

MINUTE RECORD

**FRIEND CITY COUNCIL
MINUTES-REGULAR MEETING
Tuesday, April 7, 2026**

Mayor Knoke called the regular meeting of the City Council to order at 7:00 p.m. at the City Hall. Advanced notice of the meeting was given by publication in The Sentinel, the appointed method for giving advanced notice. All proceedings shown were taken while the meeting was open to the attendance of the public.

Mayor Judith Knoke presided, and City Clerk John R. Schwab recorded the proceedings. The following Councilmembers were present: A quorum being present, and the meeting duly convened, the following proceedings were had and done.

As required by the Nebraska Open Meetings Act, Mayor Knoke announced that a copy of the Nebraska Open Meetings Act has been posted on the south door of the City Hall meeting room for all in attendance to review.

Judith K. Knoke, Mayor

ATTEST

John R. Schwab, City Clerk

I, the undersigned, City Clerk of the City of Friend, Nebraska, hereby certify that the foregoing is a true and correct copy of proceedings had and done by the Council on September 1, 2020; that all of the subjects included in the foregoing proceedings were contained in the agenda for the meeting, kept continually current and readily available for public inspection at the office of the Clerk; that such subjects were contained in said agenda for at least twenty-four hours prior to said meeting; that at least one copy of all reproducible material discussed at the meeting was available at the meeting for examination and copying by members of the public; that the said minutes from which the foregoing proceedings have been extracted and were in written form and available for public inspection within ten working days; that all news media requesting notification concerning meeting of said body were provided advance notification of the time and place of said meeting and the subjects to be discussed at said meeting.

City Clerk

NOTICE OF MEETING

MINUTE RECORD

CITY OF FRIEND, NEBRASKA

Notice is hereby given that the City Council of the City of Friend, Nebraska will meet at 7:00 p.m. on at the City Hall which meeting will be open to the public. Agenda for said meeting is kept current and is available in the City Clerk's office during regular business hours. Request to be on the agenda must be in the City Clerk's office 24 hours prior to the start of the meeting.

John R. Schwab, City Clerk

NEBRASKA OPEN MEETINGS ACT

84-1407. Act, how cited.

Sections 84-1407 to 84-1414 shall be known and may be cited as the Open Meetings Act.

Source: Laws 2004, LB 821, § 34.

84-1408. Declaration of intent; meetings open to public.

It is hereby declared to be the policy of this state that the formation of public policy is public business and may not be conducted in secret.

Every meeting of a public body shall be open to the public in order that citizens may exercise their democratic privilege of attending and speaking at meetings of public bodies, except as otherwise provided by the Constitution of Nebraska, federal statutes, and the Open Meetings Act.

Source: Laws 1975, LB 325, § 1; Laws 1996, LB 900, § 1071; Laws 2004, LB 821, § 35.

Annotations

- Nebraska's public meetings laws do not apply to school board deliberations pertaining solely to disputed adjudicative facts. *McQuinn v. Douglas Cty. Sch. Dist. No. 66*, 259 Neb. 720, 612 N.W.2d 198 (2000).
- The primary purpose of the public meetings law is to ensure that public policy is formulated at open meetings. *Marks v. Judicial Nominating Comm.*, 236 Neb. 429, 461 N.W.2d 551 (1990).
- The public meetings law is broadly interpreted and liberally construed to obtain the objective of openness in favor of the public, and provisions permitting closed sessions must be narrowly and strictly construed. *Grein v. Board of Education of Fremont*, 216 Neb. 158, 343 N.W.2d 718 (1984).
- A county board of equalization is a public body whose meetings shall be open to the public. *Wolf v. Grubbs*, 17 Neb. App. 292, 759 N.W.2d 499 (2009).

84-1409. Terms, defined.

For purposes of the Open Meetings Act, unless the context otherwise requires:

(1)(a) Public body means (i) governing bodies of all political subdivisions of the State of Nebraska, (ii) governing bodies of all agencies, created by the Constitution of Nebraska, statute, or otherwise pursuant to law, of the executive department of the State of Nebraska, (iii) all independent boards, commissions, bureaus, committees, councils, subunits, or any other bodies created by the Constitution of Nebraska, statute, or otherwise pursuant to law, (iv) all study or

advisory committees of the executive department of the State of Nebraska whether having continuing existence or appointed as special committees with limited existence, (v) advisory committees of the bodies referred to in subdivisions (i), (ii), and (iii) of this subdivision, and (vi) instrumentalities exercising essentially public functions; and

(b) Public body does not include (i) subcommittees of such bodies unless a quorum of the public body attends a subcommittee meeting or unless such subcommittees are holding hearings, making policy, or taking formal action on behalf of their parent body, except that all meetings of any subcommittee established under section 81-15,175 are subject to the Open Meetings Act, and (ii) entities conducting judicial proceedings unless a court or other judicial body is exercising rulemaking authority, deliberating, or deciding upon the issuance of administrative orders;

(2) Meeting means all regular, special, or called meetings, formal or informal, of any public body for the purposes of briefing, discussion of public business, formation of tentative policy, or the taking of any action of the public body; and

(3) Virtual conferencing means conducting or participating in a meeting electronically or telephonically with interaction among the participants subject to subsection (2) of section 84-1412.

Source: Laws 1975, LB 325, § 2; Laws 1983, LB 43, § 1; Laws 1989, LB 429, § 42; Laws 1989, LB 311, § 14; Laws 1992, LB 1019, § 124; Laws 1993, LB 635, § 1; Laws 1996, LB 1044, § 978; Laws 1997, LB 798, § 37; Laws 2004, LB 821, § 36; Laws 2007, LB296, § 810; Laws 2011, LB366, § 2; Laws 2021, LB83, § 11.

Annotations

- A township is a political subdivision, and as such, a township board is subject to the provisions of the public meetings laws. *Steenblock v. Elkhorn Township Bd.*, 245 Neb. 722, 515 N.W.2d 128 (1994).
- A county agricultural society is a public body to which the provisions of the Nebraska public meetings law are applicable. *Nixon v. Madison Co. Ag. Soc'y*, 217 Neb. 37, 348 N.W.2d 119 (1984).
- Failure by a public governing body, as defined under section 84-1409, R.R.S.1943, to take and record a roll call vote on an action, as required by section 84-1413(2), R.S.Supp.,1980, grants any citizen the right to sue for the purpose of having the action declared void. In this case such failure could not be later corrected by a nunc pro tunc order because there was no showing that a roll call vote on the disputed action was actually taken, and even if it was the record showed it was not recorded until over a year later. Sections 23-1301, R.R.S.1943, and 23-1302, R.R.S.1943, make it the duty of the county clerk to record proceedings of the board of county commissioners. *State ex rel. Schuler v. Dunbar*, 208 Neb. 69, 302 N.W.2d 674 (1981).

- As an administrative agency of the county, a county board of equalization is a public body. *Wolf v. Grubbs*, 17 Neb. App. 292, 759 N.W.2d 499 (2009).
- The electors of a township at their annual meeting are a public body under the Open Meetings Act. *State ex rel. Newman v. Columbus Township Bd.*, 15 Neb. App. 656, 735 N.W.2d 399 (2007).
- The meeting at issue in this case was a "meeting" within the parameters of subsection (2) of this section because it involved the discussion of public business, the formation of tentative policy, or the taking of any action of the public power district. *Hansmeyer v. Nebraska Pub. Power Dist.*, 6 Neb. App. 889, 578 N.W.2d 476 (1998).
- Informational sessions in which the governmental body hears reports are briefings. *Johnson v. Nebraska Environmental Control Council*, 2 Neb. App. 263, 509 N.W.2d 21 (1993).

84-1410. Closed session; when; purpose; reasons listed; procedure; right to challenge; prohibited acts; chance meetings, conventions, or workshops.

(1) Any public body may hold a closed session by the affirmative vote of a majority of its voting members if a closed session is clearly necessary for the protection of the public interest or for the prevention of needless injury to the reputation of an individual and if such individual has not requested a public meeting. The subject matter and the reason necessitating the closed session shall be identified in the motion to close. Closed sessions may be held for, but shall not be limited to, such reasons as:

(a) Strategy sessions with respect to collective bargaining, real estate purchases, pending litigation, or litigation which is imminent as evidenced by communication of a claim or threat of litigation to or by the public body;

(b) Discussion regarding deployment of security personnel or devices;

(c) Investigative proceedings regarding allegations of criminal misconduct;

(d) Evaluation of the job performance of a person when necessary to prevent needless injury to the reputation of a person and if such person has not requested a public meeting;

(e) For the Community Trust created under section 81-1801.02, discussion regarding the amounts to be paid to individuals who have suffered from a tragedy of violence or natural disaster; or

(f) For public hospitals, governing board peer review activities, professional review activities, review and discussion of medical staff investigations or disciplinary actions, and any strategy session concerning transactional negotiations with any referral source that is required by federal law to be conducted at arms length.

Nothing in this section shall permit a closed meeting for discussion of the appointment or election of a new member to any public body.

(2) The vote to hold a closed session shall be taken in open session. The entire motion, the vote of each member on the question of holding a closed session, and the time when the closed session commenced and concluded shall be recorded in the minutes. If the motion to close passes, then the presiding officer immediately prior to the closed session shall restate on the record the limitation of the subject matter of the closed session. The public body holding such a closed session shall restrict its consideration of matters during the closed portions to only those purposes set forth in the motion to close as the reason for the closed session. The meeting shall be reconvened in open session before any formal action may be taken. For purposes of this section, formal action shall mean a collective decision or a collective commitment or promise to make a decision on any question, motion, proposal, resolution, order, or ordinance or formation of a position or policy but shall not include negotiating guidance given by members of the public body to legal counsel or other negotiators in closed sessions authorized under subdivision (1)(a) of this section.

(3) Any member of any public body shall have the right to challenge the continuation of a closed session if the member determines that the session has exceeded the reason stated in the original motion to hold a closed session or if the member contends that the closed session is neither clearly necessary for (a) the protection of the public interest or (b) the prevention of needless injury to the reputation of an individual. Such challenge shall be overruled only by a majority vote of the members of the public body. Such challenge and its disposition shall be recorded in the minutes.

(4) Nothing in this section shall be construed to require that any meeting be closed to the public. No person or public body shall fail to invite a portion of its members to a meeting, and no public body shall designate itself a subcommittee of the whole body for the purpose of circumventing the Open Meetings Act. No closed session, informal meeting, chance meeting, social gathering, email, fax, or other electronic communication shall be used for the purpose of circumventing the requirements of the act.

(5) The act does not apply to chance meetings or to attendance at or travel to conventions or workshops of members of a public body at which there is no meeting of the body then intentionally convened, if there is no vote or other action taken regarding any matter over which the public body has supervision, control, jurisdiction, or advisory power.

Source: Laws 1975, LB 325, § 3; Laws 1983, LB 43, § 2; Laws 1985, LB 117, § 1; Laws 1992, LB 1019, § 125; Laws 1994, LB 621, § 1; Laws 1996, LB 900, § 1072; Laws 2004, LB 821, § 37; Laws 2004, LB 1179, § 1; Laws 2006, LB 898, § 1; Laws 2011, LB390, § 29; Laws 2012, LB995, § 17.

Annotations

- There is no absolute discovery privilege for communications that occur during a closed session. *State ex rel. Upper Republican NRD v. District Judges*, 273 Neb. 148, 728 N.W.2d 275 (2007).
- If a person present at a meeting observes a public meetings law violation in the form of an improper closed session and fails to object, that person waives his or her right to object at a later date. *Wasikowski v. Nebraska Quality Jobs Bd.*, 264 Neb. 403, 648 N.W.2d 756 (2002).
- The public interest mentioned in this section is that shared by citizens in general and by the community at large concerning pecuniary or legal rights and liabilities. *Grein v. Board of Education*, 216 Neb. 158, 343 N.W.2d 718 (1984).
- Hearing in closed executive session was contrary to this section since there was no showing of necessity or reason under subdivision (1)(a), (b), or (c), but did not result in reversal of board decision. *Simonds v. Board of Examiners*, 213 Neb. 259, 329 N.W.2d 92 (1983).
- Negotiations for the purchase of land need not be conducted at an open meeting but the deliberations of a city council as to whether an offer to purchase real estate should be made should take place in an open meeting. *Pokorny v. City of Schuyler*, 202 Neb. 334, 275 N.W.2d 281 (1979).
- Public meeting law was not violated where the Board of Regents of the University of Nebraska voted to hold a closed session to consider the university president's resignation, and also discussed the appointment of an interim president during such session. *Meyer v. Board of Regents*, 1 Neb. App. 893, 510 N.W.2d 450 (1993).

84-1411. Meetings of public body; notice; method; contents; when available; right to modify; duties concerning notice; virtual conferencing authorized; requirements; emergency meeting without notice; appearance before public body.

(1)(a) Each public body shall give reasonable advance publicized notice of the time and place of each meeting as provided in this subsection. Such notice shall be transmitted to all members of the public body and to the public.

(b)(i) Except as provided in subdivision (1)(b)(ii) of this section, in the case of a public body described in subdivision (1)(a)(i) of section 84-1409 or such body's advisory committee, such notice shall be published in a newspaper of general circulation within the public body's jurisdiction and, if available, on such newspaper's website.

(ii) In the case of the governing body of a city of the second class or village or such body's advisory committee, such notice shall be published by:

(A) Publication in a newspaper of general circulation within the public body's jurisdiction and, if available, on such newspaper's website; or

(B) Posting written notice in three conspicuous public places in such city or village. Such notice shall be posted in the same three places for each meeting.

(iii) In the case of a public body not described in subdivision (1)(b)(i) or (ii) of this section, such notice shall be given by a method designated by the public body.

(c) In addition to a method of notice required by subdivision (1)(b)(i) or (ii) of this section, such notice may also be provided by any other appropriate method designated by such public body or such advisory committee.

(d) Each public body shall record the methods and dates of such notice in its minutes.

(e) Such notice shall contain an agenda of subjects known at the time of the publicized notice or a statement that the agenda, which shall be kept continually current, shall be readily available for public inspection at the principal office of the public body during normal business hours. Agenda items shall be sufficiently descriptive to give the public reasonable notice of the matters to be considered at the meeting. Except for items of an emergency nature, the agenda shall not be altered later than (i) twenty-four hours before the scheduled commencement of the meeting or (ii) forty-eight hours before the scheduled commencement of a meeting of a city council or village board scheduled outside the corporate limits of the municipality. The public body shall have the right to modify the agenda to include items of an emergency nature only at such public meeting.

(2)(a) The following entities may hold a meeting by means of virtual conferencing if the requirements of subdivision (2)(b) of this section are met:

(i) A state agency, state board, state commission, state council, or state committee, or an advisory committee of any such state entity;

(ii) An organization, including the governing body, created under the Interlocal Cooperation Act, the Joint Public Agency Act, or the Municipal Cooperative Financing Act;

(iii) The governing body of a public power district having a chartered territory of more than one county in this state;

(iv) The governing body of a public power and irrigation district having a chartered territory of more than one county in this state;

(v) An educational service unit;

(vi) The Educational Service Unit Coordinating Council;

(vii) An organization, including the governing body, of a risk management pool or its advisory committees organized in accordance with the Intergovernmental Risk Management Act;

(viii) A community college board of governors;

- (ix) The Nebraska Brand Committee;
- (x) A local public health department;
- (xi) A metropolitan utilities district;
- (xii) A regional metropolitan transit authority;
- (xiii) A natural resources district; and
- (xiv) The Judicial Resources Commission.

(b) The requirements for holding a meeting by means of virtual conferencing are as follows:

(i) Reasonable advance publicized notice is given as provided in subsection (1) of this section, including providing access to a dial-in number or link to the virtual conference;

(ii) In addition to the public's right to participate by virtual conferencing, reasonable arrangements are made to accommodate the public's right to attend at a physical site and participate as provided in section 84-1412, including reasonable seating, in at least one designated site in a building open to the public and identified in the notice, with: At least one member of the entity holding such meeting, or his or her designee, present at each site; a recording of the hearing by audio or visual recording devices; and a reasonable opportunity for input, such as public comment or questions, is provided to at least the same extent as would be provided if virtual conferencing was not used;

(iii) At least one copy of all documents being considered at the meeting is available at any physical site open to the public where individuals may attend the virtual conference. The public body shall also provide links to an electronic copy of the agenda, all documents being considered at the meeting, and the current version of the Open Meetings Act; and

(iv) Except as otherwise provided in this subdivision or subsection (4) of section 79-2204, no more than one-half of the meetings of the state entities, advisory committees, boards, councils, organizations, or governing bodies are held by virtual conferencing in a calendar year. In the case of an organization created under the Interlocal Cooperation Act that sells electricity or natural gas at wholesale on a multistate basis or an organization created under the Municipal Cooperative Financing Act, the organization may hold more than one-half of its meetings by virtual conferencing if such organization holds at least one meeting each calendar year that is not by virtual conferencing. The governing body of a risk management pool that meets at least quarterly and the advisory committees of the governing body may each hold more than one-half of its meetings by virtual conferencing if the governing body's quarterly meetings are not held by virtual conferencing.

(3) Virtual conferencing, emails, faxes, or other electronic communication shall not be used to circumvent any of the public government purposes established in the Open Meetings Act.

(4) The secretary or other designee of each public body shall maintain a list of the news media requesting notification of meetings and shall make reasonable efforts to provide advance notification to them of the time and place of each meeting and the subjects to be discussed at that meeting.

(5) When it is necessary to hold an emergency meeting without reasonable advance public notice, the nature of the emergency shall be stated in the minutes and any formal action taken in such meeting shall pertain only to the emergency. Such emergency meetings may be held by virtual conferencing. The provisions of subsection (4) of this section shall be complied with in conducting emergency meetings. Complete minutes of such emergency meetings specifying the nature of the emergency and any formal action taken at the meeting shall be made available to the public by no later than the end of the next regular business day.

(6) A public body may allow a member of the public or any other witness to appear before the public body by means of virtual conferencing.

(7)(a) Notwithstanding subsections (2) and (5) of this section, if an emergency is declared by the Governor pursuant to the Emergency Management Act as defined in section 81-829.39, a public body the territorial jurisdiction of which is included in the emergency declaration, in whole or in part, may hold a meeting by virtual conferencing during such emergency if the public body gives reasonable advance publicized notice as described in subsection (1) of this section. The notice shall include information regarding access for the public and news media. In addition to any formal action taken pertaining to the emergency, the public body may hold such meeting for the purpose of briefing, discussion of public business, formation of tentative policy, or the taking of any action by the public body.

(b) The public body shall provide access by providing a dial-in number or a link to the virtual conference. The public body shall also provide links to an electronic copy of the agenda, all documents being considered at the meeting, and the current version of the Open Meetings Act. Reasonable arrangements shall be made to accommodate the public's right to hear and speak at the meeting and record the meeting. Subsection (4) of this section shall be complied with in conducting such meetings.

(c) The nature of the emergency shall be stated in the minutes. Complete minutes of such meeting specifying the nature of the emergency and any formal action taken at the meeting shall be made available for inspection as provided in subsections (5) and (6) of section 84-1413.

Source: Laws 1975, LB 325, § 4; Laws 1983, LB 43, § 3; Laws 1987, LB 663, § 25; Laws 1993, LB 635, § 2; Laws 1996, LB 469, § 6; Laws 1996, LB 1161, § 1; Laws 1999, LB 47, § 2; Laws 1999, LB 87, § 100; Laws 1999, LB 461, § 1; Laws 2000, LB 968, § 85; Laws 2004, LB 821, § 38; Laws 2004, LB 1179, § 2; Laws 2006, LB 898, § 2; Laws 2007, LB199, § 9; Laws 2009, LB361, § 2; Laws 2012, LB735, § 1; Laws 2013, LB510,

§ 1; Laws 2017, LB318, § 1; Laws 2019, LB212, § 5; Laws 2020, LB148, § 3; Laws 2021, LB83, § 12.

Cross References

- **Intergovernmental Risk Management Act**, see section 44-4301.
- **Interlocal Cooperation Act**, see section 13-801.
- **Joint Public Agency Act**, see section 13-2501.
- **Municipal Cooperative Financing Act**, see section 18-2401.

Annotations

- Under subsection (1) of this section, the Legislature has imposed only two conditions on the public body's notification method of a public meeting: (1) It must give reasonable advance publicized notice of the time and place of each meeting and (2) it must be recorded in the public body's minutes. *City of Elkhorn v. City of Omaha*, 272 Neb. 867, 725 N.W.2d 792 (2007).
- An emergency is "(a)ny event or occasional combination of circumstances which calls for immediate action or remedy; pressing necessity; exigency; a sudden or unexpected happening; an unforeseen occurrence or condition." *Steenblock v. Elkhorn Township Bd.*, 245 Neb. 722, 515 N.W.2d 128 (1994).
- An agenda which gives reasonable notice of the matters to be considered at a meeting of a city council complies with the requirements of this section. *Pokorny v. City of Schuyler*, 202 Neb. 334, 275 N.W.2d 281 (1979).
- When notice is required, a notice of a special meeting of a city council posted in three public places at 10:00 p.m. on the day preceding the meeting is not reasonable advance publicized notice of a meeting as is required by this section. *Pokorny v. City of Schuyler*, 202 Neb. 334, 275 N.W.2d 281 (1979).
- Teacher waived right to object to lack of public notice in board of education employment hearing by voluntary participation in the hearing without objection. *Alexander v. School Dist. No. 17*, 197 Neb. 251, 248 N.W.2d 335 (1976).
- A county board of commissioners and a county board of equalization are not required to give separate notices when the notice states only the time and place that the boards meet and directs a citizen to where the agendas for each board can be found. *Wolf v. Grubbs*, 17 Neb. App. 292, 759 N.W.2d 499 (2009).
- A county board of equalization is a public body which is required to give advanced publicized notice of its meetings. *Wolf v. Grubbs*, 17 Neb. App. 292, 759 N.W.2d 499 (2009).
- Notice of recessed and reconvened meetings must be given in the same fashion as the original meeting. *Wolf v. Grubbs*, 17 Neb. App. 292, 759 N.W.2d 499 (2009).
- True notice of a meeting is not given by burying such in the minutes of a prior board proceeding. *Wolf v. Grubbs*, 17 Neb. App. 292, 759 N.W.2d 499 (2009).
- An agenda notice which merely stated "work order reports" was an inadequate notice under this section because it did not give interested persons knowledge that

plans for a 345 kv transmission line through the district was going to be discussed and voted upon at the meeting. Inadequate agenda notice under this section meant there was a substantial violation of the public meeting laws; however, later actions by the board of directors cured the defects in notice, and such actions were in substantial compliance with the statute. *Hansmeyer v. Nebraska Pub. Power Dist.*, 6 Neb. App. 889, 578 N.W.2d 476 (1998).

84-1412. Meetings of public body; rights of public; public body; powers and duties.

(1) Subject to the Open Meetings Act, the public has the right to attend and the right to speak at meetings of public bodies, and all or any part of a meeting of a public body, except for closed sessions called pursuant to section 84-1410, may be videotaped, televised, photographed, broadcast, or recorded by any person in attendance by means of a tape recorder, a camera, video equipment, or any other means of pictorial or sonic reproduction or in writing.

(2) It shall not be a violation of subsection (1) of this section for any public body to make and enforce reasonable rules and regulations regarding the conduct of persons attending, speaking at, videotaping, televising, photographing, broadcasting, or recording its meetings, including meetings held by virtual conferencing. A body may not be required to allow citizens to speak at each meeting, but it may not forbid public participation at all meetings.

(3) No public body shall require members of the public to identify themselves as a condition for admission to the meeting nor shall such body require that the name of any member of the public be placed on the agenda prior to such meeting in order to speak about items on the agenda. The body shall require any member of the public desiring to address the body to identify himself or herself, including an address and the name of any organization represented by such person unless the address requirement is waived to protect the security of the individual.

(4) No public body shall, for the purpose of circumventing the Open Meetings Act, hold a meeting in a place known by the body to be too small to accommodate the anticipated audience.

(5) No public body shall be deemed in violation of this section if it holds its meeting in its traditional meeting place which is located in this state.

(6) No public body shall be deemed in violation of this section if it holds a meeting outside of this state if, but only if:

(a) A member entity of the public body is located outside of this state and the meeting is in that member's jurisdiction;

(b) All out-of-state locations identified in the notice are located within public buildings used by members of the entity or at a place which will accommodate the anticipated audience;

(c) Reasonable arrangements are made to accommodate the public's right to attend, hear, and speak at the meeting, including making virtual conferencing available at an in-state location to members, the public, or the press, if requested twenty-four hours in advance;

(d) No more than twenty-five percent of the public body's meetings in a calendar year are held out-of-state;

(e) Out-of-state meetings are not used to circumvent any of the public government purposes established in the Open Meetings Act; and

(f) The public body publishes notice of the out-of-state meeting at least twenty-one days before the date of the meeting in a legal newspaper of statewide circulation.

(7) Each public body shall, upon request, make a reasonable effort to accommodate the public's right to hear the discussion and testimony presented at a meeting.

(8) Public bodies shall make available at the meeting or the in-state location for virtual conferencing as required by subdivision (6)(c) of this section, for examination and copying by members of the public, at least one copy of all reproducible written material to be discussed at an open meeting, either in paper or electronic form. Public bodies shall make available at least one current copy of the Open Meetings Act posted in the meeting room at a location accessible to members of the public. At the beginning of the meeting, the public shall be informed about the location of the posted information.

Source: Laws 1975, LB 325, § 5; Laws 1983, LB 43, § 4; Laws 1985, LB 117, § 2; Laws 1987, LB 324, § 5; Laws 1996, LB 900, § 1073; Laws 2001, LB 250, § 2; Laws 2004, LB 821, § 39; Laws 2006, LB 898, § 3; Laws 2008, LB962, § 1; Laws 2021, LB83, § 13.

Annotations

- To preserve an objection that a public body failed to make documents available at a public meeting as required by subsection (8) of this section, a person who attends a public meeting must not only object to the violation, but must make that objection to the public body or to a member of the public body. *Stoetzel & Sons v. City of Hastings*, 265 Neb. 637, 658 N.W.2d 636 (2003).

84-1413. Meetings; minutes; roll call vote; secret ballot; when; agenda and minutes; required on website; when.

(1) Each public body shall keep minutes of all meetings showing the time, place, members present and absent, and the substance of all matters discussed.

(2) Any action taken on any question or motion duly moved and seconded shall be by roll call vote of the public body in open session, and the record shall state how each member voted or if the member was absent or not voting. The requirements of a roll call or viva voce vote shall be

satisfied by a public body which utilizes an electronic voting device which allows the yeas and nays of each member of such public body to be readily seen by the public.

(3) The vote to elect leadership within a public body may be taken by secret ballot, but the total number of votes for each candidate shall be recorded in the minutes.

(4) The minutes of all meetings and evidence and documentation received or disclosed in open session shall be public records and open to public inspection during normal business hours.

(5) Minutes shall be written, except as provided in subsection (6) of this section, and available for inspection within ten working days or prior to the next convened meeting, whichever occurs earlier, except that cities of the second class and villages may have an additional ten working days if the employee responsible for writing the minutes is absent due to a serious illness or emergency.

(6) Minutes of the meetings of the board of a school district or educational service unit may be kept as an electronic record.

(7) Beginning July 31, 2022, the governing body of a natural resources district, the city council of a city of the metropolitan class, the city council of a city of the primary class, the city council of a city of the first class, the county board of a county with a population greater than twenty-five thousand inhabitants, and the school board of a school district shall make available on such entity's public website the agenda and minutes of any meeting of the governing body. The agenda shall be placed on the website at least twenty-four hours before the meeting of the governing body. Minutes shall be placed on the website at such time as the minutes are available for inspection as provided in subsection (5) of this section. This information shall be available on the public website for at least six months.

Source: Laws 1975, LB 325, § 6; Laws 1978, LB 609, § 3; Laws 1979, LB 86, § 9; Laws 1987, LB 663, § 26; Laws 2005, LB 501, § 1; Laws 2009, LB361, § 3; Laws 2015, LB365, § 2; Laws 2016, LB876, § 1; Laws 2021, LB83, § 14.

Annotations

- If a person present at a meeting observes and fails to object to an alleged public meetings laws violation in the form of a failure to conduct rollcall votes before taking actions on questions or motions pending, that person waives his or her right to object at a later date. *Hauser v. Nebraska Police Stds. Adv. Council*, 264 Neb. 944, 653 N.W.2d 240 (2002).
- Subsection (2) of this section does not require the record to state that the vote was by roll call, but requires only that the record show if and how each member voted. Neither does the statute set a time limit for recording the results of a vote, after which no corrections of the record can be made. If no intervening rights of third persons have arisen, a board of county commissioners has power to correct the record of the proceedings had at a previous meeting so as to make them speak the

truth, particularly where the correction supplies some omitted fact or action and is done not to contradict or change the original record but to have the record show that a certain action was taken or thing done, which the original record fails to show. *State ex rel. Schuler v. Dunbar*, 214 Neb. 85, 333 N.W.2d 652 (1983).

- Failure by a public governing body, as defined under section 84-1409, R.R.S.1943, to take and record a roll call vote on an action, as required by section 84-1413(2), R.S.Supp.,1980, grants any citizen the right to sue for the purpose of having the action declared void. In this case such failure could not be later corrected by a nunc pro tunc order because there was no showing that a roll call vote on the disputed action was actually taken, and even if it was the record showed it was not recorded until over a year later. Sections 23-1301, R.R.S.1943, and 23-1302, R.R.S.1943, make it the duty of the county clerk to record proceedings of the board of county commissioners. *State ex rel. Schuler v. Dunbar*, 208 Neb. 69, 302 N.W.2d 674 (1981).
- There is no requirement that a public body make a record of where notice was published or posted. *Wolf v. Grubbs*, 17 Neb. App. 292, 759 N.W.2d 499 (2009).

84-1414. Unlawful action by public body; declared void or voidable by district court; when; duty to enforce open meeting laws; citizen's suit; procedure; violations; penalties.

(1) Any motion, resolution, rule, regulation, ordinance, or formal action of a public body made or taken in violation of the Open Meetings Act shall be declared void by the district court if the suit is commenced within one hundred twenty days of the meeting of the public body at which the alleged violation occurred. Any motion, resolution, rule, regulation, ordinance, or formal action of a public body made or taken in substantial violation of the Open Meetings Act shall be voidable by the district court if the suit is commenced more than one hundred twenty days after but within one year of the meeting of the public body in which the alleged violation occurred. A suit to void any final action shall be commenced within one year of the action.

(2) The Attorney General and the county attorney of the county in which the public body ordinarily meets shall enforce the Open Meetings Act.

(3) Any citizen of this state may commence a suit in the district court of the county in which the public body ordinarily meets or in which the plaintiff resides for the purpose of requiring compliance with or preventing violations of the Open Meetings Act, for the purpose of declaring an action of a public body void, or for the purpose of determining the applicability of the act to discussions or decisions of the public body. It shall not be a defense that the citizen attended the meeting and failed to object at such time. The court may order payment of reasonable attorney's fees and court costs to a successful plaintiff in a suit brought under this section.

(4) Any member of a public body who knowingly violates or conspires to violate or who attends or remains at a meeting knowing that the public body is in violation of any provision of

the Open Meetings Act shall be guilty of a Class IV misdemeanor for a first offense and a Class III misdemeanor for a second or subsequent offense.

Source: Laws 1975, LB 325, § 9; Laws 1977, LB 39, § 318; Laws 1983, LB 43, § 5; Laws 1992, LB 1019, § 126; Laws 1994, LB 621, § 2; Laws 1996, LB 900, § 1074; Laws 2004, LB 821, § 40; Laws 2006, LB 898, § 4.

Annotations

- The Legislature has granted standing to a broad scope of its citizens for the very limited purpose of challenging meetings allegedly in violation of the Open Meetings Act, so that they may help police the public policy embodied by the act. *Schauer v. Grooms*, 280 Neb. 426, 786 N.W.2d 909 (2010).
- Any citizen of the state may commence an action to declare a public body's action void. *City of Elkhorn v. City of Omaha*, 272 Neb. 867, 725 N.W.2d 792 (2007).
- The reading of ordinances constitutes a formal action under subsection (1) of this section. *City of Elkhorn v. City of Omaha*, 272 Neb. 867, 725 N.W.2d 792 (2007).
- If a person present at a meeting observes a public meetings law violation in the form of an improper closed session and fails to object, that person waives his or her right to object at a later date. *Wasikowski v. Nebraska Quality Jobs Bd.*, 264 Neb. 403, 648 N.W.2d 756 (2002).
- Under the Public Meetings Act, a county lacks capacity to maintain an action to declare its official conduct "void" for noncompliance with the act. *County of York v. Johnson*, 230 Neb. 403, 432 N.W.2d 215 (1988).
- When a petitioner under this section is successful in the district court, that court may allow attorney fees. *Tracy Corp. II v. Nebraska Pub. Serv. Comm.*, 218 Neb. 900, 360 N.W.2d 485 (1984).
- Informal discussions between the Tax Commissioner and the State Board of Equalization in which instructions were clarified, with such clarification leading to the amendment of hearing notices, did not constitute a public meeting subject to the provisions of this section. *Box Butte County v. State Board of Equalization and Assessment*, 206 Neb. 696, 295 N.W.2d 670 (1980).
- The right to collaterally attack an order made in contravention of the Public Meeting Act must occur within a period of one year as is specifically provided by this section. *Witt v. School District No. 70*, 202 Neb. 63, 273 N.W.2d 669 (1979).
- Statutory change, requiring "publicized notice" for board of education employment hearings, occurring between dates meeting scheduled and conducted, held not to void proceedings. *Alexander v. School Dist. No. 17*, 197 Neb. 251, 248 N.W.2d 335 (1976).
- Voiding an entire meeting is a proper remedy for violations of the Open Meetings Act. Once a meeting has been declared void pursuant to Nebraska's public meetings law, board members are prohibited from considering any information

obtained at the illegal meeting. *Wolf v. Grubbs*, 17 Neb. App. 292, 759 N.W.2d 499 (2009).

- Actions by the board of directors were merely voidable under this section, and not void. Pursuant to subsection (3) of this section, the plaintiffs were awarded partial attorney fees because they were successful in having the court declare that the board of directors was in substantial violation of the statute, even though the plaintiffs did not get the relief requested of having the board's actions declared void. *Hansmeyer v. Nebraska Pub. Power Dist.*, 6 Neb. App. 889, 578 N.W.2d 476 (1998).

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Source: http://nebraskalegislature.gov/laws/display_html.php?begin_section=84-1407&end_section=84-1414

Date: July 2021



**I pledge allegiance to the Flag
of the United States of America,
and to the Republic for which it stands,
one Nation under God, indivisible,
with liberty and justice for all.**

MINUTE RECORD

FRIEND CITY COUNCIL MINUTES-REGULAR MEETING March 3, 2026

Mayor Judith Knoke called the regular meeting of the City Council to order at 7:00 p.m. at the City Hall. Advanced notice of the meeting was given by publication in The Sentinel, the appointed method for giving advanced notice. All proceedings shown were taken while the meeting was open to the attendance of the public.

Mayor Judith Knoke presided, and Deputy City Clerk Heather L. Varney recorded the proceedings. The following Councilmembers were present: Kristen Milton, David Sladek, and Phyllis Schwab. Jeremy Collier absent. A quorum being present, the meeting was duly convened. The following proceedings were had and done.

Mayor Knoke led the meeting in reciting the Pledge of Allegiance.

As required by the Nebraska Open Meetings Act, Mayor Knoke announced that a copy of the Nebraska Open Meetings Act has been posted on the south door of the City Hall meeting room for all in attendance to review.

Motion by Sladek, seconded by Schwab to approve the minutes from February 3, 2026, Regular Council meeting. On roll call voting aye Milton, Sladek, and Schwab. Collier absent. Nays none.

Motion by Sladek, seconded by Milton to approve the February Treasurer report. On roll call voting aye Schwab, Sladek, and Milton. Collier absent. Nays none.

Motion by Milton, seconded by Sladek to approve February claims and payroll. On roll call voting aye Sladek, Milton, and Schwab. Collier absent. Nays none.

Motion by Milton, seconded by Sladek to postpone approval of Hospital financials until next meeting. On roll call voting aye Schwab, Sladek, and Milton. Collier absent. Nays none.

The claims approved were as follows: February Payroll, 22552.91; Ameritas, 1628.00; EFTPS, 3648.30; NE Dept of Rev SWH, 622.04; AquaChem, su 1814.71; Black Hills Energy, fe 1560.51; Blue Cross Blue Shield of Nebraska, fe 4608.25; Brother's Equipment, su 58.50; Bruning Law Group, fe 2552.00; Cengage Group, su 98.96; Center Point Large Print, su 98.28; Jacob & Johnathan Clouse, fe 850.00; Community Redevelopment Authority, re 8248.60; Country Compost LLC, se 2000.00; Culligan Water Service, se 20.00; EMS Connect, fe 110.00; Eakes Office Solutions, su 684.61; Farmer's Union COOP, su 308.52; Follett Software, LLC, se 1045.68; Guardian Life, fe 269.53; Hampton Commercial Construction, fe 258491.25; Hemmings Motor News, su 25.00; Holiday Inn of Kearney, fe 259.90; Hometown Leasing, fe 98.60; Lee Enterprises, fe 3305.00; Lichti's, INC., su 9387.60; MMC Consulting, se 1863.35; Mastiff Systems, se 415.00; Midwest Laboratories Inc, se 162.75; Brent Milton, re 4951.51; MDWEE, fe 40.00; NE Dept. of Revenue ST, fe 1183.85; NE Public Health Environmental Lab, se 30.00; Nebraska Law Enforcement Training Center, fe 1000.00; Norris Public Power District, fe 31143.49; Diane Odoski, re 242.24; One Billing Solutions, LLC, se 243.09; One Call Concepts, Inc., se 12.65; Postmaster, se 305.00; Principal Mutual Life Ins. Co., se 114.75; Qwik

MINUTE RECORD

6, su 742.76; Ryan Yoder, re 85.79; Southeast Nebraska Development District, fe 1925.00; Susan Fortune, se 575.00; Taste of Home, su 13.98; Tim Shrunk, re 113.12; US Cellular, se 296.81; Waste Connections, se 7562.25; Windstream, se 1647.94. Total Claims Approved: \$379,017.08

Deputy Vogel from Saline County Sheriff's Department gave his portion of Police report at this time.

Public comments: Community Clean-Up day June 13, 2026. More information to come closer to event.

Motion by Schwab, seconded by Sladek to postpone approval of Resolution 26-01: Ambulance Building Transfer Agreement until next meeting. On roll call voting aye Sladek, Schwab, and Milton. Collier absent. Nays none.

Motion by Milton, seconded by Schwab to postpone approval of zoning modifications and subdivision regulations until next meeting. On roll call voting aye Schwab, Milton, and Sladek. Collier absent. Nays none.

Motion by Sladek, seconded by Milton to postpone approval of updated comprehensive plan until next meeting. On roll call voting aye Milton, Schwab, and Sladek. Collier absent. Nays none.

Motion by Schwab, seconded by Sladek to approve Class C Liquor License for MacCallum's Tavern. On roll call voting aye Milton, Schwab, and Sladek. Collier absent. Nays none.

Kenneth Lindsay spoke on request for Veteran's Memorial at Binzebo park. Motion by Sladek, seconded by Milton to approve with guidance of City for use on City Property. On roll call voting aye Schwab, Sladek, and Milton. Collier absent. Nays none.

Discussion about new electric service and deposit with Norris for Public Safety Building. Motion by Milton, seconded by Sladek to approve payment for installation and utility deposit. On roll call voting aye Milton, Schwab, and Sladek. Collier absent. Nays none.

Discussion of annual appointments to committees and boards. Motion by Milton, seconded by Sladek to approve appointments. On roll call voting aye Sladek, Milton, and Schwab. Collier absent. Nays none.

Discussion about bid from 34 Electric to replace lights at Ball Field. Motion by Sladek, seconded by Schwab to approve bid. On roll call voting aye Schwab, Sladek, and Milton. Collier absent. Nays none.

Motion by Milton, seconded by Schwab to table discussion on outsourcing payroll & possible other accounting functions and other solutions for office staff shortages until Executive Session at end of meeting. On roll call voting aye Sladek, Milton, and Schwab. Collier absent. Nays none.

MINUTE RECORD

Motion by Schwab, seconded by Milton to table discussion on public works raises until Executive Session at end of meeting. On roll call voting aye Sladek, Schwab, and Milton. Collier absent. Nays none.

Motion by Milton, seconded by Schwab to postpone discussion on bid for repair on south door of Grange Hall until next meeting. On roll call voting aye Milton, Schwab, and Sladek. Collier absent. Nays none.

Motion by Milton, seconded by Schwab to postpone discussion of bids for pool painting until next meeting. On roll call voting aye Schwab, Sladek, and Milton. Collier absent. Nays none.

Discussion about pool hiring ads. Motion by Milton, seconded by Schwab to accept applications for Pool Manager from March 4th to April 3rd, and Assistant Manager and Lifeguards between April 8th and May 10th. On roll call voting aye Milton, Sladek, and Schwab. Collier absent. Nays none.

Discussion about bid for Ball Field fence repairs. Motion by Sladek, seconded by Milton to approve bid. On roll call voting aye Schwab, Milton, and Sladek. Collier absent. Nays none.

Discussion about pickleball court nets. Motion by Milton, seconded by Schwab to approve purchase of one anchored net. On roll call voting aye Sladek, Schwab, and Milton. Collier absent. Nays none.

Motion by Milton, seconded by Schwab to table discussions on clerk position until Executive Session at end of meeting. On roll call voting aye Sladek, Milton, and Schwab. Collier absent. Nays none.

Discussion to write off past due utility bills from prior to 2020. Motion by Schwab, seconded by Sladek to approve writing off accounts. On roll call voting aye Milton, Schwab, and Sladek. Collier absent. Nays none.

Diane Odoski, Head Librarian, gave Library report. No action taken.

No Hospital report.

No Building Inspector report.

Brent Milton, Fire Chief, gave Fire report. No action taken.

Ray Rohrig gave Rescue Squad Report. No action taken.

Travis Peterkin, Police Chief, gave Police report. No action taken.

Kristen Milton gave Pool Report. No action taken

Public Works reported by Trent Roesler. No action taken.

MINUTE RECORD

Heather L. Varney, Deputy Clerk, gave Clerk's report. No action taken.

Motion by Schwab, seconded by Milton to enter Executive Session to discuss personnel issues. On roll call voting aye Sladek, Milton, and Schwab. Collier absent. Nays none. Entered Executive Session at 7:55pm.

Motion by Schwab, seconded by Milton to exit Executive Session. On roll call voting aye Schwab, Milton, and Sladek. Collier absent. Nays none. Exited Executive Session at 8:25pm.

Motion by Milton, seconded by Schwab to post an ad seeking Deputy Clerk assistant. On roll call voting aye Sladek, Milton, and Schwab. Collier absent. Nays none.

Motion by Milton, seconded by Schwab to update City Clerk ads to offer position as salaried. On roll call voting aye Sladek, Milton, and Schwab. Collier absent. Nays none.

No action on Public Works wages.

No further business to come before the City Council, motion by Schwab, seconded by Sladek to adjourn. On roll call voting aye Milton, Sladek, and Schwab. Collier absent. Nays none. Meeting adjourned at 8:30 p.m.

Judith K. Knoke, Mayor

ATTEST

Heather L. Varney, Deputy City Clerk

I, the undersigned, City Clerk of the City of Friend, Nebraska, hereby certify that the foregoing is a true and correct copy of proceedings had and done by the Council on January 6, 2026; that all of the subjects included in the foregoing proceedings were contained in the agenda for the meeting, kept continually current and readily available for public inspection at the office of the Clerk; that such subjects were contained in said agenda for at least twenty-four hours prior to said meeting; that at least one copy of all reproducible material discussed at the meeting was available at the meeting for examination and copying by members of the public; that the said minutes from which the foregoing proceedings have been extracted and were in written form and available for public inspection within ten working days; that all news media requesting notification concerning meeting of said body were provided advance notification of the time and place of said meeting and the subjects to be discussed at said meeting.

MINUTE RECORD

Deputy City Clerk

NOTICE OF MEETING CITY OF FRIEND, NEBRASKA

Notice is hereby given that the City Council of the City of Friend, Nebraska will meet at 7:00 p.m. on **Tuesday, April 7, 2026**, at the City Hall, which meeting will be open to the public. Agenda for said meeting is kept current and is available in the City Clerk's office during regular business hours. Request to be on the agenda must be in the City Clerk's office 24 hours prior to the start of the meeting.

Heather L. Varney, Deputy City Clerk

MINUTE RECORD

FRIEND CITY COUNCIL SPECIAL MEETING March 30, 2026

Mayor Judith Knoke called the special meeting of the City Council to order at 6:30 p.m. at the City Hall. Advanced notice of the meeting was given by posting notice at three places in town, one method for giving advanced notice. All proceedings shown were taken while the meeting was open to the attendance of the public.

Mayor Judith Knoke presided and recorded the proceedings. The following Councilmembers were present: Kristen Milton, Phyllis Schwab, David Sladek, and Jeremy Collier. A quorum being present, and the meeting duly convened, the following proceedings were had and done.

As required by the Nebraska Open Meetings Act, Mayor Knoke announced that a copy of the Nebraska Open Meetings Act has been posted on the south door of the City Hall meeting room for all in attendance to review.

Mayor Knoke led the pledge of Allegiance.

Discussion about hiring City Clerk. Motion by Milton, second by Collier to approve hiring Amie Underwood full-time for the clerk's position at a salary of \$60,000.00 per year. On roll call voting aye Milton, Collier, Schwab, and Sladek. Nays none.

Discussion about hiring Pool Manager. Motion by Sladek, second by Collier to approve hiring Heather Black as Pool Manager. On roll call voting aye Collier, Schwab, Sladek, and Milton. Nays none.

Discussion about SDL for American Legion for May 8, 2026. Motion by Schwab, second by Collier to approve SDL. On roll call voting aye Schwab, Sladek, Milton, and Collier. Nays none.

Discussion about bid for landscaping for Binzebo park. Motion by Milton, second by Collier to approve bid by Cutting Edge Landscapes for \$2,337.99. On roll call voting aye Sladek, Milton, Collier, and Schwab. Nays none.

No further business to come before the City Council, a motion was made by Milton, seconded by Collier, to adjourn the meeting. On roll call voting aye Schwab, Sladek, Collier, and Milton. Nays none. Motion carried and meeting adjourned at 6:35 pm.

Judith Knoke, Mayor

ATTEST

Heather L. Varney, Deputy City Clerk

WMH dba Friend Community Healthcare System (FCHS)

Board of Directors March 31, 2026; 6:00pm CDT

Annual Public Auditor's Presentation

Monthly Public Meeting: FCHS or Virtual via Microsoft Teams

President: Jen Stutzman VP/Secretary: Nick Svehla Mayor: Judith Jewels Knoke Members: Phyllis Schwab & Emmett Beckler

Committees: Building & Maintenance – Nick & Phyllis Finance: Emmett Medical – Jen & Jewels

- Roll Call
- Public Comments:
- **Review/Approve February 24, 2026 Meeting Minutes**

Administrative Report led by Jared Chaffin, Chief Executive Officer

- Rural Health Transformation Project (RHTP) - \$1.8 million request to State for equipment and facilities
- AMI (radiology reads) – ~\$60K in additional cost/year beginning April 2026
- Assisted Living Update – working w/State and RHRC on regulatory requirements
- OR Suite Update – all required work to date completed by FCHS, awaiting HRSA to provide further instructions/guidance
- Strategic Partnerships

Quality led by Amy Thimm, Chief Clinical & Operating Officer

- Quality Report – Report attached
- Review/Approve Quality Report
- Policy Approvals: none

Pharmacy Reports by Chad Muma, PIC, PharmD

- **Antimicrobial Stewardship** – April and October

Financials led by Jared Chaffin, Chief Executive & Finance Officer

Review/Approve

- Payroll
- Disbursements
- Financials

Credentialing Review/Approve Privileges:

February 2026, Medical Staff Credentialing:

- Temporary: Heath Penny, CRNA
Reappointment: none
Initial Appointment: none
Inactivation: none

New/Old Business:

- Meals on Wheels Bank Account

Open Discussion:

Adjourn:

FCHS/WMH Board Meetings - handled in accordance with *Open Meetings Act*

Agendas posted in advance at Hospital entrance/Friend City Hall/Friend Post Office – copies available from FCHS Admin.

BOARD OF DIRECTORS
Tuesday February 27th, 2026
Meeting Minutes

The meeting was called to order at 6:02pm by Jen Stutzman

Rules for Open Meetings Act posted in Conference Room & available by email if needed

Roll Call: Jen Stutzman (Zoom), Nick Svhela, Phyllis Schwab, Emmett Beckler & Jewels Knoke

Public Comments: Doug Bergman stated that Buffet Cancer Center & UNMC are committed to Rural Healthcare. Doug attended a conference that indicated that Saline County was identified on a PowerPoint slide as counties to work with.

Motion by Svhela to approve January 27th, 2026, Meeting Minutes; Seconded by Beckler

Voting: Schwab-Yes, Beckler-Yes, Stutzman-Yes, Svhela-Yes, Knoke-Yes- Motion Carried

ADMINISTRATIVE REPORT

CEO Jared Chaffin

- RHTP & NHA are still discussing where money will be going
- Amy Thimm was nominated to be on the board in our Region/District
- \$10,000,000 is set aside for REH's
- Continuing to seeks options for outsourcing
- AMI wants to terminate the agreement with the FCHS due to low volumes. However, they have agreed to extend services through July 2026 with FCHS. Discussion will continue.
- Assisted Living
 - o All rooms painted
 - o New vanity & toilet have been installed in the show room
 - o Working with the state if we are considered new or existing
- Adrian Smith Visit
 - o Covered many topics with him
 - o Will look into REH Funding amount
- Considering creating a Community Advocacy Board. Allow community members to help advocate within the community regarding FCHS from a community perspective.

CLINICAL SERVICES & OPERATIONS: Brady Beachum

- Medical Bylaws to be revised in order to establish a quorum.
- ER satisfaction numbers are average and Dr. Beachum took it as a challenge to improve
- Implement AIDET Communication

- No nursing agencies used in February
- Analysis of volume report
 - o ½ of volume is not a high payer
- Denial rate is lower than national average

Motion by Knoke to approve the Quality Report; seconded by Beckler

Voting: Schwab-Yes, Beckler-Yes, Stutzman-Yes, Svehla-Yes, Knoke-Yes - Motion Carried

Policy Approval: None

PHARMACY REPORTS: Chad Muma, Pharm D

- Antimicrobial Stewardship – April & October

FINANCIALS JARED CHAFFIN, CEO

Motion by Schwab to approve January 2026 Check/Disbursements; Seconded by Svehla

Voting: Schwab-Yes, Beckler-Yes, Stutzman-Yes, Svehla-Yes, Knoke-Yes - Motion Carried

Motion by Knoke to approve January 2026 Payroll; Seconded by Schwab

Voting: Schwab-Yes, Beckler-Yes, Stutzman-Yes, Svehla-Yes, Knoke-Yes - Motion Carried

Financials need to be redone due to some inconsistencies with account totals.

Motion by Schwab to postpone approval of January 2026 Financials; Seconded by Knoke

Voting: Schwab-Yes, Beckler-Yes, Stutzman-Yes, Svehla-Yes, Knoke-Yes - Motion Carried

CREDENTIALING OF MEDICAL STAFF: AMY THIMM

- February did not have any Medical Staff Credentialing

OLD/NEW BUSINESS

- Continue discussions with potential partners with various providers

Executive Session

ADJOURN:

Motion to Adjourn Meeting at 6:53pm by Knoke; Seconded by Schwab

Voting: Schwab-Yes, Beckler-Yes, Stutzman-Yes, Svehla-Yes, Knoke-Yes - Motion Carried

Next monthly meeting March 31st, 2026, at 6:00pm unless approved otherwise

Meeting Attendees:

Hospital Staff: Jared Chaffin, Ron TeBrink, Amy Thimm (Zoom), Emilee Ficke (Zoom), & Dr. Brady Beechum (Zoom)

City Council: None

Public: Doug Bergman

2026 QA Dashboard

| | | JANUARY | FEBRUARY |
|----------|--|----------------|----------------|
| COO | Survey Preparedness On Time Submission of OP-18 | Ongoing Met | Ongoing MET |
| CIO | | | |
| Nursing | Endoscopy chart audits - Goal 100% | 100% | 100% |
| | Staffing - less than 10% Agency of avail shifts. | 0% | 0% |
| | Outdates - completion of 8 areas 85% of X | 100% | 100% |
| | ED F/U Phone Calls - Goal 100% | 100% | 100% |
| IP | Hand Hygiene | 96% | 91% |
| | Total Observations greater than 30 | 25 | 23 |
| | HAI's | 0 | 0 |
| Lab | Regulatory measures as per last year | Internal Data | Internal Data |
| | Response time to ER calls (30 min) | 95% | 100% |
| HR | | | |
| Pharmacy | Med Errors | 0 | 0 |
| | Adverse Reactions | 0 | 0 |
| | Medication Outdates to Med Staff monthly | Met | Met |
| | Antibiotic Stewardship - April/October w/Lab | Not due | Not Due |
| Clinic | Wait time to see a provider (less than 15 min) | 95% | 95% |
| Dietary | Monthly Menus to meet 1/3 of daily nutritional needs | Met | Met |

| | | | |
|------------------------------------|---|----------------------|--------------------|
| | Customer/Patient Satisfaction | N/A none returned | 96% |
| Physical Therapy | Client Satisfaction Surveys (identify any issues) | None rec. | None rec. |
| Radiology | Number of Retakes | 4/70 | 1/70 |
| | Response time to ED Calls (30 min) | 100% | 100% |
| PROVIDER QA | Average of all totals all Providers | | |
| Avel Usage | | 81% | 76% |
| Note Completion less than 24 hours | | 88% | 91% |
| Co-Signature of CMO of APP's | | ED= 92.5; Clinic 96% | ED=93%; Clinic 98% |

| | | | |
|----|-----------------------|------|--------|
| AR | Average Total Days AR | 39.5 | 37.61 |
| | Denial Rate | 13% | 12.71% |

Sdwhq#7dwidfwrq#ru#Ihexdu|#Rqh#hsru#hfhlyg#Dokljkhwpdunv/#h{fhswhqh1

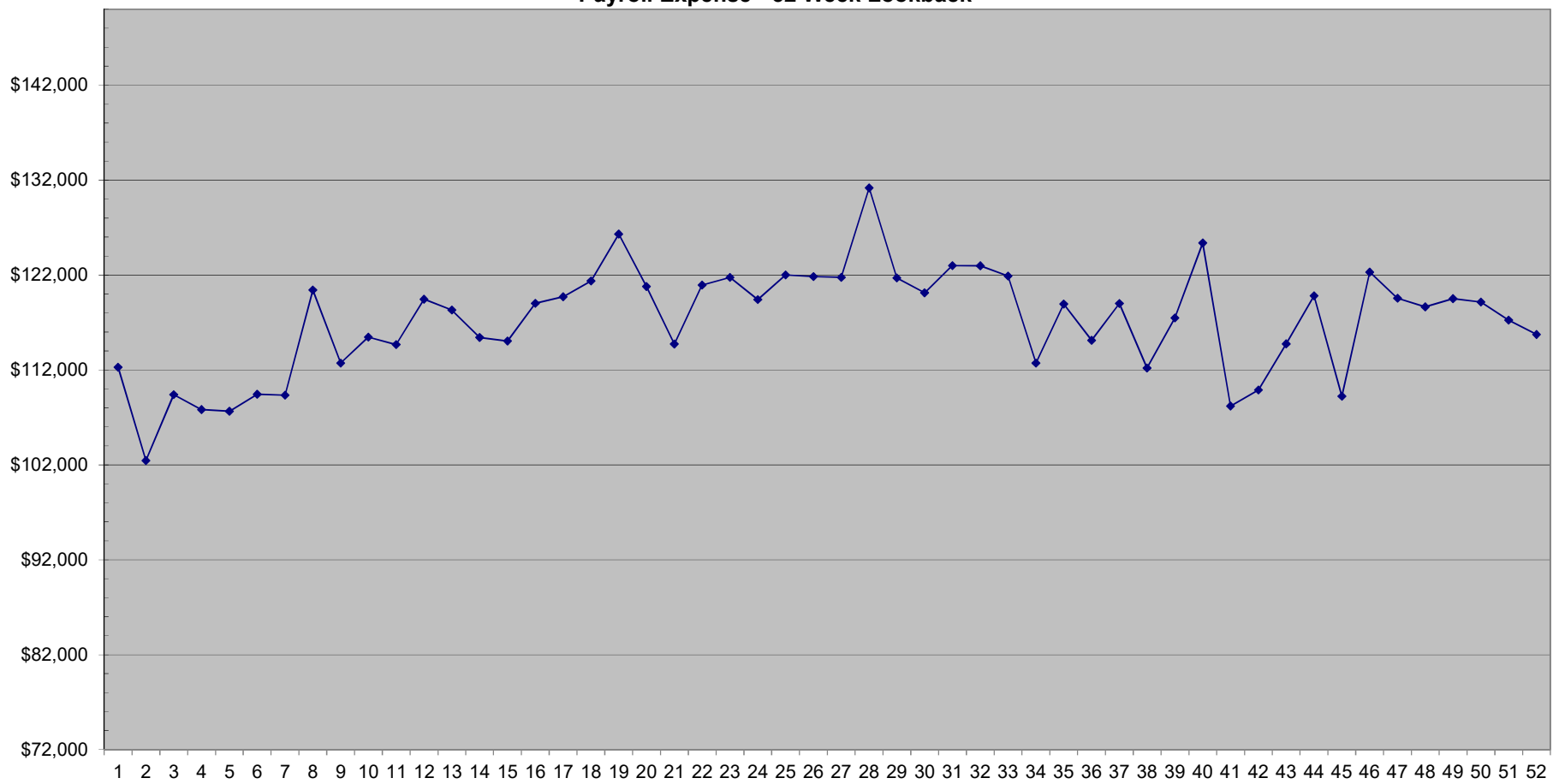
How often did you feel the doctors/providers really cared about you as a person?



#

| Bi-weekly payroll | | | | | |
|---------------------------------|-----------------------|-------------------------|-------------------|-----------------------|---------------------|
| 2 Year Overview | | | | Hospital | |
| | | Number | Gross | Share | Gross |
| <u>Pay Period Ending</u> | <u>Holiday</u> | <u>of Checks</u> | <u>Pay</u> | <u>of FICA</u> | <u>Hours</u> |
| March 1, 2024 | | 40 | 112,291 | 8,423 | |
| March 15, 2024 | | 40 | 102,456 | 7,597 | |
| March 29, 2024 | | 43 | 109,406 | 8,164 | |
| April 12, 2024 | | 40 | 107,822 | 7,972 | |
| April 26, 2024 | | 43 | 107,643 | 7,909 | |
| May 10, 2024 | | 44 | 109,446 | 8,037 | |
| May 24, 2024 | | 43 | 109,345 | 8,154 | |
| June 7, 2024 | ✓ | 45 | 120,422 | 9,003 | |
| June 21, 2024 | | 42 | 112,720 | 7,525 | |
| July 5, 2024 | | 41 | 115,459 | 7,665 | |
| July 19, 2024 | ✓ | 43 | 114,673 | 7,339 | |
| August 2, 2024 | | 43 | 119,447 | 7,563 | |
| August 16, 2024 | | 42 | 118,317 | 8,089 | |
| August 30, 2024 | | 45 | 115,429 | 7,826 | |
| September 13, 2024 | ✓ | 44 | 115,046 | 7,723 | |
| October 11, 2024 | | 41 | 119,022 | 7,444 | |
| October 24, 2024 | | 43 | 119,700 | 8,020 | |
| November 8, 2024 | | 45 | 121,391 | 7,679 | |
| November 22, 2024 | | 44 | 126,324 | 7,894 | |
| December 6, 2024 | ✓ | 45 | 120,790 | 7,795 | |
| December 20, 2024 | | 43 | 114,729 | 7,524 | |
| January 3, 2025 | ✓ | 42 | 120,948 | 9,496 | |
| January 17, 2025 | ✓ | 39 | 121,749 | 9,270 | |
| January 31, 2025 | | 45 | 119,419 | 8,453 | |
| February 14, 2025 | | 43 | 122,008 | 8,673 | |
| February 28, 2025 | | 44 | 121,833 | 8,478 | |
| March 14, 2025 | | 40 | 121,757 | 8,428 | |
| March 28, 2025 | | 43 | 131,187 | 8,996 | |
| April 11, 2025 | | 42 | 121,688 | 8,466 | |
| April 25, 2025 | | 43 | 120,114 | 8,261 | |
| May 9, 2025 | | 42 | 122,994 | 8,393 | |
| May 23, 2025 | | 42 | 122,973 | 8,599 | |
| June 6, 2025 | ✓ | 39 | 121,894 | 8,834 | |
| June 20, 2025 | | 41 | 112,725 | 8,159 | |
| July 3, 2025 | | 39 | 118,944 | 8,619 | |
| July 18, 2025 | ✓ | 40 | 115,117 | 7,921 | |
| August 1, 2025 | | 41 | 119,000 | 7,829 | |
| August 15, 2025 | | 38 | 112,200 | 7,314 | |
| August 29, 2025 | | 43 | 117,482 | 7,562 | |
| September 6, 2025 | ✓ | 43 | 125,377 | 8,230 | |
| September 20, 2025 | | 35 | 108,207 | 7,207 | |
| October 10, 2025 | | 37 | 109,889 | 7,328 | 2,937 |
| October 24, 2025 | | 38 | 114,747 | 7,356 | 3,105 |
| November 7, 2025 | | 38 | 119,817 | 7,674 | 2,982 |
| November 21, 2025 | | 38 | 109,228 | 7,072 | 2,993 |
| December 5, 2025 | ✓ | 36 | 122,298 | 7,660 | 3,071 |
| December 19, 2025 | | 36 | 119,557 | 7,392 | 3,117 |
| January 2, 2026 | ✓ | 36 | 118,646 | 9,285 | 3,102 |
| January 16, 2026 | ✓ | 35 | 119,509 | 9,051 | 3,088 |
| January 30, 2026 | | 36 | 119,158 | 8,908 | 2,984 |
| February 13, 2026 | | 36 | 117,242 | 8,580 | 2,987 |
| February 27, 2026 | | 34 | 115,733 | 8,390 | 3,005 |
| Average | | 41 | 117,218 | 8,101 | 3,034 |

Payroll Expense - 52 Week Lookback



**Friend Community Healthcare System
Disbursement Report
For the Month of February 2026**

| <u>Reference</u> | <u>Date</u> | <u>Description</u> | <u>Amount</u> |
|------------------|-------------|--------------------------------|-------------------|
| 000322 | 2/13/2026 | YORK PHYSICAL THERAPY/ MILFORD | 6,873.24 |
| 000323 | 2/16/2026 | CLIA LABORATORY PROGRAM | 654.00 |
| 000324 | 2/18/2026 | US POST OFFICE | 78.00 |
| 000325 | 2/19/2026 | JARED CHAFFIN | 911.14 |
| 000326 | 2/27/2026 | KEITH E BULL | 0.00 |
| 000327 | 2/27/2026 | KEITH E BULL | 500.00 |
| 000328 | 2/27/2026 | BUILD BEAVER | 100.00 |
| 500575 | 2/2/2026 | MEDICA INSURANCE | 39,961.80 |
| 500576 | 2/3/2026 | MCKESSON | 1,500.00 |
| 500577 | 2/4/2026 | VISION STAFFING LLC | 1,000.00 |
| 500578 | 2/3/2026 | CARD CONNECT | 365.32 |
| 500579 | 2/5/2026 | SHARE STAFF HEALTHCARE | 2,000.00 |
| 500580 | 2/6/2026 | CARDINAL HEALTH 110 INC | 2,507.01 |
| 500581 | 2/6/2026 | TAMCO CAPITAL CORPORATION | 335.00 |
| 500582 | 2/9/2026 | GLOBE LIFE | 499.16 |
| 500583 | 2/9/2026 | GUARDIAN | 1,059.65 |
| 500584 | 2/9/2026 | PRINCIPAL LIFE INSURANCE COMPA | 4,988.67 |
| 500585 | 2/9/2026 | SFM | 1,074.00 |
| 500586 | 2/9/2026 | WAYSTAR - ZIRMED | 411.54 |
| 500587 | 2/10/2026 | RADSOURCE IMAGING TECHNOLOGIES | 4,600.00 |
| 500588 | 2/12/2026 | CARDINAL HEALTH 110 INC | 999.46 |
| 500589 | 2/13/2026 | NORRIS PUBLIC POWER DISTRICT | 6,471.25 |
| 500590 | 2/13/2026 | MINDRAY DS USAC | 95.34 |
| 500591 | 2/13/2026 | EMPOWER | 11,189.88 |
| 500592 | 2/16/2026 | BLACK HILLS ENERGY | 1,782.85 |
| 500593 | 2/13/2026 | MARSH & MCLENNAN AGENCY LLC | 2,899.30 |
| 500594 | 2/16/2026 | WPS GOVERNMENT SERVICES | 16,300.00 |
| 500595 | 2/16/2026 | CHUBB GROUP OF INS CO | 4,669.79 |
| 500596 | 2/17/2026 | LSQ FUNDING GROUP. L.C. | 4,807.56 |
| 500597 | 2/18/2026 | WINDSTREAM | 493.09 |
| 500598 | 2/19/2026 | IRONSIDE HUMAN RESOURCES, LLC | 1,000.00 |
| 500599 | 2/19/2026 | SANOFI PASTEUR | 500.00 |
| 500600 | 2/20/2026 | ESCREEN, INC | 2.45 |
| 500602 | 2/24/2026 | NEBRASKA DEPT OF REVENUE | 127.69 |
| 500657 | 2/17/2026 | MCKESSON | 934.23 |
| ACCRUED | 2/28/2026 | VISA | 13177.35 |
| GL ENTRY | 2/23/2026 | USDA | 1,441.00 |
| GL ENTRY | 2/17/2026 | USDA | 9,170.00 |
| GL ENTRY | 2/17/2026 | USDA | 1,295.00 |
| GL ENTRY | 2/17/2026 | USDA | 685.00 |
| GL ENTRY | 2/10/2026 | Repayment to Foundation | 127,000.00 |
| GL ENTRY | 2/2/2026 | Dietary | 145.56 |
| GL ENTRY | 2/2/2026 | Cybersec BKCD | 36.49 |
| GL ENTRY | 2/3/2026 | Bank Fees | 40.00 |
| | | | 274,681.82 |

FRIEND COMMUNITY HEALTHCARE SYSTEMS
BALANCE SHEET
FOR THE MONTH ENDING: 01/31/26

| | Current Year | Prior Year | Net Change |
|---|--------------|------------|------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Equivalents | (280,218) | (124,163) | (156,054) |
| Patient Accounts Receivable - Net | 889,006 | 635,503 | 253,503 |
| REH Funding Receivable | 295,051 | 9,392 | 285,659 |
| Inventory & Prepaid Expense | 163,389 | 156,851 | 6,537 |
| | ----- | ----- | ----- |
| Total Current Assets | 1,067,230 | 677,584 | 389,646 |
| | | | |
| Property Plant Equipmt Net of Depr | 2,950,184 | 3,371,118 | (420,934) |
| Due from Third Party | 196,311 | 427,127 | (230,816) |
| | ----- | ----- | ----- |
| Total Assets | 4,213,725 | 4,475,830 | (262,104) |
| | ===== | ===== | ===== |
| LIABILITIES AND NET POSITION | | | |
| Current Liabilities | | | |
| Current Portion of LT Debt & Capt Leas | 280,400 | 396,550 | (116,150) |
| Notes Payable Citizens State Bank | 600,000 | 99,999 | 500,000 |
| Accounts Payable | 1,057,654 | 1,360,272 | (302,617) |
| Accrued Expenses | | | |
| Salaries Wages and Benefits | 211,399 | 282,336 | (70,937) |
| Interest | 18,778 | 5,154 | 13,624 |
| Amounts Paybl to 3rd Prty Pyrs Prior Y | 456,131 | 816,422 | (360,290) |
| Unearned Revenue - Covid | | | |
| | ----- | ----- | ----- |
| Total Current Liabilities | 2,624,364 | 2,960,736 | (336,371) |
| | | | |
| Long Term Debt and Captl Lease Obligatn | | | |
| Less Current Portion | 1,939,289 | 1,948,242 | (8,953) |
| | ----- | ----- | ----- |
| Total Liabilities | 4,563,654 | 4,908,978 | (345,324) |
| | | | |
| Net Deficit Beginning of Year | (239,118) | 183,229 | (422,347) |
| Change in Net Position Current Yr (Los | (110,810) | (616,378) | 505,567 |
| | | | |
| Total Net Position (Deficit) | (349,928) | (433,148) | 83,220 |
| | ----- | ----- | ----- |
| Total Liabilities and Net Position | 4,213,725 | 4,475,830 | (262,104) |
| | ===== | ===== | ===== |

FRIEND COMMUNITY HEALTHCARE SYSTEMS
BALANCE SHEET
FOR THE MONTH ENDING: 02/28/26

| | Current Year | Prior Year | Net Change |
|---|--------------|------------|------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Equivalents | (348,437) | (122,275) | (226,162) |
| Patient Accounts Receivable - Net | 928,796 | 651,325 | 277,470 |
| REH Funding Receivable | 295,051 | 9,392 | 285,659 |
| Inventory & Prepaid Expense | 128,846 | 159,487 | (30,640) |
| | ----- | ----- | ----- |
| Total Current Assets | 1,004,257 | 697,930 | 306,327 |
| | | | |
| Property Plant Equipmt Net of Depr | 2,918,205 | 3,331,899 | (413,694) |
| Due from Third Party | 196,311 | 427,127 | (230,816) |
| | ----- | ----- | ----- |
| Total Assets | 4,118,774 | 4,456,957 | (338,183) |
| | ===== | ===== | ===== |
| LIABILITIES AND NET POSITION | | | |
| Current Liabilities | | | |
| Current Portion of LT Debt & Capt Leas | 280,400 | 396,550 | (116,150) |
| Notes Payable Citizens State Bank | 600,000 | 149,999 | 450,000 |
| Accounts Payable | 1,107,690 | 1,350,458 | (242,768) |
| Accrued Expenses | | | |
| Salaries Wages and Benefits | 234,976 | 288,131 | (53,155) |
| Interest | 19,887 | 6,363 | 13,524 |
| Amounts Paybl to 3rd Prty Pyrs Prior Y | 443,416 | 805,374 | (361,957) |
| Unearned Revenue - Covid | | | |
| | ----- | ----- | ----- |
| Total Current Liabilities | 2,686,371 | 2,996,878 | (310,506) |
| | | | |
| Long Term Debt and Captl Lease Obligatn | | | |
| Less Current Portion | 1,932,915 | 1,942,362 | (9,447) |
| | ----- | ----- | ----- |
| Total Liabilities | 4,619,286 | 4,939,240 | (319,953) |
| | | | |
| Net Deficit Beginning of Year | (239,118) | 183,229 | (422,347) |
| Change in Net Position Current Yr (Los | (261,394) | (665,512) | 404,118 |
| | | | |
| Total Net Position (Deficit) | (500,512) | (482,282) | (18,229) |
| | ----- | ----- | ----- |
| Total Liabilities and Net Position | 4,118,774 | 4,456,957 | (338,183) |
| | ===== | ===== | ===== |

FCHS Volume Analysis

| Facility Wide Volume | | | | | | | | | | | | | | | |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Jan-25 | Feb-25 | Mar-25 | Apr-25 | May-25 | Jun-25 | Jul-25 | Aug-25 | Sep-25 | Oct-25 | Nov-25 | Dec-25 | Jan-26 | Feb-26 | Average |
| Outpatient | 51 | 44 | 53 | 86 | 50 | 52 | 57 | 66 | 69 | 108 | 71 | 83 | 63 | 62 | 65 |
| E/D | 33 | 14 | 39 | 35 | 29 | 24 | 32 | 32 | 38 | 39 | 31 | 28 | 41 | 32 | 32 |
| Clinic | 124 | 109 | 95 | 107 | 103 | 98 | 154 | 145 | 123 | 117 | 89 | 105 | 107 | 89 | 112 |
| Total | 208 | 167 | 187 | 228 | 182 | 174 | 243 | 243 | 230 | 264 | 191 | 216 | 211 | 183 | 209 |
| Payer Mix # | | | | | | | | | | | | | | | |
| Medicare | 60 | 45 | 56 | 86 | 43 | 66 | 79 | 86 | 92 | 80 | 55 | 64 | 82 | 76 | 69 |
| Medicaid | 6 | 12 | 5 | 6 | 12 | 8 | 11 | 16 | 7 | 6 | 13 | 15 | 18 | 7 | 10 |
| BCBS | 37 | 31 | 36 | 32 | 33 | 39 | 50 | 43 | 46 | 59 | 30 | 54 | 32 | 34 | 40 |
| Commercial | 38 | 21 | 27 | 31 | 45 | 24 | 46 | 43 | 33 | 45 | 38 | 26 | 20 | 32 | 34 |
| Private | 33 | 34 | 35 | 48 | 29 | 21 | 38 | 38 | 28 | 48 | 40 | 29 | 34 | 19 | 34 |
| Other | 34 | 24 | 28 | 25 | 20 | 16 | 19 | 17 | 24 | 26 | 15 | 28 | 25 | 15 | 23 |
| Total | 208 | 167 | 187 | 228 | 182 | 174 | 243 | 243 | 230 | 264 | 191 | 216 | 211 | 183 | 209 |
| Payer Mix % | | | | | | | | | | | | | | | |
| Medicare | 29% | 27% | 30% | 38% | 24% | 38% | 33% | 35% | 40% | 30% | 29% | 30% | 39% | 42% | 33% |
| Medicaid | 3% | 7% | 3% | 3% | 7% | 5% | 5% | 7% | 3% | 2% | 7% | 7% | 9% | 4% | 5% |
| BCBS | 18% | 19% | 19% | 14% | 18% | 22% | 21% | 18% | 20% | 22% | 16% | 25% | 15% | 19% | 19% |
| Commercial | 18% | 13% | 14% | 14% | 25% | 14% | 19% | 18% | 14% | 17% | 20% | 12% | 9% | 17% | 16% |
| Private | 16% | 20% | 19% | 21% | 16% | 12% | 16% | 16% | 12% | 18% | 21% | 13% | 16% | 10% | 16% |
| Other | 16% | 14% | 15% | 11% | 11% | 9% | 8% | 7% | 10% | 10% | 8% | 13% | 12% | 8% | 11% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Medicare/Self-Pay | 45% | 47% | 49% | 59% | 40% | 50% | 48% | 51% | 52% | 48% | 50% | 43% | 55% | 52% | 49% |
| Medicare/Medicaid/Self-Pay | 48% | 54% | 51% | 61% | 46% | 55% | 53% | 58% | 55% | 51% | 57% | 50% | 64% | 56% | 54% |

WMH dba Friend Community Healthcare System (FCHS)

Board of Directors February 24, 2026; 6:00pm CDT

Annual Public Auditor's Presentation

Monthly Public Meeting: FCHS or Virtual via Microsoft Teams

President: Jen Stutzman VP/Secretary Nick Svehla Mayor: Judith Jewels Knoke Members: Phyllis Schwab & Emmett Beckler

Committees: Building & Maintenance – Nick & Phyllis Finance: Emmett Medical – Jen & Jewels

- Roll Call
- Public Comments:
- **Review/Approve January 27, 2026 Meeting Minutes**

Administrative Report led by Jared Chaffin, Chief Executive Officer

- Rural Health Transformation Project (RHTP)
- Revenue Cycle Outsourcing Update – Ni2 Health, Inc.
- AMI Discussions – Potential Radiology Change
- Assisted Living Update
- Congressman Adrian Smith visit
- Community Advocacy Board

Quality led by Amy Thimm, Chief Clinical & Operating Officer

- Quality Report – Report attached
- Review/Approve Quality Report
- Policy Approvals:

Pharmacy Reports by Chad Muma, PIC, PharmD

- **Antimicrobial Stewardship** – April and October

Financials led by Jared Chaffin, Chief Executive & Finance Officer

Review/Approve

- Payroll
- Disbursements
- Financials
- New Credit Card – approval to obtain

Credentialing Review/Approve Privileges:

January 2026, Medical Staff Credentialing: *None for January 2026*

- Temporary:
Reappointment:
 - Stat Rad
 - AMI
 - FCHSInitial Appointment:
Inactivation:

New/Old Business:

Open Discussion:

Adjourn:

FCHS/WMH Board Meetings - handled in accordance with *Open Meetings Act*

Agendas posted in advance at Hospital entrance/Friend City Hall/Friend Post Office – copies available from FCHS Admin.

BOARD OF DIRECTORS

Tuesday January 27th, 2026

Meeting Minutes

The meeting was called to order at 6:05pm by Jen Stutzman

Rules for Open Meetings Act posted in Conference Room & available by email if needed

Roll Call: Jen Stutzman, Nick Svhela, Phyllis Schwab, & Emmett Beckler, Jewels Knoke (Absent)

Public Comments: None

Motion by Svhela to approve November 25th, 2025, Meeting Minutes; Seconded by Beckler

Voting: Schwab-Yes, Beckler-Yes, Stutzman-Yes, Svehla-Yes - Motion Carried

ADMINISTRATIVE REPORT

CEO Jared Chaffin

- Emilee Ficke is the New Clinic Manager
- Rural Health Transformation Project (RHTP) from the Big Beautiful Bill
 - o Not going to help Rural Facilities
 - o Competitive Grants with bigger hospitals
- Benjamin Fee from the Denver Law Firm thinks we could get a retro payment
- There will be grants and we need to apply for them
- NHA on-site visit to discuss REH & RHTP
- Heidi Pierce keeper of the RHTP funds & they are project based
- Discussions to outsource revenue cycle to keep up with denial rate but not able to afford due to lack of volume. In discussions regarding a potential partnership.
- Possibility to go from monthly to every other month for Scoping to stack the volume to make it worth the cost
- Paster Tim Schrunk's church has received a donation of \$15,000 to assist with Meals on Wheels. Volunteers will be needed to assist with preparing food, etc.
- Garden County Community Hospital HR to assist with HR needs in Friend.

CLINICAL SERVICES & OPERATIONS: Amy Thimm

- Dr. Lee from UNMC came to Friend and had brunch with community members to find out what we as a community want in regard to services. Took a tour of the community & hospital.
- Possible collaboration of a screening day called Lumps & Bumps with UNMC
- Drop in Avel usage could be due to lack of need
- Work on more case management & develop some scripting

- Had good training with Rod Penner from MCode and would like to take it to the providers and map out next steps. Funding request to continue process.
- Had no Agency for the entire month of January and none scheduled in February

Motion by Schwab to approve the Quality Report; seconded by Beckler

Voting: Schwab-Yes, Beckler-Yes, Stutzman-Yes, Svehla-Yes - Motion Carried

Policy Approval: Hematology Analyzer Policies-Annual Review

Motion by Svehla to approve the Hematology Analyzer Policy; seconded by Beckler

Voting: Schwab-Yes, Beckler-Yes, Stutzman-Yes, Svehla-Yes - Motion Carried

PHARMACY REPORTS: Chad Muma, Pharm D

- Antimicrobial Stewardship – April & October

FINANCIALS JARED CHAFFIN, CEO

Motion by Svehla to approve November & December 2025 Check/Disbursements; Seconded by Schwab

Voting: Schwab-Yes, Beckler-Yes, Stutzman-Yes, Svehla-Yes - Motion Carried

Motion by Beckler to approve November & December 2025 Payroll; Seconded by Svehla

Voting: Schwab-Yes, Beckler-Yes, Stutzman-Yes, Svehla-Yes - Motion Carried

Motion by Schwab to approve November & December 2025 Financials; Seconded by Svehla

Voting: Schwab-Yes, Beckler-Yes, Stutzman-Yes, Svehla-Yes - Motion Carried

CREENTIALING OF MEDICAL STAFF: AMY THIMM

Reappointment of Stat Rad, AML, and Crystal Leiss (FCHS)

Motion by Svehla to approve January 2026 Medical Staff Credentialing; Seconded by Schwab

Voting: Schwab-Yes, Beckler-Yes, Stutzman-Yes, Svehla-Yes - Motion Carried

OLD/NEW BUSINESS

Education Night for the Community with Dr. Schroeder is currently on hold

Executive Session

Motion to enter Executive Session at 7.32pm by Schwab; seconded by Svehla

Voting: Schwab-Yes, Beckler-Yes, Stutzman-Yes, Svehla-Yes - Motion Carried

Motion to exit Executive Session at 7:45pm by Svehla: seconded by Schwab

Voting: Schwab-Yes, Beckler-Yes, Stutzman-Yes, Svehla-Yes - Motion Carried

No action was taken during Executive Session

ADJOURN:

Motion to Adjourn Meeting at 7:45pm by Schwab; Seconded by Svehla

Voting: Schwab-Yes, Beckler-Yes, Stutzman-Yes, Svehla-Yes - Motion Carried

Next monthly meeting February 27th, 2026, at 6:00pm unless approved otherwise

Meeting Attendees:

Hospital Staff: Jared Chaffin, Amy Thimm, Emilee Ficke (Zoom), Alphe Manalili (Zoom) & Dr. Brady Beechum (Zoom)

City Council: None

Public: Doug Bergman

2026 QA Dashboard

JANUARY

| | | |
|------------------------------------|---|----------------------------|
| COO | Survey Preparedness On Time Submissio of OP-18 | Ongoing Met |
| CIO | | |
| Nursing | Endoscopy chart audits - Goal 100% Staffing - less than 10% Agency of avail shifts. Outdates - completion of 8 areas 85% of X ED F/U Phone Calls - Goal 100% | 100% 0% 100% 100% |
| IP | Hand Hygeine Total Observations greater than 30 HAI's | 96% 25 0 |
| Lab | Regulatory measures as per last year Response time to ER calls (30 min) | Internal Data 95% |
| HR | | |
| Pharmacy | Med Errors Adverse Reactions Medication Outdates to Med Staff monthly Antibiotic Stewardship - April/October w/Lab | 0 0 Met Not due |
| Clinic | Wait time to see a provider (less than 15 min) | 95% |
| Dietary | Monthly Menus to meet 1/3 of daily nutritional needs Customer/Patient Satisfaction | Met N/A none returned |
| Physical Therapy | Client Satisfaction Surveys (identify any issues) | None rec. |
| Radiology | Number of Retakes Response time to ED Calls (30 min) | 4/70 100% |
| PROVIDER QA | Average of all totals all Providers | |
| Avel Usage | | 81% |
| Note Completion less than 24 hours | | 88% |

Co-Signature of CMO of APP's

ED= 92.5; Clinic
96%

NEW

- ED Scripting
- CMS Price Transparency
- AIDET
- Registration Completion ED

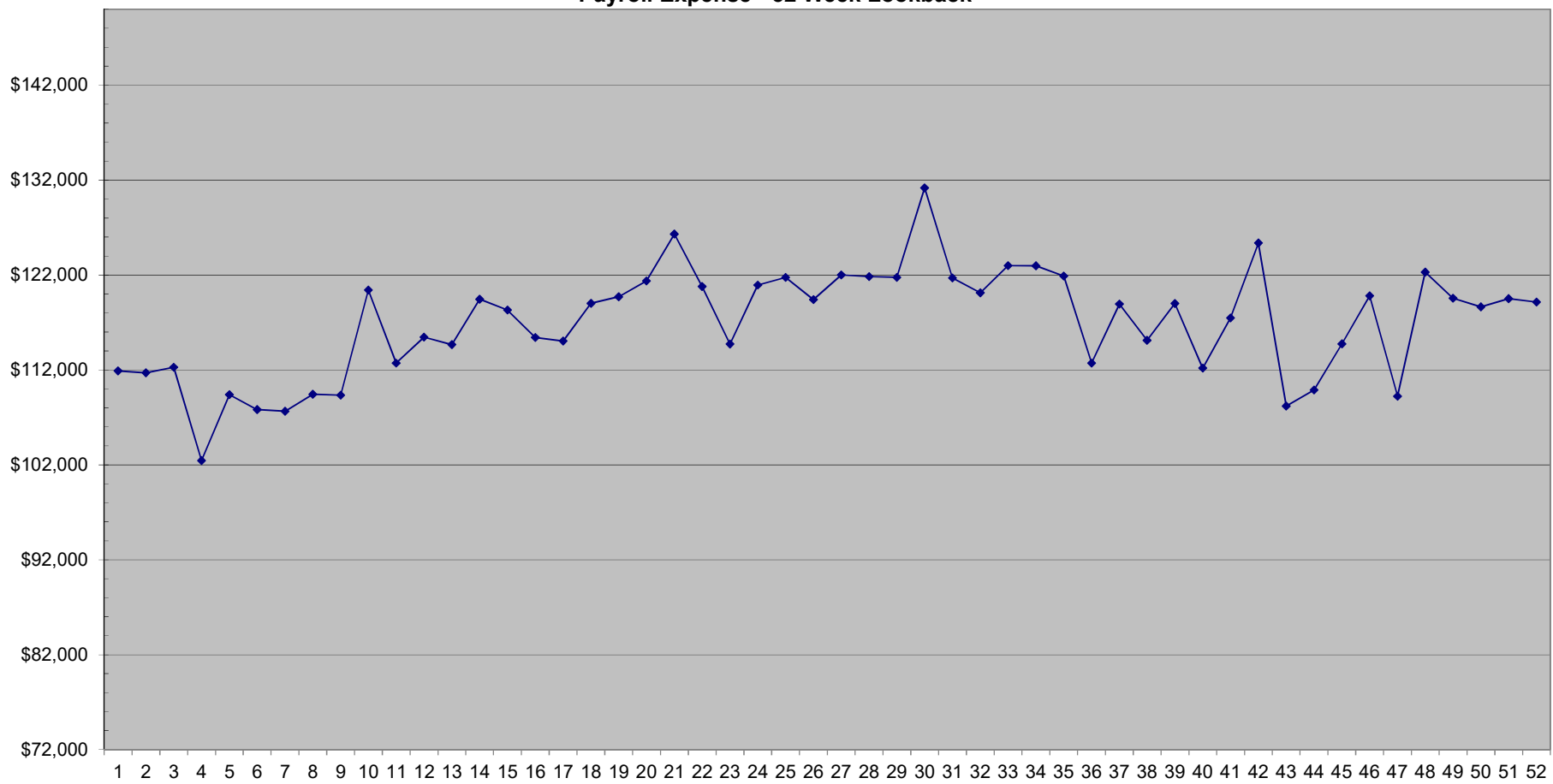
| | | |
|----|-----------------------|------|
| AR | Average Total Days AR | 39.5 |
| | Denial Rate | 13% |

**Friend Community Healthcare System
Disbursement Report
For the Month of January 2026**

| <u>Reference</u> | <u>Date</u> | <u>Description</u> | <u>Amount</u> |
|------------------|-------------|--------------------------------|---------------|
| 000304 | 01/07/26 | ADVANCED MEDICAL IMAGING | 340.00 |
| 000305 | 01/07/26 | ALPHE MANALILI | 349.96 |
| 000306 | 01/07/26 | BRETT BOLLER | 60.00 |
| 000307 | 01/07/26 | DAWN WEIDEMAN | 375.20 |
| 000308 | 01/07/26 | DEEA PECKHAM | 55.00 |
| 000309 | 01/07/26 | JORDAN LOFING | 222.10 |
| 000310 | 01/07/26 | NCVO COMPANY | 2,359.54 |
| 000311 | 01/07/26 | PHILLIP OELSCHLAGER | 325.00 |
| 000312 | 01/07/26 | YORK PHYSICAL THERAPY/ MILFORD | 5,181.22 |
| 000313 | 01/07/26 | MEDI-WASTE DISPOSAL LLC | 325.00 |
| 000314 | 01/07/26 | CULLIGAN WATER CONDITION | 468.00 |
| 000315 | 01/08/26 | NIFCO MECHANICAL SYSTEMS | 1,180.40 |
| 000316 | 01/14/26 | DRAKE REFRIGERATION | 2,987.50 |
| 000317 | 01/14/26 | US POST OFFICE | 31.20 |
| 000318 | 01/16/26 | WPS GOVERNMENT SERVICES | 16,300.00 |
| 000319 | 01/20/26 | FARMERS UNION CO-OP COMP | 113.25 |
| 000320 | 01/27/26 | LOGAN MEISINGER | 600.00 |
| 000321 | 01/30/26 | US POST OFFICE | 234.00 |
| 500545 | 01/02/26 | MEDICA INSURANCE | 34,320.02 |
| 500546 | 01/02/26 | MARSH & MCLENNAN AGENCY LLC | 2,751.72 |
| 500547 | 01/05/26 | SHARE STAFF HEALTHCARE | 2,000.00 |
| 500548 | 01/05/26 | VISION STAFFING LLC | 1,000.00 |
| 500549 | 01/06/26 | GLOBE LIFE | 499.16 |
| 500550 | 01/06/26 | GUARDIAN | 650.61 |
| 500551 | 01/06/26 | PRINCIPAL LIFE INSURANCE COMPA | 4,768.93 |
| 500552 | 01/06/26 | QUAD A | 2,050.00 |
| 500553 | 01/06/26 | TAMCO CAPITAL CORPORATION | 335.00 |
| 500554 | 01/06/26 | NORRIS PUBLIC POWER DISTRICT | 4,625.29 |
| 500555 | 01/06/26 | MARCO TECHNOLOGIES LLC | 2,130.23 |
| 500557 | 01/08/26 | IRONSIDE HUMAN RESOURCES, LLC | 1,000.00 |
| 500558 | 01/08/26 | BIO ELECTRONICS | 3,375.00 |
| 500559 | 01/08/26 | BLACK HILLS ENERGY | 1,954.41 |
| 500560 | 01/08/26 | CARDINAL HEALTH 110 INC | 5,009.09 |
| 500561 | 01/08/26 | EMPOWER | 10,711.86 |
| 500562 | 01/08/26 | TRUBRIDGE LLC | 15,000.00 |
| 500563 | 01/12/26 | RADSOURCE IMAGING TECHNOLOGIES | 4,600.00 |
| 500564 | 01/05/26 | CARD CONNECT | 937.68 |
| 500565 | 01/15/26 | LSQ FUNDING GROUP. L.C. | 4,807.56 |
| 500566 | 01/16/26 | WINDSTREAM | 494.93 |
| 500567 | 01/19/26 | WASTE CONNECTIONS OF NEBRASKA | 219.43 |
| 500568 | 01/19/26 | NEBRASKA DEPT OF REVENUE | 141.28 |
| 500569 | 01/27/26 | EMPOWER | 5,738.25 |
| 500570 | 01/27/26 | VOIDED | - |
| 500571 | 01/27/26 | CARDINAL HEALTH 110 INC | 1,012.75 |
| 500572 | 01/30/26 | CHUBB GROUP OF INS CO | 4,669.79 |
| 500573 | 01/30/26 | MMIC | 2,627.00 |
| 500574 | 01/30/26 | SFM | 1,068.00 |
| | | | 150,005.36 |

| Bi-weekly payroll | | | | | |
|--------------------------|----------------|------------------|----------------|-----------------|--------------|
| 2 Year Overview | | | | Hospital | |
| | | Number | Gross | Share | Gross |
| Pay Period Ending | Holiday | of Checks | Pay | of FICA | Hours |
| February 2, 2024 | | 41 | 111,894 | 9,063 | |
| February 16, 2024 | | 41 | 111,709 | 8,602 | |
| March 1, 2024 | | 40 | 112,291 | 8,423 | |
| March 15, 2024 | | 40 | 102,456 | 7,597 | |
| March 29, 2024 | | 43 | 109,406 | 8,164 | |
| April 12, 2024 | | 40 | 107,822 | 7,972 | |
| April 26, 2024 | | 43 | 107,643 | 7,909 | |
| May 10, 2024 | | 44 | 109,446 | 8,037 | |
| May 24, 2024 | | 43 | 109,345 | 8,154 | |
| June 7, 2024 | ✓ | 45 | 120,422 | 9,003 | |
| June 21, 2024 | | 42 | 112,720 | 7,525 | |
| July 5, 2024 | | 41 | 115,459 | 7,665 | |
| July 19, 2024 | ✓ | 43 | 114,673 | 7,339 | |
| August 2, 2024 | | 43 | 119,447 | 7,563 | |
| August 16, 2024 | | 42 | 118,317 | 8,089 | |
| August 30, 2024 | | 45 | 115,429 | 7,826 | |
| September 13, 2024 | ✓ | 44 | 115,046 | 7,723 | |
| October 11, 2024 | | 41 | 119,022 | 7,444 | |
| October 24, 2024 | | 43 | 119,700 | 8,020 | |
| November 8, 2024 | | 45 | 121,391 | 7,679 | |
| November 22, 2024 | | 44 | 126,324 | 7,894 | |
| December 6, 2024 | ✓ | 45 | 120,790 | 7,795 | |
| December 20, 2024 | | 43 | 114,729 | 7,524 | |
| January 3, 2025 | ✓ | 42 | 120,948 | 9,496 | |
| January 17, 2025 | ✓ | 39 | 121,749 | 9,270 | |
| January 31, 2025 | | 45 | 119,419 | 8,453 | |
| February 14, 2025 | | 43 | 122,008 | 8,673 | |
| February 28, 2025 | | 44 | 121,833 | 8,478 | |
| March 14, 2025 | | 40 | 121,757 | 8,428 | |
| March 28, 2025 | | 43 | 131,187 | 8,996 | |
| April 11, 2025 | | 42 | 121,688 | 8,466 | |
| April 25, 2025 | | 43 | 120,114 | 8,261 | |
| May 9, 2025 | | 42 | 122,994 | 8,393 | |
| May 23, 2025 | | 42 | 122,973 | 8,599 | |
| June 6, 2025 | ✓ | 39 | 121,894 | 8,834 | |
| June 20, 2025 | | 41 | 112,725 | 8,159 | |
| July 3, 2025 | | 39 | 118,944 | 8,619 | |
| July 18, 2025 | ✓ | 40 | 115,117 | 7,921 | |
| August 1, 2025 | | 41 | 119,000 | 7,829 | |
| August 15, 2025 | | 38 | 112,200 | 7,314 | |
| August 29, 2025 | | 43 | 117,482 | 7,562 | |
| September 6, 2025 | ✓ | 43 | 125,377 | 8,230 | |
| September 20, 2025 | | 35 | 108,207 | 7,207 | |
| October 10, 2025 | | 37 | 109,889 | 7,328 | 2,937 |
| October 24, 2025 | | 38 | 114,747 | 7,356 | 3,105 |
| November 7, 2025 | | 38 | 119,817 | 7,674 | 2,982 |
| November 21, 2025 | | 38 | 109,228 | 7,072 | 2,993 |
| December 5, 2025 | ✓ | 36 | 122,298 | 7,660 | 3,071 |
| December 19, 2025 | | 36 | 119,557 | 7,392 | 3,117 |
| January 2, 2026 | ✓ | 36 | 118,646 | 9,285 | 3,102 |
| January 16, 2026 | ✓ | 35 | 119,509 | 9,051 | 3,088 |
| January 30, 2026 | | 36 | 119,158 | 8,908 | 2,984 |
| Average | | 41 | 117,037 | 8,114 | 3,042 |

Payroll Expense - 52 Week Lookback



FCHS Volume Analysis

| Facility Wide Volume | | | | | | | | | | | | | | |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Jan-25 | Feb-25 | Mar-25 | Apr-25 | May-25 | Jun-25 | Jul-25 | Aug-25 | Sep-25 | Oct-25 | Nov-25 | Dec-25 | Jan-26 | Average |
| Outpatient | 51 | 44 | 53 | 86 | 50 | 52 | 57 | 66 | 69 | 108 | 71 | 83 | 63 | 66 |
| E/D | 33 | 14 | 39 | 35 | 29 | 24 | 32 | 32 | 38 | 39 | 31 | 28 | 41 | 32 |
| Clinic | 124 | 109 | 95 | 107 | 103 | 98 | 154 | 145 | 123 | 117 | 89 | 105 | 107 | 114 |
| Total | 208 | 167 | 187 | 228 | 182 | 174 | 243 | 243 | 230 | 264 | 191 | 216 | 211 | 211 |
| Payer Mix # | | | | | | | | | | | | | | |
| Medicare | 60 | 45 | 56 | 86 | 43 | 66 | 79 | 86 | 92 | 80 | 55 | 64 | 82 | 69 |
| Medicaid | 6 | 12 | 5 | 6 | 12 | 8 | 11 | 16 | 7 | 6 | 13 | 15 | 18 | 10 |
| BCBS | 37 | 31 | 36 | 32 | 33 | 39 | 50 | 43 | 46 | 59 | 30 | 54 | 32 | 40 |
| Commercial | 38 | 21 | 27 | 31 | 45 | 24 | 46 | 43 | 33 | 45 | 38 | 26 | 20 | 34 |
| Private | 33 | 34 | 35 | 48 | 29 | 21 | 38 | 38 | 28 | 48 | 40 | 29 | 34 | 35 |
| Other | 34 | 24 | 28 | 25 | 20 | 16 | 19 | 17 | 24 | 26 | 15 | 28 | 25 | 23 |
| Total | 208 | 167 | 187 | 228 | 182 | 174 | 243 | 243 | 230 | 264 | 191 | 216 | 211 | 211 |
| Payer Mix % | | | | | | | | | | | | | | |
| Medicare | 29% | 27% | 30% | 38% | 24% | 38% | 33% | 35% | 40% | 30% | 29% | 30% | 39% | 32% |
| Medicaid | 3% | 7% | 3% | 3% | 7% | 5% | 5% | 7% | 3% | 2% | 7% | 7% | 9% | 5% |
| BCBS | 18% | 19% | 19% | 14% | 18% | 22% | 21% | 18% | 20% | 22% | 16% | 25% | 15% | 19% |
| Commercial | 18% | 13% | 14% | 14% | 25% | 14% | 19% | 18% | 14% | 17% | 20% | 12% | 9% | 16% |
| Private | 16% | 20% | 19% | 21% | 16% | 12% | 16% | 16% | 12% | 18% | 21% | 13% | 16% | 17% |
| Other | 16% | 14% | 15% | 11% | 11% | 9% | 8% | 7% | 10% | 10% | 8% | 13% | 12% | 11% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Medicare/Self-Pay | 45% | 47% | 49% | 59% | 40% | 50% | 48% | 51% | 52% | 48% | 50% | 43% | 55% | 49% |
| Medicare/Medicaid/Self-Pay | 48% | 54% | 51% | 61% | 46% | 55% | 53% | 58% | 55% | 51% | 57% | 50% | 64% | 54% |

National

55%

15%

23%

7%

AMBULANCE STORAGE BUILDING TRANSFER AGREEMENT

This Ambulance Storage Building Transfer Agreement (“Agreement”) is made and entered into as of _____, 20 (“Effective Date”), by and between:

Warren Memorial Hospital Foundation, Inc., a Nebraska Nonprofit Corporation (“Real Estate Owner”);

Friend Rescue Squad, a city-owned entity of the City of Friend, Nebraska (“Transferor”); and

Andrew Cemetery, a municipal cemetery governed by the Board of Cemetery Trustees, a city-owned entity of the City of Friend, Nebraska. (“Transferee”).

Real Estate Owner, Transferor and Transferee may be referred to individually as a “Party” and collectively as the “Parties.”

Recitals

WHEREAS The Real Estate Owner owns certain real property located at 905 2nd Street, Friend, NE 68359 (the “Land”);

WHEREAS Situated on the Land is a physical building structure and related improvements commonly known as the Ambulance Storage Building owned by Transferor (the “Building”);

WHEREAS The Parties intend to transfer ownership of the Building and associated improvements only, and not the underlying Land; and

WHEREAS The Parties are city-owned entities operating for public purposes and desire to effectuate this transfer to facilitate continued public use of the Building.

Transfer of Building Structure

1.1 Conveyance of Improvements Only. Transferor hereby conveys, assigns, and transfers to Transferee all right, title, and interest in and to the Building and associated improvements located on the Land, including fixtures, building systems, and appurtenant equipment, but expressly excluding the underlying Land.

1.2 Exclusion of Land. The Parties acknowledge and agree that fee title to the Land is not conveyed under this Agreement and shall remain vested in Transferor (or its successor).

1.3 Bill of Sale. The transfer shall be evidenced by a Bill of Sale in substantially the form attached as *Exhibit A*.

Possession and Access Rights

2.1 **Possession.** Possession and control of the Building shall transfer to Transferee on _____, 20 (“Transfer Date”).

2.2 **Access.** The Real Estate Owner agrees to provide reasonable access to the Building for removal of said Building.

Consideration

3.1 **Public Purpose Transfer.** The Building is transferred for public purposes and for no monetary consideration.

Condition of Building

4.1 **As-Is Condition.** Transferee accepts the Building in its present “as-is, where-is” condition, without warranty except as expressly stated herein.

4.2 **No Warranty of Structural Condition.** Transferor makes no representation regarding structural integrity, building systems, code compliance, or suitability for a particular purpose.

Responsibilities After Transfer

5.1 **Maintenance and Repair.** As of the Transfer Date, Transferee shall be solely responsible for maintenance, repair, and capital improvements to the Building.

5.2 **Transfer Costs.** Transferee shall be solely responsible for and shall pay all costs and expenses associated with the transfer of the Building, including but not limited to costs of professional fees, permitting, utility disconnection or reconnection, relocation, site preparation, and any other expenses necessary to effectuate the transfer and assume control of the Building.

5.3 **Removal and Site Restoration.** In the event the removal of the Building disturbs the Land, Transferee shall, at its sole cost and expense, restore the affected portion of the Land to a safe, stable, and usable condition consistent with surrounding property and reasonably suitable for public use. Such restoration shall include removal of debris, foundations (unless otherwise agreed), footings, utility connections, and related improvements associated with the Building.

5.4 **Condition of Restored Property.** Restoration shall comply with applicable laws, codes, and environmental regulations and shall be completed within a reasonable time following removal or disturbance. The restored area shall be graded, filled, compacted, and stabilized as necessary to prevent erosion, settlement, or safety hazards.

Risk of Loss

6.1 Risk of loss or damage to the Building shall transfer to Transferee as of the Transfer Date.

Approvals and Authority

7.1 **Required Approvals.** This Agreement is subject to approval by the governing boards of the Parties and by the Friend City Council.

7.2 **Authority.** Each Party represents that it has the legal authority to enter into this Agreement.

Indemnification

8.1 To the extent permitted by law, Transferee shall indemnify and hold harmless Real Estate Owner and Transferor from claims arising out of the use, operation, or condition of the Building occurring after the Transfer Date. Each Party remains responsible for its own acts and omissions occurring prior to the Transfer Date.

Miscellaneous

9.1 **Entire Agreement.** This Agreement constitutes the entire agreement regarding transfer of the Building.

9.2 **Amendments.** Any amendment must be in writing and signed by all Parties.

9.3 **Governing Law.** This Agreement shall be governed by the laws of the State of Nebraska.

9.4 **Severability.** If any provision is held invalid, the remainder shall remain in effect.

9.5 **Counterparts.** This Agreement may be executed in counterparts.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

Warren Memorial Hospital Foundation, Inc., Real Estate Owner

By: _____

Name: Jennifer Stutzman

Title: President

Date: _____

Friend Rescue Squad, Transferor

By: _____

Name:

Title: President

Date:

Andrew Cemetery, Transferee

By: _____

Name: Roger Brandt

Title: President

Date:

RESOLUTION NO. 26-_____

WHEREAS, the City of Friend provides oversight to the Friend Rescue Squad and Andrew Cemetery Board of Trustees;

WHEREAS, the Friend Rescue Squad, Andrew Cemetery Board of Trustees, and Warren Memorial Hospital Foundation, Inc., have approved an Ambulance Building Transfer Agreement dated _____, 2026 attached hereto as Exhibit A; and

WHEREAS, the City of Friend believes said Agreement is beneficial for the City and its patrons.

NOW THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF FRIEND, NEBRASKA AS FOLLOWS:

1. The City of Friend hereby approves the Agreement and the transfer of the Ambulance Building Transfer Agreement to the Andrew Cemetery.

2.

Passed and adopted by the City Council, the Mayor declared this resolution passed and adopted this _____ day of _____, 2026 by the City Council of the City of Friend.

Jewels Knoke, Mayor

Attest:

Heather Varnay, Acting City Clerk

CITY OF FRIEND, NEBRASKA
FINANCIAL STATEMENTS, SUPPLEMENTARY
AND OTHER INFORMATION

September 30, 2025

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INDEPENDENT AUDITOR’S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities – modified cash basis, the business-type activities – accrual basis, the aggregate discretely presented component unit – modified cash basis, each major fund – modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information – modified cash basis for the governmental funds of the City of Friend, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Friend’s financial statements as listed in the table of contents.

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

Basis for Opinions

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

Emphasis of Matter – Basis of Accounting

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

Emphasis of Matter – Component Unit Not Included

As discussed in Note A, the financial statements referred to above include only the primary government of the City of Friend, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City’s legal entity.

Wealth Management, LLC Registered Investment Advisor, is affiliated with AMGL, P.C. and offers wealth management and investment advisory services.

SHAREHOLDERS:

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

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A PROFESSIONAL
CORPORATION

The financial statements do not include financial data for Warren Memorial Hospital, a legally separate component unit of the City, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, the accompanying financial statements do not purport to, and do not present fairly the financial position of the reporting entity of the City of Friend, as of September 30, 2025, the changes in its financial position or, where applicable, its cash flows thereof for the year 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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


Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2026, on our consideration of the City of Friend, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Friend's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Friend, Nebraska's internal control over financial reporting and compliance.


Grand Island, Nebraska
February 9, 2026

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

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

Financial Highlights

- The assets of the City of Friend exceeded its liabilities at the close of the most recent fiscal year by \$3,830,990 (*net position*).
- As of the close of the current fiscal year, the City of Friend’s governmental activities reported combined ending net position of \$1,690,745. The *unrestricted net position* had a fund balance of \$849,116.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$197,943.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements include not only the City of Friend itself (known as the *primary government*), but also the Community Redevelopment Authority of Friend for which the City of Friend is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 13 and 14 of this report.

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

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

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

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

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

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

The governmental fund financial statements can be found on pages 15 and 16 of this report.

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

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

The proprietary fund financial statements can be found on pages 17-19 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-45 of this report.

Other information. In addition to the financial statements and accompanying notes, this report also presents certain *supplementary and other information* concerning the City of Friend's budgetary comparison schedules, nonmajor combining statements, and revenues and expenditures by General Fund department, which can be found on pages 46-51 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Friend, assets exceeded liabilities by \$3,802,990 at the close of the most recent fiscal year.

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

Summary Statements of Net Position

| | <u>September 30, 2025</u> | | | <u>September 30, 2024</u> | | |
|--------------------------|------------------------------------|-------------------------------------|---------------------|------------------------------------|-------------------------------------|---------------------|
| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
| Current and Other Assets | \$ 1,690,745 | \$ 2,146,068 | \$ 3,836,813 | \$ 555,000 | \$ 2,003,062 | \$ 2,558,062 |
| Capital Assets | - | 386,689 | 386,689 | - | 180,273 | 180,273 |
| Total Assets | <u>1,690,745</u> | <u>2,532,757</u> | <u>4,223,502</u> | <u>555,000</u> | <u>2,183,335</u> | <u>2,738,335</u> |
| Long-term Liabilities | - | 236,155 | 236,155 | - | 59,670 | 59,670 |
| Other Liabilities | - | 156,357 | 156,357 | - | 132,339 | 132,339 |
| Total Liabilities | <u>-</u> | <u>392,512</u> | <u>392,512</u> | <u>-</u> | <u>192,009</u> | <u>192,009</u> |
| Net Position: | | | | | | |
| Net Investment in | | | | | | |
| Capital Assets | - | 115,019 | 115,019 | - | 109,314 | 109,314 |
| Restricted | 841,629 | - | 841,629 | 792,707 | - | 792,707 |
| Unrestricted | 849,116 | 2,025,226 | 2,874,342 | (237,707) | 1,882,012 | 1,644,305 |
| Total Net Position | <u>\$ 1,690,745</u> | <u>\$ 2,140,245</u> | <u>\$ 3,830,990</u> | <u>\$ 555,000</u> | <u>\$ 1,991,326</u> | <u>\$ 2,546,326</u> |

A portion of the City of Friend’s net position (3.0 percent) reflects its investment in capital assets (land, infrastructure, buildings, machinery, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Friend uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Friend’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Friend’s net position (22.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$2,874,342) may be used to meet the government’s ongoing obligations to citizens and creditors.

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

Expenses and Program Revenues - Governmental Activities

| <u>Function</u> | <u>Year Ended September 30, 2025</u> | | <u>Year Ended September 30, 2024</u> | |
|-------------------------|--------------------------------------|-----------------------------|--------------------------------------|-----------------------------|
| | <u>Program Revenues</u> | <u>Program Expenses</u> | <u>Program Revenues</u> | <u>Program Expenses</u> |
| General Government | \$ 142,665 | \$ 444,787 | \$ 72,864 | \$ 342,299 |
| Public Safety | 87,531 | 101,481 | 36,567 | 191,472 |
| Public Works | 26,700 | 146,841 | 35,275 | 142,672 |
| Environment and Leisure | 46,605 | 221,256 | 41,970 | 220,786 |
| Economic Development | 16,807 | 24,997 | - | - |
| Debt Service | - | 345,209 | - | 283,302 |
| Capital Outlay | - | 780,393 | - | 84,186 |
| Total | <u>\$ 320,308</u> | <u>\$ 2,064,964</u> | <u>\$ 186,676</u> | <u>\$ 1,264,717</u> |

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

Revenues by Source - Governmental Activities

SOURCES OF REVENUE

| | <u>Year Ended September 30, 2025</u> | | <u>Year Ended September 30, 2024</u> | |
|------------------------------------|--------------------------------------|-----------------|--------------------------------------|-----------------|
| Charges for Services | \$ 211,476 | 6.61 % | \$ 109,906 | 7.56 % |
| Operating Grants and Contributions | 92,025 | 2.88 | 76,770 | 5.28 |
| Capital Grants and Contributions | 16,807 | 0.53 | - | - |
| Property Taxes | 717,163 | 22.41 | 625,617 | 43.02 |
| Motor Vehicle Taxes | 8,491 | 0.27 | 12,016 | 0.83 |
| Sales Tax | 289,205 | 9.04 | 258,934 | 17.81 |
| Occupation Tax | 46,302 | 1.45 | 52,042 | 3.58 |
| State Allocation | 175,403 | 5.48 | 239,148 | 16.44 |
| Loan Proceeds | 1,500,000 | 46.86 | - | - |
| Other | 64,835 | 2.03 | 36,632 | 2.52 |
| Interest | 79,002 | 2.46 | 43,207 | 2.97 |
| Total | <u>\$ 3,200,709</u> | <u>100.00 %</u> | <u>\$ 1,454,272</u> | <u>100.00 %</u> |

Net position increased \$1,135,745 in the governmental funds during the year ended September 30, 2025.

Business-type activities. Business-type activities increased the City of Friend's net position by \$148,919. Key elements of this increase are as follows:

Expenses and Program Revenues - Business-type Activities

| <u>Function</u> | <u>Year Ended September 30, 2025</u> | | <u>Year Ended September 30, 2024</u> | |
|-----------------|--------------------------------------|-------------------------|--------------------------------------|-------------------------|
| | <u>Program Revenues</u> | <u>Program Expenses</u> | <u>Program Revenues</u> | <u>Program Expenses</u> |
| Electric | \$ (2,535) | \$ 3,908 | \$ 1,887 | \$ 25,439 |
| Water | 292,709 | 162,383 | 271,477 | 254,621 |
| Sewer | 137,493 | 137,095 | 150,366 | 176,908 |
| Trash | 99,334 | 82,237 | 94,490 | 99,149 |
| Total | <u>\$ 527,001</u> | <u>\$ 385,623</u> | <u>\$ 518,220</u> | <u>\$ 556,117</u> |

Revenues by Source - Business-type Activities

SOURCES OF REVENUE

| | <u>Year Ended September 30, 2025</u> | | <u>Year Ended September 30, 2024</u> | |
|-------------------------------|--------------------------------------|-----------------|--------------------------------------|-----------------|
| Charges for Services | \$ 527,001 | 98.59 % | \$ 518,220 | 83.22 % |
| Franchise Fees | - | - | 98,564 | 15.83 |
| Interest | 7,233 | 1.35 | 5,543 | 0.89 |
| Loss on Disposal of Equipment | - | - | (127) | (0.02) |
| Miscellaneous | 308 | 0.06 | 507 | 0.08 |
| Total | <u>\$ 534,542</u> | <u>100.00 %</u> | <u>\$ 622,707</u> | <u>100.00 %</u> |

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

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Friend's governmental funds reported combined ending fund balances of \$1,690,745. The *unassigned fund balance*, which is available for spending at the government's discretion, was \$197,943. The remainder of fund balances is not available for new spending because it has already been 1) restricted for street projects (\$407,529), 2) restricted for debt service (\$300,034), 3) restricted for capital improvements (\$7,227), 4) non-spendable for cemetery care (\$104,593), 5) restricted for community betterment (\$22,246), 6) committed for tax increment financing (\$14,540), 7) assigned for environment and leisure (\$75,667), 8) assigned for cemetery improvements (\$60,891), assigned for equipment replacement (\$125,648), 9) assigned for public safety (\$199,384), and assigned for budgetary stabilization (\$175,043).

The General Fund is the chief operating fund of the City of Friend. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$197,943 and total fund balance was \$849,116.

The fund balance of the City of Friend's General Fund increased by \$1,086,823 during the year ended September 30, 2025.

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

Unrestricted net position of the proprietary funds at the end of the year was as follows: Electric Fund – \$963,781, Water Fund – \$912,277, Sewer Fund – \$142,119, and Trash Fund – \$7,049. The change in net position for the proprietary funds was as follows: Electric Fund – decrease of \$2,907, Water Fund – increase of \$132,885, Sewer Fund – increase of \$1,844, and Trash Fund – increase of \$17,097. Other factors concerning the finances of these four funds have already been addressed in the discussion of the City of Friend's business-type activities.

Budgetary Highlights

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

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

Capital Asset and Debt Administration

Capital Assets. The City of Friend's investment in capital assets for its business-type activities as of September 30, 2025, amounts to \$386,689 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, building and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

The City of Friend paid for the following significant (greater than \$10,000) capital outlays during the current fiscal year:

- Fire Coats and Pants - \$11,117
- Defibrillator - \$44,293
- Fire Hall Construction - \$714,483
- Koyker 180 - \$10,500
- Transfer Pump - \$12,479
- Dump Land- \$240,000

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

| | <u>Year Ended</u> <u>September 30, 2025</u> | <u>Year Ended</u> <u>September 30, 2024</u> |
|------------------------------------|--|--|
| | <u>Business-type</u> <u>Activities</u> | <u>Business-type</u> <u>Activities</u> |
| Land | \$ 250,225 | \$ 10,225 |
| Equipment | 51,105 | 47,680 |
| Distribution systems and buildings | 85,359 | 122,368 |
| Total | <u>\$ 386,689</u> | <u>\$ 180,273</u> |

Additional information on the City of Friend's capital assets can be found in Note C3 on page 37 of this report.

Long-term debt. At the end of the current fiscal year, the City of Friend had a total long-term debt outstanding of \$4,666,670.

City of Friend's Outstanding Debt

| | <u>Year Ended September 30, 2025</u> | | | <u>Year Ended September 30, 2024</u> | | |
|------------------------|--|---|---------------------|--|---|---------------------|
| | <u>Governmental</u> <u>Activities</u> | <u>Business-type</u> <u>Activities</u> | <u>Total</u> | <u>Governmental</u> <u>Activities</u> | <u>Business-type</u> <u>Activities</u> | <u>Total</u> |
| Note payable | \$ - | \$ 271,670 | \$ 271,670 | \$ - | \$ 70,959 | \$ 70,959 |
| Bonds payable | 4,395,000 | - | 4,395,000 | 3,110,000 | - | 3,110,000 |
| Note and Bonds payable | <u>\$ 4,395,000</u> | <u>\$ 271,670</u> | <u>\$ 4,666,670</u> | <u>\$ 3,110,000</u> | <u>\$ 70,959</u> | <u>\$ 3,180,959</u> |

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

The City of Friend's total debt increased by \$1,485,711 (46.7 percent) during the current fiscal year, due to a new fire hall bond and a new capital lease for the dump land.

Additional information on the City of Friend's long-term debt can be found in Note C4 on pages 38 and 39 and in Note D3 on pages 41 through 43 of this report.

Economic Factors and Next Year's Budgets and Rates

- Property tax asking for the year ending September 30, 2026, is \$677,559, an increase of \$23,431 (3.6 percent) from the prior year.
- The City has three pending commitments for the fire hall architect fees (\$17,895), fire hall construction (\$2,393,662), and comprehensive plan update (\$23,250), which will be paid for during the year ending September 30, 2026.

These factors were considered in preparing the City of Friend's budget for the year ending September 30, 2026.

Request for Information

This financial report is designed to provide a general overview of the City of Friend's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk, City of Friend, 235 Maple Street, Friend, NE 68359.

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

| | Primary Government | | | Component Unit (Modified Cash Basis) |
|---|--|---|---------------------|---|
| | Governmental Activities (Modified Cash Basis) | Business-type Activities (Accrual Basis) | Total | |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 712,945 | \$ 1,898,985 | \$ 2,611,930 | \$ 53,008 |
| Certificates of deposit | 108,251 | 173,992 | 282,243 | - |
| County treasurer cash | 27,920 | - | 27,920 | 1,299 |
| Accounts receivable | - | 4,669 | 4,669 | - |
| Unbilled revenue | - | 8,099 | 8,099 | - |
| Inventory | - | 60,323 | 60,323 | - |
| Total current assets | <u>849,116</u> | <u>2,146,068</u> | <u>2,995,184</u> | <u>54,307</u> |
| Noncurrent assets: | | | | |
| Restricted cash and cash equivalents | 540,123 | - | 540,123 | - |
| Restricted certificates of deposit | 291,868 | - | 291,868 | - |
| Restricted county treasurer cash | 9,638 | - | 9,638 | - |
| Capital assets: | | | | |
| Land | - | 250,225 | 250,225 | - |
| Other capital assets, net of depreciation | - | 136,464 | 136,464 | - |
| Net capital assets | <u>-</u> | <u>386,689</u> | <u>386,689</u> | <u>-</u> |
| Total noncurrent assets | <u>841,629</u> | <u>386,689</u> | <u>1,228,318</u> | <u>-</u> |
| Total assets | <u>1,690,745</u> | <u>2,532,757</u> | <u>4,223,502</u> | <u>54,307</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | - | 37,645 | 37,645 | - |
| Accrued vacation and sick leave | - | 4,721 | 4,721 | - |
| Accrued expenses | - | 2,627 | 2,627 | - |
| Sales tax liability | - | 1,192 | 1,192 | - |
| Customer deposits | - | 74,657 | 74,657 | - |
| Current portion of long-term obligations | - | 35,515 | 35,515 | - |
| Total current liabilities | <u>-</u> | <u>156,357</u> | <u>156,357</u> | <u>-</u> |
| Noncurrent liabilities: | | | | |
| Noncurrent portion of long-term obligations | - | 236,155 | 236,155 | - |
| Total liabilities | <u>-</u> | <u>392,512</u> | <u>392,512</u> | <u>-</u> |
| NET POSITION | | | | |
| Net investment in capital assets | - | 115,019 | 115,019 | - |
| Restricted for: | | | | |
| Cemetery perpetual care | 104,593 | - | 104,593 | - |
| Street projects | 407,529 | - | 407,529 | - |
| Debt service | 300,034 | - | 300,034 | - |
| Capital improvements | 7,227 | - | 7,227 | - |
| Community betterment | 22,246 | - | 22,246 | - |
| Unrestricted | <u>849,116</u> | <u>2,025,226</u> | <u>2,874,342</u> | <u>54,307</u> |
| Total net position | <u>\$ 1,690,745</u> | <u>\$ 2,140,245</u> | <u>\$ 3,830,990</u> | <u>\$ 54,307</u> |

See notes to financial statements.

CITY OF FRIEND, NEBRASKA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2025

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Charges for Services</u> | <u>Program Revenues Operating Grants and Contributions</u> |
|--|---------------------|---------------------------------|--|
| Primary government: | | | |
| Governmental activities: | | | |
| General government | \$ 444,787 | \$ 142,665 | \$ - |
| Public safety | 101,481 | 18,999 | 68,532 |
| Public works | 146,841 | 5,300 | 21,400 |
| Environment and leisure | 221,256 | 44,512 | 2,093 |
| Economic development | 24,997 | - | - |
| Debt service | 345,209 | - | - |
| Capital outlay | 780,393 | - | - |
| Total governmental activities | 2,064,964 | 211,476 | 92,025 |
| Business-type activities: | | | |
| Electric | 3,908 | (2,535) | - |
| Water | 162,383 | 292,709 | - |
| Sewer | 137,095 | 137,493 | - |
| Trash | 82,237 | 99,334 | - |
| Total business-type activities | 385,623 | 527,001 | - |
| Total primary government | \$ 2,450,587 | \$ 738,477 | \$ 92,025 |
| Component unit (modified cash basis): | | | |
| Friend Community Redevelopment Agency | \$ 242,545 | \$ - | \$ - |

See notes to financial statements.

| | Net (Expenses) Revenues and Changes in Net Position | | | Component Unit (Modified Cash Basis) |
|-----------------------------------|---|---|---------------------|---|
| | Primary Government | | | |
| Capital Grants and Contributions | Governmental Activities (Modified Cash Basis) | Business-type Activities (Accrual Basis) | Total | |
| \$ - | \$ (302,122) | | \$ (302,122) | |
| - | (13,950) | | (13,950) | |
| - | (120,141) | | (120,141) | |
| - | (174,651) | | (174,651) | |
| 16,807 | (8,190) | | (8,190) | |
| - | (345,209) | | (345,209) | |
| - | (780,393) | | (780,393) | |
| <u>16,807</u> | <u>(1,744,656)</u> | <u>\$ -</u> | <u>(1,744,656)</u> | |
| - | - | (6,443) | (6,443) | |
| - | - | 130,326 | 130,326 | |
| - | - | 398 | 398 | |
| - | - | 17,097 | 17,097 | |
| <u>-</u> | <u>-</u> | <u>141,378</u> | <u>141,378</u> | |
| <u>\$ 16,807</u> | <u>(1,744,656)</u> | <u>141,378</u> | <u>(1,603,278)</u> | |
| <u>\$ -</u> | | | | <u>\$ (242,545)</u> |
| General revenues: | | | | |
| Taxes: | | | | |
| Property | 717,163 | - | 717,163 | - |
| Motor vehicle | 8,491 | - | 8,491 | - |
| Sales tax | 289,205 | - | 289,205 | - |
| Occupation tax | 46,302 | - | 46,302 | 27,588 |
| State allocation | 175,403 | - | 175,403 | - |
| TIF proceeds | - | - | - | 33,474 |
| Loan proceeds | 1,500,000 | - | 1,500,000 | - |
| Miscellaneous | 64,835 | 308 | 65,143 | 5,453 |
| Interest income | 79,002 | 7,233 | 86,235 | 684 |
| Total general revenues | <u>2,880,401</u> | <u>7,541</u> | <u>2,887,942</u> | <u>67,199</u> |
| Change in net position | 1,135,745 | 148,919 | 1,284,664 | (175,346) |
| Net position - September 30, 2024 | <u>555,000</u> | <u>1,991,326</u> | <u>2,546,326</u> | <u>229,653</u> |
| Net position - September 30, 2025 | <u>\$ 1,690,745</u> | <u>\$ 2,140,245</u> | <u>\$ 3,830,990</u> | <u>\$ 54,307</u> |

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

September 30, 2025

| | General <u>Fund</u> | Street <u>Fund</u> | Debt Service <u>Fund</u> |
|--|--------------------------|--------------------------|--------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 712,945 | \$ 427,670 | \$ 78,035 |
| Certificates of deposit | 108,251 | 13,538 | 178,682 |
| Due from other funds | - | - | 36,581 |
| County treasurer cash | <u>27,920</u> | <u>2,902</u> | <u>6,736</u> |
| Total assets | <u>\$ 849,116</u> | <u>\$ 444,110</u> | <u>\$ 300,034</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Due to other funds | \$ - | \$ 36,581 | \$ - |
| Fund balances: | | | |
| Nonspendable: | | | |
| Cemetery perpetual care | - | - | - |
| Restricted for: | | | |
| Street projects | - | 407,529 | - |
| Debt service | - | - | 300,034 |
| Capital improvements | - | - | - |
| Community betterment | - | - | - |
| Committed to: | | | |
| Economic development | 14,540 | - | - |
| Assigned for: | | | |
| Environment and leisure | 75,667 | - | - |
| Cemetery improvements | 60,891 | - | - |
| Equipment replacement | 125,648 | - | - |
| Public safety | 199,384 | - | - |
| Budgetary stabilization | 175,043 | - | - |
| Unassigned | <u>197,943</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>849,116</u> | <u>407,529</u> | <u>300,034</u> |
| Total liabilities and fund balances | <u>\$ 849,116</u> | <u>\$ 444,110</u> | <u>\$ 300,034</u> |

See notes to financial statements.

| Other Governmental <u>Funds</u> | <u>Eliminations</u> | Total Governmental <u>Funds</u> |
|---------------------------------------|---------------------|---------------------------------------|
| \$ 34,418 | \$ - | \$ 1,253,068 |
| 99,648 | - | 400,119 |
| - | (36,581) | - |
| - | - | 37,558 |
| <u>\$ 134,066</u> | <u>\$ (36,581)</u> | <u>\$ 1,690,745</u> |
| \$ - | \$ (36,581) | \$ - |
| 104,593 | - | 104,593 |
| - | - | 407,529 |
| - | - | 300,034 |
| 7,227 | - | 7,227 |
| 22,246 | - | 22,246 |
| - | - | 14,540 |
| - | - | 75,667 |
| - | - | 60,891 |
| - | - | 125,648 |
| - | - | 199,384 |
| - | - | 175,043 |
| - | - | 197,943 |
| <u>134,066</u> | <u>-</u> | <u>1,690,745</u> |
| <u>\$ 134,066</u> | <u>\$ (36,581)</u> | <u>\$ 1,690,745</u> |

CITY OF FRIEND, NEBRASKA

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

For the year ended September 30, 2025

| | <u>General Fund</u> | <u>Street Fund</u> | <u>Debt Service Fund</u> |
|-------------------------------------|-------------------------|------------------------|----------------------------------|
| REVENUES | | | |
| Taxes: | | | |
| Property | \$ 492,286 | \$ 35,364 | \$ 189,513 |
| Motor vehicle | - | 8,491 | - |
| Sales | 169,989 | 48,781 | 70,435 |
| Occupation | 46,302 | - | - |
| Intergovernmental | 75,001 | 100,402 | - |
| Charges for services | 211,276 | - | - |
| Grants and contributions | 92,025 | - | - |
| Interest income | 70,578 | 544 | 7,625 |
| Loan proceeds | 1,500,000 | - | - |
| Other income | 54,589 | 7,014 | 3,232 |
| Total revenues | 2,712,046 | 200,596 | 270,805 |
| EXPENDITURES | | | |
| General government | 444,787 | - | - |
| Public safety | 101,481 | - | - |
| Public works | 24,605 | 122,236 | - |
| Environment and leisure | 221,256 | - | - |
| Economic development | - | - | - |
| Capital outlay | 769,893 | 10,500 | - |
| Principal payments on debt | - | - | 215,000 |
| Interest and fees on long-term debt | 63,201 | - | 67,008 |
| Total expenditures | 1,625,223 | 132,736 | 282,008 |
| Net change in fund balances | 1,086,823 | 67,860 | (11,203) |
| Fund balances - September 30, 2024 | (237,707) | 339,669 | 311,237 |
| Fund balances - September 30, 2025 | \$ 849,116 | \$ 407,529 | \$ 300,034 |

See notes to financial statements.

| Other Governmental <u>Funds</u> | Total Governmental <u>Funds</u> |
|---------------------------------------|---------------------------------------|
| \$ - | \$ 717,163 |
| - | 8,491 |
| - | 289,205 |
| - | 46,302 |
| - | 175,403 |
| 200 | 211,476 |
| 16,807 | 108,832 |
| 255 | 79,002 |
| - | 1,500,000 |
| - | 64,835 |
| <u>17,262</u> | <u>3,200,709</u> |
| - | 444,787 |
| - | 101,481 |
| - | 146,841 |
| - | 221,256 |
| 24,997 | 24,997 |
| - | 780,393 |
| - | 215,000 |
| - | 130,209 |
| <u>24,997</u> | <u>2,064,964</u> |
| (7,735) | 1,135,745 |
| <u>141,801</u> | <u>555,000</u> |
| <u>\$ 134,066</u> | <u>\$ 1,690,745</u> |

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

| | Enterprise Funds | | | | Total |
|---|-------------------|-------------------|-------------------|------------------|---------------------|
| | Electric Fund | Water Fund | Sewer Fund | Trash Fund | |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 800,768 | \$ 891,573 | \$ 188,171 | \$ 18,473 | \$ 1,898,985 |
| Certificates of deposit | 163,013 | 10,979 | - | - | 173,992 |
| Accounts receivable | - | 2,444 | 1,740 | 485 | 4,669 |
| Unbilled revenue | - | 4,210 | 2,422 | 1,467 | 8,099 |
| Inventory | - | 55,293 | 5,030 | - | 60,323 |
| Total current assets | <u>963,781</u> | <u>964,499</u> | <u>197,363</u> | <u>20,425</u> | <u>2,146,068</u> |
| Noncurrent assets: | | | | | |
| Capital assets: | | | | | |
| Land | - | 10,225 | - | 240,000 | 250,225 |
| Distribution systems and improvements | - | 1,556,098 | 778,311 | - | 2,334,409 |
| Equipment and vehicles | 133,697 | 190,792 | 84,742 | - | 409,231 |
| Less accumulated depreciation | (131,187) | (1,633,751) | (842,238) | - | (2,607,176) |
| Net capital assets | <u>2,510</u> | <u>123,364</u> | <u>20,815</u> | <u>240,000</u> | <u>386,689</u> |
| Total noncurrent assets | <u>2,510</u> | <u>123,364</u> | <u>20,815</u> | <u>240,000</u> | <u>386,689</u> |
| Total assets | <u>966,291</u> | <u>1,087,863</u> | <u>218,178</u> | <u>260,425</u> | <u>2,532,757</u> |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | - | 5,175 | 19,094 | 13,376 | 37,645 |
| Accrued vacation and sick leave | - | 281 | 4,440 | - | 4,721 |
| Accrued expenses | - | 793 | 1,834 | - | 2,627 |
| Sales tax liability | - | - | 1,192 | - | 1,192 |
| Customer deposits | - | 45,973 | 28,684 | - | 74,657 |
| Current portion of long-term obligations | - | 11,515 | - | 24,000 | 35,515 |
| Total current liabilities | <u>-</u> | <u>63,737</u> | <u>55,244</u> | <u>37,376</u> | <u>156,357</u> |
| Noncurrent liabilities: | | | | | |
| Noncurrent portion of long-term obligations | - | 48,155 | - | 188,000 | 236,155 |
| Total liabilities | <u>-</u> | <u>111,892</u> | <u>55,244</u> | <u>225,376</u> | <u>392,512</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 2,510 | 63,694 | 20,815 | 28,000 | 115,019 |
| Unrestricted | 963,781 | 912,277 | 142,119 | 7,049 | 2,025,226 |
| Total net position | <u>\$ 966,291</u> | <u>\$ 975,971</u> | <u>\$ 162,934</u> | <u>\$ 35,049</u> | <u>\$ 2,140,245</u> |

See notes to financial statements.

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

For the year ended September 30, 2025

| | Enterprise Funds | | | | Total |
|---|------------------|---------------|---------------|---------------|--------------|
| | Electric Fund | Water Fund | Sewer Fund | Trash Fund | |
| Operating revenues: | | | | | |
| Sales | \$ (2,535) | \$ 292,709 | \$ 137,493 | \$ 99,334 | \$ 527,001 |
| Other revenue | - | 308 | - | - | 308 |
| Total operating revenues | (2,535) | 293,017 | 137,493 | 99,334 | 527,309 |
| Operating expenses: | | | | | |
| Personnel costs | 415 | 92,717 | 74,928 | 1,961 | 170,021 |
| Utilities and telephone | 1,364 | 10,219 | 9,111 | - | 20,694 |
| Repairs and maintenance | 47 | 13,646 | 15,555 | - | 29,248 |
| Contract services | - | - | - | 77,455 | 77,455 |
| Supplies | - | 1,410 | 20,068 | 2,821 | 24,299 |
| Professional fees | - | 6,226 | 3,588 | - | 9,814 |
| Other expenses | 1,617 | 2,731 | 2,318 | - | 6,666 |
| Depreciation | 465 | 34,071 | 11,527 | - | 46,063 |
| Total operating expenses | 3,908 | 161,020 | 137,095 | 82,237 | 384,260 |
| Operating income (loss) | (6,443) | 131,997 | 398 | 17,097 | 143,049 |
| Nonoperating revenues (expenses): | | | | | |
| Interest income | 6,428 | 805 | - | - | 7,233 |
| Interest and fees on long-term debt | - | (1,363) | - | - | (1,363) |
| Total nonoperating revenues | 6,428 | (558) | - | - | 5,870 |
| Excess (deficiency) of revenues over expenses before transfers | (15) | 131,439 | 398 | 17,097 | 148,919 |
| Interfund transfers: | | | | | |
| Transfers from (to) other funds | (2,892) | 1,446 | 1,446 | - | - |
| Change in net position | (2,907) | 132,885 | 1,844 | 17,097 | 148,919 |
| Net position - September 30, 2024 | 969,198 | 843,086 | 161,090 | 17,952 | 1,991,326 |
| Net position - September 30, 2025 | \$ 966,291 | \$ 975,971 | \$ 162,934 | \$ 35,049 | \$ 2,140,245 |

See notes to financial statements.

CITY OF FRIEND, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the year ended September 30, 2025

| | Enterprise Funds | | | | Total |
|---|-------------------|-------------------|-------------------|------------------|---------------------|
| | Electric Fund | Water Fund | Sewer Fund | Trash Fund | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Receipts from customers | \$ (2,535) | \$ 289,814 | \$ 135,108 | \$ 98,816 | \$ 521,203 |
| Payments to suppliers | (3,028) | (72,290) | (38,635) | (74,012) | (187,965) |
| Payments to employees | (415) | (94,141) | (70,919) | (1,961) | (167,436) |
| Net cash provided (used) by operating activities | <u>(5,978)</u> | <u>123,383</u> | <u>25,554</u> | <u>22,843</u> | <u>165,802</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| Transfer (to) from other funds | (2,892) | 1,446 | 1,446 | - | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Purchase of property and equipment | - | - | (12,479) | - | (12,479) |
| Principal payments on capital debt | - | (11,288) | - | (28,000) | (39,288) |
| Interest and fees paid on capital debt | - | (1,363) | - | - | (1,363) |
| Net cash used by capital and related financing activities | <u>-</u> | <u>(12,651)</u> | <u>(12,479)</u> | <u>(28,000)</u> | <u>(53,130)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Increase in certificates of deposit | (6,428) | (420) | - | - | (6,848) |
| Interest received | 6,428 | 805 | - | - | 7,233 |
| Net cash provided by investing activities | <u>-</u> | <u>385</u> | <u>-</u> | <u>-</u> | <u>385</u> |
| Increase (decrease) in cash and cash equivalents | (8,870) | 112,563 | 14,521 | (5,157) | 113,057 |
| Cash and cash equivalents - beginning of the year | 809,638 | 779,010 | 173,650 | 23,630 | 1,785,928 |
| Cash and cash equivalents - end of the year | <u>\$ 800,768</u> | <u>\$ 891,573</u> | <u>\$ 188,171</u> | <u>\$ 18,473</u> | <u>\$ 1,898,985</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Operating income (loss) | \$ (6,443) | \$ 131,997 | \$ 398 | \$ 17,097 | \$ 143,049 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Depreciation expense | 465 | 34,071 | 11,527 | - | 46,063 |
| Change in assets and liabilities: | | | | | |
| Accounts receivable and unbilled revenue | - | (3,203) | (2,718) | (518) | (6,439) |
| Inventories | - | (16,262) | (400) | - | (16,662) |
| Accounts payable | - | (19,432) | 13,669 | 6,264 | 501 |
| Accrued vacation and sick leave | - | 281 | 4,440 | - | 4,721 |
| Accrued expenses | - | (1,705) | (431) | - | (2,136) |
| Sales tax liability | - | - | 333 | - | 333 |
| Customer deposits | - | (2,364) | (1,264) | - | (3,628) |
| Net cash provided (used) by operating activities | <u>\$ (5,978)</u> | <u>\$ 123,383</u> | <u>\$ 25,554</u> | <u>\$ 22,843</u> | <u>\$ 165,802</u> |

See notes to financial statements.

CITY OF FRIEND, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
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CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Friend, Nebraska (City) are prepared in accordance with the modified cash basis of accounting for the governmental funds and the accrual basis for the proprietary funds. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

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

1. Financial Reporting Entity

The City of Friend, Nebraska, was incorporated in 1870. The City operates under a Mayor-Council form of government with an elected Mayor, and an elected legislative body, Council, composed of four members. The Mayor is elected at large for a four-year term, and the four members of the City Council are elected on four-year terms. The administration of the City government is performed under the direction of the Mayor by the City Clerk. Services provided to residents include public safety, highways and streets, planning and zoning, health and social services, culture and recreation, electric, water, sanitary sewer systems, trash, and general administrative services.

The City's financial reporting entity comprises the following:

| | |
|--------------------------------------|-----------------------------------|
| Primary Government: | City of Friend |
| Discretely Presented Component Unit: | Community Redevelopment Authority |

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

CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Blended Component Units

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

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The City has two component units, Warren Memorial Hospital and Community Redevelopment Authority. The financial data of Warren Memorial Hospital is not presented in these financial statements. A copy of the Warren Memorial Hospital's audited financial statements can be obtained at the office of the Warren Memorial Hospital.

**Brief Description of Activities
and Relationship to the City**

Community Redevelopment
Authority

Established to enhance economic development activities in the City through tax increment financing.

2. Basis of Presentation

Government-wide Financial Statements

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

CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fund Financial Statements

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for the payment of interest and principal on long-term general obligation debt.

CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Governmental Funds, continued

Permanent Funds

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

Proprietary Funds

Enterprise Funds

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

Major and Nonmajor Funds

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

Major:

Governmental:

General

See page 23 for description.

Street

The Street Fund is a special revenue fund that accounts for the City's share of highway allocation from the State of Nebraska.

Debt Service

See page 23 for description.

Proprietary:

Enterprise:

Electric, Water, Sewer, and Trash

See above for description.

CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

Nonmajor:

Permanent:

Perpetual Care Fund

The Perpetual Care Fund is a permanent fund that accounts for the City’s cemetery perpetual care donations.

Special Revenue:

Keno Fund

The Keno Fund is a special revenue fund that accounts for the Keno proceeds.

CW Johnson Trust Fund

The CW Johnson Trust Fund is a special revenue fund that accounts for the donations to the trust.

3. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Measurement Focus, continued

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

Basis of Accounting

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

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

Business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity

Estimates

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

Cash and Certificates of Deposit

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

Certificates of deposit are carried at cost, which approximates fair market value. Additional cash and investment disclosures are presented in Notes B2, C1, and D2.

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

Receivables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Business-type activities report utility billings as their major receivables.

In the fund financial statements, proprietary fund receivables consist of all revenues earned at year end and not yet received. Utility accounts receivable compose the majority of proprietary fund receivables.

Inventory

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

CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Restricted Assets

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

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations.

Government-wide Statements

In the government-wide and fund financial statements, capital assets are accounted for in the business-type activities. The City is using a \$1,000 capitalization threshold. Capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

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

| | |
|----------------------------------|------------|
| Machinery and Equipment | 5-20 years |
| Utility Systems and Improvements | 5-40 years |

The governmental funds are reported on the modified cash basis of accounting so purchases of capital assets are recorded as disbursements in the financial statements.

Compensated Absences

During the year ended September 30, 2025, the City adopted GASB No. 101, *Compensated Absences*. The City's policies regarding vacation and sick leave permit employees to accumulate earned but unused vacation and sick leave. In the event of termination, an employee is paid for all unused accumulated vacation time. Accumulated vacation and sick time are accrued in the accompanying proprietary funds financial statement but not in the governmental funds.

CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations.

Business-type activities

All long-term debt to be repaid from business-type resources is reported as liabilities. The long-term debt consists of notes and bonds payable.

Governmental activities

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

Equity Classifications

Government-wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted net position” or “net investment in capital assets.”

CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

Fund Financial Statements

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

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

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

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

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

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

Unassigned—All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 15). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the City Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses

Sales and Use Tax

The City presently levies a 1.5-cent sales tax on taxable sales within the City. The sales tax is collected by the Nebraska Department of Revenue and remitted to the City in the month following receipt. The Nebraska Department of Revenue receives the sales tax approximately one month after collection by vendors. The sales tax is recorded in the General and Debt Service Funds to be used for economic development. Sales tax collected on the sale of motor vehicles is recorded in the Street Fund as required by LB904.

Property Taxes

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

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

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

Operating Revenues and Expenses

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

CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Expenditures/Expenses

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

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

Governmental Funds – by Character and Function

Proprietary Funds – by Operating and Nonoperating

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

Interfund Transfers

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

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Fund Accounting Requirements

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

CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

2. Deposit Laws and Regulations

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

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

3. Revenue Restrictions

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

4. Debt Restrictions and Covenants

Bonds and Notes Payable

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

CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data

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

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

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

- a. On or before September 30, the City prepares a budget for the fiscal year commencing October 1. The budget includes proposed expenditures and resources available.
- b. The budget is published with subsequent public hearings to obtain taxpayer comments.
- c. Prior to September 30, the City Council adopts the budget, which is then filed with the appropriate state and county officials.
- d. Total expenditures may not legally exceed total appropriations. Appropriations lapse at year end and any revisions require board approval.
- e. The County Clerk certifies a preliminary property tax levy for each fund of the City which levied property taxes in the county the previous year based on the combined valuation and amount required for the City the prior year. The preliminary levy becomes the final levy unless the governing board passes, by a majority vote, a resolution setting the levy at a different amount.
- f. The property tax requirements resulting from the budget process are utilized by the County Assessor to establish the tax levy. Taxes are levied annually on or before October 20. Real property taxes and personal property taxes are due December 31 with the first half delinquent May 1 and the second half delinquent September 1.

CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data, continued

- g. Appropriations lapse at the end of the fiscal year, except for capital improvement appropriations and certain encumbrances against operating budgets.
- h. The City of Friend adopts a budget by resolution for all fund types.

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

1. Cash and Certificates of Deposit

Deposits

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

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

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

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

| <u>Types of Deposits</u> | <u>Total Bank Balance</u> | <u>Category 1</u> | <u>Category 2</u> | <u>Category 3</u> | <u>Total Carrying Value</u> |
|---------------------------------|----------------------------------|--------------------------|--------------------------|--------------------------|------------------------------------|
| Demand deposits | \$ 3,777,210 | \$ 539,768 | \$ 3,237,442 | \$ - | \$ <u>3,779,172</u> |

CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

1. Cash and Certificates of Deposit, continued

Deposits, continued

Reconciliation to Government-wide Statement of Net Position:

Primary Government –

| | |
|--|--------------|
| Unrestricted cash and cash equivalents | \$ 2,611,930 |
| Unrestricted certificates of deposit | 282,243 |
| Restricted cash and cash equivalents | 540,123 |
| Restricted certificates of deposit | 291,868 |

Component Units –

| | |
|--|---------------------|
| Unrestricted cash and cash equivalents | <u>53,008</u> |
| Total | <u>\$ 3,779,172</u> |

2. Restricted Assets

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

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|----------------------------|------------------------------------|-------------------------------------|-------------------|
| Type of Restricted Assets: | | | |
| Cash and cash equivalents | \$ 540,123 | \$ - | \$ 540,123 |
| Certificates of deposit | 291,868 | - | 291,868 |
| County treasurer cash | <u>9,638</u> | - | <u>9,638</u> |
| | <u>\$ 841,629</u> | <u>\$ -</u> | <u>\$ 841,629</u> |

The governmental activities' restricted cash are restricted for the following purposes:

| | |
|----------------------|-------------------|
| Street projects | \$ 407,529 |
| Debt service | 300,034 |
| Capital improvements | 7,227 |
| Perpetual care | 104,593 |
| Community betterment | <u>22,246</u> |
| Total | <u>\$ 841,629</u> |

CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

3. Capital Assets

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

| | Balance at October 1, <u>2024</u> | <u>Additions</u> | <u>Disposals</u> | Balance at September 30, <u>2025</u> |
|--|---|-------------------|------------------|--|
| <u>Business-type Activities:</u> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 10,225 | \$ 240,000 | \$ - | \$ 250,225 |
| Other capital assets being depreciated: | | | | |
| Distribution systems and buildings | 2,334,409 | - | - | 2,334,409 |
| Equipment and vehicles | <u>396,752</u> | <u>12,479</u> | <u>-</u> | <u>409,231</u> |
| Total other capital assets at historical cost | 2,731,161 | 12,479 | - | 2,743,640 |
| Less accumulated depreciation for: | | | | |
| Distribution systems and buildings | (2,212,041) | (37,009) | - | (2,249,050) |
| Equipment and vehicles | <u>(349,072)</u> | <u>(9,054)</u> | <u>-</u> | <u>(358,126)</u> |
| Total accumulated depreciation | <u>(2,561,113)</u> | <u>(46,063)</u> * | <u>-</u> | <u>(2,607,176)</u> |
| Other capital assets, net | <u>170,048</u> | <u>(33,584)</u> | <u>-</u> | <u>136,464</u> |
| Business-type capital assets, net | <u>\$ 180,273</u> | <u>\$ 206,416</u> | <u>\$ -</u> | <u>\$ 386,689</u> |

* Depreciation expense was charged to functions as follows:

| | |
|--|------------------|
| Electric | \$ 465 |
| Water | 34,071 |
| Sewer | <u>11,527</u> |
| Total business-type activities' depreciation expense | <u>\$ 46,063</u> |

CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

4. Long-term Debt

The reporting entity’s long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities. The governmental activities are reported on the modified cash basis of accounting so long-term debt is not recorded.

Changes in Long-term Debt

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

| <u>Type of Debt</u> | Balance October 1, <u>2024</u> | <u>Additions</u> | <u>Deductions</u> | Balance September 30, <u>2025</u> | Amounts Due Within <u>One Year</u> |
|---------------------------|--------------------------------------|-------------------|--------------------|---|--|
| Business-type Activities: | | | | | |
| Note payable | <u>\$ 70,959</u> | <u>\$ 240,000</u> | <u>\$ (39,289)</u> | <u>\$ 271,670</u> | <u>\$ 35,515</u> |

Business-type Activities

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

Note payable to State of Nebraska Department of Environment and Energy dated October 15, 2009, for \$208,508. The note is due in 40 semi-annual payments with interest at 2 percent and an administration fee of 1 percent beginning December 15, 2010, and ending June 15, 2030. The Water Fund makes the debt service payment on this note. \$ 59,670

The City entered into a financing agreement with Country Compost, LLC in October 2024, in the amount of \$240,000 to purchase land for a dump. Principal is due in monthly installments of \$2,000, which a lump sum payment of \$24,000 due in August 2033. The Trash Fund makes the debt service payment. 212,000

Total \$ 271,670

CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

4. Long-term Debt, continued

Business-type Activities, continued

| | |
|--------------------|-------------------|
| Current portion | \$ 35,515 |
| Noncurrent portion | <u>236,155</u> |
| Total | <u>\$ 271,670</u> |

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

| <u>Year Ending</u> <u>September 30,</u> | <u>Business-type Activities</u> | | |
|--|---------------------------------|-----------------|------------------|
| | <u>Direct Placement Debt</u> | | |
| | <u>Principal</u> | <u>Interest</u> | <u>Loan Fees</u> |
| 2026 | \$ 35,515 | \$ 1,136 | \$ 568 |
| 2027 | 35,747 | 905 | 452 |
| 2028 | 35,983 | 668 | 334 |
| 2029 | 36,224 | 428 | 214 |
| 2030 | 36,201 | 182 | 91 |
| 2031-2033 | 92,000 | - | - |
| | <u>\$ 271,670</u> | <u>\$ 3,319</u> | <u>\$ 1,659</u> |

5. Accrued Compensated Absences

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

| | <u>Balance at</u> <u>9/30/2024</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance at</u> <u>9/30/2025</u> |
|--------------------|---------------------------------------|------------------|-------------------|---------------------------------------|
| Accrued vacation | \$ 4,040 | \$ - | \$ (195) | \$ 3,845 |
| Accrued sick leave | - | 876 | - | 876 |
| Total | <u>\$ 4,040</u> | <u>\$ 876</u> | <u>\$ (195)</u> | <u>\$ 4,721</u> |

CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE D – OTHER NOTES

1. Employee Pension Plans

The City contributes to an employee retirement fund under a defined contribution plan. All employees with at least one year of service, who are at least age 21, and who contribute at least 3 percent to their account are eligible to participate in the plan. The City contributes 7 percent of the employee's annual compensation to the plan. Employees are vested in employer contributions at a rate of 20 percent per year of service with full vesting after five years of service. Employees are fully vested in 100 percent of their own contributions. The City administers the plan. The City made contributions totaling \$15,958 during the year ended September 30, 2025.

2. Risk Management

Insurance

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

Deposits and Investments

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

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

CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

| <u>Maturities by Month</u> | <u>Amount</u> |
|----------------------------|-------------------|
| October 2025 | \$ 166,440 |
| November 2025 | 111,405 |
| December 2025 | 194,094 |
| January 2026 | 70,940 |
| March 2027 | 31,232 |
| | <u>\$ 574,111</u> |

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

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

| <u>Financial Institution</u> | <u>Amount</u> |
|------------------------------|-------------------|
| Citizens State Bank | \$ <u>574,111</u> |

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

3. Long-term Debt

The governmental activities are reported on the modified cash basis of accounting so long-term debt is not reported as a liability in the financial statements.

Changes in Long-term Debt

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

CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE D – OTHER NOTES, continued

3. Long-term Debt, continued

| <u>Type of Debt</u> | Balance October 1, <u>2024</u> | <u>Additions</u> | <u>Deductions</u> | Balance September 30, <u>2025</u> | Amounts Due Within <u>One Year</u> |
|--------------------------|--------------------------------------|---------------------|---------------------|---|--|
| Governmental Activities: | | | | | |
| Bonds payable | <u>\$ 3,110,000</u> | <u>\$ 1,500,000</u> | <u>\$ (215,000)</u> | <u>\$ 4,395,000</u> | <u>\$ 270,000</u> |

Governmental Activities

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

Bonds payable:

General obligation pool bonds of \$2,450,000 were issued in July 2020. Annual principal payments are due with semi-annual interest ranging from 1.00 – 2.65 percent through September 2038. The Debt Service Fund makes the debt service payments on this bond. \$ 2,005,000

General obligation fire hall bonds of \$1,500,000 were issued in December 2024. Annual principal payments are due with semi-annual interest ranging from 3.75 – 4.80 percent through December 2044. The General Fund makes the debt service payments on this bond. 1,500,000

Highway allocation refunding bonds of \$470,000 were issued in December 2019. Semi-annual interest payments are due interest ranging from 2.35 – 2.55 commencing from July 2020 to July 2033. Annual principal payments are due commencing from July 2029 to July 2033. The Debt Service Fund makes the debt service payments on this bond. 470,000

General obligation refunding bonds of \$910,000 were issued in June 2020. Annual principal payments are due with semi-annual interest ranging from 1.75 – 2.35 percent through June 2029. The Debt Service Fund makes the debt service payments on this bond. 420,000

Total bonds \$ 4,395,000

Current portion \$ 270,000

Noncurrent portion 4,125,000

Total \$ 4,395,000

CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE D – OTHER NOTES, continued

3. Long-term Debt, continued

Governmental Activities, continued

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

| Year Ending September 30, | Governmental Activities | |
|------------------------------|-------------------------|-----------------|
| | Other Debt Issues | |
| | <u>Principal</u> | <u>Interest</u> |
| 2026 | \$ 270,000 | \$ 127,214 |
| 2027 | 270,000 | 121,450 |
| 2028 | 285,000 | 115,473 |
| 2029 | 370,000 | 108,960 |
| 2030 | 280,000 | 101,475 |
| 2031-2035 | 1,270,000 | 393,531 |
| 2036-2040 | 1,150,000 | 226,270 |
| 2041-2045 | 500,000 | 62,400 |
| | \$ 4,395,000 | \$ 1,256,773 |

4. Interlocal Agreements

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

| <u>Parties to Agreement</u> | <u>Term</u> | <u>Description</u> |
|------------------------------|------------------------------|---------------------------|
| Warren Memorial Hospital | October 2, 2001 - indefinite | Ambulance service |
| Rural Fire Department | Annual | Combined fire departments |
| Saline County | Annual | Dispatcher service |
| NE Municipal Power Pool | Annual | Mutual aid |
| SE NE Development District | Annual | Planning |
| Saline Co. Mutual Aid Assoc. | Annual | Emergency response |
| NE Department of Roads | Annual | Highway maintenance |

CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE D – OTHER NOTES, continued

5. Interfund Loans

The Debt Service Fund loaned the Street Fund \$63,581 to assist with cash flows. \$27,000 has been repaid, leaving a balance of \$36,581 as of September 30, 2025. Amounts will be repaid as funds become available. This balance has been eliminated on page 15.

6. Tax Abatement

The City has entered into tax increment financing (TIF) agreements with various redevelopers. This TIF program has the stated purpose of increasing business activity and employment in the community.

Under the TIF program, redevelopers can apply for TIF financing whereby the property tax they pay on the increased valuation of property under a TIF agreement is returned to the redeveloper by the CRA to finance the project for a period of up to 15 years.

Information relevant to the abatements impacting the City of Friend for the year ending September 30, 2025 is as follows:

| <u>TIF Project:</u> | <u>Years Remaining On TIF Agreements</u> | <u>2025 TIF Valuation</u> | <u>TIF Proceeds Received during the year 9-30-2025</u> |
|-------------------------|--|-------------------------------|--|
| Redevelopment Areas 2-5 | 13 | \$ <u>1,288,345</u> | \$ <u>33,474</u> |

7. Lease Commitments

The City has a 5-year rental agreement with Jacob Clouse and Johnathan Clouse entered into on August 1, 2022 and ending July 31, 2027 with a monthly payment of \$400 for the police office building.

The City has a 5-year rental agreement with One Source entered into on April 16, 2021 and ending April 15, 2026 with a monthly payment of \$89 for a copier.

CITY OF FRIEND, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE D – OTHER NOTES, continued

7. Lease Commitments, continued

Rent commitments for future years are as follows:

| <u>Year Ending September 30,</u> | |
|--------------------------------------|-----------------|
| 2026 | \$ 5,333 |
| 2027 | 3,200 |
| | <u>\$ 8,533</u> |

8. Commitments

As of September 30, 2025, the City has the following commitments:

| <u>Project</u> | <u>Contract Amount</u> | <u>Paid Through 9/30/2025</u> | <u>Obligation Pending</u> | <u>Expected Completion Date</u> |
|---------------------------|----------------------------|---------------------------------------|-------------------------------|---|
| Fire hall architect fees | \$ 119,300 | \$ 101,405 | \$ 17,895 | February 2026 |
| Fire hall construction | \$ 2,944,537 | \$ 550,875 | \$ 2,393,662 | February 2026 |
| Comprehensive plan update | \$ 46,500 | \$ 23,250 | \$ 23,250 | February 2026 |

9. Subsequent Events

Management has evaluated subsequent events through February 9, 2026, the date on which the financial statements were available for issue.

SUPPLEMENTARY AND OTHER INFORMATION

CITY OF FRIEND, NEBRASKA

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

Year ended September 30, 2025

| | Budget (Original and <u>Final</u>) | <u>Actual</u> | Variances - Actual Over (Under) Final <u>Budget</u> |
|---|---|---------------------|--|
| RESOURCES (INFLOWS) | | | |
| Taxes: | | | |
| Property | \$ 465,734 | \$ 492,286 | \$ 26,552 |
| Sales | 80,000 | 169,989 | 89,989 |
| Occupation | 65,000 | 46,302 | (18,698) |
| Intergovernmental | 76,369 | 75,001 | (1,368) |
| Charges for services | 214,350 | 211,276 | (3,074) |
| Grants and contributions | 47,800 | 92,025 | 44,225 |
| Interest income | 29,500 | 70,578 | 41,078 |
| Loan proceeds | 3,000,000 | 1,500,000 | (1,500,000) |
| Other | 8,050 | 54,589 | 46,539 |
| | <hr/> | <hr/> | <hr/> |
| Total resources | 3,986,803 | 2,712,046 | (1,274,757) |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | |
| General government | 242,500 | 444,787 | 202,287 |
| Public safety | 205,261 | 101,481 | (103,780) |
| Public works | 19,700 | 24,605 | 4,905 |
| Environment and leisure | 240,675 | 221,256 | (19,419) |
| Capital outlay | 3,303,300 | 769,893 | (2,533,407) |
| Interest and fees on long-term debt | - | 63,201 | 63,201 |
| | <hr/> | <hr/> | <hr/> |
| Total charges to appropriations | 4,011,436 | 1,625,223 | (2,386,213) |
| Resources over (under) charges to appropriations | (24,633) | 1,086,823 | 1,111,456 |
| OTHER FINANCING SOURCES | | | |
| Transfers from other funds | 200,000 | - | (200,000) |
| | <hr/> | <hr/> | <hr/> |
| RESOURCES AND OTHER FINANCING SOURCES OVER CHARGES TO APPROPRIATIONS | \$ 175,367 | \$ 1,086,823 | \$ 911,456 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

CITY OF FRIEND, NEBRASKA

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

Year ended September 30, 2025

| | Budget (Original and <u>Final</u>) | <u>Actual</u> | Variances - Actual Over (Under) Final <u>Budget</u> |
|---|---|---------------|--|
| RESOURCES (INFLOWS) | | | |
| Taxes: | | | |
| Property | \$ 18,500 | \$ 35,364 | \$ 16,864 |
| Motor vehicle | 1,250 | 8,491 | 7,241 |
| Sales | 38,000 | 48,781 | 10,781 |
| Intergovernmental | 176,741 | 100,402 | (76,339) |
| Interest income | 150 | 544 | 394 |
| Loan proceeds | 1,000,000 | - | (1,000,000) |
| Other | 4,835 | 7,014 | 2,179 |
| | <hr/> | <hr/> | <hr/> |
| Total resources | 1,239,476 | 200,596 | (1,038,880) |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | |
| Public works | 188,650 | 122,236 | (66,414) |
| Capital outlay | 1,025,000 | 10,500 | (1,014,500) |
| | <hr/> | <hr/> | <hr/> |
| Total charges to appropriations | 1,213,650 | 132,736 | (1,080,914) |
| RESOURCES OVER CHARGES TO APPROPRIATIONS | | | |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| | \$ 25,826 | \$ 67,860 | \$ 42,034 |

CITY OF FRIEND, NEBRASKA

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

Year ended September 30, 2025

| | Budget (Original and Final) | <u>Actual</u> | Variances - Actual Over (Under) Final <u>Budget</u> |
|--|-----------------------------------|--------------------|--|
| RESOURCES (INFLOWS) | | | |
| Taxes: | | | |
| Property | \$ 182,068 | \$ 189,513 | \$ 7,445 |
| Sales | 100,000 | 70,435 | (29,565) |
| Interest income | - | 7,625 | 7,625 |
| Other income | - | 3,232 | 3,232 |
| | <hr/> | <hr/> | <hr/> |
| Total resources | 282,068 | 270,805 | (11,263) |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | |
| Principal payments on debt | 215,000 | 215,000 | - |
| Interest and fees on long-term debt | 67,068 | 67,008 | (60) |
| | <hr/> | <hr/> | <hr/> |
| Total charges to appropriations | 282,068 | 282,008 | (60) |
| | <hr/> | <hr/> | <hr/> |
| RESOURCES UNDER CHARGES TO APPROPRIATIONS | \$ - | \$ (11,203) | \$ (11,203) |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

CITY OF FRIEND, NEBRASKA

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

September 30, 2025

| | | Special Revenue Funds | | | | |
|--|----------------------------------|-----------------------|------------------------------------|---------------------|---|--|
| | Perpetual Care <u>Fund</u> | Keno <u>Fund</u> | CW Johnson Trust <u>Fund</u> | CDBG <u>Fund</u> | Total Nonmajor Governmental <u>Funds</u> | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 4,945 | \$ 30,436 | \$ 7,227 | (8,190) | \$ 34,418 | |
| Certificates of deposit | 99,648 | - | - | - | 99,648 | |
| | | | | | | |
| Total assets | \$ 104,593 | \$ 30,436 | \$ 7,227 | \$ (8,190) | \$ 134,066 | |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Fund balances: | | | | | | |
| Nonspendable: | | | | | | |
| Cemetery perpetual care | 104,593 | - | - | - | 104,593 | |
| Restricted for: | | | | | | |
| Capital improvement | - | - | 7,227 | - | 7,227 | |
| Community betterment | - | 30,436 | - | (8,190) | 22,246 | |
| Total fund balances | 104,593 | 30,436 | 7,227 | (8,190) | 134,066 | |
| | | | | | | |
| Total liabilities and fund balances | \$ 104,593 | \$ 30,436 | \$ 7,227 | \$ (8,190) | \$ 134,066 | |

CITY OF FRIEND, NEBRASKA

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

For the year ended September 30, 2025

| | Perpetual Care Fund | Special Revenue Funds <u>Keno Fund</u> | CW Johnson Trust Fund | CDBG Fund | Total Nonmajor Governmental Funds |
|------------------------------------|---------------------------|---|-----------------------------|-------------------|--|
| REVENUES | | | | | |
| Grants and contributions | \$ - | \$ - | \$ - | \$ 16,807 | \$ 16,807 |
| Charges for services | 200 | - | - | - | 200 |
| Interest income | - | 255 | - | - | 255 |
| Total revenues | <u>200</u> | <u>255</u> | <u>-</u> | <u>16,807</u> | <u>17,262</u> |
| EXPENDITURES | | | | | |
| Economic development | <u>-</u> | <u>-</u> | <u>-</u> | <u>24,997</u> | <u>24,997</u> |
| Net change in fund balances | 200 | 255 | - | (8,190) | (7,735) |
| Fund balances - September 30, 2024 | <u>104,393</u> | <u>30,181</u> | <u>7,227</u> | <u>-</u> | <u>141,801</u> |
| Fund balances - September 30, 2025 | <u>\$ 104,593</u> | <u>\$ 30,436</u> | <u>\$ 7,227</u> | <u>\$ (8,190)</u> | <u>\$ 134,066</u> |

CITY OF FRIEND, NEBRASKA

**COMBINING STATEMENT OF REVENUES AND EXPENDITURES -
MODIFIED CASH BASIS - GENERAL FUND DEPARTMENTS**

Year ended September 30, 2025

| | <u>Administrative</u> | <u>Police</u> | <u>Fire</u> |
|--|-----------------------|------------------|-------------------|
| REVENUES | | | |
| Taxes: | | | |
| Property | \$ 211,014 | \$ 158,646 | \$ 29,421 |
| Sales | - | - | 29,118 |
| Occupation | 46,302 | - | - |
| Intergovernmental receipts | 39,523 | - | 35,478 |
| Charges for services | 142,665 | - | - |
| Grants and contributions | - | - | 6,403 |
| Interest income | 25,089 | - | 33,100 |
| Loan proceeds | - | - | 1,500,000 |
| Other receipts | 22,665 | 10 | 899 |
| Total revenues | <u>487,258</u> | <u>158,656</u> | <u>1,634,419</u> |
| EXPENDITURES | | | |
| Personnel services: | | | |
| Salaries and benefits | 34,495 | 47,791 | - |
| Operating expenses: | | | |
| Insurance | 98,666 | - | 14,021 |
| Professional fees | 125,932 | 2,935 | 520 |
| Repairs and maintenance | 6,327 | 80 | 3,120 |
| Printing, postage, and publications | - | 316 | - |
| Utilities and telephone | 90,702 | 4,999 | 4,068 |
| Total operating expenses | <u>321,627</u> | <u>8,330</u> | <u>21,729</u> |
| Supplies | 17,840 | 10,427 | 5,371 |
| Other expenses | 70,825 | 6,269 | 1,564 |
| Capital outlay | - | - | 725,600 |
| Interest and fees on long-term debt | - | - | 63,201 |
| Total expenditures | <u>444,787</u> | <u>72,817</u> | <u>817,465</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>\$ 42,471</u> | <u>\$ 85,839</u> | <u>\$ 816,954</u> |

| Park/Pool | Community Center | Library | Ambulance | Cemetery | Total |
|-----------|------------------|------------|-----------|-----------|--------------|
| \$ 42,929 | \$ 224 | \$ 31,060 | \$ - | \$ 18,992 | \$ 492,286 |
| 140,871 | - | - | - | - | 169,989 |
| - | - | - | - | - | 46,302 |
| - | - | - | - | - | 75,001 |
| 43,512 | 1,000 | - | 18,999 | 5,100 | 211,276 |
| 547 | - | 1,547 | 62,128 | 21,400 | 92,025 |
| 2,320 | - | 227 | 3,457 | 6,385 | 70,578 |
| - | - | - | - | - | 1,500,000 |
| 1,015 | - | - | 30,000 | - | 54,589 |
| 231,194 | 1,224 | 32,834 | 114,584 | 51,877 | 2,712,046 |
| 98,848 | - | 21,515 | - | 22,912 | 225,561 |
| - | - | - | 5,248 | - | 117,935 |
| 469 | - | 1,933 | 9,606 | 616 | 142,011 |
| 10,190 | 1,562 | 1,083 | - | 1,283 | 23,645 |
| 2,243 | - | - | - | - | 2,559 |
| 7,169 | 2,457 | 3,539 | 49 | 41 | 113,024 |
| 20,071 | 4,019 | 6,555 | 14,903 | 1,940 | 399,174 |
| 20,498 | - | 11,230 | 8,760 | 1,473 | 75,599 |
| 3,453 | - | 137 | 942 | 8,605 | 91,795 |
| - | - | - | 44,293 | - | 769,893 |
| - | - | - | - | - | 63,201 |
| 142,870 | 4,019 | 39,437 | 68,898 | 34,930 | 1,625,223 |
| \$ 88,324 | \$ (2,795) | \$ (6,603) | \$ 45,686 | \$ 16,947 | \$ 1,086,823 |

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities – modified cash basis, the business-type activities – accrual basis, the aggregate discretely presented component unit – modified cash basis, each major fund – modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information – modified cash basis for the governmental funds of the City of Friend, Nebraska, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City’s financial statements, which collectively comprise the City’s financial statements, and have issued our report thereon dated February 9, 2026. Our report on the financial statements disclosed that, as described in Note A to the financial statements, the City of Friend, Nebraska, prepares its financial statements for the governmental funds and component unit on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

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

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

SHAREHOLDERS:

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

3123 W. Stolley Park Rd.
Suite A
P.O. Box 1407
Grand Island, NE 68802
P 308-381-1810
F 308-381-4824
EMAIL cpa@gicpas.com

A PROFESSIONAL
CORPORATION

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify 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 City of Friend's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Friend's Response to Findings

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

Purpose of this Report

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

AMGL, P.C.

Grand Island, Nebraska
February 9, 2026



To the Honorable Mayor and City Council
City of Friend
Friend, Nebraska

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Friend for the year ended September 30, 2025, and have issued our report thereon dated February 9, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 10, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Friend are described in Note A to the financial statements. The City adopted GASB No. 101, *Compensated Absences*, during the year ended September 30, 2025. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the collectability of accounts receivable is based on historical utility revenues, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the collectability of accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the depreciation of capital assets is based on the estimated useful life of the capital asset. We evaluated the key factors and assumptions used to develop the depreciation of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

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The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Two audit adjustments decreased the fund balance of the City's governmental funds by \$16,109. Fourteen audit adjustments increased the net position of the City's business-type activities by \$20,565. The following material misstatements detected as a result of audit procedures were corrected by management:

1. Accounts payable was increased \$16,131 in the governmental activities and \$18,579 in the business-type activities, decreasing fund balance and net position.
2. A capital lease of \$240,000 and debt of \$212,000 were recorded in the business-type activities, increasing net position.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 9, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In connection with our audit of the financial statements of the City of Friend as of September 30, 2025, we noted certain matters that we believe you should consider. Our observations were formed as a by-product of our audit procedures, which did not include a comprehensive review for the purpose of submitting detailed recommendations.

1. During our audit we noted that the City did not have a formal capitalization policy. We recommend implementing a policy of \$5,000.
2. During our audit, we noted that the customer deposit listing does not match the customer deposit bank account. We recommend reconciling the customer deposit listing to the bank balance monthly and making any necessary adjustments to customer deposits when they are refunded or applied to the final bill.
3. During our audit we noted that 1 out of the 25 checks we tested was not listed in the Board minutes for approval. We recommend that all payments be listed in the minutes to ensure that the Board approves these payments.
4. While reviewing the customer history reports for related parties, we noted multiple instances of council members paying their utility bills late. We recommend having all council members have their bill paid on time every month.
5. During our audit, we noted that there were no late fees or penalties charged from December to April. We recommend following the late fee ordinance for charging late fees for every customer, every month that they are late on payments.
6. Seven receipts for credit card purchases were missing. This can lead to misappropriated funds. We recommend keeping all receipts for credit card purchases.
7. During our audit we noted that the Utility Resolution 24-02 was approved in the board minutes in April 2024 and supposed to go into effect on the 2nd day of April 2024, but it was not updated in the software until August of 2025. We recommend updating the rates in the software when the resolution says it will go into effect.
8. During our audit, we noted that there is no resolution for commercial water rates. We recommend creating a resolution that is approved and signed for the commercial water rates and keeping it on file.
9. Several customers are only being charged \$6 for their trash services compared to the base rate of \$14.42, and no documentation was available for the difference in charges to the base rate. We recommend keeping documentation on all rates and charging customers the appropriate amounts.

10. During our audit, we noted that petty cash receipts and disbursements were not being tracked consistently. As such, we could not trace ending petty cash balance. We recommend keeping a spreadsheet of receipts and disbursements for petty cash to accurately keep track.

Other Matters

We were engaged to report on the nonmajor governmental funds combining statements, and statement of general fund departmental revenue and expenditures, which accompany the financial statements but are not RSI. With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the management's discussion and analysis and budgetary comparison schedules, which accompany the financial statements but are not required supplementary information. We did not audit or perform other procedures on this other information and we do not express and opinion or provide and assurance on it.

Restriction on Use

This information is intended solely for the use of the City Council and management of the City of Friend and is not intended to be and should not be used by anyone other than these specified parties.

AMC, P.C.
Grand Island, Nebraska
February 9, 2026

To the Honorable Mayor and City Council
City of Friend
Friend, Nebraska

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Friend as of and for the year ended September 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiency in the City of Friend's internal control to be a significant deficiency:

The size of the City's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This lack of segregation of duties creates an opportunity for employees to commit fraud that may go undetected. This situation suggests that the City Council remain involved in the financial affairs of the City to provide oversight and independent review functions.

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This communication is intended solely for the information and use of management, the City Council, and others within the City, and is not intended to be and should not be used by anyone other than these specified parties.

AMGL, P.C

Grand Island, Nebraska
February 9, 2026



Kinetic
4005 N Rodney Parham Rd.
Little Rock, AR, 72212

Date: January 15, 2025
Entity: City of Friend
Permit Request Number: 49564 JobTrac Number: 71506008100001

To Whom it May Concern, Kinetic is proposing:
To place a total of 350' aerial fiber optic cable and 175' of buried fiber optic cable via bore starting on the
East side of S Cherry St, and continuing along the South side of 5th St. Please see attached prints for
additional details and location specifics.

If there are no objections to the above listed proposal, please sign below and return this cover letter to Natalia.Ewing@windstream.com / Natalia.Ewing@uniti.com

| | | |
|------------------------|-----------|------|
| Printed Name and Title | Signature | Date |
|------------------------|-----------|------|

Your cooperation and assistance regarding this project is greatly appreciated. If you have any questions or require additional information, please contact me at the above listed email address.

Thank you,

Natalia Ewing
Natalia Ewing
Analyst – I, Engineering Support, Permitting Team

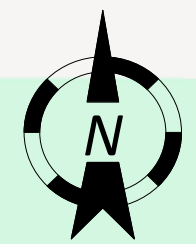




3GIS SYMBOLOGY LEGEND

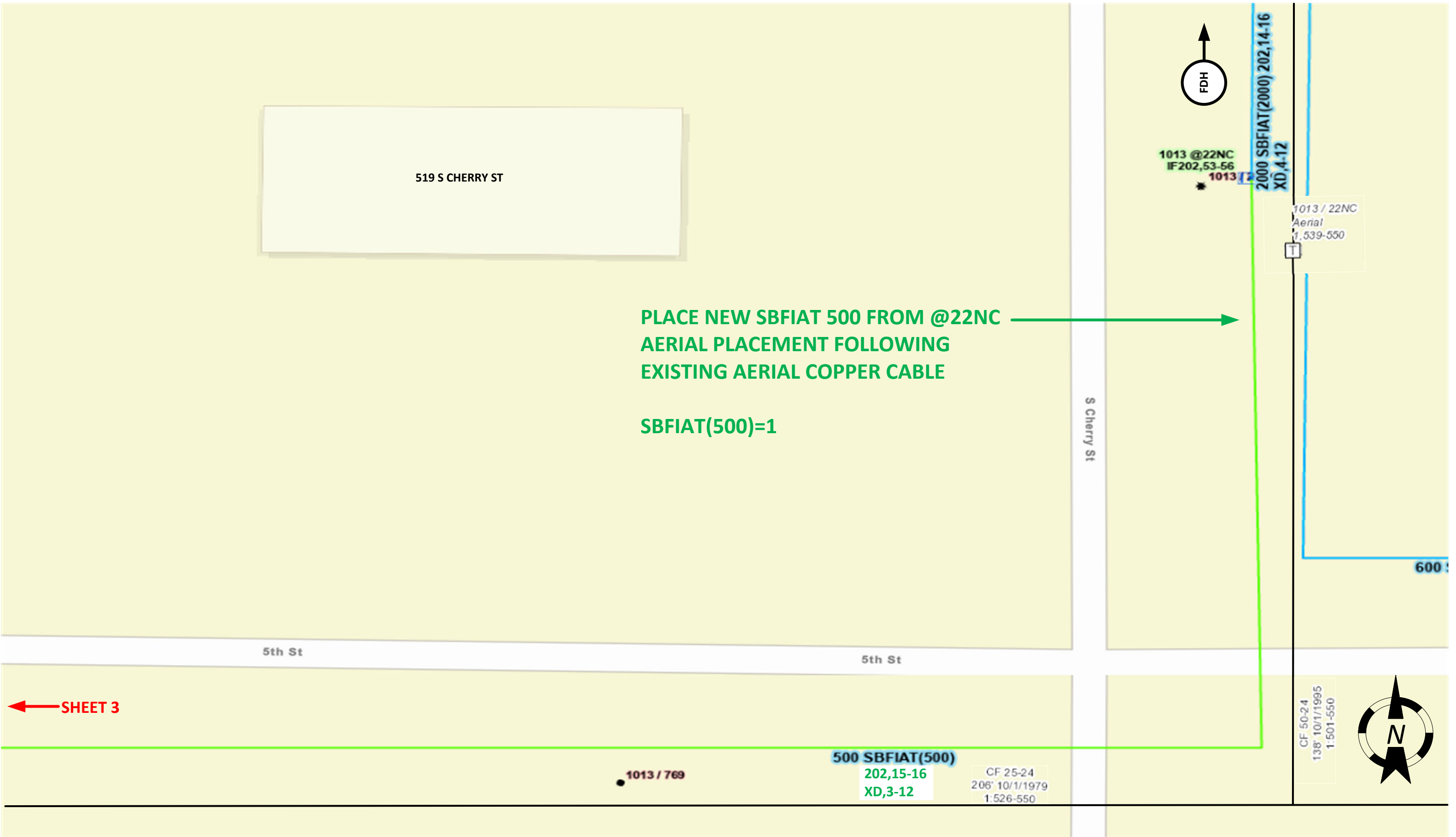
- FDSH (SIZE AND TYPE CALLED OUT BY UNITS)
- PEDESTAL (SIZE CALLED OUT BY UNITS)
- FIBER TERMINAL (SIZE CALLED OUT BY UNITS)
- FDP (SIZED CALLED OUT BY UNITS AND COUNT CALL OUT)
- PHYSICAL SPLICE (TYPE OF CLOSURE CALLED OUT BY UNITS)
- THEORETICAL SPLICE (USUALLY TO CHANGE FROM BURIED TO AERIAL CABLE)
- NEW POLE (SIZE CALLED OUT BY UNITS)
- FOREIGN JOINT USE POLE
- SLACK LOOP (SIZE CALLED OUT BY NUMBER)
- EXISTING SLACK LOOP
- AERIAL FIBER CABLE (SIZE CALLED OUT IN UNITS AND FIBER COUNT ON CABLE)
- EXISTING AERIAL FIBER CABLE
- BURIED FIBER CABLE (SIZE CALLED OUT IN UNITS AND FIBER COUNT ON CABLE)
- EXISTING BURIED FIBER CABLE
- EXISTING CONDUIT
- CONDUIT (SIZE AND LENGTH CALLED OUT BY UNITS)

WORK SITE SHEETS 2-3



| | | | | | |
|--------------------|--|---|-----------------------------|-----------------------------|-------------------|
| FTBB: | JOB DESCRIPTION: Held Order432955 - KODY MARSHALL-01454121 | CUSTOMER OTHER CONTACTS: CITY OF FRIEND CLERK OFFICE 402-947-2711 | WORK ORDER#: 71506008100001 | EXCHANGE: FRND | CUT SHEETS REQ. N |
| AWGF: | PROJECT MANAGER: | | DATE: 1/13/2026 | REVISION#: | PERMIT REQ. Y |
| TAX DISTRICT: 0001 | OPERATIONS MANAGER: | CIRCUIT ID: | ENGINEER: CHRIS KOCH | REVISION DATE: SHEET 1 OF 4 | MOP REQ. N |
| REQUESTED BY: | | | PHONE #: 402-560-4491 | | JOINT WORK REQ. N |





PLACE NEW SBFIAT 500 FROM @22NC
AERIAL PLACEMENT FOLLOWING
EXISTING AERIAL COPPER CABLE

SBFIAT(500)=1

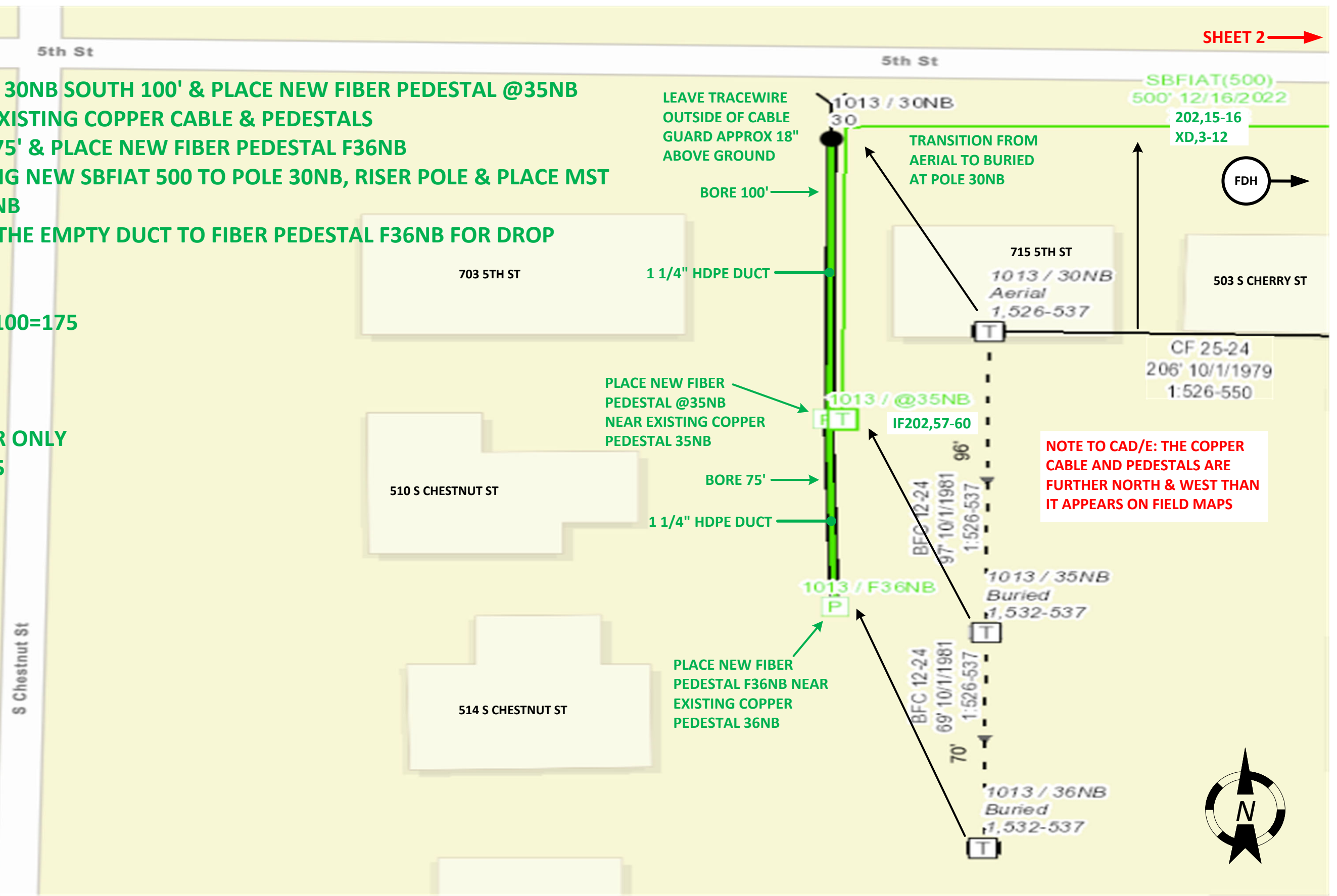
← SHEET 3

| | | | | | |
|--------------------|--|---|-----------------------------|-------------------------|-------------------|
| FTBB: | JOB DESCRIPTION: Held Order432955 - KODY MARSHALL-01454121 | CUSTOMER OTHER CONTACTS: CITY OF FRIEND CLERK OFFICE 402-947-2711 | WORK ORDER#: 71506008100001 | EXCHANGE: FRND | CUT SHEETS REQ. N |
| AWGF: | PROJECT MANAGER: | | DATE: 1/13/2026 | DISCTRICT: FRND | PERMIT REQ. Y |
| TAX DISTRICT: 0001 | OPERATIONS MANAGER: | CIRCUIT ID: | ENGINEER: CHRIS KOCH | REVISION#: SHEET 2 OF 4 | MOP REQ. N |
| REQUESTED BY: | | | PHONE #: 402-560-4491 | REVISION DATE: | JOINT WORK REQ. N |



- BORE FROM POLE 30NB SOUTH 100' & PLACE NEW FIBER PEDESTAL @35NB FOLLOWING THE EXISTING COPPER CABLE & PEDESTALS
- CONTINUE BORE 75' & PLACE NEW FIBER PEDESTAL F36NB
- CONTINUE PLACING NEW SBFIAT 500 TO POLE 30NB, RISER POLE & PLACE MST IN PEDESTAL @35NB
- LEAVE STRING IN THE EMPTY DUCT TO FIBER PEDESTAL F36NB FOR DROP CABLE.

BM60(1)(1.25)PF>100=175
 BD4MPF=1
 BD3MPF=1
 BM2=2
 BFO12I=500 LABOR ONLY
 TRACEWIRE(F)=175
 BM82PF=1



| | | | | | |
|--------------------|--|---|-----------------------------|-------------------------|-------------------|
| FTBB: | JOB DESCRIPTION: Held Order432955 - KODY MARSHALL-01454121 | CUSTOMER OTHER CONTACTS: CITY OF FRIEND CLERK OFFICE 402-947-2711 | WORK ORDER#: 71506008100001 | EXCHANGE: FRND | CUT SHEETS REQ. N |
| AWGF: | PROJECT MANAGER: | | DATE: 1/13/2026 | DISTRICIT: FRND | PERMIT REQ. Y |
| TAX DISTRICT: 0001 | OPERATIONS MANAGER: | CIRCUIT ID: | ENGINEER: CHRIS KOCH | REVISION#: SHEET 3 OF 4 | MOP REQ. N |
| REQUESTED BY: | | | PHONE #: 402-560-4491 | REVISION DATE: | JOINT WORK REQ. N |

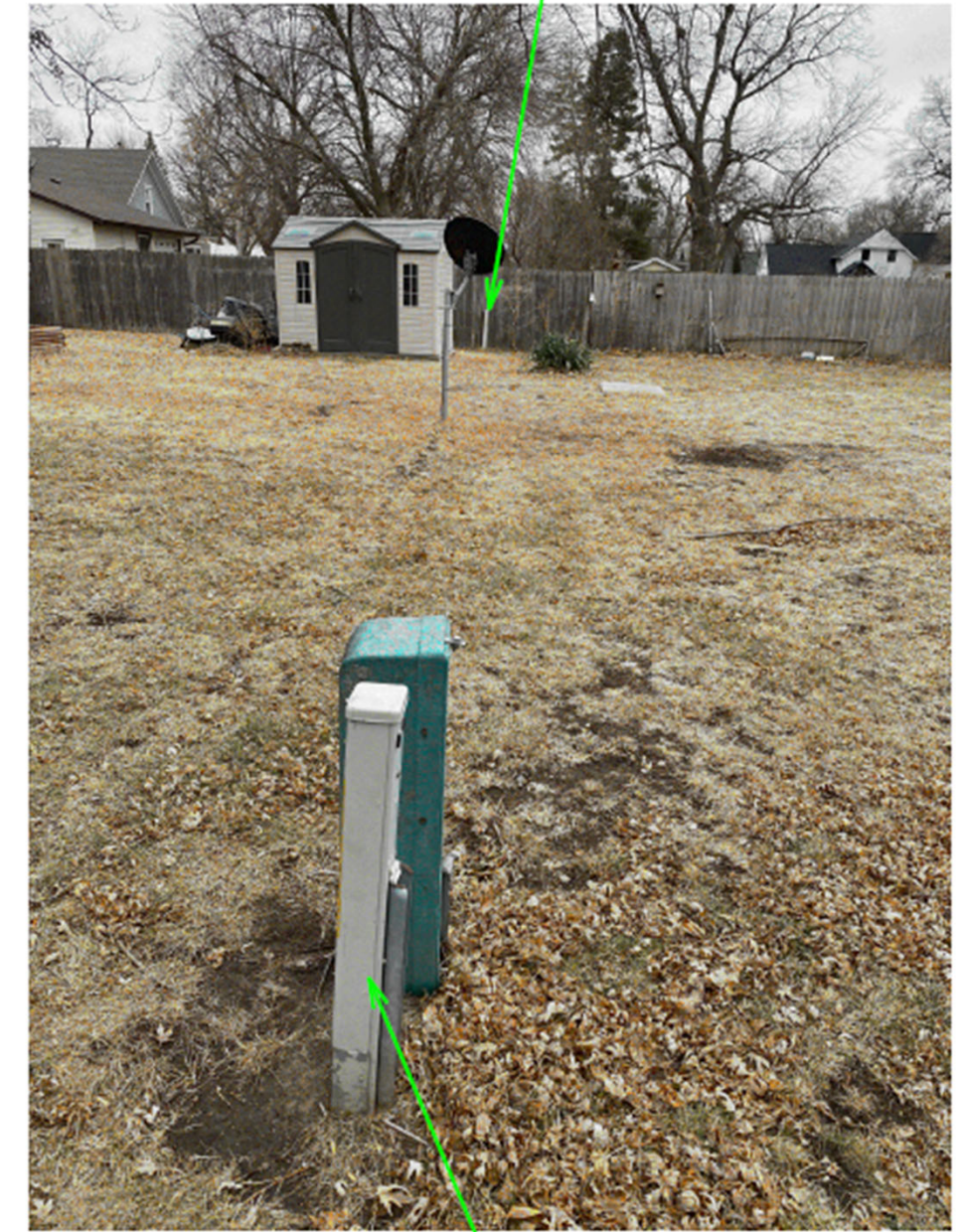




POLE 30NB LOOKING SOUTH



POLE 30NB
COPPER PED 35NB LOOKING NORTH



COPPER PED 36NB
COPPER PED 35NB LOOKING SOUTH

| | | | | | |
|--------------------|--|---|-----------------------------|-----------------------------|-------------------|
| FTBB: | JOB DESCRIPTION: Held Order432955 - KODY MARSHALL-01454121 | CUSTOMER OTHER CONTACTS: CITY OF FRIEND CLERK OFFICE 402-947-2711 | WORK ORDER#: 71506008100001 | EXCHANGE: FRND | CUT SHEETS REQ. N |
| AWGF: | | | DATE: 1/13/2026 | DISCTRICT: FRND | PERMIT REQ. Y |
| TAX DISTRICT: 0001 | PROJECT MANAGER: | | ENGINEER: CHRIS KOCH | REVISION#: | MOP REQ. N |
| REQUESTED BY: | OPERATIONS MANAGER: | CIRCUIT ID: | PHONE #: 402-560-4491 | REVISION DATE: SHEET 4 OF 4 | JOINT WORK REQ. N |





January 13, 2026

PREPARED FOR:



**Thank you for considering Eakes Office Solutions
for your Managed Print Solution!**

We are thrilled at the chance to enhance your technology while optimizing efficiency and savings for your organization. Our commitment is to provide top-notch technology, seamless toner replenishment, and reliable service, backed by the full resources of Eakes Office Solutions.

Thank you for this opportunity!

The contents of this proposal are confidential trade secret information and intended for the use of only this client. The contents herein may not be reproduced without the specific written permission of Eakes Office Solutions. This is a proposal only and informative in nature. Actual contract terms and conditions, as well as final pricing, may change, and will be submitted upon your request.

Pricing in this proposal expires 30 days after 2/13/2026.

PROPOSED SOLUTION

SHARP

BP-C535WD



WIDTH
19.5 inches

DEPTH
29 inches

HEIGHT
58.8 inches

**REQUIRED
WIDTH**
43.5 inches

**REQUIRED
DEPTH**
29 inches


**REQUIRED
HEIGHT**
74.8 inches




1 x NEMA 5-15R 

 **COLOR**
35

 **B/W**
35

 **PAPER SIZE**
8-1/2 x 14

 **MAX PAPER CAPACITY**
(80g/m²)
1150

SMART COLOR MULTIFUNCTION PRINTERS *simply smarter*

Elevated Document Security

Utilizing leading edge security to protect data and meet regulatory requirements.

The BP-C535WD and BP-C545WD compact color document systems are intelligently designed to offer advanced security and collaborative capabilities, coupled with exceptional output quality. These models offer the latest engine design, enhanced user experience and security features similar to larger devices.

Easy-to-use Touchscreen Enhanced 7-inch (diagonally measured) full-flat touchscreen delivers an accurate, responsive user experience and provides easy access to features.

Built-in Security In today's ever changing work environments, it's vital to protect endpoint devices from security threats, which is why Sharp uses the latest technology to help ensure your data remains safe.

Versatile Application Integration Maximize productivity and collaboration with easy access to expanded cloud services, quickly connect with mobile devices to print and scan files and even utilize touchless operation with the Sharp Synappx Go app.



Easily scan documents: business cards and checks using the high resolution scanner.



Easy touch display with customizable menus.



Optional compact inner finisher offers stapling, offset stacking and sorting.

Compact designs with advanced workflow features for virtually any size office.

- Standard **copy, print, scan, fax** and **wireless** capability.
- Both the BP-C535WD and BP-C545WD DSPF (duplex single pass feeder) scans both pages of **two-sided documents in one pass** in batches of up to 100 sheets and scan up to 130 images per minute (two-sided).
- Both models can feed **letter, legal, statement** and **business card** sized original documents.
- Built-in **optical character recognition** (OCR) function can convert scanned documents to text-searchable PDF, Microsoft Office file formats and more.
- The compact PDF feature reduces file sizes of most scanned color documents and **decreases network traffic** and storage.
- **Access popular cloud services**, including Microsoft OneDrive for Business, Microsoft Teams, SharePoint Online, Box.com, Google Drive™, Dropbox and more with the Cloud Connect feature and Sharp Application Portal.
- **Direct print** from Microsoft Word, PowerPoint and Excel files with thumb drives, cloud applications, network folders and more.
- Offers up to **five paper sources** with available 2,350-sheet maximum paper capacity.
- **Enhanced 7-inch** (diagonally measured) **full-flat touchscreen** delivers an accurate, responsive user experience and provides easy access to features.
- Network ready **PCL® 6 and Adobe® PostScript®3™** printing systems deliver up to 35 and 45 pages per minute.
- **Print Support Application (PSA)** is supported by Windows 10 and 11 which enables users to print without a print driver.
- Strong, **multi-layered security** such as system integrity check, intrusion detection, and optional Bitdefender antivirus help protect your data.

PAYMENT SOLUTION

| Qty | Model | Description |
|-----|-----------|---|
| 1 | BP-C535WD | 35 PPM: Black/White & Color, Duplex, Print, Copy, Scan, Fax |
| 1 | | 2 Papers Drawers (1 x 550, 1 x 600) |
| 1 | | High Stand (1 Door with Storage) |

RECOMMENDED PAYMENT OPTION: LEASE & EAKES SERVICE AGREEMENT

| Lease Payment | Lease Term |
|---------------|------------|
| \$131.22 | 60 months |

Smart Print Agreement includes:

- Includes 1,000 mono pages per month with additional mono pages billed quarterly 0.00802 per page
- Includes 200 color pages per month with additional color pages billed quarterly 0.05320 per page
- Parts, labor, toner, service calls and training included
- 4-hour response time
- Excludes paper and staples
- Note:
- Lease payment only went up \$14.02 with brand new device and over the last 5 years with tariff increases and this agreement now includes allotted clicks
- Current rates decreased from b/w \$0.015730 & color \$0.087450
- Monthly payment with Eakes Connected Care = \$134.22

EAKES CONNECTED CARE

| # of Devices | Total Cost |
|--------------|------------|
| 1 | \$3.00 |

Service pricing under this Agreement is subject to an annual adjustment, not to exceed ten percent (10%). Connected Care is billed at \$3.00 per device, capped at a maximum of six (6) devices.

Bid For
Grange doors

JL Stutzman Contracting
452 County Road 500
Friend, NE 68359
+14026413525



INVOICE

BILL TO
City of Friend
235 Maple Street
Friend, NE 68359

INVOICE # 11295
DATE 02/18/2026

TERMS Due on receipt

| DATE | ACTIVITY | DESCRIPTION | QTY | RATE | AMOUNT |
|------------|---------------------|--|-----|----------|----------|
| 02/18/2026 | Aluminum Storefront | 36" Grey aluminum door with closer Full Glass Includes removal and replacement labor | 1 | 5,000.00 | 5,000.00 |

Grange Hall
*South Door

BALANCE DUE

\$5,000.00

Pay invoice



connect.intuit.com



HEIN CONSTRUCTION LLC.

919 I STREET

FAIRBURY NEBRASKA, 68352

PHONE 402-239-9629

CITY OF FRIEND, NEBRASKA

DATE 3-18-2026

PROPOSAL

CRACK SEALING

Block price for crack sealing is \$1,000.00 per block

Concrete blocks would consist of filling all saw joints and random cracks

Asphalt streets would be filling all random cracks

HEIN CONSTRUCTION WILL SUPPLY ALL LABOR AND MATERIALS TO COMPLETE

THE CRACK SEALING PROJECT.

CRACKS WILL BE BLOWN CLEAN WITH COMPRESSED AIR THEN FILLED WITH A HOT POUR
RUBBERIZED CRACK SEALANT MATERIAL. THEN SQUEEGED OVER TO MAKE A WATER TIGHT SEAL.

CRACK SEALING WOULD BE COMPLETED IN 2026

HEIN CONSTRUCTION LLC.

HEIN CONSTRUCTION LLC.

919 I STREET

FAIRBURY NEBRASKA, 68352

PHONE 402-239-9629

CITY OF FRIEND, NEBRASKA

DATE 3-18-2026

PROPOSAL

ARMOUR COAT

Block price for armour coat is \$3,000.00 per block

Armour coat would be for asphalt streets

Road would be swept before the armour coat then

.32 of a gallon of oil would be applied then 26 pounds of 3/8 washed rock chips

Then rolled

The above price is with no patching

Patching would be done at the cost of \$250.00 dollars per ton

HEIN CONSTRUCTION WILL SUPPLY ALL LABOR AND MATERIALS TO COMPLETE

THE armour coat PROJECT.

We armour coat for milligan, swanton, western, Wilber as well as numerous other towns in
Nebraska.

HEIN CONSTRUCTION LLC.

| | |
|--------|---|
| 68.39 | \$35 deposit needs to be applied. Stop date Jan. 2024 |
| 33.39 | write off amount |
| 246.47 | stop date October 2021 |
| 0.05 | |
| 8.17 | electric charge |
| 8.17 | electric charge |
| 3.72 | stop date November 2020. |
| 15.00 | finance charge. Stop date April 2024. |
| 425.65 | stop date Febr. 2020. Need to apply \$215 deposit. |
| 5.00 | penalty. Stop date Febr. 2026. |
| 225.68 | stop date June 2019 |
| 139.33 | stop date Dec. 2021. NSF check. |
| 34.81 | Deposit applied. Stop date 2022. |
| 1.79 | Sales tax on electric. |
| 26.21 | stop date January 2023. |
| 22.48 | December 2023 water bill. |
| 110.30 | stop date April 2020. |
| 440.48 | stop date April 2020. |
| 62.55 | stop date Sept. 2020. |
| 7.18 | Electric |
| 18.43 | Electric |
| 260.66 | stop date Febr. 2020. Deposit applied. |
| 460.91 | stop date August 2020. |
| 105.27 | deposit applied June 2022. |
| 271.65 | deposit applied Oct. 2024. stop date Febr. 2024. No forwarding address. |
| 35.95 | stop date July 2024. |
| 54.00 | stop date 2020. |
| 7.05 | sales tax on electric |
| 172.36 | stop date Dec. 2020. |
| 320.73 | stop date April 2023. |
| 186.28 | stop May 2024. |
| 119.38 | stop date June 2024. Same Customer-3 accts. |
| 160.77 | stop date May 2025. |
| 629.07 | stop date Sept. 2025. |
| 55.58 | stop date March 2024. |
| 118.51 | stop date June 2025. No forwarding address. |
| 125.66 | stop date June 2025. No forwarding address. |
| 1.07 | sales tax on electric |
| 2.43 | electric |
| 133.78 | stop date Febr. 2025. No forwarding address. |

| | |
|----------|--|
| 270.24 | stop date Oct. 2024. |
| 478.70 | Prior to 2014. |
| 25.29 | electric |
| 45.23 | stop date Aug. 2022. |
| 2.64 | sales tax on electric |
| 58.82 | deposit applied June 2024. stop date May 2024. |
| 128.17 | stop date August 2023. |
| 237.47 | stop date June 2022 |
| 248.15 | stop date January 2023. |
| 215.47 | stop date 1/24/24. Deposit applied |
| 270.51 | stop date May 2025. Deposit applied |
| 7,036.66 | Total |