FALLS CITY
NEBRASKA
PASSIONATE • PROVEN • PROSPEROUS

CITY COUNCIL REGULAR MEETING
WEDNESDAY – SEPTEMBER 9, 2026, 6:00 PM
CITY HALL - COUNCIL CHAMBERS
2307 BARADA STREET
FALLS CITY, NE 68355

Watch the meeting livestream at https://www.youtube.com/@FallsCityNE/streams

The City Council may vote to go into Closed Session on any agenda item as allowed by State Law.

ROUTINE BUSINESS

1. Open Meeting Act
2. Roll Call
3. Pledge of Allegiance
4. Mayors Report
5. City Administrators Report
6. Chief of Police Report

CONSENT AGENDA

1. Agenda Approval
2. Minutes Approval for August 17, 2026
3. Claims Approval for September 9, 2026
4. Consent Agenda

Any item listed on the Consent Agenda may, by the request of any single Council Member, be considered as a separate item under the Regular Agenda Section of the Agenda.

OLD BUSINESS

1. Discussion & Action – Second Reading of Ordinance 2026-102 to provide for regulation of Bicycles, E-Bikes, Scooters, E-Scooters, Skateboards, E-Skateboards, Hoverboards and Skates

REGULAR BUSINESS

1. Discussion & Action – 2024-2025 Audit report – HBE
2. Discussion & Action – Appointment of Rick Johnson and Jerri Elwonger to the Housing Authority
3. Discussion & Action – Appointment of Levi Jones as Police Officer as recommended by Mayor Harkendorff
4. Discussion & Action – Request for curb cut at 521 Dorrington Court – Campbell Construction
5. Discussion & Action – Request for curb cut at 606 Morehead
6. Discussion & Action – Tenaska Agreement as recommended by the BOPW
7. Discussion & Action - OPPD Prepayment Agreement as recommended by the BOPW

8. Discussion & Action – Replacement of Power Plant windows by Salt Contracting for $64,070 as recommended by BOPW

9. Discussion & Action – Accept SEL Engineering Service Change Order #1 per existing agreement

ADJOURNMENT

Gary Jorn, City Clerk

AUGUST 17, 2026

A meeting of the City Council of the City of Falls City, Nebraska, was held in said City on the 17th day of August 2026, at 6:00 o'clock P.M. Council met in Regular Session. Mayor Hardendorff called the meeting to order, Clerk Jorn recorded the minutes of the meeting. On roll call the following Council persons were present: Buckminster, Fouraker, Ferguson, Kaster, F. Killingsworth, K. Killingsworth, Leyden, Ruiz. Absent: None. Notice of the meeting was given in advance thereof by posting in three public places, a designated method for giving notice as shown by the Certificate of Posting Notice attached to these minutes. Notice of this meeting was given to the Mayor and all persons of the Council and a copy of their acknowledgment of receipt of notice and the agenda is attached to the minutes. Availability of the agenda was communicated in the advance notice and in the notice to the Mayor and Council of this meeting. All proceedings shown hereafter were taken while the convened meeting was open to the attendance of the public. Council President Leyden publicly stated to all in attendance that a current copy of the Nebraska Open Meetings Act was available for review and indicated the location of such copy posted in the room where the meeting was being held.

STANDING REPORTS

Reports were given by City Administrator and Chief Baker.

APPROVAL CONSENT RESOULUTION FOR JULY 20, 2026

WHEREAS, certain business of the City Council (Council) of the City of Falls City (City) transpires on a regular and routine basis or is not of controversial nature; and *WHEREAS*, roll call votes on each individual issue greatly extend the meeting time. *NOW, THEREFORE, BE IT HEREBY RESOLVED* BY the City Council that in the interest of economizing time, yet complying with the Public Meeting Laws of the State of Nebraska, which require roll call voting, the following issues are hereby consolidated in this Consent Resolution: 1. *BE IT FURTHER RESOLVED BY* the Council that the agenda for August 17, 2026 meeting is hereby approved.2.*BE IT FURTHER RESOLVED BY* the Council that the minutes from the August 3, 2026 meeting is hereby approved.3.*BE IT FURTHER RESOLVED BY* the Council that the claims for August 17, 2026 meeting is hereby approved. 4.*BE IT FURTHER RESOLVED BY* the Council that the Treasurer Report for July 2026 is hereby approved.5. *BE IT FURTHER RESOLVED BY* the Council that the Consent Resolution for August 17, 2026 is hereby approved.

A motion was made by Council person Leyden and seconded by Council person K. Killingsworth to approve the Consent Resolution as presented. Roll was called on this motion and the Council persons voted as follows: "YEA" Buckminster, Ferguson, Fouraker, Kaster, F. Killingsworth, K. Killingsworth, Leyden, Ruiz. "NAY" None. "Absent" None. Motion carried.

FINAL READING ORDINANCE 2026-100 TO PROVIDE THE ROUNDING UP AND DOWN TO THE NEAREST NICKEL

A motion was made by Council person Leyden and seconded by Council person Fouraker to approve the final reading of Ordinance 2026-100. Roll was called on this motion and the Council persons voted as follows: "YEA" Buckminster, Ferguson, Fouraker, Kaster, F. Killingsworth, K. Killingsworth, Leyden, Ruiz. "NAY" None. "Absent" None. Motion carried.

FIRST READING ORDINANCE 2026-102 TO REGULATE THE USE AND OPERATION OF BICYCLES, E-BIKES, SCOOTERS, E-SCOOTERS, SKATEBOARDS, E-SKATEBOARDS, HOVERBOARDS AND SKATES

A motion was made by Council person Ferguson and seconded by Council person Buckminster to approve the first reading of Ordinance 2026-102 as amended. Roll was called on this motion and the Council persons voted as follows: "YEA" Buckminster, Ferguson, Fouraker, Kaster, F. Killingsworth, K. Killingsworth, Leyden, Ruiz. "NAY" None. "Absent" None. Motion carried.

REASSIGN BRIAR BURR TO PUBLIC WORKS SUPERINTENDENT

A motion was made by Council person Leyden and seconded by Council person Fouraker to approve reassigning Briar Burr to Public Works Superintendent. Roll was called on this motion and the Council persons voted as follows: "YEA" Buckminster, Ferguson, Fouraker, Kaster, F. Killingsworth, K. Killingsworth, Leyden, Ruiz. "NAY" None. "Absent" None. Motion carried.

ASPHALT ALLEYWAYS FROM 13TH TO 16TH STREET BETWEEN HARLAN AND STONE STEETS ESTIMATED COST OF $50,000

A motion was made by Council person Leyden and seconded by Council person Fouraker to approve asphalt overlay between 14th and 15th (Library alley). Roll was called on this motion and the Council persons voted as follows: "YEA" Buckminster, Ferguson, Fouraker, Kaster, F. Killingsworth, K. Killingsworth, Leyden, Ruiz. "NAY" None. "Absent" None. Motion carried.

CONTRACT WITH USDI FOR ENGINEERING SERVICES FOR 2027 REPLACEMENT OF GAS PIPELINE AS RECOMMNEDED BY THE BOPW FOR $39,950

A motion was made by Council person Fouraker and seconded by Council person Kaster to approve engineering services to replace gas pipeline for $39,950. Roll was called on this motion and the Council persons voted as follows: "YEA" Buckminster, Ferguson, Fouraker, Kaster, F. Killingsworth, K. Killingsworth, Leyden, Ruiz. "NAY" None. "Absent" None. Motion carried.

THERE BEING NO FURTHER BUSINESS, THE MEETING WAS ADJOURNED.

I, the undersigned, City Clerk for the City of Falls City, Nebraska, hereby certify that the foregoing is a true and correct copy of proceedings had and done by Council on August 17, 2026; that all of the subjects included in the foregoing proceedings were contained in the agenda for the meeting, kept continually current and available for public inspection at the office of the City Clerk; that such agenda items were sufficiently descriptive to give the public reasonable notice of the matters to be considered at the meeting; that such subjects were contained in said agenda for at least twenty-four hours prior to said meeting; that at least three copies of all reproducible material discussed at the meeting was available at the meeting for examination by persons of the public; that the said minutes from which the foregoing proceedings have been extracted were in written form and available for public inspection within ten working days and prior to the next convened meeting of said body; that all news media requesting notification concerning meetings of said body were provided advance notification of the time and place of said meeting and the subjects to be discussed at said meeting; and that a current copy of the Nebraska Open Meetings Act was available and accessible to persons of the public, posted during such meeting in the room in which such meeting was held.

(SEAL)

CITY CLERK

CITY CLERK

MAYOR

Claims Report - 9.09.2026

City of Falls City, NE

By Fund

Payment Dates 8/18/2026 - 9/9/2026

Vendor Name	Description (Item)		Amount
Fund: 100 - General			
American National Bank	HSA	$	3,132.46
Marvin Planning Consultants	Invoice # 1 - Comprehensive Plan	$	2,300.00
Halbert, Dunn & Burns, LLC	Attorney Fees	$	3,140.00
Falls City Mercantile	Cleaning Supplies	$	46.13
Principal Life Insurance Company	Dental Ins	$	669.31
Principal Life Insurance Company	Vison Ins	$	108.06
A Masterpiece Design, Inc	Project 2026 Concrete Installation - Final Payment	$	23,696.00
Pro Serv	Sav/IM C4500	$	273.50
Golden Shovel	Hosting,Maint, Tech Support Oct. 2026-Mar 2027	$	1,400.50
TASC	Funded HRA	$	125.00
CWA Dues	CWA Union Dues	$	222.94
Nebraska Dept of Revenue	Garnishment	$	500.00
Collection Associates	Garnishment	$	467.40
International Union of Operating Engineers	IUOE Union Dues	$	538.26
IBEW Local Union #1536	IBEW Union Dues	$	242.94
Utility Department	Old City Hall Lease Property	$	76.65
Utility Department	City Offices	$	1,472.77
Southeast Nebraska Communications, Inc.	Telephone/Internet Service	$	625.60
Falls City Economic and Development Growth Enterprises	Monthly Contribution (MOU-7.5.2023)	$	11,041.75
Falls City Main Street, Inc.	Monthly Contribution (MOU 7.17.2023)	$	2,500.00
	Fund 100 - General Total:	**$**	**52,579.27**
Fund: 110 - Police			
Halbert, Dunn & Burns, LLC	Attorney Fees	$	1,330.00
Police Department Petty Cash	Petty Cash Reimbursement July 2026	$	28.44
Harmon's OK Tire	Tires	$	460.00
Das State Accounting - Centeral Finance	Jul 2026 for Account 01 0529	$	924.00
Pro Serv	Sav/IM C3000	$	273.50
STALKER RADAR	Dual SL Remote Control w/ Screw Latch	$	165.00
Southeast Nebraska Communications, Inc.	Telephone/Internet Service	$	249.20
Police Department Petty Cash	Petty Cash Reimbursement August 2026	$	36.11
	Fund 110 - Police Total:	**$**	**3,466.25**
Fund: 115 - Animal Control			
Halbert, Dunn & Burns, LLC	Attorney Fees	$	1,160.00
Omaha Public Power District	Service from 7-6-26 to 8-4-26	$	41.61
Utility Department	Animal Control	$	14.52
	Fund 115 - Animal Control Total:	**$**	**1,216.13**
Fund: 120 - Fire			
NCA Investments, LLC	Replacement Battery Motorola	$	50.73
CFS INSPECTIONS	Annual Service-Aerial Ladder Inspection	$	1,630.00
Falls City Volunteer Fire Dept	Spectrum Reimbursement	$	150.00
Feld Fire	3M Scott Preformed Packing	$	50.40
Feld Fire	SCBAHYDRO	$	410.00
Utility Department	Ambulance Bldg	$	105.05
Utility Department	Fire Station/Hydrants	$	4,426.34
Utility Department	Fire Station	$	278.20
Utility Department	Fire Station/Hyd	$	101.69
Southeast Nebraska Communications, Inc.	Telephone/Internet Service	$	129.36
	Fund 120 - Fire Total:	**$**	**7,331.77**
Fund: 150 - Parks			
Farm & City Supply	3" Crimped Cup 5/8-11	$	18.98
Farm & City Supply	Supplies/Materials	$	495.91
Falls City Mercantile	Cleaning Supplies	$	119.20
Concrete Industries, Inc	Concrete	$	215.75
Farm & City Supply	12 PC Internal Torx Bit Set	$	39.09
Farm & City Supply	MLW Socket Adapter 3/8"	$	5.59
Farm & City Supply	Cap 1/2 FPT BRS	$	8.59

Amazon Capital Services	Weed Eater Handle Extension	$	18.99
Briar Burr	State Pro Line Electric Water Heater	$	650.00
Utility Department	Snack Shack New	$	929.04
Utility Department	Dallas Jones Park IRR Meter	$	7,167.35
Utility Department	Grandview Park	$	128.60
Utility Department	Stanton Lake Camper Sites/Caretaker	$	355.42
Utility Department	Amphitheater	$	0.83
Utility Department	Riding Club Site/City Usage	$	85.78
Utility Department	Parks Dept New Shop	$	229.13
Utility Department	Snackshack-Irr	$	70.16
Utility Department	Stanton Lake South Camper	$	96.40
Utility Department	F&M Bank	$	42.24
Utility Department	SNC Field	$	42.24
Utility Department	Dallas Jones Park IRR Meter	$	44.10
Utility Department	4H Barn	$	42.24
Utility Department	Snack Shack-Old EL Only	$	111.37
Utility Department	Morehead Field/Irrigation	$	866.88
Utility Department	Stanton Lake Cabin	$	76.07
Utility Department	Stanton Lake North Camper	$	47.59
Utility Department	Stanton Lake Volleyball	$	57.74
Utility Department	Dallas Jones Tennis Court	$	49.19
Utility Department	Legion Park	$	49.59
Utility Department	Hartman Field	$	54.80
	Fund 150 - Parks Total:	**$**	**12,118.86**
Fund: 151 - Auditorim			
Nebraska State Fire Marshal - Fuels Division	Annual Boiler Certificate	$	72.00
Unifirst Corportation	Mops/Towels Service	$	120.13
Utility Department	Prichard Auditorium	$	3,822.34
Southeast Nebraska Communications, Inc.	Telephone/Internet Service	$	100.44
	Fund 151 - Auditorim Total:	**$**	**4,114.91**
Fund: 152 - Aquatic Center			
Mahaska/Pepsi	Concession Items	$	176.00
Rec Supply	Ladder Tread 19" Sloping w/ hardware	$	507.35
Meyer Home Center	Service Call -Aquatic Center	$	95.00
Farm & City Supply	Screws	$	0.65
Acco Unlimited Corporation	ACCO Liquid Chlorinating Solution-L	$	1,976.60
Acco Unlimited Corporation	ACCO 07-L	$	449.40
Falls City Mercantile	Concession Items	$	235.01
Brad Griffin Consulting	Uniflex - 5 port managed Flex for Pool	$	95.68
Farm & City Supply	Insect Killer	$	10.00
Amazon Capital Services	5.3 Gallon Biohazard Trashcan w/ 50 bags	$	52.99
Farm & City Supply	Supplies/Materials	$	328.31
Utility Department	Aquatic Center	$	3,736.74
Southeast Nebraska Communications, Inc.	Telephone/Internet Service	$	158.27
	Fund 152 - Aquatic Center Total:	**$**	**7,822.00**
Fund: 170 - Library			
J.F. Ahern Company	WO 1997133 - Leaking Airhose	$	1,082.00
Ingram	BOOKS	$	1,502.78
Amazon Capital Services	Cleaning/Office Supplies	$	119.27
Farm & City Supply	Supplies/Materials	$	37.58
Falls City Mercantile	Cleaning Supplies	$	189.35
Amazon Capital Services	BOOKS	$	39.97
Amazon Capital Services	OFFICE ITEMS	$	227.49
Amazon Capital Services	CALENDAR	$	20.93
Amazon Capital Services	PLANNER	$	46.03
Amazon Capital Services	BOOK ENDS	$	20.49
Richard Gilkerson	August 2026	$	240.00
Library Petty Cash	August 2026 Library Petty Cash	$	224.28
Utility Department	Library & Arts Center	$	3,315.73
Southeast Nebraska Communications, Inc.	Telephone/Internet Service	$	177.16
	Fund 170 - Library Total:	**$**	**7,243.06**
Fund: 180 - Cemetery			
Falls City Auto Supply	Battery - Core Exchange	$	64.29
Farm & City Supply	Bolts, Nuts, Washers Gr 2	$	3.41
Farm & City Supply	Insect Killer	$	13.99

Utility Department	Cemetery	$	140.35
Southeast Nebraska Communications, Inc.	Telephone/Internet Service	$	99.41
	Fund 180 - Cemetery Total:	**$**	**321.45**
Fund: 190 - Streets			
Concrete Industries, Inc	Concrete	$	4,378.38
Titan Machinery	CEL Brake light issues	$	1,195.86
Eggers Bros Inc	Parts	$	545.10
Farm & City Supply	Supplies/Materials	$	104.11
Farm & City Supply	Masking Tape 1.88x60y BEI	$	29.94
Farm & City Supply	Guardn Barrier/Fence snw gurd org 4x50'	$	174.96
Byrne & Jones Enterprises, Inc	2" Mill/Asphalt Overlay (4,500 SF)	$	10,687.50
Home Lumber Company	Caulking gun/poly concrete sealer	$	54.96
Utility Department	Street Dept	$	345.74
Utility Department	Street Lights	$	6,321.17
Utility Department	Dist 56 S S Stop Sign	$	43.04
Utility Department	Dist 56 Stop Sign	$	43.04
Southeast Nebraska Communications, Inc.	Telephone/Internet Service	$	51.03
	Fund 190 - Streets Total:	**$**	**23,974.83**
Fund: 195 - Mechanic Shop			
Bruna Implement Company	Grasshopper Mower Parts	$	49.63
O'Reilly Automotive Inc	5qt Motor Oil	$	107.97
Falls City Auto Supply	65828	$	59.98
Primrose Oil Company Inc	Armor Plate w/ Moly-D 2 Grease	$	594.37
Falls City Auto Supply	Comp Oil	$	17.85
Falls City Auto Supply	R134A	$	28.62
Falls City Auto Supply	Oil Filter	$	8.99
Falls City Auto Supply	Baldwin	$	30.09
Falls City Auto Supply	Antifreeze/filters	$	123.76
SKYVIEW EQUIPMENT, INC.	Fuel Module	$	364.86
Farm & City Supply	Coupling 1/4x1/4 BRS	$	6.99
Falls City Auto Supply	Air Filter	$	24.98
Falls City Auto Supply	Oil Filter/Blue Grease	$	79.22
Bobcat of Omaha	Roller, Freight	$	89.77
Ditch Witch Under Con	Sensor	$	223.77
O'Reilly Automotive Inc	Exh Pipe Gsk	$	12.42
Falls City Auto Supply	61646	$	8.58
Falls City Auto Supply	Muflr Cmnt	$	6.23
Falls City Auto Supply	Tape	$	16.99
Falls City Auto Supply	PICO	$	24.76
Falls City Auto Supply	Paint	$	12.25
Hullman's Ford Lincoln, Inc.	Sensor Asy/Tube-Outlet	$	317.53
Hullman's Ford Lincoln, Inc.	Oil-Engine	$	90.96
Moridge Mfg. Inc.	Clutch Spot Brake/Roller Asmbly	$	472.21
True Ag & Turf, LLC	PTO Shaft	$	414.75
Ditch Witch Under Con	Gauge	$	134.44
Falls City Auto Supply	Filters	$	44.05
True Ag & Turf, LLC	Belt/Freight	$	171.48
Ditch Witch Under Con	Lever Valve	$	655.73
Bruna Implement Company	Deflector/Latch	$	42.54
True Ag & Turf, LLC	Drive Shaft Assembly	$	2,146.64
Southeast Nebraska Communications, Inc.	Telephone/Internet Service	$	1.03
	Fund 195 - Mechanic Shop Total:	**$**	**6,383.44**
Fund: 205 - Dispatching			
Language Line Services Inc	OTP Interpretation Service	$	1.18
Brad Griffin Consulting	Server Hard Drive	$	422.00
Lumen	Service	$	3,196.79
TERRI CLARY	Payroll 8.21.2026	$	150.00
Southeast Nebraska Communications, Inc.	Telephone/Internet Service	$	712.50
	Fund 205 - Dispatching Total:	**$**	**4,482.47**
Fund: 206 - NG911-PSAP			
Haug Communications	Service Call	$	1,421.50
	Fund 206 - NG911-PSAP Total:	**$**	**1,421.50**
Fund: 280 - Housing Abatement/Demolition Program			
Frederick Bros (Custom)	Tear House Down	$	8,800.00
Frederick Bros (Custom)	Haul Dirt	$	1,950.00

Frederick Bros (Custom)	Haul Black Dirt	$	250.00
Halbert, Dunn & Burns, LLC	Attorney Fees	$	140.00
General Petty Cash	August 2026 Petty Cash Reimbursement	$	88.16
	Fund 280 - Housing Abatement/Demolition Program Total:	**$**	**11,228.16**
Fund: 600 - Electric			
Jeo Consulting Group Inc	2021 Electrical Dist System Improvements	$	694.00
Olsson Associates	GPR - Substation Site - 1036 W 14th Street	$	8,908.75
Haug Communications	Service Call	$	151.00
H-O-H Water Technology, Inc.	CS-39P	$	5,871.12
Watts Electric Company	Material	$	2,695.56
Watts Electric Company	Labor	$	336.88
Watts Electric Company	Equipment	$	64.75
Helena Chemical Co	Glystar 5 Extra	$	73.91
Wesco Distribution	Bolt-#6 Split (MPS BVC-2) (E761.5)	$	1,242.70
Wesco Distribution	Connector Compression, WR-279*** (E261)	$	43.00
Wesco Distribution	Connector Compression, WR-189*** (E268)	$	25.53
Wesco Distribution	Tape-3M Super 88 2" Wide Black (E240)	$	360.13
Wesco Distribution	Connector Compression, WR-289*** (E262)	$	94.06
Wesco Distribution	Fuse Link, 25 AMP-S&C 64025*** (E396)	$	225.75
Harold K Scholz, Co	Service Call	$	4,355.00
Halbert, Dunn & Burns, LLC	Legal Services	$	850.00
Core & Main LP	USB Flexnet Microtransceiver	$	499.37
Amazon Capital Services	Label Printer/Labels	$	310.28
Husker Electric Supply	Eaton Push Button Operator	$	361.20
Cintas Corporation No 2	Uniforms/Saftey	$	551.77
Nebraska Department of Revenue	July 2026 NE and Local Sales Tax Return	$	36,913.49
Nebraska Department of Revenue	July 2026 NE Use Tax Return	$	32.20
Farm & City Supply	Supplies/Materials	$	399.01
Farmers Repair & Machine Shop	V-out, Weld and Air test Supply line	$	96.75
Principal Life Insurance Company	Dental Ins	$	437.14
Principal Life Insurance Company	Vison Ins	$	66.65
Amazon Capital Services	1/2" Square Ext., 7/16" Hex	$	8.20
Farm & City Supply	Hole Saw w/Arbor 2-1/2"	$	29.01
Amazon Capital Services	1/2" Square Ext., 7/16" Hex	$	8.20
Amazon Capital Services	1/2" Drive SAE Impact Hex Driver Set, 10pc	$	72.67
El Camino Electric	Supplies	$	249.30
El Camino Electric	2' knock out blank	$	17.00
Wesco Distribution	#4 SD bare solid CU ground wire 200' (E1301)	$	505.25
Dollar Fresh	Bottled Water (E150)	$	252.00
Falls City Auto Supply	Battery - Core Exchange	$	174.40
El Camino Electric	Clamps, Expansion Coupl, ground rod	$	125.25
North American Electric Reliability Corp	NERC/MRO REGION ASSESMENT	$	982.88
Wartsila North America Inc	DUT-0350-6-0-P/ULFL79067IS	$	5,997.23
Wartsila North America Inc	NXP03005-A0H0SSYFL79067IS	$	16,477.25
Falls City Auto Supply	Parts	$	3.79
Golden Shovel	Support Oct 2026-Mar 2027	$	840.30
Olsson Associates	Phase 10 - Project Management & Coordination	$	3,481.69
Olsson Associates	Phase 20 - Planning, Regulatory, & Agency Coord.	$	2,640.00
Falls City Auto Supply	Carb Kit	$	33.64
TASC	Funded HRA	$	75.00
Wesco Distribution	Fuse Link, 10 AMP-S&C 64010*** (E399)	$	104.28
Byrne & Jones Enterprises, Inc	2" Mill/Asphalt Overlay (4,500 SF)	$	10,687.50
American National Bank	HSA	$	6,331.74
IBEW Local Union #1536	IBEW Union Dues	$	740.04
CWA Dues	CWA Union Dues	$	513.68
Olsson Associates	Engine 7 Jacket Water Cool	$	8,247.91
Border States	3-PH cabinet FSC553DGJ (E1750)	$	6,452.90
Border States	4-PT Junction Box-Blackburn #164J4-5 (E527)	$	3,286.92
Utility Department Petty Cash	August 2026 Petty Cash Reimbursement	$	492.00
Quill Corportation	Office Supplies	$	42.56
HHS Services, LLC	Legal Services	$	6,650.00
Wesco Distribution	leather glove protectors CL 2 size 9.5 (E1510)	$	90.30
Wesco Distribution	Locknut 2"-T&B 146 (E89)	$	37.63
Border States	Strap, 2"-2 Hole Rigid (E107)	$	10.54
Border States	Male Adapter-2" SCH 40 PVC (E1253.1)	$	16.47
Border States	square washer 2 1/2" x 2 1/2"Jj1075 (E1102)	$	17.47

Wesco Distribution	5/8" x 14" machine bolt 8814 (E1097)	$	65.84
Wesco Distribution	Clamp 5/8" Ground Rod cu (E756)	$	59.12
Wesco Distribution	5/8" lock nut J8583 (E1164)	$	39.78
Utility Department	Inventory Bldg-61	$	734.30
Utility Department	Power Plant Unit #9-62	$	4,999.29
Utility Department	Plant Water/Hi/Low-62	$	409.91
Utility Department	Power Plant Water Dept-62	$	3,951.86
Utility Department	Station Power-62	$	8,359.42
Utility Department	Power Plant -62	$	1,675.41
Falls City Mercantile	Center pull paper towels (X217)	$	114.49
Southeast Nebraska Communications, Inc.	Telephone/Internet	$	638.77
	Fund 600 - Electric Total:	$	162,403.19
Fund: 610 - Water			
Concrete Industries, Inc	Concrete	$	697.25
NMC Inc	10W HYD 5 Gal	$	260.98
Tri-State Truck & Tractor Repair	Hydraulic Hose, O-ring, sleeve	$	613.78
Halbert, Dunn & Burns, LLC	Legal Services	$	52.00
Johansen Drainage & Tile	6/18 Scholl Wtr Service Discussion/6/19 Valve Box	$	450.00
Johansen Drainage & Tile	locate utilities	$	950.00
Johansen Drainage & Tile	excavate holes @ each end of the bore	$	1,000.00
Johansen Drainage & Tile	mud mixer truck & drilling fluids	$	2,150.00
Johansen Drainage & Tile	12" SCH 40 PVC pipe	$	18,480.00
Farm & City Supply	O-Rings	$	28.15
Edwards Chemicals	Chemicals	$	1,036.90
Nebraska Department of Revenue	July 2026 NE and Local Sales Tax Return	$	1,821.47
Nebraska Department of Revenue	July 2026 NE Use Tax Return	$	16.83
Farm & City Supply	Elbow/Couplings	$	53.72
Nebraska Public Health Environmental Lab	Lab Tests	$	347.00
Farm & City Supply	3/4" STR LQD-Tight Conn	$	32.64
Amazon Capital Services	Circuit Breaker	$	45.99
Lincoln Winwater Works Co	1" I-I ball curb stop Ford B11-444M MINN THD (W879	$	1,186.80
Dutton-Lainson Co	18-3 CL2 Therm FT Wire, White	$	126.71
Core & Main LP	smart point meter pit 42SN520MTCSP (W991)	$	2,203.32
Core & Main LP	3/4" water meter 7.5 LL IPERL 10 CF (W977)	$	3,415.58
Municipal Supply, Inc of Omaha	Supplies/Materials	$	460.10
Municipal Supply, Inc of Omaha	3/4" brass corp cap H-15540 (W897.1)	$	137.43
Municipal Supply, Inc of Omaha	1" brass corp cap H-15540 (W897.2)	$	255.64
Municipal Supply, Inc of Omaha	1" Mueller pit	$	919.13
Municipal Supply, Inc of Omaha	1" CTS blue tubing	$	380.55
Municipal Supply, Inc of Omaha	1" FIP stop drain curb stop BC11-444SWM NL	$	335.38
Municipal Supply, Inc of Omaha	8 x 1 tapping saddle FS313-905-CC4	$	116.10
Municipal Supply, Inc of Omaha	3/4" 90 deg street elbow 5422-052	$	25.80
Municipal Supply, Inc of Omaha	3/4 x 1 brass bushing 5422-269	$	19.78
Municipal Supply, Inc of Omaha	1" brass 90 deg elbow 5422-004	$	19.35
Municipal Supply, Inc of Omaha	Y-30 Woodford keyed tee handle yard hydrant 4' BR	$	1,057.80
Municipal Supply, Inc of Omaha	Mueller pit lid 1"	$	123.63
Municipal Supply, Inc of Omaha	1" meter pit foam insulation pad	$	32.25
Municipal Supply, Inc of Omaha	1" CTS PJ x 1" CTS PJ x 1" CTS tee T444-444NL	$	159.10
Municipal Supply, Inc of Omaha	1" corp x 1" CTS PJ F1000-4NL	$	80.63
Municipal Supply, Inc of Omaha	1" CTS inserts	$	68.26
Municipal Supply, Inc of Omaha	1" x 4" brass nipple 40105	$	41.93
Municipal Supply, Inc of Omaha	5' bury curb stop valve box	$	301.00
Municipal Supply, Inc of Omaha	3/4" MIPT x 1" CTS PJ C84-34NL	$	111.80
Municipal Supply, Inc of Omaha	1" MIP x CTS PJ C84-44NL	$	240.80
Municipal Supply, Inc of Omaha	1" CTS x 1" CTS PJ curb stop B44-444M NL	$	179.53
Municipal Supply, Inc of Omaha	1" brass tee 5422-075	$	51.60
Municipal Supply, Inc of Omaha	4" Hymax Gate Valve Series 65 (W1755)	$	3,370.12
Municipal Supply, Inc of Omaha	8" Hymax (W1540.1)	$	394.53
Core & Main LP	Meter pit 3/4" Mueller 203CS1548RBBNN (W970)	$	2,147.51
Core & Main LP	meter pit lid Mueller 282876 with reader (W971)	$	448.10
Core & Main LP	insulation pad for 3/4" pit with strap 790022 (W97	$	115.07
Core & Main LP	3/4" x 6" brass nipple (W963)	$	39.57
Golden Shovel	Support Oct 2026-Mar 2027	$	112.04
TASC	Funded HRA	$	10.00
Municipal Supply, Inc of Omaha	3" FLG Gasket Kit w/1/8" RR RI	$	58.68
LINDE GAS & EQUIPMENT INC	CO2 Tank Safety and Environmental Service Fee	$	34.76

LINDE GAS & EQUIPMENT INC	CO2 Tank Telemetry	$	121.33
LINDE GAS & EQUIPMENT INC	CO2 Tank Rental	$	1,698.55
Martin Marietta	2" Clean Rock	$	354.93
Utility Department Petty Cash	August 2026 Petty Cash Reimbursement	$	364.72
Utility Department	Water Tower	$	86.68
Utility Department	Rulo Water Collector Well	$	9,475.88
Core & Main LP	2" water meter OMNI R2 100 CF 17" LL 100cft (W981	$	1,041.66
Southeast Nebraska Communications, Inc.	Telephone/Internet	$	363.90
	Fund 610 - Water Total:	**$**	**60,324.74**
Fund: 620 - Gas			
SENSIT TECHNOLOGIES LLC	SENSIT G2 EX/CO/TC	$	405.83
Farm & City Supply	TRB DIAMND SAW BLDE 4.5"	$	25.79
Amazon Capital Services	Plug/Adapter	$	31.99
Farm & City Supply	RSTP IE OB GLS MD GRY 1G	$	54.81
Halbert, Dunn & Burns, LLC	Legal Services	$	36.00
Utility Consultants, Inc	NON DOT PRE-EMPLOYMENT	$	80.00
Farm & City Supply	Marking Wand	$	85.98
PEFA, INC	July 2026 PEFA Commodity	$	29,271.94
Nebraska Department of Revenue	July 2026 NE and Local Sales Tax Return	$	5,255.30
Nebraska Department of Revenue	July 2026 NE Use Tax Return	$	0.97
Golden Shovel	Support Oct 2026-Mar 2027	$	336.12
KELLY SUPPLY CO.	PIPS 2" X 1 1/4" IPS (G4727)	$	217.48
TASC	Funded HRA	$	30.00
Martin Marietta	1 1/4 road rock	$	891.17
Utility Department Petty Cash	August 2026 Petty Cash Reimbursement	$	196.80
Industrial Sales Company Inc	Alcohol cleaning pads Electrofusion Box (G4525)	$	271.40
Border States	gasket 2" 150#1/8" thick Garlock Blue-Gard (G4320)	$	21.83
Border States	Leak Detex WPC-LT-G-6 (Gal) (G4562)	$	42.05
Border States	gasket 1" 20LT swivel (G4311)	$	66.65
TDW US INC	2" ShortStopp Weld TD #26-0212-0000-00 (G4170)	$	514.12
Utility Department	Gas N Mclean St	$	74.49
Utility Department	Gas W 14th St.	$	69.93
Utility Department	Gas S Fulton St	$	70.22
Utility Department	Gas W 21st	$	74.72
Utility Department	Gas Dept Office	$	372.84
Utility Department	Gas S Fulton	$	50.49
Utility Department	Gas Pipe Bldg	$	60.14
Southeast Nebraska Communications, Inc.	Telephone/Internet	$	52.06
	Fund 620 - Gas Total:	**$**	**38,661.12**
Fund: 630 - Wastewater			
Kawres	APC Back UPS Pro	$	225.00
Farm & City Supply	Mouse Repell Pouch 4pk	$	37.98
Halbert, Dunn & Burns, LLC	Legal Services	$	552.00
JCI INDUSTRIES. INC	EXXO UniREXN2 14oz Cartridge	$	248.72
Falls City Auto Supply	Stant/Antifreeze	$	22.98
Electric Pump Inc.	PARKSON, DOCTOR BLADE, 2572	$	524.00
Farm & City Supply	Drain Cleanr 1# Ainta-Fl	$	14.99
Nebraska Department of Revenue	July 2026 NE Use Tax Return	$	112.76
Nebraska Department of Revenue	July 2026 NE and Local Sales Tax Return	$	6,476.86
Brown County Transfer	Sludge Ticket	$	225.00
Trojan Technologies Group ULC	UV lamps	$	804.78
Farm & City Supply	Couplings/Elbows	$	29.16
Municipal Supply, Inc of Omaha	Supplies/Materials	$	266.91
Golden Shovel	Support Oct 2026-Mar 2027	$	112.04
TASC	Funded HRA	$	10.00
Utility Department Petty Cash	August 2026 Petty Cash Reimbursement	$	65.60
Utility Department	Waste Water Treatment	$	116.76
Utility Department	Lift Station	$	75.09
Utility Department	Waste Water Treatment	$	13,530.97
Southeast Nebraska Communications, Inc.	Telephone/Internet	$	104.28
	Fund 630 - Wastewater Total:	**$**	**23,555.88**
Fund 800 - Airport			
Farm & City Supply	2000 Flushes Clnr 2pk	$	5.99
Stateline Propane Service Inc	Finance Charge	$	2.66
Bosselman Pump & Pantry Inc	Fuel July 2026	$	51.13
Utility Department	Utility Service	$	712.48

Southeast Nebraska Communications, Inc.	Telephone/Internet Service	$	213.23
Bradley Ahern	Airport Manager's Agreement	$	2,838.00
Bradley Ahern	Airport Manager's Agreement(pd 8.05.2026)	$	2,838.00
Dawn Bennett	Airport Secretary Agreement(pd 8.05.2026)	$	150.00
Dawn Bennett	Airport Secretary Agreement	$	150.00
	Fund 800 - Airport Total:	**$**	**6,961.49**
Fund 998 - Utilities - Pooled Cash			
Paycom Gross Payroll & Taxes - Utilities - Pooled Cash	Payroll 8.21.2026	$	130,789.76
Paycom Gross Payroll & Taxes - Utilities - Pooled Cash	Payroll 9.04.2026	$	133,039.29
	Fund 998 - Utilities - Pooled Cash Total:	**$**	**263,829.05**
Fund 999 - General Government - Pooled Cash			
Paycom Gross Payroll & Taxes - General Fund - Pooled Cash	Payroll 8.21.2026	$	146,036.93
Paycom Gross Payroll & Taxes - General Fund - Pooled Cash	Payroll 9.04.2026	$	120,717.86
	Fund 999 - General Government - Pooled Cash Total:	**$**	**266,754.79**
	Grand Total:	**$**	**966,194.36**

Consent Resolution
September 9, 2026

WHEREAS, certain business of the City Council (Council) of the City of Falls City (City) transpires on a regular and routine basis or is not of controversial nature; and

WHEREAS, roll call votes on each individual issue greatly extend the meeting time.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY the City Council that in the interest of economizing time, yet complying with the Public Meeting Laws of the State of Nebraska, which require roll call voting, the following issues are hereby consolidated in this Consent Resolution:

1. *BE IT FURTHER RESOLVED BY* the Council that the agenda for September 9, 2026 meeting is hereby approved.
2. *BE IT FURTHER RESOLVED BY* the Council that the minutes from the August 17, 2026 is hereby approved.
3. *BE IT FURTHER RESOLVED BY* the Council that the claims for September 9, 2026 is hereby approved.
5. *BE IT FURTHER RESOLVED BY* the Council that the Consent Resolution for September 9, 2026 is hereby approved.

FALLS CITY
NEBRASKA
PASSIONATE • PROVEN • PROSPEROUS

ORDINANCE NO. 2026-102

AN ORDINANCE TO REGULATE THE USE AND OPERATION OF BICYCLES, E-BIKES, SCOOTERS, E-SCOOTERS, SKATEBOARDS, E-SKATEBOARDS, HOVERBOARDS AND SKATES; TO REPEAL THE CURRENT SECTION 5-501 OF THE FALLS CITY MUNICIPAL CODE AND ALL OTHER SECTIONS IN CONFLICT HEREWITH.

BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF FALLS CITY, NEBRASKA:

Section 1. That Chapter 5, Article 5, Section 5-501 of the Falls City Municipal Code be amended to read as follows:

§5-501 Bicyles, E-Bikes, Scooters, E-Scooters, Skateboards, E-Skateboards, Hoverboards and Skates prohibited on sidewalks in congested district.
It shall be unlawful for any person to operate or ride any bicycle, e-bike, scooter, e-scooter, skateboard, e-skateboard, hoverboard or skates on any sidewalk within the following area of the City of Falls City:

> Sidewalks bounded on the west by the west line of Chase Street, on the east by the east line of Harlan Street, on the south by the south line of 13th Street, and on the north by the south line of 21st Street.

Such items may only be walked or carried on the sidewalk in such district. Persons may ride such devices on sidewalks in all other areas of the Municipality but shall yield the right of way to all pedestrians using the sidewalk.

Section 2. That Chapter 5, Article 5, Section 5-502 of the Falls City Municipal Code be added to read as follows:

§5-502 Bicyles, E-Bikes, Scooters, E-Scooters, Skateboards, E-Skateboards, Hoverboards and Skates - Rules of the Road.
It shall be unlawful for any person to operate or ride any bicycles, e-bikes, scooters, e-scooters, skateboards, e-skateboards, hoverboards and skates in violation of any Rules of the Road as set forth in Nebraska statutes. This shall include, but is not limited to, obeying all stop lights, stop signs, yield signs, hand and turn signal regulations, lane and direction of travel regulations, speed limit regulations, careless, negligent and reckless driving regulations, ride to the right hand side of the street, pass on the left when passing, or overtaking vehicles and passing on the right when meeting vehicles.

Section 3. That Chapter 5, Article 5, Section 5-503 of the Falls City Municipal Code be added to read as follows:

§5-503 Bicyles, E-Bikes, Scooters, E-Scooters, Skateboards, E-Skateboards, Hoverboards and Skates - Hours of Operation.
It shall be unlawful for any person to operate any bicycles, e-bikes, scooters, e-scooters, skateboards, e-skateboards, hoverboards or skates on the streets or sidewalks of the city of Falls City except between the hours of 30 minutes after sunrise to 30 minutes before sunset, except a bicycle, e-bike, scooters and e-scooters equipped with a headlight, visible under normal atmospheric conditions, from the front thereof for not less than five hundred feet (500') indicating the approach or presence of the bicycle, e-bike, scooter or e-scooter, firmly attached to such bicycle or e-bike, and properly lighted, and with a yellow, or red light reflector attached to, and visible five hundred feet (500') from the rear thereof shall be allowed. The said headlight shall give a clear, white light.

Section 4. That Chapter 5, Article 5, Section 5-504 of the Falls City Municipal Code be added to read as follows:

§5-504 Bicyles, E-Bikes, Scooters, E-Scooters, Skateboards, E-Skateboards, Hoverboards and Skates - Riding Abreast.
It shall be unlawful to ride or propel any bicycle, e-bike, scooter, e-scooter, skateboard, e-skateboard, hoverboard or skates upon any street or other public highway abreast of more than one other person riding or propelling a bicycle, e-bike, scooter, e-scotter, skateboard, e-skateboard, hoverboard or skates.

Section 5. That Chapter 5, Article 5, Section 5-505 of the Falls City Municipal Code be added to read as follows:

§5-505 Scooters, E-Scooters, Skateboards, E-Skateboards, Hoverboards and Skates – Not Allowed on Highways.
It shall be unlawful to ride any scooters, e-scooters, skateboards, e-skateboards, hoverboards or skates on any state or federal highway within the municipality. Such items may cross such highways only in a perpendicular manner at marked intersections.

Section 6. That Chapter 5, Article 5, Section 5-506 of the Falls City Municipal Code be added to read as follows:

§5-506 Bicyles, E-Bikes, Scooters, E-Scooters, Skateboards, E-Skateboards, Hoverboards and Skates - Impoundment.
In addition to all other available penalties, the law enforcement officer shall have the authority to take immediate possession of and transport a bicycle, e-bike, scooter, e-scooter, skateboard, e-skateboard, hoverboard or skates for safekeeping to the city police department if an unaccompanied minor is found in violation of any provisions of this chapter, and the unsafe manner in which the device was operated constitutes an immediate danger to the health and safety of the juvenile operator or to members of the public, thus constituting an exigent circumstance.

The impounded device shall be released by the city to the parent or legal guardian of the minor if the individual owns the device.

Upon impoundment of any device under this section, the minor shall be issued a receipt. Said reciept shall state the days, business hours, location, and process by which the owner may claim the impounded device within 30 days. The citation receipt shall also explain that unclaimed devices impounded for longer than 30 days will be sold at an auction in accordance with laws governing the disposal of abandoned property.

Section 7. That Chapter 5, Article 5, Section 5-507 of the Falls City Municipal Code be added to read as follows:

§5-507 Bicyles, E-Bikes, Scooters, E-Scooters, Skateboards, E-Skateboards, Hoverboards and Skates – Violation Penalties.
Any violation of the provisions of this article shall be considered a traffic infraction. First violation within a 12 month period shall be $25.00, Second violation $35.00, Third violation $50.00, Fourth and any subsequent violation is $100.00. First, second and third violations may file waivers. Fourth offense and subsequent must appear in Court.

Section 8. That the original Section 5-501 and all other ordinances passed and approved prior to the passage, approval and publication or posting of this ordinance and in conflict with its provisions, are hereby repealed.

Section 9. That this ordinance shall take effect and be in full force from and after its passage, approval and publication or posting as required by law.

Passed and approved this _____ day of ________________, 2026.

____
Mark Harkendorff, Mayor

ATTEST:

____
Gary Jorn, City Clerk

City of Falls City, Nebraska
Falls City, Nebraska

September 30, 2025

Financial Statements
and
Independent Auditor's Report

HBE
CPAs & Consultants | Wealth Management

City of Falls City, Nebraska

Year ended September 30, 2025

TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1-3
Statement of Net Position	4
Statement of Activities	5
Balance Sheet - Governmental Funds	6
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	9
Statement of Fund Net Position – Proprietary Funds	10
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	11
Statement of Cash Flows – Proprietary Funds	12
Notes to the Basic Financial Statements	13-24
Budgetary Comparison Schedule – Budget and Actual – All Funds	26
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Financial Statements Performed In Accordance with Government Auditing Standards	27-28
Schedule of Findings and Responses	29-36
Corrective Action Plan	37-38

HBE
CPAs & Consultants | Wealth Management

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Falls City, Nebraska

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the City as of September 30, 2025 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, 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 Falls City, Nebraska and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - MD&A

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board. Our opinion on the basic financial statements is not affected by the missing information.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September XX, 2026 on our consideration of City of Falls City, 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 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 City of Falls City, Nebraska's internal control over financial reporting and compliance.

Lincoln, Nebraska
September XX, 2026

City of Falls City, Nebraska

STATEMENT OF NET POSITION

September 30, 2025

	Governmental Activities (Note A)	Business-type Activities (Note A)	Total	Discreetly Presented Component Unit
ASSETS				
Cash and cash equivalents (notes A and B)	$ 1,606,636	$ 14,744,624	$ 16,351,260	$ 13,900
Restricted cash (note H)	389,836	15,035,357	15,425,193	-
Certificates of deposit (note A)	25,329	-	25,329	-
Accounts receivable (note A)	336,707	1,771,492	2,108,199	-
Inventory (note A)	37,539	1,838,829	1,876,368	-
Capital assets (notes A and D)	9,810,031	38,615,790	48,425,821	-
Total assets	$ 12,206,078	$ 72,006,092	$ 84,212,170	$ 13,900
LIABILITIES				
Accounts payable	73,182	462,364	535,546	-
Accrued interest	11,056	131,186	142,242	-
Salaries & benefits payable	564,707	369,563	934,270	-
Customer deposit	4,100	171,325	175,425	-
Current maturities on long-term obligations	404,661	1,053,057	1,457,718	-
Long-term obligations (note E)	775,014	14,553,170	15,328,184	-
Total liabilities	$ 1,832,720	$ 16,740,665	$ 18,573,385	$ -
NET POSITION (note A)				
Net investment in capital assets	8,630,356	23,009,563	31,639,919	-
Restricted (note I)	385,736	14,864,032	15,249,768	-
Unrestricted	1,357,266	17,391,832	18,749,098	13,900
Total net position	$ 10,373,358	$ 55,265,427	$ 65,638,785	$ 13,900

See accompanying notes to financial statements.

City of Falls City, Nebraska

STATEMENT OF ACTIVITIES

September 30, 2025

Functions/Programs	Expenses	Program Receipts: Charges for Services	Program Receipts: Operating Grants and Contributions	Program Receipts: Capital Grants and Contributions	Net Receipts (Disbursements) and Changes in Net Position: Governmental Activities (Note A)	Net Receipts (Disbursements) and Changes in Net Position: Business-type Activities (Note A)	Net Receipts (Disbursements) and Changes in Net Position: Total	Component Unit
Governmental activities								
General government	$ 2,119,122	$ 117,163	$ 50	$ -	$ (2,001,909)	-	$ (2,001,909)	
Public safety	1,994,764	7,059	100,563	-	(1,887,142)	-	(1,887,142)	
Public works	1,372,928	56,076	9,124	-	(1,307,728)	-	(1,307,728)	
Culture and recreation	1,372,640	129,945	44,661	-	(1,198,034)	-	(1,198,034)	
Cemetery	151,287	28,410	50	-	(122,827)	-	(122,827)	
Airport	366,515	122,195	17,676	-	(226,644)	-	(226,644)	
HUD programs	174,508	2,724	96,015	-	(75,769)	-	(75,769)	
Community development	372,232	44,426	207,440	-	(120,366)	-	(120,366)	
Interest and charges on debt	47,779	-	-	-	(47,779)	-	(47,779)	
Total governmental activities	7,971,775	507,998	475,579	-	(6,988,198)	-	(6,988,198)	
Business-type activities								
Electric	7,066,108	7,630,953	-	15,014,344	-	15,579,189	15,579,189	
Water	1,713,089	1,576,808	-	737	-	(135,544)	(135,544)	
Gas	2,817,845	3,030,438	-	12,886	-	225,479	225,479	
Sewer	1,647,689	1,195,621	-	21,514	-	(430,554)	(430,554)	
Total business-type activities	13,244,731	13,433,820	-	15,049,481		15,238,570	15,238,570	
Total activities	$ 21,216,506	$ 13,941,818	$ 475,579	$ 15,049,481	(6,988,198)	15,238,570	8,250,372	
Component unit								
Main street	$ 34,850	$ -	$ 36,051	$ -	-	-	-	$ 1,201
General receipts								
Real estate, personal property, in lieu, and motor vehicle tax					3,424,473	-	3,424,473	-
Intergovernmental					1,490,496	-	1,490,496	-
Other misc revenues					78,557	123,365	201,922	-
Transfers					(2,862)	2,862	-	-
Unrestricted investment earnings					65,781	484,357	550,138	-
Total general receipts					5,056,445	610,584	5,667,029	-
Change in net position					(1,931,753)	15,849,154	13,917,401	1,201
Beginning net position, as previously stated					12,482,962	39,113,011	51,595,973	-
Restatement (note M)					(177,851)	303,262	125,411	-
Beginning net position, as restated					12,305,111	39,416,273	51,721,384	12,699
Ending net position					$ 10,373,358	$ 55,265,427	$ 65,638,785	$ $13,900

See accompanying notes to financial statements.

City of Falls City, Nebraska

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2025

	General	Economic Development	HUD	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents (notes A and B)	$ 953,621	$ 113,683	$ (62,419)	$ 819,629	$ 165,850	$ 1,990,364
Restricted cash (note H)	4,100	-	-	-	385,736	389,836
Certificates of deposit	25,329	-	-	-	-	25,329
Accounts receivable	336,707	-	-	-	-	336,707
Inventory	31,689	-	-	-	-	31,689
Notes receivable (note C)	-	-	-	300,000	-	300,000
Total assets	$ 1,351,446	$ 113,683	$ (62,419)	$ 1,119,629	$ 551,586	$ 3,073,925
LIABILITIES						
Accounts payable	$ 71,283	$ -	$ -	$ -	$ -	$ 71,283
Salaries & benefits payable	564,707	-	-	-	-	564,707
Customer deposit	4,100	-	-	-	-	4,100
Notes payable	300,000	-	-	-	-	300,000
Total liabilities	940,090	-	-	-	-	940,090
FUND BALANCES (note A)						
Restricted (note I)	-	-	-	-	385,736	385,736
Committed (note I)	-	-	-	300,000	165,850	465,850
Assigned (note I)	-	113,683	-	819,629	-	933,312
Nonspendable (note I)	31,689	-	-	-	-	31,689
Unassigned	379,667	-	(62,419)	-	-	317,248
Total fund balances	411,356	113,683	(62,419)	1,119,629	551,586	2,133,835
Total liabilities and fund balances	$ 1,351,446	$ 113,683	$ (62,419)	$ 1,119,629	$ 551,586	$ 3,073,925

See accompanying notes to financial statements.

City of Falls City, Nebraska

RECONCILIATION OF THE GOVERNMENT-WIDE STATEMENT
OF NET POSITION TO THE FUND FINANCIAL STATEMENT OF NET POSITION

September 30, 2025

Amounts reported for governmental-activities in the statement of net position are different because:

Total fund balance governmental funds (page 6)	$	2,133,835
Capital assets used in business-type activities are not financial resources and therefore, not reported in the funds		9,810,031
Other liabilities not payable from current-period financial resources and, therefore, not reported in the funds		
Accrued interest		(11,056)
Internal activities net effect		(176)
Liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds		(1,179,674)
Internal service fund is used by management to charge the costs of certain activities, such as mechanical repairs for equipment and vehicles. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets		(379,602)
Total net position government-wide financials (page 4)	$	10,373,358

See accompanying notes to financial statements.

City of Falls City, Nebraska

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

September 30, 2025

	General	Economic Development	HUD	Capital Improvement	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Taxes	$ 1,903,934	$ -	$ -	$ 1,553,540	$ -	$ 3,457,474
Intergovernmental	1,685,611	-	96,015	-	-	1,781,626
Licenses and permits	87,411	-	-	-	-	87,411
Rent/leases	131,922	-	1,624	-	-	133,546
Charges for services	161,198	-	1,100	-	-	162,298
Fines and forfeits	1,200	-	-	-	-	1,200
Sale of supplies/property	3,148	-	-	-	11,700	14,848
Contributions	47,311	-	-	-	-	47,311
Miscellaneous	271,426	-	-	-	-	271,426
Total receipts	4,293,161	-	98,739	1,553,540	11,700	5,957,140
DISBURSEMENTS						
Current						
General government	96,591	-	-	-	-	96,591
Public safety	2,268,645	-	-	-	-	2,268,645
Public works	798,057	-	-	-	-	798,057
Cemetery	133,668	-	-	-	-	133,668
Airport	138,300	-	-	-	-	138,300
HUD programs	-	-	174,508	-	-	174,508
Culture and recreation	1,348,707	-	-	-	-	1,348,707
Community development	373,070	39,134	-	-	-	412,204
Debt service						
Principal	86,399	-	-	-	-	86,399
Interest	36,723	-	-	-	-	36,723
Capital outlay	1,034,299	-	-	-	-	1,034,299
Total disbursements	6,314,459	39,134	174,508	-	-	6,528,101
Excess (deficiency) of receipts over disbursements	(2,021,298)	(39,134)	(75,769)	1,553,540	11,700	(570,961)
OTHER FINANCING SOURCES (USES)						
Interest/dividends	65,781	-	-	-	-	65,781
Transfers	3,765,085	-	(11,463)	(3,808,733)	-	(55,111)
Total other financing sources (uses)	3,830,866	-	(11,463)	(3,808,733)	-	10,670
NET CHANGE IN FUND BALANCES	1,809,568	(39,134)	(87,232)	(2,255,193)	11,700	(560,291)
BEGINNING FUND BALANCE	(1,398,212)	152,817	24,813	3,374,822	539,886	2,694,126
ENDING FUND BALANCE	$ 411,356	$ 113,683	$ (62,419)	$ 1,119,629	$ 551,586	$ 2,133,835

See accompanying notes to financial statements.

CITY OF FALLS CITY, NEBRASKA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Amounts reported for business-type activities in the government-wide statement of activities are different because:

Net change in fund balances - total government funds (page 8)	$	(560,291)
The government-wide statement of activities reports capital outlays as expenditures while proprietary funds report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized		867,080
Depreciation expense		(908,000)
In the statement of activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale are reported as other financing sources. Additionally, the City transferred assets to other entities in the current year. Thus, the change in net position differs from the change in fund balance by the net book value of the assets sold and transferred.		(1,773,275)
Bond proceeds provide an other financing source to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of leases and bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments.		431,501
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as an expenditure in governmental funds. This is the amount each of these expenses exceeded payments related to the liabilities during the year:		
Accrued interest		11,056
Internal activities net effect		176
Change in net position of government-wide business-type activities (page 5)	$	(1,931,753)

See accompanying notes to financial statements.

City of Falls City, Nebraska

STATEMENT OF NET POSITION
BUSINESS-TYPE ACTIVITIES

September 30, 2025

	Electric	Water	Gas	Sewer	Total	Internal Service
ASSETS						
Current assets						
Cash and cash equivalents (notes A and B)	$ 661,365	$ 2,078,533	$ 8,393,456	$ 3,611,270	$ 14,744,624	$ (383,729)
Restricted cash (note H)	14,929,474	31,787	74,096	-	15,035,357	-
Accounts receivable (note A)	1,124,130	283,547	168,050	195,765	1,771,492	-
Inventory (note A)	1,553,346	172,871	112,612	-	1,838,829	5,850
Total current assets	18,268,315	2,566,738	8,748,214	3,807,035	33,390,302	(377,879)
Noncurrent assets						
Capital assets (notes A and D)	21,812,585	11,644,228	1,761,022	3,397,955	38,615,790	176
Total noncurrent assets	21,812,585	11,644,228	1,761,022	3,397,955	38,615,790	176
Total assets	$ 40,080,900	$ 14,210,966	$ 10,509,236	$ 7,204,990	$ 72,006,092	$ (377,703)
LIABILITIES						
Current liabilities						
Accounts payable	$ 305,460	$ 28,429	$ 104,522	$ 23,953	$ 462,364	$ 1,899
Accrued expenses	116,140	15,046	-	-	131,186	-
Salaries & benefits payable	104,421	66,098	183,007	16,037	369,563	-
Customer deposits	65,442	31,787	74,096		171,325	-
Current maturities on long-term obligations (note E)	700,000	312,448	-	40,609	1,053,057	-
Total current liabilities	1,291,463	453,808	361,625	80,599	2,187,495	1,899
LONG-TERM OBLIGATIONS (note E)	10,735,000	3,513,599	-	304,571	14,553,170	-
Total liabilities	12,026,463	3,967,407	361,625	385,170	16,740,665	1,899
NET POSITION (note A)						
Net investment in capital assets	10,377,585	7,818,181	1,761,022	3,052,775	23,009,563	-
Restricted (note I)	14,864,032	-	-	-	14,864,032	-
Unrestricted	2,812,820	2,425,378	8,386,589	3,767,045	17,391,832	(379,602)
Total net position	28,054,437	10,243,559	10,147,611	6,819,820	55,265,427	(379,602)
Total liabilities, deferred inflows of resources, and net position	$ 40,080,900	$ 14,210,966	$ 10,509,236	$ 7,204,990	$ 72,006,092	$ (377,703)

See accompanying notes to financial statements.

City of Falls City, Nebraska

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BUSINESS-TYPE ACTIVITIES

September 30, 2025

	Electric	Water	Gas	Sewer	Total	Internal Service
OPERATING REVENUES						
Charge for services/sales	$ 7,630,953	$ 1,576,808	$ 3,030,438	$ 1,195,621	$ 13,433,820	$ -
OPERATING EXPENSES						
General and administrative	1,359,436	719,563	749,542	940,359	3,768,900	106,317
Distribution	1,316,762	148,872	53,001	-	1,518,635	21,403
Depreciation	986,105	479,236	727,049	707,330	2,899,720	674
Production	3,001,959	316,826	1,288,253	-	4,607,038	-
Total operating expenses	6,664,262	1,664,497	2,817,845	1,647,689	12,794,293	128,394
Operating income (loss)	966,691	(87,689)	212,593	(452,068)	639,527	(128,394)
NONOPERATING REVENUE (EXPENSE)						
Interest income	474,785	2,393	4,786	2,393	484,357	-
Miscellaneous/ merchandise sales/ grants	15,075,266	22,759	47,819	27,003	15,172,847	70
Interest expense	(401,846)	(48,593)	-	-	(450,439)	-
Transfers	(7,320,299)	1,506,644	2,916,306	2,900,211	2,862	52,249
Total nonoperating revenue	7,827,906	1,483,203	2,968,911	2,929,607	15,209,627	52,319
INCREASE (DECREASE) IN NET POSITION	8,794,597	1,395,514	3,181,504	2,477,539	15,849,154	(76,075)
BEGINNING NET POSITION	20,402,166	8,848,045	6,966,107	3,944,574	40,160,892	(303,527)
ERROR CORRECTION (NOTE M)	(1,142,326)	-	-	397,707	(744,619)	-
BEGINNING NET POSTION, AS RESTATED	19,259,840	8,848,045	6,966,107	4,342,281	39,416,273	(303,527)
ENDING NET POSITION	$ 28,054,437	$ 10,243,559	$ 10,147,611	$ 6,819,820	$ 55,265,427	$ (379,602)

See accompanying notes to financial statements.

City of Falls City, Nebraska

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended September 30, 2025

	Enterprise Funds					Internal
	Electric	Water	Gas	Sewer	Total	Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	$ 7,351,297	$ 1,511,022	$ 2,707,660	$ 968,708	$ 12,538,687	$ 11,576
Cash paid to employees	(4,227,490)	(622,011)	(1,650,517)	(870,824)	(7,370,842)	(127,720)
Cash paid to suppliers	(1,178,025)	(534,821)	(825,486)	(504,457)	(3,042,789)	-
Net cash provided (used) by operating activities	1,945,782	354,190	231,657	(406,573)	2,125,056	(116,144)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	474,785	2,393	4,786	2,393	484,357	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(2,119,518)	(963,519)	(530,292)	(161,818)	(3,775,147)	-
Principal paid on long-term obligations	(800,000)	-	-	-	(800,000)	-
Proceeds from grants	15,075,266	22,759	47,819	27,003	15,172,847	70
Transfers	(7,320,299)	1,506,644	2,916,306	2,900,211	2,862	52,249
Interest paid on long-term obligations	-	2,862	-	-	2,862	-
Net cash provided (used) by capital and related financing activities	4,835,449	568,746	2,433,833	2,765,396	10,603,424	52,319
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,256,016	925,329	2,670,276	2,361,216	13,212,837	(63,825)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,334,823	1,184,991	5,797,276	1,250,054	16,567,144	(319,904)
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 15,590,839	$ 2,110,320	$ 8,467,552	$ 3,611,270	$ 29,779,981	$ (383,729)
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	$ 966,691	$ (87,689)	$ 212,593	$ (452,068)	$ 639,527	$ (128,394)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation expense	986,105	479,236	727,049	707,330	2,899,720	674
(Increase) decrease in assets						
Accounts receivable	141,170	39,118	(376)	7,359	187,271	11,576
Inventory	(203,034)	(8,881)	11,089	-	(200,826)	-
Customer deposits	(6,401)	-	-	-	(6,401)	-
Increase (decrease) in liabilities						
Accounts payable	(12,136)	(84,973)	(740,764)	(674,017)	(1,511,890)	-
Salaries and benefits payable	25,279	22,452	98,119	(8,164)	137,686	-
Customer deposits	(6,401)		(87,399)	-	(93,800)	-
Deferred income	-	-	11,346	15,165	26,511	-
Accrued expenses	54,509	(5,073)	-	(2,178)	47,258	-
Total adjustments to operating income (loss)	979,091	441,879	19,064	45,495	1,485,529	12,250
Net cash provided by operating activities	$ 1,945,782	$ 354,190	$ 231,657	$ (406,573)	$ 2,125,056	$ (116,144)

See accompanying notes to financial statements.

City of Falls City, Nebraska

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity The City of Falls City, Nebraska (the City) is a governmental entity established under and governed by the laws of the State of Nebraska and governed by an elected mayor and city council. As required by accounting principles generally accepted in the United States of America, these financial statements present only the City. There are no legally separate organizations for which the elected officials of the City are financially accountable or for which exclusion from these financial statements would cause them to be misleading or incomplete.

Discretely Presented Component Units. Main Street Falls City, Inc. (Main Street) is a legally separate, tax-exempt organization that supports the City of Falls City's economic development efforts in the downtown area. Although the City does not control the timing or amount of receipts received by Main Street, the majority of Main Street's resources are held for the future economic development of the City's downtown area. Because these resources may be used only for the benefit of the City, Main Street is considered a component unit of the City and is discretely presented in the City's financial statements.

During the year ended September 30, 2025, Main Street received $20,000 from the City for economic development purposes. Complete financial statements for Main Street may be obtained from Main Street Falls City, Inc., 1705 Stone Street, Falls City, Nebraska 68355.

Basis of Presentation. The government-wide financial statements, which include the statement of net position and the statement of activities, report financial information for the City as a whole. The effect of interfund activity has been removed from these statements. *Governmental activities*, which are generally supported by property taxes and intergovernmental receipts, are reported separately from *business-type activities*, which rely on fees and charges to external customers.

The 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 constitutes its assets, liabilities, fund equity, revenues/receipts and expenditures/expenses. Separate financial statements are provided for governmental funds and business-type activities. The City presently has no fiduciary funds. Major individual governmental funds and major individual business-type activities are reported as separate columns in the fund financial statements. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities. GASB No. 34 sets forth minimum criteria for the determination of major funds. The City can electively add funds, as major funds, that have a specific community focus.

The City reports the following major governmental funds:

General Fund: Primary operating fund of the City and is always classified as a major fund. All financial resources except those required to be accounted for in another fund, are accounted for in the General Fund.

Economic Development Fund: Accounts for resources used to promote economic development within the City.

HUD Trust Fund: Accounts for resources used to support housing development within the City.

Capital Improvement Fund: Accounts for resources used to finance capital improvements not accounted for in other funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Business-type activities are used to account for business-like activities provided to the general public.

The City reports the following major business-type activities:

Water Fund (enterprise fund): Accounts for the activities of the City's wastewater collection system.

Sewer Fund (enterprise fund): Accounts for the activities of the City's sanitary sewer collection operations.

Electric Fund (enterprise fund): Accounts for the activities of the City's electric production & distribution operations.

Gas Fund (enterprise fund): Accounts for the activities of the City's natural gas distribution operations.

The City reports the following internal service fund:

Internal Service Fund (proprietary fund): Accounts for mechanical repairs provided to governmental and enterprise funds on a cost reimbursement basis.

Measurement Focus and Basis of Accounting. Measurement focus is a term used to describe "how" transactions are recorded within the financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus. In the government-wide statement of net position and statement of activities, governmental activities, business-type activities, and the discretely presented component unit are reported using the economic resources measurement focus.

In the fund financial statements, governmental funds are reported using the current financial resources measurement focus. Under this method, the balance sheet generally includes only current financial assets and liabilities. The statement of revenues, expenditures, and changes in fund balances reports the sources and uses of available spendable financial resources during the period. Fund balance represents available spendable financial resources at the end of the period.

In the fund financial statements, proprietary funds, including enterprise and internal service funds, are reported using the economic resources measurement focus. The principal objective of this measurement focus is the determination of operating income, changes in net position, financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the funds' activities are reported, and equity is classified as net position.

Basis of Accounting. The government-wide financial statements, proprietary fund financial statements, and discretely presented component unit are presented using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. The governmental fund financial statements are presented using the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recognized when the related liability is incurred. However, principal and interest on long-term debt and expenditures related to compensated absences and claims and judgments are recognized only when due and payable.

The City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

Cash and Cash Equivalents. For purposes of the statements of cash flows, the City considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents.

Certificate of Deposit. Certificates of deposit with maturities greater than three months and less than one year are classified as current in the proprietary fund statement of net position. Certificates of deposit with maturities greater than one year are considered noncurrent.

Accounts Receivable. Accounts receivable represent charges to customers for billed and unbilled usage of the City's utility systems. Accounts receivable are reported at the amount management expects to collect from outstanding balances at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, management has concluded that realization losses on balances outstanding at year-end will be immaterial.

Inventory. Inventories are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out (FIFO) method. Inventory consists primarily of operating supplies used in the City's business-type activities.

Capital Assets. The accounting treatment of capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), and depreciation, depends on whether the assets are used in governmental or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the governmental fund financial statements, and government-wide, capital assets arising from incurred transactions acquired for use in operations are included in capital outlay expenditures upon acquisition.

In the business-type activity fund financial statements, capital assets are reported in the applicable business-type activity columns as assets in the statement of net position. Capital assets are carried at cost, if purchased, and at fair market value at the date of contribution, if received by donation, less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives computed primarily on the straight-line method. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. A capitalization threshold of $1,500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings	40-50 years
Improvements other than buildings	10-25 years
Utility, property, and improvements	10-50 years
Equipment and software	3-20 years
Infrastructure	15-50 years

Long-Term Obligations and Deferred Charges. In the governmental fund financial statements, debt proceeds are reported as other financing sources and payment of principal and interest are reported as debt service expenditures. Liabilities are not reported. Bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In the government-wide and business-type activity fund financial statements, all long-term debt and other long-term obligations arising from incurred transactions to be repaid from business-type resources are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

Equity. In the government-wide and business-type activity financial statements, equity is classified as net position and displayed in three components:

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 improvements of those assets.

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

Unrestricted net position. Consists of all other assets that do not meet the definition of "net investment in capital assets" or "restricted."

In the governmental fund financial statements, equity is classified as fund balance. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

Restricted. Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed. Amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

Assigned. Amounts the City intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Nonspendable. Amounts that are not in a spendable form or are required to be maintained intact.

Unassigned. Amounts that are available for any purpose.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the City. Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fund assets or construction or for other purposes).

When fund balance resources are available for a specific purpose in more than one classification, it is the City's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Revenue/Receipts and Expenditures/Expenses.

Program Receipts. In the government-wide statement of activities, accrual-basis revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program receipts. The City has the following program receipts in each activity:

General Government: Fees, rents, permits, and licenses.

Public Safety: Police and Fire service calls and other charges, Rural Fire District payments, grants and donations.

Public Works: Highway allocation and incentive payments, reimbursements and labor and materials sold.

Culture and Recreation: Park and pool admission, lesson and registration fees; library fines and fees, grants and donations.

Cemetery: Cemetery lot sales, interment and other service fees, grants, donations, and memorials.

Airport: Hangar and land rentals, airport service fees, and federal and state grants and reimbursements.

HUD Programs: Federal and state housing grants and reimbursements and other housing program income.

Community Development: Economic development grants and reimbursements, loan interest, contributions, and other program-related income.

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Cash and Investments. State Statutes authorize the City to invest in certificates of deposit and time deposits in any state or national bank in the State of Nebraska. Additionally, State Statutes require banks either to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the extent that deposits exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC). The City has not experienced any losses on such accounts.

Budgets and Budgetary Accounting. As prescribed by State Statutes, the City adopts an annual budget for all fund types. The annual budget is prepared in accordance with the cash basis of accounting. All annual appropriations lapse at year end.

Property Taxes. Property tax levies are set by the City Council and filed with the County Clerk on or before September 30. Real and personal property taxes are due and become an enforceable lien on property on December 31. The first half of real estate and personal property taxes become delinquent on May 1, and the second half becomes delinquent September 1 following the levy date.

NOTE C - INTERFUND NOTES RECEIVABLE

The City administers an Economic Development Re-Use Plan through which Community Development Block Grant (CDBG) proceeds are loaned to local businesses to promote economic development and expansion. Principal repayments and interest earnings are retained by the plan and used to fund additional eligible economic development and rehabilitation loans. The assets of the Re-Use Plan are reported within the City's governmental funds.

At September 30, 2025, the City's Re-Use Plan notes receivable consisted of the following:

Note receivable of $300,000 in interdepartmental loan to Airport from Capital Improvement Sinking to be paid back as funds are available	$ 300,000

NOTE D - CAPITAL ASSETS

Capital asset activity for business-type activities of the City for the year ended September 30, 2025 is as follows:

	(As restated) Balance 9/30/24	Additions	Retirements	Reclass	Balance 9/30/25
Governmental Activities					
Capital assets, not being depreciated					
Land	$ 703,274	$ 6,539	$ -	$ -	$ 709,813
Capital assets, depreciated					
Infrastructure	21,440,340	489,970	(1,156,687)	-	20,773,623
Buildings and improvements	10,927,295	377,110	-	-	11,304,405
Total capital assets, depreciated	32,367,635	867,080	(1,156,687)	-	32,078,028
Less accumulated depreciation for					
Infrastructure	(13,333,771)	(599,620)	-	-	(13,933,391)
Buildings and improvements	(8,890,591)	(308,380)	154,552	-	(9,044,419)
Total accumulated depreciation	(22,224,362)	(908,000)	154,552	-	(22,977,810)
Governmental activities capital assets, net	$ 10,846,547	$ (34,381)	$ (1,002,135)	$ -	$ 9,810,031
Electric					
Capital assets, not being depreciated					
Land	$ 4,255,686	$ -	$ -	$ (4,119,859)	$ 135,827
Construction in progress	-	-	-	2,418,273	2,418,273
Total capital assets, not being depreciated	4,255,686	-	-	(1,701,586)	2,554,100
Capital assets, depreciated					
Infrastructure	34,414,674	2,119,518	-	3,071,295	39,605,487
Buildings and improvements	1,518,644	-	-	(1,369,709)	148,935
Total capital assets, depreciated	35,933,318	2,119,518	-	1,701,586	39,754,422
Less accumulated depreciation for					
Infrastructure	(18,100,456)	(986,105)	-	(1,261,017)	(20,347,578)
Buildings and improvements	(1,409,376)	-	-	1,261,017	(148,359)
Total accumulated depreciation	(19,509,832)	(986,105)	-	-	(20,495,937)
Electric fund activities capital assets, net	$ 20,679,172	$ 1,133,413	$ -	$ -	$ 21,812,585

City of Falls City, Nebraska

NOTES TO FINANCIAL STATEMENTS

	(As restated) balance 9/30/24	Additions	Retirements	Reclass	Balance 9/30/25
Water					
Capital assets, not being depreciated					
Land	$ 553,748	$ -	$ (391,999)	$ -	$ 161,749
Capital assets, depreciated					
Infrastructure	14,214,237	508,999	-	-	14,723,236
Buildings and improvements	4,378,083	454,520	-	-	4,832,603
Total capital assets, depreciated	18,592,320	963,519	-	-	19,555,839
Less accumulated depreciation for					
Infrastructure	(5,949,462)	-	1,313,926	-	(4,635,536)
Buildings and improvements	(2,958,588)	(479,236)	-	-	(3,437,824)
Total accumulated depreciation	(8,908,050)	(479,236)	1,313,926	-	(8,073,360)
Water fund activities capital assets, net	$ 10,238,018	$ 484,283	$ 921,927	$ -	$ 11,644,228
Gas					
Capital assets, not being depreciated					
Land	$ 297,854	$ -	$ (265,830)	$ -	$ 32,024
Capital assets, depreciated					
Infrastructure	4,149,051	498,464	-	-	4,647,515
Buildings and improvements	236,048	31,828	-	-	267,876
Total capital assets, depreciated	4,385,099	530,292	-	-	4,915,391
Less accumulated depreciation for					
Infrastructure	(2,342,078)	(727,049)	-	-	(3,069,127)
Buildings and improvements	(720,636)	-	603,370	-	(117,266)
Total accumulated depreciation	(3,062,714)	(727,049)	603,370	-	(3,186,393)
Gas fund activities capital assets, net	$ 1,620,239	$ (196,757)	$ 337,540	$ -	$ 1,761,022
Sewer					
Capital assets, not being depreciated					
Land	$ 538,147	$ -	$ -	$ (526,522)	$ 11,625
Capital assets, depreciated					
Infrastructure	7,492,005	161,818	-	(634,531)	7,019,292
Buildings and improvements	629,113	-	-	1,161,053	1,790,166
Total capital assets, depreciated	8,121,118	161,818	-	526,522	8,809,458
Less accumulated depreciation for					
Infrastructure	(4,521,605)	(707,330)	-	-	(5,228,935)
Buildings and improvements	(194,193)	-	-	-	(194,193)
Total accumulated depreciation	(4,715,798)	(707,330)	-	-	(5,423,128)
Sewer fund activities capital assets, net	3,943,467	(545,512)	-	-	3,397,955
Total business-type capital assets, depreciated, net	$ 36,480,896	$ 875,427	$ 1,259,467	$ -	$ 38,615,790

The financial statements included depreciation expense for the year ended September 30, 2025 of $986,105, $479,236, $727,049, $707,330 for the electric, water, gas, and sewer funds, respectively.

NOTE E - LONG-TERM OBLIGATIONS

Long-term obligations consist of:

	Balance 9/30/24	Additions	Reductions	Balance 9/30/25	Due Within One Year
Governmental activities					
Bonds payable					
(a) General obligation paving bond	$ 770,000	$ -	$ (75,000)	$ 695,000	$ 75,000
(b) American national bank loan	-	200,000	(33,226)	166,774	11,761
(l) SENAHC	-	317,900	-	317,900	317,900
Total governmental activities long-term obligations	$ 770,000	$ 517,900	$ (108,226)	$ 1,179,674	$ 404,661
Business-type activities					
Notes from direct borrowings					
(c) Series 2021 - Sewer Fund	$ 104,275	$ -	$ (104,275)	$ -	$ -
(d) Series 2023 - Sewer Fund	375,725	9,535	(40,080)	345,180	40,609
(e) Series 2021 - Electric Fund	4,230,000	-	(440,000)	3,790,000	330,000
(f) Series 2017 - Electric Fund	3,040,000	-	(180,000)	2,860,000	185,000
(g) Series 2019 - Water Fund	2,480,000	-	(205,000)	2,275,000	205,000
(h) Series 2023 - Water Fund	1,488,584	-	(85,062)	1,403,522	85,062
(i) Series 2020 - Water Fund	169,799	-	(22,274)	147,525	22,386
(j) Series 2022 - Electric Fund	1,930,000	-	(180,000)	1,750,000	185,000
(k) Series 2023 - Electric Fund	3,035,000	-	-	3,035,000	-
Total business-type activities long-term obligations	$ 16,853,383	$ 9,535	$ (1,256,691)	$ 15,606,227	$ 1,053,057

(a) The City issued General Obligation Bonds on November 29, 2022, in the total amount of $840,000. The bonds require annual principal payments each November 15, and semi-annual interest payments each May 15 and November 15. The payment dates begin at May 15, 2023, including interest rates at 3.75% - 4.50%. Final payment of the bonds is due November 15, 2032.

(b) The City obtained a loan from American National Bank on December 30, 2021, in the amount of $200,000. This loan requires annual principal and interest payments each December 30, payment dates starting on December 30, 2022. Interest rate is set at 3.00%, and final payment is due December 31, 2026.

(c) The City issued Combined Utilities Revenue Refunding Bonds, Series 2016 (Refinanced 6/3/2021), on August 26, 2016, in the amount of $970,000. The proceeds were used to refund long-term debt with the Nebraska Department of Environmental Quality (NDEQ) and to finance a new generator at the Power Plant. During the current year, the City determined that the NDEQ loan previously reported as an outstanding obligation was no longer applicable. Accordingly, no balance related to this obligation is included in long-term obligations as of September 30, 2025.

(d) The City entered into a loan agreement dated February 2, 2022, in the total amount of $405,035 for sewer rehabilitation. The loan bears no interest, with principal payments due each June 15 and December 15. The payment dates began June 15, 2024, with the final payment due December 15, 2033.

(e) The City issued Combined Utilities Revenue Refunding Bonds, Series 2021, in the total amount of $5,565,000. The bonds require semiannual interest payments each June 15 and December 15, with annual principal payments due each December 15. Interest rates vary over the term of the bonds, beginning at 0.25% - 1.75%. Principal payments began December 15, 2021, with the final payment due December 15, 2035.

(f) The City issued Combined Utilities Revenue Bonds, Series 2017, dated August 22, 2017, in the total amount of $4,300,000. The bonds require semiannual interest payments each June 15 and December 15, with annual principal payments due each December 15. Interest rates vary over the term of the bonds, beginning at

1.10% - 3.50%. Principal payments began December 15, 2017, with the final payment due December 15, 2036.

(g) The City issued General Obligation Water Bonds, Series 2019, dated November 26, 2019, in the total amount of $3,260,000. The bonds require semiannual interest payments each June 15 and December 15, with annual principal payments due each December 15. Interest rates vary over the term of the bonds, beginning at 1.55% - 2.60%. Principal payments began December 15, 2020, with the final payment due December 15, 2034.

(i) The City entered into a loan agreement dated April 28, 2021, in the total amount of $3,000,000 to replace the solids contact clarifier at the water treatment plant. The loan bears no interest, with principal payments due each June 15 and December 15. Principal payments began June 15, 2022, with the final payment due December 15, 2041.

(h) The City entered into a loan agreement dated May 28, 2020, as amended March 26, 2021, in the total amount of $225,000 to replace a lift station. The loan bears interest at 0.50% and includes an administrative fee of 0.50%, with payments due each June 15 and December 15. Interest payments began December 15, 2020, and principal payments began June 15, 2022. The final payment is due December 15, 2031.

(i) The City issued Combined Utilities Revenue Refunding Bonds, Series 2022, dated November 15, 2022, in the total amount of $1,930,000. The bonds require semiannual interest payments each May 15 and November 15, with annual principal payments due each November 15. Interest rates vary over the term of the bonds, beginning at 3.40% - 5.00%. Principal payments began November 15, 2023, with the final payment due September 30, 2043.

(j) The City issued Municipal Improvement Bonds, Series 2023, dated February 7, 2023, in the total amount of $3,035,000. The bonds require semiannual interest payments each May 15 and November 15, with annual principal payments due each November 15. Interest rates vary over the term of the bonds, beginning at 3.40% - 4.50%. Principal payments begin November 15, 2027, with the final payment due November 15, 2042.

(l) During 2024, the City received funds in the total amount of $317,900. These funds require payment for the full amount of $317,900 by

	Business-type Activities		Governmental Activities	
	Direct Borrowings		Bonds	
Year Ending September 30,	Principal	Interest	Principal	Interest
2026	$ 1,053,057	$ 382,897	$ 404,661	$ 33,093
2027	1,078,169	365,649	235,013	29,713
2028	1,088,282	346,937	80,000	21,738
2029	1,113,395	326,737	85,000	18,231
2030	1,128,509	305,107	90,000	14,513
2031-2035	5,876,913	1,141,339	285,000	19,575
2036-2040	3,065,310	460,438	-	-
2041-2045	1,202,592	74,813	-	-
	$ 15,606,227	$ 3,403,917	$ 1,179,674	$ 136,863

NOTE F - INTERFUND TRANSFERS

Transfers between funds of the primary government for the year ended September 30, 2025 consist of:

	Transfer In	Transfer Out
General fund	$ 3,765,085	$ -
HUD fund	-	11,463
Capital Improvement fund	-	3,808,733
Electric fund	-	7,320,299
Water fund	1,506,644	-
Gas fund	2,916,306	-
Sewer fund	2,900,211	-
Internal service fund	52,249	-
Total	$ 11,140,495	$ 11,140,495

NOTE G - RISK MANAGEMENT AND CONTINGENCIES

The City is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There have been no significant reductions in coverage from the prior year, and settlements have not exceeded coverage in the past three years.

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

NOTE H - RESTRICTED CASH

Restricted cash in the amount of $4,100 in the General Fund represents customer utility deposits for park and the auditorium.

Restricted cash in the amount of $385,736 in the Steele Cemetery Fund represents obligations related to the cemetery. $14,929,474 in the electric fund represents restrictions in customer deposits and state grants. $31,787 in the water fund is related to customer deposits. $74,096 in the gas fund is related to customer deposits.

NOTE I - RESTRICTED, COMMITTED, AND ASSIGNED BALANCES

Restricted Net Position and Fund Balance

Fund	Restricted Purpose	Restricted Fund Balance	Restricted Net Position
Nonmajor governmental fund	Cemetery obligations	385,736	385,736
Electric fund	Grant funding and customer deposits	14,864,032	14,864,032
		$ 15,249,768	$ 15,249,768

Committed Fund Balance

Fund	Committed Purpose	Committed Fund Balance
Capital improvement	Interfund loan with airport	$ 300,000
Library project	Fund committed for library improvement	44,975
Unemployment	Funds committed for unemployment	120,875
		$ 465,850

Assigned Fund Balance

Fund	Assigned Purpose	Assigned Fund Balance
Economic development	Park, pool, and recreation activities	$ 113,683
Capital improvement	Improvement operations	819,629
		$ 933,312

Nonspendable

Fund	Nonspendable Purpose	Non Spendable
General	Inventory	$ 31,689
		$ 31,689

NOTE J - UNEMPLOYMENT FUND

In 1978, the City elected to become a reimbursable employer under the Nebraska State Unemployment Compensation program. Under this arrangement, the City reimburses the State for actual unemployment compensation benefits paid on the City's behalf. At September 30, 2025, the Unemployment Fund had a balance of $120,875, consisting of cash and investments. The City has not determined the potential liability associated with claims that may be filed in the future.

NOTE K - DEFINED CONTRIBUTION PENSION PLANS

The City provides pension benefits to all eligible full-time employees through two defined contribution pension plans. Police officers participate in the City's police officers' pension plan, while all other eligible employees participate in the City's general employees' pension plan.

Under a defined contribution plan, benefits are limited to the amounts contributed to each employee's account, together with allocated investment earnings. Employees are eligible to participate after six months of employment. State statutes require the City and covered employees to contribute the following percentages of monthly base compensation:

Employee Classification	Employee Contribution	City Contribution
Police officers	6 %	6 %
Management employees	6 %	6 %
Dispatch employees	6 %	6 %
All other employees	6 %	6 %

The City may also make voluntary contributions to the plans. At September 30, 2025, 87 employees participated in the plans.

The City's contributions, together with the related investment earnings allocated to each employee's account, become fully vested after five years of continuous service.

Contributions were calculated based on the applicable base compensation for each covered employee. The City and participating employees made all required contributions, and the City also made voluntary contributions during the year. For the year ended September 30, 2025, the City contributed $243,903 to the plans.

NOTE L - TAX ABATEMENTS

The City is subject to tax abatements granted by the City of Falls City Community Redevelopment Authority, a component unit of the City, that 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.

For the year ended September 30, 2025, the City abated $124,211 in property tax revenue under the community redevelopment program.

NOTE M - CORRECTION OF AN ERROR IN PREVIOUSLY ISSUED FINANCIAL STATEMENTS

During fiscal year 2025, it was determined that the sewer fund had a long-term obligation that no longer existed. Therefore, long-term debt for the sewer fund was overstated by $104,275. Additionally, the governmental activities had a loan from 2021 in the original amount of $200,000 that was never reported as a liability. Therefore, long-term debt in the governmental activities on the statement of activities was understated by $178,173. In addition, property, plant and equipment was overstated for electric and sewer funds by $1,142,326 and $501,982, respectively. These error corrections are shown in multiple places across the financial statements.

NOTE N - SUBSEQUENT EVENTS

Subsequent events have been evaluated through the audit report date, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

City of Falls City, Nebraska

BUDGETARY COMPARISON SCHEDULE OF RECEIPS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ALL FUNDS

For the year ended September 30, 2025

	Original and Final Budget	Actual Amounts (Budgetary Basis) (See Note B)	Variance with Final Budget
BEGINNING BUDGETARY FUND BALANCE		$ 19,330,267	
RECEIPTS			
General		4,358,942	
HUD		98,739	
Capital improvement		1,553,540	
Other		11,700	
Electric		23,181,004	
Water		1,601,960	
Gas		3,083,043	
Sewer		1,225,017	
Internal service		70	
Transfers		11,140,495	
Total receipts	$22,842,992	46,254,510	$(23,411,518)
DISBURSEMENTS			
General		7,570,204	
Economic development		39,134	
HUD		174,508	
Electric		7,066,108	
Water		2,692,180	
Gas		3,259,723	
Sewer		1,666,753	
Internal service		173,889	
Transfers		11,140,495	
Total disbursements	$27,970,623	33,782,994	$(5,812,371)
NET CHANGE IN FUND BALANCE	$(5,127,631)	12,471,516	$(17,599,147)
ENDING BUDGETARY FUND BALANCE		$ 31,801,783	

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*

Members of the City Council
City of Falls City, Nebraska

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

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Falls City, Nebraska'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 City of Falls City, Nebraska's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Falls City, Nebraska'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 have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 City of Falls City, Nebraska's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2025-001, 2025-002, 2025-003, 2025-004, 2025-005, 2025-006, 2025-007, 2025-008, 2025-009, and 2025-010 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. None of the deficiencies were considered to be significant deficiencies.

7140 Stephanie Lane | P.O. Box 23110 | Lincoln, NE | 68542-3110 | p: 402.423.4343 | f: 402.423.4346
1314 Andrews Drive | Norfolk, NE | 68701 | p: 402.379.9294 | f: 402.379.2338
1121 North 102nd Court | Suite 100 | Omaha, NE | 68114 | p: 402.895.5050 | f: 402.895.5723

Report on Compliance and Other Matters

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

The City of Falls City, Nebraska's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Falls City, Nebraska's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City of Falls City, Nebraska's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Lincoln, Nebraska
September XX, 2026

City of Falls City, Nebraska

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended September 30, 2025

Finding 2025-001

Material Weakness in Internal Control over Financial Reporting - Inadequate Segregation of Duties and User Access Controls

Criteria: Effective internal control over financial reporting includes the segregation of incompatible duties among different individuals, including authorization of transactions, custody of assets, recordkeeping, and reconciliation. System access should be limited according to each individual's current responsibilities, promptly updated when responsibilities change, and periodically reviewed for incompatible or unnecessary access. Proper segregation of duties and user access controls help safeguard the City's assets and support the preparation of accurate financial information.

Condition: The City has not established appropriate segregation of duties or documented compensating controls over significant accounting and financial reporting processes. Responsibilities for authorization, custody, recordkeeping, reconciliation, and review have not been formally assigned and documented. In addition, our review of user security roles identified that the previous City Administrator's user profile remained assigned to the "Finance Director" role even though the individual no longer served as City Administrator at the time of the audit.

Context: We identified inadequate segregation of duties through our review of the City's organizational structure, accounting processes, user security roles, and discussions with personnel and management. The City did not have sufficient documentation identifying the individuals responsible for performing and reviewing significant controls or evidence demonstrating that the controls were consistently completed. The outdated "Finance Director" role was not the primary basis for the material weakness; however, it demonstrated that the City did not have a formal process for periodically reviewing and updating user access as personnel and responsibilities changed.

Effect or potential effect: The lack of segregation of duties, documented review controls, and current user access assignments increases the risk that errors, unauthorized transactions, or fraud could occur and not be prevented, or detected and corrected, on a timely basis. Individuals may also retain access to financial functions that is no longer necessary for their responsibilities. This material weakness creates a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis.

Cause: The City has not formally designed and documented its internal control system. Significant accounting processes have developed without clearly assigned control responsibilities, documented review procedures, or requirements for retaining evidence that the controls were completed. The City also did not have a formal process for reviewing and updating financial system access when personnel or responsibilities changed.

Repeat: 2024-001

Recommendation: The City should identify and document the significant controls within each major accounting process, including cash receipts, cash disbursements, payroll, utility billing, journal entries, bank reconciliations, and financial reporting. Responsibilities for authorization, custody, recordkeeping, reconciliation, and review should be assigned to different individuals when practical. When incompatible duties cannot be fully separated, the City should establish documented compensating controls that include independent review by management or the City Council. The City should also review all current financial system users and security roles and remove or revise access that is no longer appropriate. Going forward, access should be reviewed whenever an employee is hired, leaves employment, changes positions, or has a significant change in responsibilities. A complete review of all users and assigned roles should also be performed at least annually. The reviewer should document the date, individuals and roles reviewed, changes identified, and confirmation that the required changes were completed.

Views of Responsible Officials: Needs Updating

City of Falls City, Nebraska

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended September 30, 2025

Finding 2025-002

Material Weakness in Internal Control over Financial Reporting - Financial Statement Preparation

Criteria: Management is responsible for establishing and maintaining internal control over the preparation of financial statements, including the related note disclosures, in accordance with accounting principles generally accepted in the United States of America. Such controls should enable the City to prevent, or detect and correct, material misstatements on a timely basis.

Condition: The City does not have an internal control system designed to provide for the preparation of financial statements, including note disclosures, in accordance with accounting principles generally accepted in the United States of America.

Context: We reviewed the organizational chart of the City and performed interviews of personnel and management to determine whether management has the ability to prepare the financial statements, including note disclosures, in accordance with accounting principles generally accepted in the United States of America.

Effect or potential effect: This material weakness creates a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis.

Cause: The City's accounting personnel do not have the expertise necessary to prepare financial statements, including note disclosures, in accordance with accounting principles generally accepted in the United States of America. This is not an unusual deficiency for an entity of this size.

Repeat: 2024-001

Recommendation: The City's management and City Council should continue to exercise review and oversight over the financial statements and related note disclosures and obtain qualified assistance when necessary. Management remains responsible for reviewing and approving the financial statements prior to issuance.

Views of Responsible Officials: Needs Updating

Finding 2025-003

Material Weakness in Internal Control over Financial Reporting - Material Audit Adjustments

Criteria: Effective internal control over financial reporting requires transactions and account balances to be recorded completely, accurately, and in the proper reporting period, with appropriate review and reconciliation procedures to identify and correct errors before the financial statements are prepared.

Condition: Material audit adjustments were proposed that had not been identified by the City's internal control system.

Context: During the course of the audit, material audit adjustments were proposed to properly report certain transactions and account balances in accordance with accounting principles generally accepted in the United States of America.

Effect or potential effect: This material weakness creates a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis.

Cause: The City's accounting personnel have the training and knowledge necessary to record routine accounting transactions. However, this knowledge was not consistently applied in recording and reviewing accounting transactions, allowing errors to continue.

Repeat: New

Recommendation: The City should continue to improve communication of accounting transactions among accounting personnel and the City Council. The City should also strengthen its year-end closing and review procedures to decrease the need for future material audit adjustments.

Finding 2025-003-Continued

Material Weakness in Internal Control over Financial Reporting - Material Audit Adjustments - Continued

Views of Responsible Officials: Needs Updating

Finding 2025-004

Material Weakness in Internal Control over Financial Reporting - Beginning Fund Balance and Net Position

Criteria: Effective internal control over financial reporting requires the City's beginning fund balance and net position amounts to agree with the ending balances reported in the prior-year financial statements. The City should have procedures for recording applicable audit adjustments and reconciling each fund's beginning balances before recording current-year activity.

Condition: The beginning balances recorded in the City's accounting system did not agree with the corresponding balances reported in the prior-year financial statements for six funds. The General Fund fund balance was understated by $1,556,733; Electric Fund net position was overstated by $12,298,232; Water Fund net position was understated by $271,846; Gas Fund net position was understated by $1,321,052; Wastewater Fund net position was overstated by $1,229,103; and Internal Service Fund net position was understated by $256,753.

Context: During audit procedures over beginning balances, we compared the amounts recorded in the City's accounting system to the ending balances reported in the prior-year financial statements. We identified differences in six funds ranging from $256,753 to $12,298,232. The differences included both overstatements and understatements and required correction by individual fund.

Effect or potential effect: Inaccurate beginning balances prevent the accounting system from providing a reliable basis for recording and monitoring current-year financial activity. As a result, current-year activity, ending fund balance, and ending net position may be materially misstated, and management and the Board of Governance may rely on inaccurate financial information. This material weakness creates a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis.

Cause: The City's process for recording applicable prior-year audit adjustments and reconciling the accounting system's beginning balances to the prior-year financial statements was not sufficient to identify and correct the differences.

Repeat: New

Recommendation: The City should reconcile the beginning balance of each fund to the corresponding ending balance in the prior-year financial statements. Each difference should be separately identified, investigated, and corrected within the appropriate fund rather than netted against differences in other funds. Going forward, applicable audit adjustments should be recorded promptly after the financial statements are issued, and management should retain a reconciliation demonstrating that each fund's beginning balance agrees with the prior-year financial statements. The completed reconciliation and related entries should be reviewed by management or the City Council.

Views of Responsible Officials: Needs Updating

Finding 2025-005

Material Weakness in Internal Control over Financial Reporting - Reconciled Cash Balances Not Reflected in the Trial Balance

Criteria: Effective internal control over cash requires the City to prepare accurate bank reconciliations and ensure that the reconciled cash balances agree with the amounts recorded in the trial balance. Any reconciling adjustments should be recorded in the appropriate funds before the accounting period is closed, and the completed reconciliations should be reviewed for propriety with the accounting records.

Condition: The City's bank reconciliations were properly prepared and accurately calculated the reconciled cash balances. However, those balances were not correctly reflected in the trial balance. General Fund cash was understated by $1,652,971; Internal Service Fund cash was understated by $319,904; Electric Fund cash was overstated by $2,278,309; Water Fund cash was overstated by $271,846; Gas Fund cash was understated by $1,321,052; and Wastewater Fund cash was understated by $1,229,103. In total, cash reported in the trial balance was understated by $1,972,875.

Context: During audit procedures over cash, the City compared the balances reported in the trial balance to the completed bank reconciliations. Although the bank reconciliations were accurate, the reconciled balances had not been properly recorded or allocated among the affected funds in the trial balance. The errors affected both the total amount of cash and the amount reported by individual fund.

Effect or potential effect: Cash and the related fund balances and net position were materially misstated in the City's accounting records. Inaccurate fund-level cash balances may also affect interfund balances, transfers, and management's ability to monitor the available resources of each fund. This material weakness creates a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis.

Cause: The City's bank reconciliation process was not integrated with its general ledger closing process. The City did not have a control requiring the reconciled cash balances to be compared to the trial balance, necessary adjusting entries to be recorded, and cash to be properly allocated among the affected funds before the accounting period was closed.

Repeat: New

Recommendation: The City should implement a documented control requiring every completed bank reconciliation to be compared to the corresponding cash balances in the trial balance. A bank reconciliation should not be considered complete until all necessary adjusting entries have been recorded and the reconciled balance agrees with the trial balance. When a bank account includes cash belonging to multiple funds, the City should also maintain a supporting schedule showing the amount assigned to each fund and reconcile that schedule to both the bank reconciliation and the trial balance. An individual other than the person preparing the reconciliation or recording the adjustments should review the final reconciliation, confirm that all adjustments were posted to the appropriate funds, and document the review with initials and a date. This process should be completed monthly and included in the City's year-end closing procedures.

Views of Responsible Officials: Needs Updating

Finding 2025-006

Material Weakness in Internal Control over Financial Reporting - Unreconciled Interfund Transfers

Criteria: Transfers between funds of the City should be recorded in equal amounts in the sending and receiving funds. Effective internal control over financial reporting includes reconciling interfund activity to confirm that total transfers in equal total transfers out and that each transfer is recorded in the proper funds.

Condition: As of September 30, 2025, transfers recorded in the City's accounting system did not net to zero. The difference between recorded transfers in and transfers out was $2,591,415.

Context: During audit procedures over interfund activity, we compared total transfers recorded among the City's funds. The transfer accounts had a net difference of $2,591,415, indicating that one or more transfers were missing, recorded in only one fund, recorded at different amounts, or otherwise misclassified. Material audit adjustments were necessary to reconcile the transfer activity.

Effect or potential effect: Unreconciled transfers may materially misstate transfers, changes in fund balance, changes in net position, and the ending balances of the affected funds. The imbalance may also cause the City's overall financial activity to be misstated if the unmatched transfer is not identified and properly

corrected. This material weakness creates a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis.
Cause: The City did not have an effective process for reconciling transfers in and transfers out by transaction and fund before closing the accounting records.

Repeat: New

Recommendation: The City should implement internal controls to prevent or timely detect unbalanced interfund transfers. Each transfer should be supported by standardized documentation identifying the sending fund, receiving fund, amount, purpose, and approval. Whenever possible, both sides should be recorded through a single balanced journal entry. At least monthly, an individual other than the person recording transfers should reconcile total transfers in to total transfers out, investigate differences, and document the review with initials and a date. A final transfer reconciliation should also be included in the City's year-end closing process before the accounting records are provided for audit.

Views of Responsible Officials: Needs Updating

Finding 2025-007

Material Weakness in Internal Control over Financial Reporting - Accounting for State Grant Proceeds

Criteria: Effective internal control over financial reporting requires significant grant receipts to be recorded completely, accurately, and in the appropriate fund. Cash received should be recorded as an asset and should not be removed from the accounting records through offsetting entries. When applicable grant eligibility requirements have been met, the City should recognize grant revenue or a capital contribution, as appropriate. If the requirements have not been met, the amount received should generally be reported as a liability until the requirements are satisfied.

Condition: The City received $15,000,000 from a state grant for a large utility transmission project. The receipt was initially recorded in the Utility Fund, subsequently moved to the Community Redevelopment Authority account, moved back to the Utility Fund, and then offset through additional entries. After all entries were recorded, the $15,000,000 receipt had no net effect on either recorded cash or grant revenue in the City's accounting system.

Context: During audit procedures over cash and grant activity, we traced the $15,000,000 receipt through the accounting records. The City recorded 26 lines of entries related to the receipt during June, July, and August 2025. The series of entries moved the grant proceeds between accounts and ultimately eliminated the financial effect of the original receipt.

Effect or potential effect: The City's accounting records did not accurately reflect the significant grant transaction. As a result, grant revenue or liabilities, related project activity, changes in net position, and the balances of the affected funds may be materially misstated. The number and complexity of the entries also made it difficult for management to determine how the grant was ultimately reported. This material weakness creates a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis.

Cause: The City did not have a documented process for determining the appropriate accounting treatment and responsible fund before recording significant grant receipts. The City also did not have sufficient review and approval controls over significant or unusual journal entries to identify that the series of entries had eliminated the effect of the original receipt.

Repeat: New

Recommendation: The City should implement documented internal controls over significant grants and related journal entries. Before grant proceeds are recorded, management should review the grant agreement and document the responsible fund, recognition requirements, accounting treatment, and restrictions on the proceeds. Each grant should be included on a centralized schedule reconciled to the accounting records, bank activity, and related project expenditures. Entries involving significant grant receipts or interfund transfers should include clear support and be independently reviewed and approved before posting. The reviewer should confirm that both the cash received and the appropriate revenue, contribution, liability, or interfund account remain properly reflected in the final trial balance after all reclassifications and closing entries. *Views of Responsible Officials:* Needs Updating

Finding 2025-008

Material Weakness in Internal Control over Financial Reporting - Unrecorded Accounts Payable

Criteria: Effective internal control over financial reporting requires the City to identify and record all liabilities in the proper reporting period. The City should maintain year-end closing procedures designed to identify unpaid obligations and record accounts payable and the related expenses or assets in accordance with generally accepted accounting principles.

Condition: As of September 30, 2025, the City had not recorded a material amount of accounts payable within its four utility funds. Electric Fund accounts payable was understated by $299,744; Water Fund accounts payable was understated by $27,213; Gas Fund accounts payable was understated by $104,253; and Wastewater Fund accounts payable was understated by $23,948. In total, accounts payable was understated by $455,158.

Context: During testing of unrecorded liabilities, we identified invoices and other obligations related to the year ended September 30, 2025, that had not been recorded by the City. Material audit adjustments were necessary to properly report accounts payable and the related account balances within each affected utility fund.

Effect or potential effect: Accounts payable was materially understated at year-end, and the related expenses or asset balances were not recorded in the proper reporting period. This material weakness creates a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis.

Cause: The City did not have an effective year-end closing process for reviewing payments made after year-end and identifying amounts that should have been recorded as accounts payable as of September 30, 2025.

Repeat: New

Recommendation: The City should establish a documented year-end process for identifying and recording unpaid obligations. As part of this process, accounting personnel should review invoices received and payments made after year-end, determine whether the related goods or services were received before year-end, and record the appropriate accounts payable and related account balances. The completed review and supporting documentation should be reviewed by management or the City Council before the financial statements are prepared.

Views of Responsible Officials: Needs Updating

Finding 2025-009

Material Weakness in Internal Control over Financial Reporting - Capital Asset and Depreciation Records

Criteria: Effective internal control over financial reporting requires the City to maintain complete and accurate capital asset records that support the amounts reported in its financial statements. Capital asset and accumulated depreciation schedules should be reconciled to the trial balance, the City's capitalization policy should be consistently applied, and depreciation calculations should be reviewed for accuracy.

Condition: The City's capital asset and depreciation schedules did not reconcile to the trial balance. The schedules also included legacy items below the City's current capitalization threshold without clearly indicating whether the items remained capital assets for accounting purposes or were retained solely for insurance purposes. In addition, the schedules contained mathematical errors that resulted in prior-period adjustments.

Context: During audit procedures over capital assets, we compared the City's capital asset and accumulated depreciation schedules to the trial balance and reviewed the related depreciation calculations. We identified unreconciled differences, legacy items below the current capitalization threshold, and mathematical errors in the schedules.

Effect or potential effect: Capital assets, accumulated depreciation, depreciation expense, and net position may be materially misstated when the supporting schedules are not accurate and reconciled to the accounting records. Mathematical errors identified during the audit resulted in prior-period adjustments. This material weakness creates a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis.

Cause: The City currently uses its property, plant, and equipment schedules as both its accounting records for capital assets and its inventory for insurance purposes. Using one master inventory for both purposes is not inherently inappropriate; however, the criteria for financial reporting and insurance coverage are different. The schedules did not clearly identify the purpose for retaining each item, and the City did not have a documented reconciliation and mathematical review process, contributing to confusion and undetected errors.

Repeat: New

Recommendation: The City should implement documented internal controls over the maintenance and review of its capital asset records. The City should either maintain separate accounting and insurance schedules or use one master inventory that clearly identifies whether each item qualifies as a capital asset, is retained only for insurance purposes, or qualifies for both. Legacy items below the current capitalization threshold should be reviewed individually, and the City should document whether each item remains appropriately included in the accounting records. At least annually, the City should prepare a capital asset rollforward and reconcile capital asset cost and accumulated depreciation to the trial balance. Depreciation formulas, useful lives, acquisition dates, additions, disposals, and transfers should be reviewed by an individual other than the person preparing the schedules. The reconciliation and review should be documented with initials and a date and completed before the accounting records are provided for audit.

Views of Responsible Officials: Needs Updating

Finding 2025-010

Material Weakness in Internal Control over Financial Reporting - Incomplete and Inaccurate Debt Records

Criteria: Effective internal control over financial reporting requires the City to maintain complete and accurate records of all outstanding debt. Recorded debt should be supported by executed agreements and lender records, and the City should reconcile its debt schedules to the accounting records and financial statements. For governmental funds, debt proceeds should be reported in the appropriate fund, while the related long-term liability should generally be reported within governmental activities.

Condition: The City's debt records included a $104,275 liability in the Wastewater Fund that did not represent an actual outstanding loan. Based on discussions with the lender and management, the City determined that the loan did not exist. In addition, the City received $200,000 in loan principal on December 30, 2021, in the General Fund for Community Redevelopment. This separate loan had not been included in the City's debt records or reported as a liability in prior financial statements. The outstanding principal balance as of September 30, 2025, was $166,774.22.

Context: During audit procedures over debt, we reviewed amounts reported in the prior-year financial statements and discussed the recorded obligations with lenders and management. These procedures identified both an unsupported Wastewater Fund liability and an omitted Community Redevelopment loan. Prior-period adjustments were necessary to correct the City's debt and related account balances.

Effect or potential effect: Debt, related expenses, fund activity, net position, and financial statement disclosures may be materially misstated when the City's debt records are incomplete or include obligations that do not exist. As of September 30, 2025, the governmental activities liability related to the Community Redevelopment loan was understated by $166,774, while the Wastewater Fund debt records included an

unsupported $104,275 liability until corrected. This material weakness creates a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis.
Cause: The City did not maintain a complete debt schedule supported by loan agreements and lender records. The City also did not have an effective process for reconciling recorded debt to lender balances and identifying new borrowings that needed to be added to the accounting records and financial statements.

Repeat: New

Recommendation: The City should implement internal controls designed to confirm that all debt is completely and accurately recorded. A centralized debt schedule should be maintained for every borrowing and should include the lender, purpose, original principal, borrowing date, interest rate, payment terms, maturity date, responsible fund, and current outstanding balance. Each loan should be supported by an executed agreement and related lender documentation. At least annually, and before the accounting records are provided for audit, the City should reconcile the debt schedule to the trial balance, lender statements, loan payment records, and amounts reported in the financial statements. New borrowings should be added to the schedule when proceeds are received, and recorded obligations should not remain on the schedule without supporting documentation. The completed reconciliation should be independently reviewed and documented with initials and a date.

Views of Responsible Officials: Needs Updating

CORRECTIVE ACTION PLAN

Year ended September 30, 2025

The corrective action plan for the internal control material weakness, inadequate segregation of duties (2025-001), is summarized as follows:

Corrective Action Planned: The City's management, Mayor, and City Council will rely on its review and oversight authority to mitigate this inherent weakness in its internal control system.

Anticipated Completion Date: Continuous.

Responsible: Management, Mayor, and City Council.
The corrective action plan for the internal control material weakness, financial statement preparation (2025-002), is summarized as follows:

Corrective Action Planned: The City's management, Mayor, and City Council will rely on their review and oversight authority to mitigate this inherent weakness in its internal control system.

Anticipated Completion Date: Continuous.

Responsible: Management, Mayor, and City Council.

The corrective action plan for the internal control material weakness, material audit adjustments (2025-003), is summarized as follows:

Corrective Action Planned: The City will continue to improve communication of accounting transactions to both accounting personnel and those charged with oversight in order to decrease future proposed material audit adjustments.

Anticipated Completion Date: Continuous.

Responsible: Management, Mayor, and City Council.

The corrective action plan for the internal control material weakness, Beginning Fund Balance and Net Position (2025-004), is summarized as follows:

Corrective Action Planned:

Anticipated Completion Date:

Responsible: Management, Mayor, and City Council.

The corrective action plan for the internal control material weakness, Reconciled Cash Balances Not Reflected in the Trial Balance (2025-005), is summarized as follows:

Corrective Action Planned: The City will periodically review outstanding checks and investigate items that have remained outstanding for an extended period. Management will establish procedures to timely follow up on these items and remit applicable amounts to the State in accordance with unclaimed property requirements.

Anticipated Completion Date:

Responsible: Management, Mayor, and City Council.

The corrective action plan for the internal control material weakness, Unreconciled Interfund Transfers (2025-006), is summarized as follows:

Corrective Action Planned:

Anticipated Completion Date:

Responsible: Management, Mayor, and City Council.

The corrective action plan for the internal control material weakness, Accounting for State Grant Proceeds (2025-007), is summarized as follows:

Corrective Action Planned:

Anticipated Completion Date:

Responsible: Management, Mayor, and City Council.

The corrective action plan for the internal control material weakness, Unrecorded Accounts Payable (2025-008), is summarized as follows:

Corrective Action Planned:

Anticipated Completion Date:

Responsible: Management, Mayor, and City Council.

The corrective action plan for the internal control material weakness, Capital Asset and Depreciation Records (2025-009), is summarized as follows:

Corrective Action Planned:

Anticipated Completion Date:

Responsible: Management, Mayor, and City Council.

The corrective action plan for the internal control material weakness, Incomplete and Inaccurate Debt Records (2025-010), is summarized as follows:

Corrective Action Planned:

Anticipated Completion Date:

Responsible: Management, Mayor, and City Council.

____

Responsible Officials Name, Responsible Officials Title

FALLS CITY
NEBRASKA
PASSIONATE • PROVEN • PROSPEROUS

August 28, 2026

Honorable Mayor Harkendorff,

The Police Hiring and Firing committee would like to recommend Levi Jones for your consideration as Police Officer.

Sincerely,

John Nixon, Chairman

City of Falls City
2307 Barada Street
Falls City, NE 68355

P: (402) 245-2851
F: (402) 245-2741
fallscitynebraska.org

LIGHT REMODELING & ACCESSORY PERMIT APPLICATION

FALLS CITY NEBRASKA
PASSIONATE • PROVEN • PROSPEROUS

Date of Application: 8-14-26 Mail Permit to: ☐ Contractor ☒ Owner

The City of Falls City is not responsible for permits issued for projects not allowed within your subdivision. We strongly encourage that you consult your subdivision covenants prior to making an application for a permit. Call the digger's hotline (888-711-5666 or 811) prior to digging for any project. Please call at least 24 hours in advance for inspections on all projects.

Project/Owner Information

Project Address: 521 Dorrington Court

Lot Number: ________ Subdivision: ________ Is this a rental property? ☐ Yes ☒ No

Owner Name: Campbell Construction L.L.C.

Owner Address (if different than above): 66308 703 LN City: Rulo

State: NE Zip: 68431 Phone: 402-801-2919 E-mail: lumbr_159@yahoo.com

Contractor Information

Contractor Name: Campbell Construction

Contractor Address: 66308 703 LN City: Rulo

State: NE Zip: 68431 Phone: 402-801-2919 E-mail: lumbr_159@yahoo.com

Project Type

Fence

Height: ________ Type: ________ Location: ________ Est. Cost: ________ Fee:$ ________

- Site plan required showing fence location, type, and height
- Fence posts must be set in concrete 24" minimum depth for wood and chain link
- Fence location on or into fence owners property (may require survey)
- All wood pickets or boards need to face the outside
- Front yard fences need to be 12.5' from the curb and no more than 4' in height. They must be either open pickets, split rail, or chain link (2018 IRC)
- Side yard fences on a corner lot need to be 12.5' from the curb or off the right of way

Shed

Height: ________ Type: ________ Location: ________ Est. Cost: ________ Fee:$ ________

- Site plan required of property showing shed location and spacing
- Shed must be located a minimum of 5' from the rear and side property line(s)
- Concrete slab shed floor to have ½" dia. anchor bolts at max. 6'0" o.c. spacing for shed tie downs
- Wood floors for sheds must be provided with 4 shed tie-down anchors to meet City Code
- Maximum shed height is 17' or less if restricted by local governing covenants (15')
- Shed must be located 6' from any structure, or fire proofed to meet City Code

Deck

Type:________________ Location:________________ Est. Cost:__________ Fee:$____________

- See "How to Design a Deck" brochure for more information
- Site plan required of property showing house and deck location and size
- Deck drawing required showing the following:
  - Overall deck size and stair location
  - Beam and joist sizes, spacing, and spans
  - Uncovered decks must be a distance of 15 feet from rear property lines and 5 feet from side property lines
  - Decks must be 6 feet from any other detached structure
  - Post hole locations require 42" dep frost footings when attached to the house
  - Indicate size of wood beam on your drawing and know that column post sizes must be 6" X 6"
  - Indicate wood joist sizes and spacing measurement
  - Ledger beam attached to house with ½" dia. Lag bolts that are 5" long
  - Galvanized joist hangers at ledger beam
  - Handrails to be 3'0" high with vertical spindle spacing not more than 4" apart
  - Stair detail as provided by the City
- Call for footing inspection once holes are dug, prior to filling. When the deck is completed, please call for a final.

Curb-Cut, Driveways, Sidewalks

Curb Cut/Grind Width: 2' Driveway Width: 48' Driveway Length: 45'

Sidewalk Length: — Concrete Depth: .5 Fee:$ 30.00

Estimated Construction Cost:$ $8000.00

- Note: Driveways must meet specifications of City Code and must be inspected before pouring

Other Accessory Projects – Roofing, Siding, Windows, Etc.

Project Description:____

Length:____________ Width:______________ # Doors:___________ # Windows:______________

Est. Materials/Labor Cost ($):____

Remarks:____ Fee:$______________

Total Fees Due: $ 30.00

Applicant Signature

I attest that all information listed on this application is accurate and I agree to comply all applicable codes and regulations of the City of Falls City.

Bl Cazell
(Signature of Applicant)

8-14-24
(Date)

Approving City Official Signature: ______________________________ Date: ______________

PREPAYMENT AND TERMINATION AGREEMENT

This Prepayment and Termination Agreement ("Agreement") is entered into as of September 30, 2026 (the "Effective Date"), by and between **OMAHA PUBLIC POWER DISTRICT,** a public corporation and political subdivision of the State of Nebraska ("OPPD"), and **CITY OF FALLS CITY, NEBRASKA, doing business as Falls City Utilities,** a municipal corporation of the State of Nebraska ("Falls City"). OPPD and Falls City may be referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, OPPD and Falls City are parties to those certain transmission service agreements designated as OASIS Reservations 1585595 and 73224372, and reflected in Attachment W, Line Numbers 625 and 732, respectively, of the Southwest Power Pool Open Access Transmission Tariff ("SPP Tariff") as "Grandfathered Agreements" (the "GFAs");

WHEREAS, Falls City has a purported interest in a point-to-point transmission service agreement designated as SPP OASIS Reservation 103781533 for its Western Area Power Administration allocation. Said reservation is outside of the scope of this Agreement, is not administered under OPPD's tariff but rather the SPP tariff, and OPPD has no obligations to act under said reservation;

WHEREAS, the GFAs are recognized as "Grandfathered Agreements or Transactions" as defined in the Common Service Provisions of the SPP Tariff;

WHEREAS, the GFAs are administered under OPPD's Open Access Transmission Tariff ("OPPD Tariff") and the rate for the GFA is determined under said OPPD Tariff;

WHEREAS, Falls City pays to OPPD a monthly sum of $8,598, which is an annual sum of $103,176 for the GFAs, which by their terms continue through May 1, 2036. There are 115 billing periods remaining which results in a total of $988,770 due to OPPD;

WHEREAS, the Parties desire to provide for the advance payment by Falls City to OPPD of all remaining amounts that would otherwise become due under the GFAs during the remainder of their respective terms;

WHEREAS, Falls City intends to enter into Network Integration Transmission Service ("NITS") under the SPP Tariff and understands it will be charged under SPP's Tariff upon commencement of SPP NITS service, with such service being outside the scope of this Agreement and the GFAs;

WHEREAS, Falls City acknowledges that upon termination of these GFAs under this agreement, transmission service and associated terms of that service granted under the OPPD Tariff will permanently cease;

WHEREAS, the Parties have negotiated and agreed upon a lump-sum prepayment amount representing the mutually agreed value of all remaining amounts payable under the GFAs for the balance of their terms, taking into consideration the rights, obligations, costs, and revenue requirements associated with the GFAs;

WHEREAS, the Parties intend that such lump-sum prepayment shall fully satisfy all financial obligations associated with the GFAs for the remainder of the GFAs terms; and

WHEREAS, upon the execution of this Agreement, the Parties agree that an amendment to the existing Interconnection Agreement between the Parties, dated March 18, 1968 and as subsequently amended, is necessary, and the Parties agree to undertake good faith negotiations to amend said Interconnection Agreement within a reasonable time.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. Prepayment Amount. Falls City shall pay OPPD the sum of $988,770.00 (the "Prepayment Amount") on or before September 30, 2026. The Parties acknowledge and agree that the Prepayment Amount constitutes payment in advance of all amounts that would otherwise become payable under the GFAs during the remainder of their respective terms through May 1, 2036.

2. Satisfaction of Future Payment Obligations. Upon OPPD's receipt of the Prepayment Amount in immediately available funds, Falls City shall be deemed to have fully performed and satisfied all payment obligations arising under the GFAs.

3. Satisfaction and Termination of GFAs. Effective upon OPPD's receipt of the Prepayment Amount and upon the completion of Falls City's transition to SPP Network Integration Transmission Service (NITS) and such NITS service being implemented:

(a) all obligations of Falls City under the GFAs shall be deemed fully satisfied and performed;

(b) all obligations of OPPD under the GFAs shall be deemed fully satisfied and performed;

(c) the GFAs shall terminate and thereafter be of no further force or effect; and

(d) neither Party shall have any further rights, duties, obligations, liabilities, or claims under or arising from the GFAs except those expressly stated in this Agreement to survive termination.

4. Cooperation. The Parties shall cooperate in making any filings, notifications, confirmations, or administrative submissions reasonably necessary to reflect the termination of the GFAs.

5. No Further Claims. Upon OPPD's receipt of the Prepayment Amount, and upon the completion of Falls City's transition to SPP Network Integration Transmission Service (NITS) and such NITS service being implemented, each Party waives and relinquishes any claim against the other Party for additional compensation, reimbursement, cost recovery, damages, charges, expenses, liabilities, or other amounts arising from or relating to the GFAs, or transmission service pursuant to the GFAs, or the termination thereof.

6. Non-Precedent. The Parties acknowledge and agree that this Agreement, and the Prepayment Amount, reflect a unique, negotiated business resolution of the specific circumstances associated with the GFAs. Neither this Agreement nor the methodology, assumptions, calculations, negotiations, or valuation used in determining the Prepayment Amount shall constitute or be deemed to constitute: (b) an interpretation of any tariff, rate schedule, transmission service agreement, or regulatory requirement; (c) a determination of cost causation, cost allocation, stranded cost responsibility, transmission reservation value, or revenue requirement applicable to any other person or entity; or (d) an admission by either Party regarding the proper valuation or treatment of any other transmission service arrangement.

7. Authority. Each Party represents and warrants that it has full authority to execute and perform this Agreement and that all actions necessary to authorize the execution and performance of this Agreement have been taken.

8. Further Assurances. The Parties shall execute such additional documents and take such further actions as may be reasonably necessary to carry out the purposes and intent of this Agreement.

9. Entire Agreement. This Agreement constitutes the entire agreement between the Parties regarding the subject matter hereof and supersedes all prior negotiations, understandings, and agreements relating thereto.

10. Governing Law. This Agreement shall be governed by and construed in accordance with the law of the State of Nebraska, without regard to conflicts-of-law principles.

11. Counterparts; Electronic Signatures. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Electronic and PDF signatures shall be deemed originals and shall be fully enforceable.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

[SIGNATURES ON FOLLOWING PAGE]

OPPD:

OMAHA PUBLIC POWER DISTRICT

By: ______________________________

Name: ____________________________

Title: ____________________________

Date: ____________________________

FALLS CITY:

CITY OF FALLS CITY, NEBRASKA

By: ______________________________

Name: ____________________________

Title: ____________________________

Date: ____________________________

3590263.4

SALT
CONTRACTING

2800 S. 110th Ct
Omaha, NE 68144
www.BuildSalt.com
402-957-1712

Project Overview

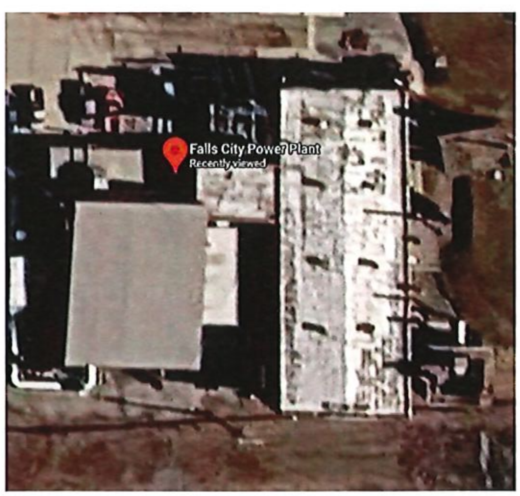
Project Name	Falls City Power Plant - Window Replacement
Project Manager	Lane Merz
Project Location	901 S Crook st, Falls City, NE 68355
Project Duration: 2 weeks	**Start Date:** TBD **End Date: TBD**

Client:

City of Falls City
C/O Blake Buckminster
B.Buckminster@fallscityne.us
402-883-7367

Contractor:

Salt Contracting
2800 S. 110th Ct, Omaha, NE 68144
Lane@buildsalt.com
402-915-1177



Project Summary

- Stage scaffold access on interior and exterior; protect equipment, tanks, and piping below each opening
- Remove existing louvered sash, glazing, and any operator hardware/linkages from each window opening
- Inspect and prep steel frame openings before install
- Set new fixed window units plumb/level/square into existing steel frames, shim and fasten per spec
- Seal perimeter (sealant/backer rod) and tie in flashing to maintain weathertight envelope
- Clean up debris, remove protection, and haul off old louvered units and glass
- Final walk-through to confirm air/water tightness at each opening

Project Scope

Project Deliverables

Item #1	Permitting & Procurement	Duration
☐	Building permit approval (City of Falls City)	~1 week
☐	Material procurement	~ 4-6 weeks
Item #2	Installation	Duration
☐	Site Prep	~1 -2 Days
☐	Prep and Install	~ 2 weeks
Item #3	Project Punchlist	Duration
☐	Projected start date	TBD

Project Costs

Total price of work: $65,070

Payment Terms: 25% of the project total is due upon acceptance of contract. 25% of project total due upon project start. Final 50% payment is due within 30 days of completion of the contracted work. Special considerations may be made upon request.

Warranty

Salt Contracting (hereafter referred to as "Salt") will warranty work that has been performed on this proposal or contract for two (2) full years from date of installation. Manufacturer warranty for commercial properties is as follows:

- **Frame & Sash:** 10 years — covers defects in materials and workmanship on the frame, sash, and factory-applied accessories
- **Insulated Glass Seal:** 10 years — hermetic seal warranted against failure (excludes breakage)
- **Hardware:** 3 years — repair or replacement of defective hardware components
- **Weatherstripping:** 3 years — repair or replacement of defective weatherstripping

Permits

1. Building permit required to be approved by City of Falls City.
2. Proposal shall be valid for 30 days.
3. Warranty will be registered with Manufacturer when applicable
4. Special Tax considerations will be made for Sales Tax Exempt organizations

Property Owner Requirements

Property Owner	• *Provide sufficient space for storage of materials and equipment (telehandler, roofing material, tools, debris receptacles, etc.)* • **Power plant to de-energize power to louvered units prior to start; crew to verify de-energized/lock-out before demo**

Signatures

Client:	Contractor:
______________________	______________________
Signature over printed name	**Signature over printed name**
______________________	______________________
Date signed	**Date signed**