department revenue	66,554	82,536
Miscellaneous income	778,881	147,446
Gain (loss) on disposal of assets	(649)	4,198
Miscellaneous expenses	(71,693)	(39,096)
Contribution in aid of construction	242,368	22,000
Total other income (expenses)	856,658	(3,984)
Change in net position	$ 1,924,048	$ 1,298,156

CITY OF HASTINGS, NEBRASKA
COMBINED SYSTEM - WATER DEPARTMENT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the years ended September 30,

	2025	2024
Operating revenues:		
Retail	$ 8,327,709	$ 7,451,770
Wholesale	56,340	46,963
Total operating revenues	8,384,049	7,498,733
Operating expenses:		
Production expenses:	760,016	860,691
Operating of water treatment	826,367	897,978
Transmission and distribution expenses	1,128,670	1,199,356
General and administrative expenses:		
Direct	1,076,103	1,124,337
Indirect	843,626	846,489
Depreciation	909,573	785,797
Total operating expenses	5,544,355	5,714,648
Operating income	2,839,694	1,784,085
Other income (expenses):		
Interest income	159,805	55,336
DEE loan forgiveness	120,427	278,895
Payments in lieu of taxes	(633,415)	(578,667)
Allocation of administration department revenue	41,977	66,489
Reimbursement from PPGA	1,687	1,814
Cost of services to PPGA	(1,687)	(1,814)
Miscellaneous income	356,453	60,241
Interest expense	(9,636)	(10,237)
Loss on disposal of assets	(31,767)	(64,214)
Miscellaneous expenses	(22,466)	(27,577)
Contributions in aid of construction	194,059	364,670
Total other income (expenses)	175,437	144,936
Change in net position	$ 3,015,131	$ 1,929,021

CITY OF HASTINGS, NEBRASKA
COMBINED SYSTEM - POLLUTION CONTROL DEPARTMENT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the years ended September 30,

	2025	2024
Operating revenues:		
Retail	$ 6,777,321	$ 7,774,201
Operating expenses:		
Sewer treatment expenses	1,564,545	1,769,746
Sewer line expenses	767,110	763,808
General and administrative expenses:		
Direct	1,089,204	1,046,654
Indirect	823,225	730,469
Depreciation	1,862,210	1,782,488
Total operating expenses	6,106,294	6,093,165
Operating income	671,027	1,681,036
Other income (expenses)		
Interest income	74,340	112,451
Payments in lieu of taxes	-	(305,781)
Allocation of administration department revenue	40,693	66,360
Miscellaneous income	(9,050)	69,292
Interest expense	(81,233)	(90,147)
Loss on disposal of assets	(102,382)	-
Miscellaneous expenses	(7,302)	(4,316)
Contributions in aid of construction	2,503,706	104,768
Total other income (expenses)	2,418,772	(47,373)
Change in net position	$ 3,089,799	$ 1,633,663

CITY OF HASTINGS, NEBRASKA
COMBINED SYSTEM - ADMINISTRATION

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the years ended September 30,

	2025	2024
General and administrative expenses	$ 6,821,797	$ 7,611,827
Depreciation	302,593	230,307
Loss on disposal of assets	1,515	-
Less: Overhead allocated	(601,934)	(1,156,324)
Reimbursement from PPGA	(1,198,877)	(1,162,585)
Allocable expenses	5,325,094	5,523,225
Allocation of expenses to operating departments:		
Electric	(2,931,307)	(3,148,121)
Gas	(726,936)	(798,146)
Water	(843,626)	(846,489)
Pollution control	(823,225)	(730,469)
Total allocation	(5,325,094)	(5,523,225)
Operating expenses	-	-
Other income:		
Miscellaneous income	149,224	215,385
Allocation of other income to operating departments:		
Gas	(66,554)	(82,536)
Water	(41,977)	(66,489)
Pollution control	(40,693)	(66,360)
Total allocation	(149,224)	(215,385)
Change in net position	$ -	$ -

AMGL
CPAs & Advisors

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

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

To the Utility Advisory Board
Hastings Utilities
City of Hastings, 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 business-type activities and each major fund of the Hastings Utilities, Hastings, Nebraska, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Hastings Utilities' financial statements, and have issued our report thereon dated February 4, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hastings Utilities' 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 Hastings Utilities' internal control. Accordingly, we do not express an opinion on the effectiveness of the Hastings Utilities' internal control.

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

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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 were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified a certain deficiency in internal control, described below that we consider to be a significant deficiency.

Segregation of Duties

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hastings Utilities' 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Unsecured Bank Deposits

At September 30, 2025, bank deposits at one financial institution exceeded FDIC coverage and pledged securities by $274,973.

Hastings Utilities' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Hastings Utilities' response to the findings identified in our audit and described above. Hastings Utilities' response to the findings identified in our audit is that due to the small size of Hastings Utilities, it is impractical to further segregate duties. Also, management will monitor bank balances and request financial institutions to assign additional collateral, if necessary, in the future. Hastings Utilities' 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
February 4, 2026