

CITY COUNCIL PROCEEDINGS
April 8, 2026

The City Council of the City of David City, Nebraska, met in open public session at 7:00 p.m. in the meeting room of the City Office, 490 E Street, David City, Nebraska. The Public had been advised of the meeting by posting in four places (City Office, U.S. Post Office, Butler County Courthouse, and Hruska Public Library). The Mayor and members of the City Council acknowledged advance notice of the meeting by signing the Agenda, which is a part of these minutes. The advance notice to the Public, Mayor, and Council members conveyed the availability of the agenda, which was kept continuously current in the office of the City Clerk and was available for public inspection on the City's website. No new items were added to the agenda during the twenty-four hours immediately prior to the opening of the Council meeting.

Present for the meeting were: Mayor Jessica Miller, Council President Bruce Meysenburg, Council Members Rick Holland, Jeremy Abel, Keith Marvin, Kevin Woita, City Administrator Alan Zavodny, City Administrator Raiko Martinez, City Attorney Michael Sands, and City Clerk Lori Matchett. City Council Member Jim Angell arrived at the meeting at 7:03 p.m. and joined the Council.

Also present for the meeting were: Account Clerk Elizabeth Parker, Sergeant Tristan Hilger, Cody Wickham of D.A. Davidson, Dana Trowbridge, John Kopecky, Nick and Marlene Hein, Neil Zrust and Family, and Doug Rix. Ethan Joy of JEO Consulting Group and Kyle Overturf of AMGL, P.C., attended via Zoom.

The meeting opened with the Pledge of Allegiance.

Mayor Jessica Miller informed the public of the "Open Meetings Act" posted on the west wall of the meeting room and asked those present to silence their cell phones. Mayor Miller read the speaking guidelines for the City Council Meeting. She also reminded the public that if they speak tonight before the Council, they must state their name and address for the record.

Council Member Rick Holland made a motion to approve the minutes of the March 25, 2026, meeting of the Mayor and City Council as presented. Council Member Kevin Woita seconded the motion. The motion carried. Jeremy Abel: Yea, Jim Angell: Yea, Rick Holland: Yea, Keith Marvin: Yea, Bruce Meysenburg: Yea, Kevin Woita: Yea. Yea: 6, Nay: 0.

Council Member Bruce Meysenburg made a motion to approve the claims as presented. Council Member Jeremy Abel seconded the motion. The motion carried. Jeremy Abel: Yea, Jim Angell: Yea, Rick Holland: Yea, Keith Marvin: Yea, Bruce Meysenburg: Yea, Kevin Woita: Yea. Yea: 6, Nay: 0.

Mayor Jessica Miller announced, "At this time, we should recognize that Council Member Jim Angell has arrived."

Council Member Jim Angell joined the council table at 7:03 p.m.

Council Member Keith Marvin made a motion to approve the claim to D-Sign Shop as presented. Council Member Kevin Woita seconded the motion. The motion carried. Jeremy Abel: Yea, Jim Angell: Abstain (With Conflict), Rick Holland: Yea, Keith Marvin: Yea, Bruce Meysenburg: Yea, Kevin Woita: Yea. Yea: 5, Nay: 0, Abstain (With Conflict): 1

Council President Bruce Meysenburg gave an update on the Butler County Development Board's discussion about the new business coming to town at the old Michael Foods building. The Butter Plant should be operating around September 2026. Council Member Rick Holland made a motion to accept the Committee and Officer Reports and Butler County Development Board Updates as presented. Council Member Kevin Woita seconded the motion. The motion carried. Jeremy Abel: Yea, Jim Angell: Yea, Rick Holland: Yea, Keith Marvin: Yea, Bruce Meysenburg: Yea, Kevin Woita: Yea. Yea: 6, Nay: 0

Mayor Jessica Miller asked the Council to entertain a motion to advance to Agenda Item Number 12 for the Bond Council and then to Item Number 11 for the presentation of the Audit, to allow the presenters to attend additional commitments.

Council Member Meysenburg made a motion to advance to Agenda Item Number 12 to Consider an Ordinance to Authorize the issuance of General Obligation Street Improvement Bonds, and then Agenda Item Number 11 Presentation of the 2024-2025 Audit. Council Member Keith Marvin seconded the motion. The motion carried. Jeremy Abel: Yea, Jim Angell: Yea, Rick Holland: Yea, Keith Marvin: Yea, Bruce Meysenburg: Yea, Kevin Woita: Yea. Yea: 6, Nay: 0.

Bond Refunding Ordinance - 2023 Street Projects

Cody Wickham of D.A. Davidson introduced himself. Mr. Wickham presented an ordinance to refinance the City's 2023 bond anticipation notes (BANs), which were originally issued for interim financing of street projects (AKRS Parkway and Trowbridge Lane).

Purpose

- The 2023 notes were used as temporary financing until project completion.
- The ordinance allows the City to convert those notes into long-term bonds, as required once projects are complete.
- The notes are set to mature on June 15, 2026, creating a timeline for action.

Financial Overview

- Estimated bond issuance: \$1.72 million (to cover principal and accrued interest)
- Projected interest rate: ~4.19% (subject to market changes)
- Debt will be structured to level overall debt service payments alongside existing obligations
- Repayment source: Tax Increment Financing (TIF) revenues from the related projects

Timing Considerations

- The City has time to proceed with all three readings if desired.
- Alternatively, the Council may waive the three-reading rule to act more quickly.
- Bond markets recently shifted, and acting sooner could provide more favorable interest rates, though timing is at Council discretion.
- Closing must occur within 30 days of ordinance adoption.

This ordinance enables the City to transition short-term project financing into long-term debt, ensuring compliance with financing requirements while managing repayment through TIF revenues.

Council Member Bruce Meysenburg made a motion to introduce Ordinance No. 1530 to Authorize the issuance of General Obligation Street Improvement Bonds, Series 2026, in the amount NOT TO EXCEED \$1,800,000 for the purpose of refunding the City's Bond Anticipation Notes, Series 2023C. Mayor Jessica Miller read Ordinance No. 1530 by title.

Council Member Keith Marvin made a motion to suspend the statutory rule requiring that an Ordinance be read on three separate days. Council Member Jim Angell seconded the motion. The Motion Carried. Jeremy Abel: Yea, Jim Angell: Yea, Rick Holland: Yea, Keith Marvin: Yea, Bruce Meysenburg: Yea, Kevin Woita: Yea, Yea: 6, Nay: 0. Council Member Keith Marvin made a motion to approve Ordinance No. 1530 to authorize the issuance of General Obligation Street Improvement Bonds, Series 2026, in an amount not to exceed \$1,800,000, for the purpose of refunding the City's Bond Anticipation Notes, Series 2023C. Council Member Bruce Meysenburg seconded the motion. The motion carried. Jeremy Abel: Yea, Jim Angell:

Yea, Rick Holland: Yea, Keith Marvin: Yea, Bruce Meysenburg: Yea, Kevin Woita: Yea. Yea: 6,
Nay: 0.

**EXTRACT OF MINUTES
CITY OF DAVID CITY, NEBRASKA
(General Obligation Various Purpose Bonds, Series 2026)**

A meeting of the Mayor and Council of the City of David City, in the State of Nebraska, was convened in open and public session at 7 P.M. on April 8, 2026, at the City Office, 490 E Street, David City, NE 68632. Present were: Mayor Jessica Miller; Councilmembers: Bruce Meysenburg, Jim Angell, Jeremy Abel, Keith Marvin, Rick Holland, and Kevin Woita. Absent were: None.

Notice of the meeting was given in advance thereof by publication, the City's designated method for giving notice, a copy of the proof of publication being attached to these Minutes. Notice of this meeting was given in advance to the Mayor and all members of the City Council and a copy of their Acknowledgment of Receipt of Notice and the agenda is attached to these Minutes. Availability of the agenda was communicated in the advance notice and in the notice to the Mayor and Council of this meeting. The Mayor publicly stated to all in attendance at the beginning of the meeting that a current copy of the Nebraska Open Meetings Act was available for review and indicated the location of such copy in the room where the meeting was being held. All proceedings hereafter shown were taken while the convened meeting was open to the attendance of the public.

Thereupon, Council Member Bruce Meysenburg introduced Ordinance No. 1530 entitled:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION VARIOUS PURPOSE BONDS, SERIES 2026, OF THE CITY OF DAVID CITY, NEBRASKA, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$1,800,000) FOR THE PURPOSE OF PAYING OFF INTERIM FINANCING FOR THE COSTS OF IMPROVEMENTS IN STREET IMPROVEMENT DISTRICT NO. 2023-2; PRESCRIBING THE FORM OF SAID BONDS; PROVIDING FOR THE LEVY AND COLLECTION OF TAXES TO PAY THE SAME; AUTHORIZING OFFICERS OF THE CITY TO MAKE ARRANGEMENTS FOR THE SALE OF THE BONDS AND TO DESIGNATE THE FINAL TERMS, RATES AND MATURITY SCHEDULE FOR SAID BONDS WITHIN STATED PARAMETERS; AUTHORIZING THE DELIVERY OF THE BONDS TO THE PURCHASER; AND PROVIDING FOR PUBLICATION OF THIS ORDINANCE IN PAMPHLET FORM.

Said ordinance was then read by title and thereafter Council Member Keith Marvin moved for final passage of the ordinance, which motion was seconded by Council Member Jim Angell. The Mayor then stated the question was "Shall Ordinance No. 1530 be passed and adopted?" Upon roll call vote, the following Council Members voted YEA: Jeremy Abel, Jim Angell, Rick Holland, Bruce Meysenburg, Keith Marvin, and Kevin Woita. The following voted NAY: None. The passage and adoption of said ordinance having been concurred in by a majority of all members of the City Council, the Mayor declared the ordinance adopted and the Mayor in the presence of the City Council signed and approved the ordinance and the Clerk attested the passage and approval of the same and affixed her signature thereto and ordered the Ordinance to be published in pamphlet form as provided therein. A true, correct, and complete copy of said ordinance is as follows:

ORDINANCE NO. 1530

AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION VARIOUS PURPOSE BONDS, SERIES 2026, OF THE CITY OF DAVID CITY, NEBRASKA, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$1,800,000) FOR THE PURPOSE OF PAYING OFF INTERIM FINANCING FOR THE COSTS OF IMPROVEMENTS IN STREET IMPROVEMENT DISTRICT NO. 2023-2; PRESCRIBING THE FORM OF SAID BONDS; PROVIDING FOR THE LEVY AND COLLECTION OF TAXES TO PAY THE SAME; AUTHORIZING OFFICERS OF THE CITY TO MAKE ARRANGEMENTS FOR THE SALE OF THE BONDS AND TO DESIGNATE THE FINAL TERMS, RATES AND MATURITY SCHEDULE FOR SAID BONDS WITHIN STATED PARAMETERS; AUTHORIZING THE DELIVERY OF THE BONDS TO THE PURCHASER; AND PROVIDING FOR PUBLICATION OF THIS ORDINANCE IN PAMPHLET FORM.

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

Section 1. The Mayor and City Council of the City of David City, Nebraska (the “City”), hereby find and determine as follows:

(a) pursuant to ordinances previously passed and approved by the Mayor and City Council, Street Improvement District No. 2023-2 in the City has been created and the prescribed improvements therein have been or will soon be completed and accepted by the City (the “Improvements”);

(b) the City has previously issued, to provide interim financing for payment of the Improvements, its Bond Anticipation Notes, Series 2023C, dated September 15, 2023 (the “Notes”);

(c) the cost of the Improvements, as reported by the City’s Engineer, is not less than \$1,800,000;

(d) the Notes constitute a contractual obligation of the City and the Notes will mature on June 15, 2026 (the “Maturity Date”), and require immediate refinancing for the City to meet its contractual commitments with respect thereto, and proceeds of the bonds authorized hereunder together with any remaining proceeds of the Notes will be used to pay and redeem such Notes on the Maturity Date;

(e) all conditions, acts and things required to exist or to be done precedent to the issuance of General Obligation Various Purpose Bonds, Series 2026, of the City, in the principal amount of not to exceed \$1,800,000 pursuant to Sections 17-516, 18-1801 and 18-1802, R.R.S. Neb. 2012, to pay the costs of the improvements described herein (including payment of the Notes and related costs) hereof do exist and have been done as provided by law.

Section 2. To provide for the issuance of bonds as described in Section 1 hereof, there shall be and there are hereby ordered issued bonds of the City, to be known as General Obligation Various Purpose Bonds, Series 2026 (the “Bonds”), of the aggregate principal amount of not to

exceed One Million Eight Hundred Thousand Dollars (\$1,800,000), provided, that the Bonds shall mature and bear interest at such rates per annum as shall be determined in a written designation (the "Designation") signed by the Mayor or City Treasurer (each, an "Authorized Officer") on behalf of the City, which Designation may also determine or modify the principal amount, interest rate or maturity date of the Bonds, mandatory redemption provisions (if any) and pricing terms as set forth in Section 8 hereof, all within the following limitations:

- (a) the aggregate principal amount of the Bonds shall not exceed the amount stated in this Section 2 above, provided, however, in the event the Bonds are sold with a net original issue discount such aggregate principal amount may be increased in an amount necessary to compensate for any such net original issue discount;
- (b) the aggregate amount of original issue premium and original issue discount (if any) may result in an aggregate net original issue discount (if any) not in excess of two percent (2.00%) of the stated principal amount of the Bonds;
- (c) the longest maturity of the Bonds may not be later than June 15, 2041;
- (d) the true interest cost of the Bonds shall not exceed 5.75%;
- (e) two or more of the principal maturities may be combined and issued as "term bonds" and each of the Authorized Officers may determine the mandatory sinking fund payments and mandatory redemption amounts. Any Bonds issued as "term bonds" shall be redeemed at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the date of redemption and may be selected for redemption by any random method of selection determined appropriate by the Registrar (as hereinafter designated).

Each of the Authorized Officers are hereby authorized to make such determinations on behalf of the City and to evidence the same by execution and delivery of the Designation and such determinations shall constitute the action of the Mayor and Council without further action of the Mayor and Council.

The Bonds shall be issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof. The date of original issue for the Bonds shall be the date of delivery thereof. Interest on the Bonds shall be payable semiannually on June 15 and December 15 of each year commencing December 15, 2026 (or such other date or dates as provided in the Designation, each of said dates an "Interest Payment Date"), and the Bonds shall bear such interest from the date of original issue or the most recent Interest Payment Date to which interest has been paid or provided for, whichever is later. The interest due on each Interest Payment Date shall be payable to the registered owners of record as of the close of business on the fifteenth day immediately preceding the Interest Payment Date (or such other date as provided in the Designation, the "Record Date"), subject to the provisions of Section 4 hereof. The Bonds shall be numbered from 1 upwards in the order of their issuance. The initial numbering and principal amounts for each of the Bonds shall be designated by the initial purchaser thereof. Payments of interest due on the Bonds prior to maturity or early redemption shall be made by the Paying Agent and Registrar, as designated pursuant to Section 3 hereof, by mailing a check or draft in the amount due for such interest on each Interest Payment Date to the registered owner of each Bond, as of the Record Date for such Interest Payment Date, to such owner's registered address as shown on the books of registration as required to be maintained in Section 3 hereof. Payments of principal due at maturity

or at any date fixed for redemption prior to maturity, together with any unpaid interest accrued thereon, shall be made by said Paying Agent and Registrar to the registered owners upon presentation and surrender of the Bonds to said Paying Agent and Registrar. The City and said Paying Agent and Registrar may treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of making payments thereon and for all other purposes and neither the City nor the Paying Agent and Registrar shall be affected by any notice or knowledge to the contrary, whether such Bond or any installment of interest due thereon shall be overdue or not. All payments on account of interest or principal made to the registered owner of any Bond in accordance with the terms of this ordinance shall be valid and effectual and shall be a discharge of the City and said Paying Agent and Registrar, in respect of the liability upon the Bonds or claims for interest to the extent of the sum or sums so paid.

Section 3. Unless as otherwise provided in the Designation, the BOKF, National Association, Lincoln, Nebraska, is hereby designated to serve as Paying Agent and Registrar for the Bonds. The Paying Agent and Registrar shall keep and maintain for the City books for the registration and transfer of the Bonds at the City offices. The names and registered addresses of the registered owner or owners of the Bonds shall at all times be recorded in such books. Any Bond may be transferred pursuant to its provisions at the office of said Paying Agent and Registrar by surrender of such Bond for cancellation, accompanied by a written instrument of transfer, in form satisfactory to said Paying Agent and Registrar, duly executed by the registered owner in person or by such owner's duly authorized agent, and thereupon the Paying Agent and Registrar, on behalf of the City, will deliver at its office (or send by registered mail to the transferee owner or owners thereof at such transferee owner's or owners' risk and expense), registered in the name of the transferee owner or owners, a new Bond or Bonds of the same series, interest rate, aggregate principal amount and maturity. To the extent of the denominations authorized for the Bonds by this ordinance, one Bond may be transferred for several such Bonds of the same series, interest rate and maturity, and for a like aggregate principal amount, and several such Bonds may be transferred for one or several such Bonds, respectively, of the same series, interest rate and maturity and for a like aggregate principal amount. In every case of transfer of a Bond, the surrendered Bond shall be canceled and destroyed. All Bonds issued upon transfer of the Bonds so surrendered shall be valid obligations of the City evidencing the same obligation as the Bonds surrendered and shall be entitled to all the benefits and protection of this ordinance to the same extent as the Bonds upon transfer of which they were delivered. The City and said Paying Agent and Registrar shall not be required to transfer any Bond during any period from any Record Date until its immediately following Interest Payment Date or to transfer any Bond called for redemption for a period of 30 days next preceding the date fixed for redemption.

Section 4. In the event that payments of interest due on the Bonds on an Interest Payment Date are not timely made, such interest shall cease to be payable to the registered owners as of the Record Date for such Interest Payment Date and shall be payable to the registered owners of the Bonds as of a special date of record for payment of such defaulted interest as shall be designated by the Paying Agent and Registrar whenever monies for the purpose of paying such defaulted interest become available.

Section 5. If the date for payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in David City, Nebraska, are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking

institutions are authorized to close, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

Section 6. In addition to any mandatory sinking fund redemption as may be determined in the Designation, the Bonds shall be subject to redemption at the option of the City prior to the stated maturities thereof, in whole or in part, at any time on or after the fifth anniversary of the date of original issue thereof (or such other date as provided in the Designation) at par plus accrued interest on the principal amount redeemed to the date fixed for redemption. The City may select the Bonds to be redeemed in its sole discretion, but Bonds shall be redeemed only in amounts of \$5,000 or integral multiples thereof. Bonds redeemed in part only shall be surrendered to the Paying Agent and Registrar in exchange for new Bonds evidencing the unredeemed principal thereof. Notice of redemption of any Bond called for redemption shall be given at the direction of the City in the case of optional redemptions and without further direction in the case of mandatory redemptions, by said Paying Agent and Registrar by mail not less than 30 days prior to the date fixed for redemption, first class, postage prepaid, sent to the registered owner of such Bond at said owner's registered address. Such notice shall designate the Bond or Bonds to be redeemed by number, the date of original issue and the date fixed for redemption and shall state that such Bond or Bonds are to be presented for prepayment at the office of the Paying Agent and Registrar. In case of any Bond partially redeemed, such notice shall specify the portion of the principal amount of such Bond to be redeemed. No defect in the mailing of notice for any Bond shall affect the sufficiency of the proceedings of the City designating the Bonds called for redemption or the effectiveness of such call for Bonds for which notice by mail has been properly given and the City shall have the right to further direct notice of redemption for any such Bond for which defective notice has been given. In the event term maturities and mandatory redemption amounts are determined in the Designation, the provisions of this Section 6 shall apply generally to mandatory redemptions. Any such mandatory redemptions shall be in amounts and on terms set forth in the Designation, at the principal amount redeemed plus accrued interest to the date set for redemption. The Paying Agent and Registrar shall select the term bonds to be redeemed in any maturity using any random method of selection deemed appropriate, subject to the provisions of Section 8 of this Ordinance.

Section 7. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF NEBRASKA

GENERAL OBLIGATION VARIOUS PURPOSE BOND
OF THE CITY OF DAVID CITY, NEBRASKA
SERIES 2026

No.

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	_____, 20__	_____, 2026	

Registered Owner:

Principal Amount: _____ Dollars

KNOW ALL PERSONS BY THESE PRESENTS: That the City of David City, in the State of Nebraska (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above in lawful money of the United States of America on the maturity date specified above with interest thereon to maturity (or earlier redemption) from the date of original issue or most recent interest payment date for which interest has been paid or provided for, whichever is later, at the rate per annum specified above, payable semiannually on _____ and _____ of each year commencing _____, 20__ (each of said dates an "Interest Payment Date"). Said interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The principal hereof together with any unpaid interest accrued thereon due at maturity or upon earlier redemption is payable upon presentation and surrender of this bond at the office of BOKF, National Association, Lincoln, Nebraska, the Paying Agent, and Registrar, in Lincoln, Nebraska. Interest on this bond due prior to maturity or earlier redemption will be paid on each Interest Payment Date by a check or draft mailed by the Paying Agent and Registrar to the registered owner of this Bond, as shown on the books of record maintained by the Paying Agent and Registrar, as of the close of business on the fifteenth day immediately preceding the Interest Payment Date, to such owner's address as shown on such books and records (the "Record Date"). Any interest not so timely paid shall cease to be payable to the person entitled thereto as of the Record Date such interest was payable, and shall be payable to the person who is the registered owner of this bond (or of one or more predecessor bonds hereto) on such special record date for payment of such defaulted interest as shall be fixed by the Paying Agent and Registrar whenever monies for such purpose become available.

All bonds of this issue are subject to redemption prior to maturity on _____, _____, or at any time thereafter at par plus accrued interest on the principal amount redeemed to the date set for redemption. Notice of redemption shall be given by mail to the registered owner of any bond to be redeemed, not less than thirty days prior to the date set for redemption, in the manner specified in the ordinance authorizing the issuance of said bonds. Individual bonds may be redeemed in part but only in the amount of \$5,000 or any integral multiple thereof.

This bond is one of an issue of fully registered bonds of the total principal amount of \$ _____, of even date and like tenor herewith, except as to denomination, which were issued by the City for the purpose of paying off interim financing for the costs of street

improvements within Street Improvement District No. 2023-2 and paying costs of issuance. The issuance of this bond and the other bonds of this issue has been lawfully authorized by an ordinance duly passed, approved, and published by the Mayor and Council of the City in strict compliance with Sections 17-516, 18-1801 and 18-1802, Reissue Revised Statutes of Nebraska, 2012, as amended.

IT IS HEREBY CERTIFIED AND WARRANTED that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this bond did exist, did happen and were done and performed in regular and due form and time as required by law and that the indebtedness of said City, including this bond, does not exceed any limitation imposed by law. The City agrees that it will cause to be levied and collected annually a tax by valuation on all the taxable property in the City, in addition to all other taxes, sufficient in rate and amount to fully pay the principal and interest of said bonds as the same become due.

This bond is transferable by the registered owner or such owner's attorney duly authorized in writing at the office of the Paying Agent and Registrar upon surrender and cancellation of this bond and thereupon a new bond or bonds of the same aggregate principal amount will be issued to the transferee as provided in the ordinance authorizing said issue of bonds, subject to the limitations therein prescribed. The City, the Paying Agent and Registrar and any other person may treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment due hereunder and for all purposes and shall not be affected by any notice to the contrary, whether this bond be overdue or not.

If the date for payment of the principal of or interest on this bond shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the City are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

This bond shall not be valid for any purpose until the Certificate of Authentication hereon shall have been signed by the Paying Agent and Registrar.

IN WITNESS WHEREOF, the Mayor and Council of the City of David City, Nebraska, have caused this bond to be executed on behalf of the City with the signatures of its Mayor and City Clerk, both of which signatures may be facsimile signatures, and by having affixed hereto or imprinted hereon the City's seal, all as of the date of issue shown above.

THE CITY OF DAVID CITY, NEBRASKA

(SEAL)

By: (Sample - Do not sign)
Mayor

ATTEST:

(Sample - Do not sign)
City Clerk

**CERTIFICATE OF AUTHENTICATION
AND REGISTRATION**

This bond is one of the series designated therein and has been registered to the owner named in said bond and the name of such owner has been recorded in the books of record maintained by the undersigned as Paying Agent and Registrar for said issue of bonds.

(Sample - Do not sign)
BOKF, National Association, Lincoln,
Nebraska, Paying Agent, and Registrar
for the City of David City, Nebraska

(FORM OF ASSIGNMENT)

For value received, _____ hereby sells,
assigns and transfers unto _____,
(Social Security or Taxpayer I.D. No. _____) the within Bond and hereby
irrevocably constitutes and appoints

_____, attorney, to transfer the same on the books of registration in the office
of the within-mentioned Paying Agent and Registrar with full power of substitution in the
premises.

Dated: _____

Registered Owner(s)

Signature Guaranteed
By _____

Authorized Officer

Note: The signature(s) of this assignment MUST CORRESPOND with the name(s) as written on the face of the within Bond in every particular, without alteration, enlargement or any change whatsoever, and must be guaranteed by a commercial bank or a trust company or by a firm having membership on the New York, Midwest or other stock exchange.

Section 8. Each of the Bonds shall be executed on behalf of the City with the facsimile signatures of the Mayor and the City Clerk and shall have imprinted thereon the City's seal. The Bonds shall not be valid and binding on the City until authenticated by the Paying Agent and Registrar. The Bonds shall be delivered to the Paying Agent and Registrar for registration and authentication. Upon execution, registration and authentication of the Bonds, they shall be delivered to the City Treasurer, who is authorized to deliver them to the D.A. Davidson & Co., as the initial purchaser thereof, upon receipt of a purchase price of not less than 98.00% (or such other amount as may be determined in the Designation) of the principal amount of the Bonds plus accrued interest thereon to date of payment for the Bonds. Said initial purchaser shall have the right to direct the registration of the Bonds and the denominations thereof within each maturity, subject to the restrictions of this Ordinance. Any of the Authorized Officers of the City are hereby authorized to approve, execute, and deliver the Designation for and on behalf of the City. Such purchaser and its agents, representatives and counsel (including its bond counsel) are hereby authorized to take such actions on behalf of the City as are necessary to effectuate the closing of the issuance and sale of the Bonds, including, without limitation, authorizing the release of the Bonds at closing.

Section 9. The City Clerk is hereby directed to make and certify a transcript of the proceedings of the City precedent to the issuance of said Bonds which shall be delivered to the purchaser of said Bonds.

Section 10. For the prompt payment of the Bonds, both principal and interest as the same fall due, the City agrees that it shall cause to be levied and collected annually a special levy of taxes on all the taxable property in the City for the purpose of paying and sufficient to pay the interest and principal of the Bonds when and as such principal and interest become due. The City reserves the right to satisfy its payment obligations with respect to the Bonds from any available source of funds.

Section 11. The net proceeds of the Bonds shall be applied upon receipt for the purposes described in Section 1 hereof, and to pay issuance costs. Any accrued interest received from the sale of the Bonds shall be applied to pay interest falling due on said Bonds on the first Interest Payment Date. Expenses of issuance of the Bonds may be paid from the proceeds of the Bonds. The officers of the City (or any one or more of them) are hereby authorized to take all actions deemed necessary in connection with the issuance of the Bonds and the payment of the Notes on the Maturity Date.

Section 12. The holders of the Bonds of this issue shall be subrogated to all rights of the holders of any claims which are paid from the proceeds of said Bonds.

Section 13. The City hereby covenants to the purchasers and holders of the Bonds hereby authorized that it will make no use of the proceeds of said Bond issue, including monies held in any sinking fund for the Bonds, which would cause the Bonds to be arbitrage bonds within the meaning of Sections 103(b) and 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and further covenants to comply with said Sections 103(b) and 148 and all applicable regulations thereunder throughout the term of said issue. The City hereby covenants and agrees to take all actions necessary under the Code to maintain the tax exempt status (as to taxpayers generally) of interest payable on the Bonds. The City hereby designates the Bonds as its "qualified tax-exempt obligations" pursuant to Section 265(b)(3)(B)(i)(III) of the Code and covenants and warrants that it does not reasonably expect to issue tax-exempt bonds or other tax-exempt obligations aggregating in principal amount more than \$10,000,000 during calendar year 2026, taking into consideration statutory exceptions for refunding issues. The City further covenants

and warrants that it has not designated and will not designate bonds or other obligations as so qualified in an amount in excess of \$10,000,000 in calendar year 2026. The Mayor and/or City Treasurer are hereby authorized to make any and all elections or allocations deemed necessary by them in connection with the tax-exempt status of interest on the Bonds or other tax related qualification thereof.

Section 14. The City's obligations under this Ordinance with respect to any or all of the Bonds herein authorized shall be fully discharged and satisfied as to any or all of such Bonds and any such Bond shall no longer be deemed to be outstanding hereunder if such Bond has been purchased by the City and cancelled or when the payment of the principal of and interest thereon to the respective date of maturity or redemption (a) shall have been made in accordance with the terms thereof or (b) shall have been provided for by depositing with a national or state bank having trust powers or trust company, in trust, solely for such payment (i) sufficient money to make such payment and/or (ii) direct general obligations of or obligations the principal and interest of which are unconditionally guaranteed by the United States of America (herein referred to as "U.S. Government Obligations") in such amount and bearing interest and maturing or redeemable at stated fixed prices at the option of the holder as to principal, at such time or times, as will insure the availability of sufficient money to make such payment; provided, however, that with respect to any Bond to be paid prior to maturity, the City shall have duly called such Bond for redemption and given notice thereof or made irrevocable provisions for the giving of such notice. Any money so deposited with such bank or trust company may be invested or reinvested in U.S. Government Obligations at the direction of the City, and all interest and income from U.S. Government Obligations in the hands of the Paying Agent and Registrar or such bank or trust company in excess of the amount required to pay principal of and interest on the Bonds for which such monies or U.S. Government Obligations were deposited shall be paid over to the City as and when collected.

Section 15. Each of the Authorized Officers is authorized to prepare, approve and deem final on behalf of the City a preliminary official statement, as applicable, for use by the Underwriter in connection with the offering and sale of the Bonds, and to approve a final official statement, as applicable, in accordance with any applicable governing laws, rules or regulations.

Section 16. In accordance with the requirements of Rule 15c2-12, as amended (the "Rule"), promulgated by the Securities and Exchange Commission, the City, being the only "obligated person" with respect to the Bonds, agrees to provide the following continuing disclosure information to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format as prescribed by the MSRB:

(a) not later than nine (9) months after the end of each fiscal year of the City (the "Delivery Date"), commencing with the fiscal year ending September 30, 2026, financial information or operating data for the City generally consistent with the information set forth in Appendix B, Part 1 (CITY OF DAVID CITY—FINANCIAL INFORMATION) to the Official Statement used in the sale of the Bonds, under the titles (i) "Direct Debt", (ii) "Overlapping Debt", and (iii) "Taxable Valuation History" (collectively, the "Annual Financial Information");

(b) when and if available, audited financial statements for the City;

(c) in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of the holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar events of the City (this event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City);
- (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

(d) in a timely manner, notice of any failure on the part of the City to provide the Annual Financial Information and the audited financial statements, if any, not later than the Delivery Date.

The City has not undertaken to provide notice of the occurrence of any other event, except the events listed above.

The City agrees that all documents provided to the MSRB under the terms of this continuing disclosure undertaking shall be in such electronic format and accompanied by such identifying information as shall be prescribed by the MSRB. The City reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information or the accounting methods in accordance with which such information is presented, to the extent necessary or appropriate in the judgment of the City, consistent with the Rule. The City agrees that such covenants are for the benefit of the registered owners of the Bonds (including Beneficial Owners) and that such covenants may be enforced by any registered owner or Beneficial Owner, provided that any such right to enforcement shall be limited to specific enforcement of such undertaking and any failure shall not constitute an event of default under the Ordinance. The continuing disclosure obligations of the City, as described above, shall cease when none of the Bonds remain outstanding.

Section 17. Without in any way limiting the power, authority or discretion elsewhere herein granted or delegated, the Mayor and the City Council hereby authorize and direct all of the officers, employees and agents of the City to carry out, or cause to be carried out, and to perform such obligations of the City and such other actions as they, or any one of them, shall consider necessary, advisable, desirable, or appropriate in connection with this ordinance, and the issuance, sale and delivery of the Bonds, including, without limitation and whenever appropriate, the execution and delivery thereof and of all other related documents (including the Bond Purchase Agreement), instruments, certifications and opinions; and delegates, authorizes and directs the Mayor and the City Treasurer (or either one of them) the right, power and authority to exercise his or her own independent judgment and discretion in determining and finalizing the terms, provisions, form and contents of each of the foregoing. The execution and delivery by the Mayor or City Treasurer or by any such other officer, officers, agent or agents of the City of any such documents, instruments, certifications and opinions, or the doing by him or her of any act in connection with any of the matters which are the subject of this ordinance, shall constitute conclusive evidence of both the City's and his or her approval of all changes, modifications, amendments, revisions and alterations made therein, and shall conclusively establish his or her authority with respect thereto from the City and

the authorization, approval and ratification by the City of the documents, instruments and certifications so executed and the action so taken.

Section 18. In order to promote compliance with certain federal tax and securities laws relating to the Bonds herein authorized (as well as other outstanding bonds) the policy and procedures attached hereto as Exhibit "A" (the "Post-Issuance Compliance Policy and Procedures") are hereby adopted and approved in all respects. To the extent that there is any inconsistency between the attached Post-Issuance Compliance Policy and Procedures and any similar policy or procedures previously adopted and approved, the Post-Issuance Compliance Policy and Procedures shall control.

PASSED AND APPROVED this 9th day of April, 2026.

Mayor

City Clerk

(SEAL)

EXHIBIT "A"
POLICY AND PROCEDURES

[SEE ATTACHED]

**Policy and Procedures
Federal Tax Law and Disclosure Requirements for
Tax-exempt Bonds and/or Tax Advantaged Bonds**

ISSUER NAME: The City of David City, in the State of Nebraska

COMPLIANCE OFFICER (BY TITLE): City Treasurer

POLICY

It is the policy of the Issuer identified above (the “Issuer”) to comply with all Federal tax requirements and securities law continuing disclosure obligations for its obligations issued as tax-exempt bonds (or as tax credit, direct pay subsidy or other tax-advantaged bonds, as applicable) to ensure, as applicable (a) that interest on its tax-exempt bonds remains exempt from Federal income tax, (b) that the direct payments or tax credits associated with its bonds issued as tax advantaged bonds are received in a timely manner and (c) compliance with any continuing disclosure obligations of the Issuer with respect to its outstanding bonds.

PROCEDURES

Compliance Officer. Review of compliance with Federal tax requirements and securities law continuing disclosure obligations as generally outlined below shall be conducted by the Compliance Officer identified above (the “Compliance Officer”). To the extent more than one person has been delegated specific responsibilities, the Compliance Officer shall be responsible for ensuring coordination of all compliance review efforts.

Training. The Compliance Officer shall evaluate and review educational resources regarding post-issuance compliance with Federal tax and securities laws, including periodic review of resources published for issuers of tax-exempt obligations by the Internal Revenue Service (either on its website at <http://www.irs.gov/taxexemptbond>, or elsewhere) and the Municipal Securities Rulemaking Board (either on its Electronic Municipal Market Access website [“EMMA”] at <http://www.emma.msrb.org>, or elsewhere).

Compliance Review. A compliance review shall be conducted at least annually by or at the direction of the Compliance Officer. The review shall occur at the time the Issuer’s annual audit takes place unless the Compliance Officer otherwise specifically determines a different time period or frequency of review would be more appropriate.

Scope of Review.

Document Review. At the compliance review, the following documents (the “Bond Documents”) shall be reviewed for general compliance with covenants and agreements and applicable regulations with respect to each outstanding bond issue:

- (a) the resolution(s) and/or ordinance(s), as applicable, adopted by the governing body of the Issuer authorizing the issuance of its outstanding bonds, together with any documents setting the final rates and terms of such bonds (the “Authorizing Proceedings”),
- (b) the tax documentation associated with each bond issue, which may include some or all of the following (the “Tax Documents”):

- (i) covenants, certifications, and expectations regarding Federal tax requirements which are described in the Authorizing Proceedings;
 - (ii) Form 8038 series filed with the Internal Revenue Service;
 - (iii) tax certificates, tax compliance agreements, tax regulatory agreement or similar documents;
 - (iv) covenants, agreements, instructions, or memoranda with respect to rebate or private use;
 - (v) any reports from rebate analysts received as a result of prior compliance review or evaluation efforts; and
 - (vi) any and all other agreements, certificates and documents contained in the transcript associated with the Authorizing Proceedings relating to federal tax matters.
- (c) the Issuer's continuing disclosure obligations, if any, contained in the Authorizing Proceedings or in a separate agreement (the "Continuing Disclosure Obligations"), and
- (d) any communications or other materials received by the Issuer or its counsel, from bond counsel, the underwriter or placement agent or its counsel, the IRS, or any other material correspondence relating to the tax-exempt status of the Issuer's bonds or relating to the Issuer's Continuing Disclosure Obligations.

Use and Timely Expenditure of Bond Proceeds. Expenditure of bond proceeds shall be reviewed by the Compliance Officer to ensure (a) such proceeds are spent for the purpose stated in the Authorizing Proceedings and as described in the Tax Documents and (b) that the proceeds, together with investment earnings on such proceeds, are spent within the timeframes described in the Tax Documents, and (c) that any mandatory redemptions from excess bond proceeds are timely made if required under the Authorizing Proceedings and Tax Documents.

Arbitrage Yield Restrictions and Rebate Matters. The Tax Documents shall be reviewed by the Compliance Officer to ensure compliance with any applicable yield restriction requirements under Section 148(a) of the Internal Revenue Code (the "Code") and timely calculation and payment of any rebate and the filing of any associated returns pursuant to Section 148(f) of the Code. A qualified rebate analyst shall be engaged as appropriate or as may be required under the Tax Documents.

Use of Bond Financed Property. Expectations and covenants contained in the Bond Documents regarding private use shall be reviewed by the Compliance Officer to ensure compliance. Bond-financed properties shall be clearly identified (by mapping or other reasonable means). Prior to execution, the Compliance Officer (and bond counsel, if deemed appropriate by the Compliance Officer) shall review (a) all proposed leases, contracts related to operation or management of bond-financed property, sponsored research agreements, take-or-pay contracts or other agreements or arrangements or proposed uses which have the potential to give any entity any special legal entitlement to the bond-financed property, (b) all proposed agreements which would result in disposal of any bond-financed property, and (c) all proposed uses of bond-financed property which were not anticipated at the time the bonds were issued. Such actions could be prohibited by the Authorizing Proceedings, the Tax Documents or Federal tax law.

Continuing Disclosure. Compliance with the Continuing Disclosure Obligations with respect to each bond issue shall be evaluated (a) to ensure timely compliance with any annual disclosure requirement, and (b) to ensure that any material events have been properly disclosed as required by the Continuing Disclosure Obligation.

Record Keeping. If not otherwise specified in the Bond Documents, all records related to each bond issue shall be kept for the life of the indebtedness associated with such bond issue (including all tax-exempt refundings) plus six (6) years.

Incorporation of Tax Documents. The requirements, agreements and procedures set forth in the Tax Documents, now or hereafter in existence, are hereby incorporated into these procedures by this reference and are adopted as procedures of the Issuer with respect to the series of bonds to which such Tax Documents relate.

Consultation Regarding Questions or Concerns. Any questions or concerns which arise as a result of any review by the Compliance Officer shall be raised by the Compliance Officer with the Issuer's counsel or with bond counsel to determine whether non-compliance exists and what measures should be taken with respect to any non-compliance.

VCAP and Remedial Actions. The Issuer is aware of (a) the Voluntary Closing Agreement Program (known as "VCAP") operated by the Internal Revenue Service which allows issuers under certain circumstances to voluntarily enter into a closing agreement in the event of certain non-compliance with Federal tax requirements and (b) the remedial actions available to issuers of certain bonds under Section 1.141-12 of the Income Tax Regulations for private use of bond financed property which was not expected at the time the bonds were issued.

I, the undersigned the City Clerk of the City of David City, Nebraska, hereby certify that the foregoing is a true and correct copy of the proceedings had and done by the Mayor and City Council on April 8, 2026; that all of the subjects included in the foregoing proceedings were contained in the agenda for the meeting, kept continually current and readily available for public inspection at the office of the City Clerk; that such subjects were contained in said agenda for at least 24 hours prior to said meeting; that a current copy of the Nebraska Open Meetings Act was available and accessible to members of the public, its location announced at the beginning of the meeting posted during such meeting in the room in which such meeting was held; that at least one copy of all reproducible materials discussed at the meeting was available at the meeting for examination and copying by members of the public; that the said minutes from which the foregoing proceedings have been extracted 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.

City Clerk

[SEAL]

**CERTIFICATE AS TO PUBLICATION
IN PAMPHLET FORM**

The undersigned City Clerk of the City of David City, Nebraska hereby certifies that the attached is a true and correct copy of Ordinance No. 1530 as passed by the Mayor and Council on April 8, 2026, and as published in pamphlet form on April 23, 2026.

City Clerk

(SEAL)

**NOTICE OF PUBLICATION
OF ORDINANCE NO. 1530 IN
PAMPHLET FORM**

Public Notice is hereby given that at a meeting of the Mayor and City Council of the City of David City, Nebraska, held at 7 p.m. on April 8th, 2026, there was passed and adopted Ordinance No. 1530 entitled:

ORDINANCE NO. 1530

AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION VARIOUS PURPOSE BONDS, SERIES 2026, OF THE CITY OF DAVID CITY, NEBRASKA, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$1,800,000) FOR THE PURPOSE OF PAYING OFF INTERIM FINANCING FOR THE COSTS OF IMPROVEMENTS IN STREET IMPROVEMENT DISTRICT NO. 2023-2; PRESCRIBING THE FORM OF SAID BONDS; PROVIDING FOR THE LEVY AND COLLECTION OF TAXES TO PAY THE SAME; AUTHORIZING OFFICERS OF THE CITY TO MAKE ARRANGEMENTS FOR THE SALE OF THE BONDS AND TO DESIGNATE THE FINAL TERMS, RATES AND MATURITY SCHEDULE FOR SAID BONDS WITHIN STATED PARAMETERS; AUTHORIZING THE DELIVERY OF THE BONDS TO THE PURCHASER; AND PROVIDING FOR PUBLICATION OF THIS ORDINANCE IN PAMPHLET FORM.

April 23, 2026
#####

NOTICE OF PUBLICATION
OF ORDINANCE NO. 1530
IN PAMPHLET FORM

Public Notice is hereby given that at a meeting of the Mayor and City Council of the City of David City, Nebraska, held at 7 p.m. on April 8th, 2026, there was passed and adopted Ordinance No. 1530 entitled:

ORDINANCE NO. 1530

AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION VARIOUS PURPOSE BONDS, SERIES 2026, OF THE CITY OF DAVID CITY, NEBRASKA, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$1,800,000) FOR THE PURPOSE OF PAYING OFF INTERIM FINANCING FOR THE COSTS OF IMPROVEMENTS IN STREET IMPROVEMENT DISTRICT NO. 2023-2; PRESCRIBING THE FORM OF SAID BONDS; PROVIDING FOR THE LEVY AND COLLECTION OF TAXES TO PAY THE SAME; AUTHORIZING OFFICERS OF THE CITY TO MAKE ARRANGEMENTS FOR THE SALE OF THE BONDS AND TO DESIGNATE THE FINAL TERMS, RATES AND MATURITY SCHEDULE FOR SAID BONDS WITHIN STATED PARAMETERS; AUTHORIZING THE DELIVERY OF THE BONDS TO THE PURCHASER; AND PROVIDING FOR PUBLICATION OF THIS ORDINANCE IN PAMPHLET FORM.

Said Ordinance was published in pamphlet form on April 23, 2026. Copies of said Ordinance as published in pamphlet form are available for inspection and distribution at the Office of the City Clerk, in the City of David City, Nebraska.

City Clerk

[SEAL]

Publish one time April 23, 2026

ACKNOWLEDGMENT OF RECEIPT OF NOTICE OF MEETING

The undersigned Mayor and Members of the City Council of the City of David City, Nebraska, hereby acknowledge receipt of advance notice of a meeting of the City Council of the City of David City, Nebraska, and the agenda for such meeting held at 7 o'clock P.M., on, April 8, 2026, at the City Office at 490 E Street, David City, NE 68632.

Mayor _____

Councilmember _____

Councilmember _____

Councilmember _____

Councilmember _____

Councilmember _____

Councilmember _____

Councilmember _____

Councilmember _____

I hereby certify that no Council Members were absent from the meeting but that, to my personal knowledge, he/she/they received advance notice of the meeting.

City Clerk

Kyle Overturf of AMGL, P.C. introduced himself. Mr. Overturf gave a brief snapshot of the 2024-2025 Audit.

Audit & Financial Report Summary (FY2025)

Audit Opinion

- The City received a clean (unmodified) audit opinion, indicating financial statements are accurate and free of material misstatements.
- A standard segregation of duties limitation remains due to small staff size.
- Reminder: audits help deter fraud but rely on ongoing council oversight.

Major Financial Highlights

- \$27 million in capital improvements completed, including a donated overpass/bridge.
- Debt increased by ~\$10 million, primarily tied to infrastructure projects.
 - Many projects funded with grants, low-interest loans, and principal forgiveness.
- Utilities hold ~\$30 million in debt, partially offset by \$6.5 million in receivables.

Funds & Cash Position

- General Fund:
 - Approx. \$485,000 deficit, largely due to funding street projects with cash.
- Street Fund:
 - Operates near zero balance; no reserve accumulation.
- Water Fund:
 - Approx. \$2.7 million cash deficit, but:
 - Positive operational cash flow when reimbursements are included.
 - Supported by \$1.8 million in restricted sales tax funds.

Revenue & Economic Activity

- Sales tax revenues significantly increased due to major construction (AGP project).
- Available restricted funds:
 - ~\$1.0 million for street projects
 - ~\$1.8 million for water projects
- Airport fund remains negative but is expected to improve with a ~\$375,000 federal reimbursement.

Key Recommendations

- Consider bonding street projects instead of using cash reserves.
- Develop a formal capitalization policy.
- Delay construction payments until work is completed.
- Strengthen billing review processes (minor error noted).
- Improve tracking of TIF projects with amortization schedules.

Benchmarking Overview

- Property valuation per capita is slightly below peer cities, requiring a higher tax levy to generate similar revenue.
- Sales tax per capita is currently above average (likely temporary).
- Overall spending levels are consistent with peer communities.

Overall Assessment

- The City remains in solid financial condition with significant infrastructure investment.
- Current challenges reflect rapid growth and project expansion, including:
 - Pressure on cash reserves
 - Infrastructure funding needs
- Long-term outlook remains positive, especially as development projects are completed and valuations increase.

Council Member Keith Marvin made a motion to accept the 2024-2025 Audit presented by Kyle Overturf of AMGL, P.C. for the Fiscal Year Ended September 30, 2025. Council Member Rick Holland seconded the motion. The motion carried. Jeremy Abel: Yea, Jim Angell: Yea, Rick Holland: Yea, Keith Marvin: Yea, Bruce Meysenburg: Yea, Kevin Woita: Yea. Yea: 6, Nay: 0.

CITY OF DAVID CITY, NEBRASKA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

September 30, 2025

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of David 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—Basis of Accounting

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

SHAREHOLDERS:

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

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P.O. Box 1407
Grand Island, NE 68802
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A PROFESSIONAL
CORPORATION

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of David City, Nebraska's financial statements. The nonmajor governmental funds combining statements, statement of General Fund departmental revenue and expenditures, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information described in the second sentence of this paragraph and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2026, on our consideration of the City of David 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 the City of David City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of David City, Nebraska's internal control over financial reporting and compliance.

AMGL, P.C.

Grand Island, Nebraska
March 31, 2026

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights

- The assets of the City of David City exceeded its liabilities at the close of the most recent fiscal year by \$54,277,555 (*net position*). Of this amount, \$9,054,063 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of David City's governmental activities reported combined ending net position of \$19,406,605. Approximately 2.1 percent of this amount, \$404,372, is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was a deficit of \$(485,662).

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

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

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-55 of this report.

Other information. In addition to the financial statements and accompanying notes, this report also presents certain *supplementary and other information* concerning the City of David City's budgetary comparison schedules, nonmajor combining statements, and General Fund revenue and expenses by departments can be found on pages 56-64 of this report.

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of David City, assets exceeded liabilities by \$54,277,555 at the close of the most recent fiscal year.

Summary Statement of Net Position

	September 30, 2025			September 30, 2024		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 6,656,769	\$ 10,620,478	\$ 17,277,247	\$ 6,221,087	\$ 10,008,214	\$ 16,229,301
Capital Assets	23,090,876	55,923,479	79,014,355	18,158,896	35,827,956	53,986,852
Total Assets	<u>29,747,645</u>	<u>66,543,957</u>	<u>96,291,602</u>	<u>24,379,983</u>	<u>45,836,170</u>	<u>70,216,153</u>
Long-term Liabilities	7,844,005	29,811,795	37,655,800	8,565,000	17,824,794	26,389,794
Other Liabilities	2,497,035	1,861,212	4,358,247	3,367,226	2,595,557	5,962,783
Total Liabilities	<u>10,341,040</u>	<u>31,673,007</u>	<u>42,014,047</u>	<u>11,932,226</u>	<u>20,420,351</u>	<u>32,352,577</u>
Net Position:						
Net Investment in						
Capital Assets	12,749,836	26,045,289	38,795,125	6,226,670	17,690,604	23,917,274
Restricted	6,252,397	175,970	6,428,367	4,871,011	171,283	5,042,294
Unrestricted	404,372	8,649,691	9,054,063	1,350,076	7,553,932	8,904,008
Total Net Position	<u>\$ 19,406,605</u>	<u>\$ 34,870,950</u>	<u>\$ 54,277,555</u>	<u>\$ 12,447,757</u>	<u>\$ 25,415,819</u>	<u>\$ 37,863,576</u>

A portion of the City of David City's net position (71.5 percent) reflects its investment in capital assets (land, infrastructure, buildings, machinery, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of David City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of David City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of David City's net position (\$6,428,367) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$9,054,063) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of David City is able to report positive balances in all three categories of net position, for the government as a whole.

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

Expenses and Program Revenues - Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2025</u>		<u>Year Ended September 30, 2024</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 79,487	\$ 523,827	\$ 630,751	\$ 1,108,271
Public Safety	35,499	752,367	14,116	629,201
Public Works	6,005,991	1,211,176	175,218	1,745,385
Environment and Leisure	317,017	865,925	262,131	889,664
Economic Development	397,398	1,009,408	474,202	505,208
Depreciation	-	1,389,064	-	1,033,842
Interest and Fees	-	362,139	-	298,143
Total	\$ 6,835,392	\$ 6,113,906	\$ 1,556,418	\$ 6,209,714

Revenues by Source – Governmental Activities

<u>SOURCES OF REVENUE</u>	<u>Year Ended September 30, 2025</u>		<u>Year Ended September 30, 2024</u>	
Charges for Services	\$ 440,179	3.37 %	\$ 419,254	6.11 %
Operating Grants and Contributions	525,874	4.02	650,310	9.48
Capital Grants and Contributions	5,869,339	44.90	486,854	7.10
Property Taxes	1,147,654	8.78	1,049,066	15.30
Motor Vehicle Taxes	75,034	0.57	74,298	1.08
Sales Taxes	2,896,841	22.16	2,692,972	39.27
Franchise Taxes	381,293	2.92	379,477	5.53
TIF Proceeds	656,872	5.02	189,062	2.76
Intergovernmental	757,705	5.80	707,101	10.31
Gain on Sale of Assets	92,832	0.71	256,876	3.75
Miscellaneous	52,392	0.40	421,303	6.14
Interest	176,739	1.35	318,763	4.65
Transfers To Other Funds	-	-	(787,391)	(11.48)
Total	\$ 13,072,754	100.00 %	\$ 6,857,945	100.00 %

Net position increased \$6,958,848 in the governmental funds during the year ended September 30, 2025.

Business-type activities. Business-type activities increased the City of David City's net position by \$9,455,131. Key elements of this increase are as follows:

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

Expenses and Program Revenues - Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2025</u>		<u>Year Ended September 30, 2024</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 9,842,163	\$ 4,525,211	\$ 4,158,889	\$ 4,315,519
Water	3,534,032	2,746,791	5,026,781	1,767,245
Sewer	4,875,268	1,653,092	2,848,708	1,376,468
Total	<u>\$ 18,251,463</u>	<u>\$ 8,925,094</u>	<u>\$ 12,034,378</u>	<u>\$ 7,459,232</u>

Revenues by Source – Business-type Activities

<u>SOURCES OF REVENUE</u>	<u>Year Ended September 30, 2025</u>		<u>Year Ended September 30, 2024</u>	
Charges for Services	\$ 6,462,588	35.16 %	\$ 5,687,600	42.88 %
Operating and Capital Grants	11,788,875	64.14	6,346,778	47.85
Gain (Loss) on Disposal of Assets	(36,087)	(0.20)	93,839	0.71
Interest	164,849	0.90	347,766	2.62
Transfers In	-	-	787,391	5.94
Total	<u>\$ 18,380,225</u>	<u>100.00 %</u>	<u>\$ 13,263,374</u>	<u>100.00 %</u>

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of David City's governmental funds reported combined ending fund balances of \$6,656,769. The *unassigned fund balance*, which is available for spending at the government's discretion, had a deficit balance of \$(1,021,639). The remainder of fund balances is not available for new spending because it has already been 1) restricted for street improvements (\$1,015,051), 2) restricted for capital and water projects (\$4,462,924), 3) restricted for community betterment (\$51,271), 4) restricted for debt service

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

(\$723,151), 5) assigned for capital projects (\$175,243), or 6) assigned for future economic development (\$1,250,768).

The General Fund is the chief operating fund of the City of David City. At the end of the current fiscal year, unassigned fund balance of the General Fund was a deficit \$(485,662), and total fund balance was a deficit \$(483,286).

The fund balance of the City of David City's General Fund decreased by \$(1,192,903) during the current fiscal year. The Sales Tax Fund increased \$1,196,525 due to sales tax on the AGP construction project.

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

Unrestricted net position of the proprietary funds at the end of the year was as follows: Electric Fund - \$8,106,983, Water Fund - \$(2,530,543) and Sewer Fund - \$3,073,251. The change in net position for the proprietary funds was as follows: Electric Fund - \$5,435,194, Water Fund - \$774,495 and Sewer Fund - \$3,245,442. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of David City's business-type activities.

Budgetary Highlights

There were no differences between the original budget and the final adopted budget.

Capital Asset and Debt Administration

Capital Assets. The City of David City's investment in capital assets for its governmental and business-type activities as of September 30, 2025, amounts to \$79,014,355 (net of accumulated depreciation). This investment in capital assets includes land, building and system improvements, and machinery and equipment.

Major capital asset events (individually greater than \$100,000) during the current fiscal year, included the following:

- Completion of water main improvements – north loop - \$1,873,204
- Construction in progress on water treatment plant upgrades - \$2,485,753
- Completion well #10 relining - \$258,533
- Construction in progress on south area sewer rehab - \$266,998
- Construction in progress on AGP trunk sewer - \$2,507,484
- Construction in progress on wastewater plan improvements - \$9,462,405
- Completion of campground sewer - \$140,243
- Completion of AGP electrical substation - \$3,199,445
- Terex bucket truck - \$396,576

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

- Power plant engine #7 rebuild - \$179,385
- 2018 JD motor grader - \$200,000
- Donation of AGP overpass to the City - \$5,853,715

**City of David City's Capital Assets
(net of depreciation)**

	<u>Year Ended September 30, 2025</u>			<u>Year Ended September 30, 2024</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 1,414,093	\$ 105,883	\$ 1,519,976	\$ 1,547,531	\$ 105,883	\$ 1,653,414
Construction in Process	198,853	31,995,101	32,193,954	\$ 138,443	23,475,545	23,613,988
Infrastructure	20,034,015	16,285,633	36,319,648	15,378,449	4,425,520	19,803,969
Buildings	54,108	5,961,475	6,015,583	58,716	6,563,358	6,622,074
Machinery and Equipment	1,389,807	1,575,387	2,965,194	1,035,757	1,257,650	2,293,407
Total	<u>\$ 23,090,876</u>	<u>\$ 55,923,479</u>	<u>\$ 79,014,355</u>	<u>\$ 18,158,896</u>	<u>\$ 35,827,956</u>	<u>\$ 53,986,852</u>

Additional information on the City of David City's capital assets can be found in Note C6 on pages 48-50 of this report.

Long-term debt. At the end of the current fiscal year, the City of David City had the following long-term debt.

City of David City's Outstanding Debt

	<u>Year Ended September 30, 2025</u>			<u>Year Ended September 30, 2024</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Bonds Payable	\$10,241,040	\$ 14,993,014	\$ 25,234,054	\$ 10,975,000	\$15,016,652	\$ 25,991,652
Notes Payable	100,000	14,885,176	14,985,176	957,226	3,120,700	4,077,926
Total	<u>\$10,341,040</u>	<u>\$ 29,878,190</u>	<u>\$ 40,219,230</u>	<u>\$ 11,932,226</u>	<u>\$18,137,352</u>	<u>\$ 30,069,578</u>

The City of David City's total long-term debt increased by \$10,149,652 (33.8 percent) during the current fiscal year, due to issuance of debt relating to AGP projects.

Additional information on the City of David City's long-term debt can be found in Note C4 on pages 42-47 of this report.

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

Factors Bearing on Next Year

- Property tax asking for the year ending September 30, 2026, decreased \$268 (0.0 percent) despite a valuation increase of 5.5 percent.
- The City is making utility infrastructure improvements to increase the City's capacity for the AGP facility. See note D4 for remaining commitments on these improvements.

Request for Information

This financial report is designed to provide a general overview of the City of David City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Clerk, City of David City, PO Box 191, David City, NE 68632.

CITY OF DAVID CITY, NEBRASKA
STATEMENT OF NET POSITION

September 30, 2025

	Primary Government		Total
	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 119,892	\$ 1,729,233	\$ 1,849,125
Certificates of deposit	232,346	100,744	333,090
County treasurer cash	52,811	-	52,811
Accounts receivable	-	468,541	468,541
Unbilled revenue	-	427,028	427,028
Grant receivable	-	725,814	725,814
Current portion of notes receivable	-	241,853	241,853
Inventory	-	316,142	316,142
Total current assets	405,049	4,009,355	4,414,404
Noncurrent assets:			
Restricted cash and cash equivalents	5,142,650	137,369	5,280,019
Restricted certificates of deposit	1,109,070	164,233	1,273,303
Noncurrent portion of notes receivable	-	6,309,521	6,309,521
Capital assets:			
Land	1,414,093	105,883	1,519,976
Construction in progress	198,853	31,995,101	32,193,954
Other capital assets, net of depreciation	21,477,930	23,822,495	45,300,425
Net capital assets	23,090,876	55,923,479	79,014,355
Total noncurrent assets	29,342,596	62,534,602	91,877,198
Total assets	29,747,645	66,543,957	96,291,602
LIABILITIES			
Current liabilities:			
Accounts payable	-	1,291,132	1,291,132
Accrued expenses	-	33,883	33,883
Accrued interest	-	175,689	175,689
Meter deposits	-	125,632	125,632
Current portion of long-term obligations	2,497,035	234,876	2,731,911
Total current liabilities	2,497,035	1,861,212	4,358,247
Noncurrent liabilities:			
Accrued compensated absences	-	168,481	168,481
Noncurrent portion of long-term obligations	7,844,005	29,643,314	37,487,319
Total noncurrent liabilities	7,844,005	29,811,795	37,655,800
Total liabilities	10,341,040	31,673,007	42,014,047
NET POSITION			
Net investment in capital assets	12,749,836	26,045,289	38,795,125
Restricted for:			
Street improvements	1,015,051	-	1,015,051
Capital projects	4,462,924	-	4,462,924
Community betterment	51,271	-	51,271
Federal programs	-	11,737	11,737
Debt service	723,151	164,233	887,384
Unrestricted	404,372	8,649,691	9,054,063
Total net position	\$ 19,406,605	\$ 34,870,950	\$ 54,277,555

See notes to financial statements.

CITY OF DAVID CITY, NEBRASKA
STATEMENT OF ACTIVITIES
For the year ended September 30, 2025

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
Governmental activities (modified cash basis):			
General government	\$ 523,827	\$ 20,252	\$ 59,235
Public safety	752,367	11,143	24,356
Public works	1,211,176	100,342	36,310
Environment and leisure	865,925	308,442	8,575
Economic development	1,009,408	-	397,398
Depreciation	1,389,064	-	-
Interest and fees on long-term debt	362,139	-	-
Total governmental activities	<u>6,113,906</u>	<u>440,179</u>	<u>525,874</u>
Business-type activities (accrual basis):			
Electric	4,525,211	4,556,107	-
Water	2,746,791	1,116,646	-
Sewer	1,653,092	789,835	-
Total business-type activities	<u>8,925,094</u>	<u>6,462,588</u>	<u>-</u>
Total primary government	<u><u>\$ 15,039,000</u></u>	<u><u>\$ 6,902,767</u></u>	<u><u>\$ 525,874</u></u>

See notes to financial statements.

	Net (Expenses) Revenues and Changes in Net Position		
	Primary Government		
<u>Capital Grants and Contributions</u>	<u>Governmental Activities (Modified Cash Basis)</u>	<u>Business-type Activities (Accrual Basis)</u>	<u>Total</u>
\$ -	\$ (444,340)		\$ (444,340)
-	(716,868)		(716,868)
5,869,339	4,794,815		4,794,815
-	(548,908)		(548,908)
-	(612,010)		(612,010)
-	(1,389,064)		(1,389,064)
-	(362,139)		(362,139)
<u>5,869,339</u>	<u>721,486</u>	<u>\$ -</u>	<u>721,486</u>
5,286,056		5,316,952	5,316,952
2,417,386		787,241	787,241
4,085,433		3,222,176	3,222,176
<u>11,788,875</u>	<u>-</u>	<u>9,326,369</u>	<u>9,326,369</u>
<u>\$ 17,658,214</u>	721,486	9,326,369	10,047,855
General revenues:			
Taxes:			
Property	1,147,654	-	1,147,654
Motor Vehicle	75,034	-	75,034
Sales	2,896,841	-	2,896,841
Franchise	381,293	-	381,293
TIF proceeds	656,872	-	656,872
Intergovernmental	757,705	-	757,705
Miscellaneous	52,392	-	52,392
Gain (loss) on disposal of assets	92,832	(36,087)	56,745
Interest income	176,739	164,849	341,588
Total general revenues	<u>6,237,362</u>	<u>128,762</u>	<u>6,366,124</u>
Change in net position	6,958,848	9,455,131	16,413,979
Net position - September 30, 2024	<u>12,447,757</u>	<u>25,415,819</u>	<u>37,863,576</u>
Net position - September 30, 2025	<u>\$ 19,406,605</u>	<u>\$ 34,870,950</u>	<u>\$ 54,277,555</u>

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

September 30, 2025

	<u>General Fund</u>	<u>Street Fund</u>	<u>Sales Tax Fund</u>	<u>CDA Fund</u>	<u>Airport Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS								
Cash and cash equivalents	\$ (768,892)	\$ -	\$ -	\$ 1,249,518	\$ (535,977)	\$ -	\$ 175,243	\$ 119,892
Certificate of deposits	232,346	-	-	-	-	-	-	232,346
Restricted cash and cash equivalents	1,836	-	4,368,905	-	-	722,474	49,435	5,142,650
Restricted certificate of deposits	-	-	1,109,070	-	-	-	-	1,109,070
County treasurer cash	50,884	-	-	1,250	-	677	-	52,811
Total assets	\$ (483,826)	\$ -	\$ 5,477,975	\$ 1,250,768	\$ (535,977)	\$ 723,151	\$ 224,678	\$ 6,656,769
LIABILITIES AND FUND BALANCES								
Liabilities:								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances:								
Restricted for:								
Street improvements	-	-	1,015,051	-	-	-	-	1,015,051
Water projects	-	-	1,821,019	-	-	-	-	1,821,019
Capital projects	-	-	2,641,905	-	-	-	-	2,641,905
Community betterment	1,836	-	-	-	-	-	49,435	51,271
Debt service	-	-	-	-	-	723,151	-	723,151
Assigned for:								
Economic development	-	-	-	1,250,768	-	-	-	1,250,768
Capital projects	-	-	-	-	-	-	175,243	175,243
Unassigned	(485,662)	-	-	-	(535,977)	-	-	(1,021,639)
Total fund balances	(483,826)	-	5,477,975	1,250,768	(535,977)	723,151	224,678	6,656,769
Total liabilities and fund balances	\$ (483,826)	\$ -	\$ 5,477,975	\$ 1,250,768	\$ (535,977)	\$ 723,151	\$ 224,678	\$ 6,656,769

See notes to financial statements.

CITY OF DAVID CITY, NEBRASKA

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

September 30, 2025

Total fund balances - governmental funds	\$ 6,656,769
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$38,959,032 and the accumulated depreciation is \$15,868,156.	23,090,876
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(10,341,040)</u>
Total net position - governmental activities	<u>\$ 19,406,605</u>

See notes to financial statements.

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

For the year ended September 30, 2025

	General Fund	Street Fund	Sales Tax Fund	CDA Fund	Airport Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES								
Taxes:								
Property	\$1,142,799	\$ -	\$ -	\$ -	\$ -	\$ 4,855	\$ -	\$ 1,147,654
Motor vehicle	68,531	-	-	-	-	6,503	-	75,034
Sales tax	-	-	2,896,841	-	-	-	-	2,896,841
Franchise	381,293	-	-	-	-	-	-	381,293
Intergovernmental	246,069	250,242	-	-	-	261,394	-	757,705
Charges for services	321,214	17,876	-	-	72,116	-	-	411,206
Special assessments	-	-	-	-	-	15,624	-	15,624
Licenses and permits	28,973	-	-	-	-	-	-	28,973
Contributions and grants	92,166	-	-	-	36,310	-	397,398	525,874
Interest income	65,996	-	79,466	29,747	29	1,458	43	176,739
TIF proceeds	-	-	-	656,872	-	-	-	656,872
Bond/loan proceeds	100,000	-	-	2,973,038	-	-	-	3,073,038
Sale of assets	-	38,369	-	219,832	-	-	-	258,201
Other income	28,597	-	-	-	-	23,775	20	52,392
Total revenues	2,475,638	306,487	2,976,307	3,879,489	108,455	313,609	397,461	10,457,446
EXPENDITURES								
General government	523,827	-	-	-	-	-	-	523,827
Public safety	752,367	-	-	-	-	-	-	752,367
Public works	174,913	974,277	5,995	-	50,523	5,468	-	1,211,176
Environment and leisure	849,768	-	16,157	-	-	-	-	865,925
Economic development	-	-	-	530,795	-	-	478,613	1,009,408
Capital outlay	299,007	283,560	-	-	40,131	-	10,000	632,698
Principal payments on debt	-	-	1,600,000	2,989,224	-	75,000	-	4,664,224
Interest and fees on long-term debt	-	-	156,830	67,882	-	74,187	-	298,899
Bond fees	-	-	800	62,040	-	400	-	63,240
Total expenditures	2,599,882	1,257,837	1,779,782	3,649,941	90,654	155,055	488,613	10,021,764
Excess (deficiency) of revenues over expenditures	(124,244)	(951,350)	1,196,525	229,548	17,801	158,554	(91,152)	435,682
OTHER FINANCING SOURCES (USES)								
Transfers in (out)	(1,068,659)	951,350	-	-	-	-	117,309	-
Net change in fund balances	(1,192,903)	-	1,196,525	229,548	17,801	158,554	26,157	435,682
Fund balances - September 30, 2024	709,077	-	4,281,450	1,021,220	(553,778)	564,597	198,521	6,221,087
Fund balances - September 30, 2025	<u>\$ (483,826)</u>	<u>\$ -</u>	<u>\$ 5,477,975</u>	<u>\$ 1,250,768</u>	<u>\$ (535,977)</u>	<u>\$ 723,151</u>	<u>\$ 224,678</u>	<u>\$ 6,656,769</u>

See notes to financial statements.

CITY OF DAVID CITY, NEBRASKA

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

For the year ended September 30, 2025

Total net change in fund balances - governmental funds	\$ 435,682
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay (\$6,486,413) exceeds depreciation expense (\$1,389,064) during the period. Asset additions of (\$5,853,715) were acquired via donation.	5,097,349
Basis remaining on capital assets that are disposed of is not reported in the governmental funds. However, the remaining basis reduces the gain on sale of capital assets on the statement of activities.	(165,369)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	4,664,224
Receipt of bond and note proceeds is revenue in the governmental funds, but the receipt increases long-term liabilities in the statement of net position.	<u>(3,073,038)</u>
Change in net position of governmental activities	<u><u>\$ 6,958,848</u></u>

See notes to financial statements.

CITY OF DAVID CITY, NEBRASKA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS

September 30, 2025

	Enterprise Funds			<u>Total</u>
	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,602,140	\$ (2,744,321)	\$ 1,871,414	\$ 1,729,233
Certificates of deposit	-	100,744	-	100,744
Accounts receivable	326,513	82,694	59,334	468,541
Unbilled revenue	221,043	80,587	125,398	427,028
Grant receivable	-	303,095	422,719	725,814
Current portion of note receivable	190,815	-	51,038	241,853
Inventory	265,896	48,399	1,847	316,142
Total current assets	<u>3,606,407</u>	<u>(2,128,802)</u>	<u>2,531,750</u>	<u>4,009,355</u>
Noncurrent assets:				
Restricted cash and cash equivalents	137,369	-	-	137,369
Restricted certificates of deposit	-	-	164,233	164,233
Noncurrent portion of note receivable	5,085,241	-	1,224,280	6,309,521
Capital assets:				
Land	16,577	36,527	52,779	105,883
Construction in progress	7,587	13,260,028	18,727,486	31,995,101
Buildings, infrastructure, and equipment	17,339,267	15,425,968	11,614,625	44,379,860
Less accumulated depreciation	(7,004,463)	(7,186,767)	(6,366,135)	(20,557,365)
Net capital assets	<u>10,358,968</u>	<u>21,535,756</u>	<u>24,028,755</u>	<u>55,923,479</u>
Total noncurrent assets	<u>15,581,578</u>	<u>21,535,756</u>	<u>25,417,268</u>	<u>62,534,602</u>
Total assets	<u>19,187,985</u>	<u>19,406,954</u>	<u>27,949,018</u>	<u>66,543,957</u>
LIABILITIES				
Current liabilities:				
Accounts payable	443,627	283,040	564,465	1,291,132
Accrued expenses	18,882	10,240	4,761	33,883
Accrued interest	13,045	62,165	100,479	175,689
Meter deposits	125,632	-	-	125,632
Current portion of long-term obligations	-	171,615	63,261	234,876
Total current liabilities	<u>601,186</u>	<u>527,060</u>	<u>732,966</u>	<u>1,861,212</u>
Noncurrent liabilities:				
Accrued compensated absences	109,111	46,296	13,074	168,481
Noncurrent portion of long-term obligations	995,000	10,229,036	18,419,278	29,643,314
Total noncurrent liabilities	<u>1,104,111</u>	<u>10,275,332</u>	<u>18,432,352</u>	<u>29,811,795</u>
Total liabilities	<u>1,705,297</u>	<u>10,802,392</u>	<u>19,165,318</u>	<u>31,673,007</u>
NET POSITION				
Net investment in capital assets	9,363,968	11,135,105	5,546,216	26,045,289
Restricted	11,737	-	164,233	175,970
Unrestricted	8,106,983	(2,530,543)	3,073,251	8,649,691
Total net position	<u>\$ 17,482,688</u>	<u>\$ 8,604,562</u>	<u>\$ 8,783,700</u>	<u>\$ 34,870,950</u>

See notes to financial statements.

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

For the year ended September 30, 2025

	Enterprise Funds			Total
	Electric Fund	Water Fund	Sewer Fund	
Operating revenues:				
Consumer sales	\$ 4,544,399	\$ 1,106,064	\$ 789,835	\$ 6,440,298
Other revenue	11,708	10,582	-	22,290
Total operating revenues	<u>4,556,107</u>	<u>1,116,646</u>	<u>789,835</u>	<u>6,462,588</u>
Operating expenses:				
Cost of power	2,656,676	-	-	2,656,676
Personnel costs	933,706	607,957	373,921	1,915,584
Operation of system	221,497	1,306,233	323,077	1,850,807
Dues, memberships, and training	17,202	4,493	4,513	26,208
Insurance	47,715	35,251	41,630	124,596
Professional fees	11,274	94,667	47,920	153,861
Franchise fee	236,805	28,414	18,630	283,849
Miscellaneous	4,837	31,870	658	37,365
Depreciation	350,374	383,296	495,650	1,229,320
Total operating expenses	<u>4,480,086</u>	<u>2,492,181</u>	<u>1,305,999</u>	<u>8,278,266</u>
Operating income (loss)	76,021	(1,375,535)	(516,164)	(1,815,678)
Nonoperating revenues (expenses):				
Interest income	124,553	6,011	34,285	164,849
Grant income	-	1,391,925	3,740,433	5,132,358
Contribution in aid of construction	5,286,056	1,025,461	345,000	6,656,517
Loss on sale of assets	(6,311)	(18,757)	(11,019)	(36,087)
Interest expense	(44,725)	(205,814)	(335,192)	(585,731)
Bond and NDWEE fees	(400)	(48,796)	(11,901)	(61,097)
Total nonoperating revenues (expenses)	<u>5,359,173</u>	<u>2,150,030</u>	<u>3,761,606</u>	<u>11,270,809</u>
Change in net position	5,435,194	774,495	3,245,442	9,455,131
Net position - September 30, 2024	<u>12,047,494</u>	<u>7,830,067</u>	<u>5,538,258</u>	<u>25,415,819</u>
Net position - September 30, 2025	<u>\$ 17,482,688</u>	<u>\$ 8,604,562</u>	<u>\$ 8,783,700</u>	<u>\$ 34,870,950</u>

See notes to financial statements.

CITY OF DAVID CITY, NEBRASKA

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS

For the year ended September 30, 2025

	Enterprise Funds			Total
	Electric Fund	Water Fund	Sewer Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$4,455,654	\$ 1,084,782	\$ 677,726	\$ 6,218,162
Payments to suppliers	(3,099,322)	(1,381,073)	(390,571)	(4,870,966)
Payments to employees	(850,614)	(585,107)	(374,215)	(1,809,936)
Net cash provided (used) by operating activities	505,718	(881,398)	(87,060)	(462,740)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of property and equipment	(4,537,062)	(5,121,311)	(12,600,305)	(22,258,678)
Bond/loan proceeds	-	3,704,951	9,348,485	13,053,436
Principal payments on note receivable	-	-	51,038	51,038
Contributions in aid of construction	10,000	1,025,461	345,000	1,380,461
Grant proceeds	-	2,255,616	5,650,276	7,905,892
Principal payments on capital debt	-	(1,250,000)	(62,598)	(1,312,598)
Interest and fees paid on capital debt	(45,125)	(240,191)	(335,860)	(621,176)
Net cash provided (used) by capital and related financing activities	(4,572,187)	374,526	2,396,036	(1,801,625)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Decrease in certificates of deposit	2,458,558	79,168	-	2,537,726
Increase in restricted cash and cash equivalents	(3,666)	-	-	(3,666)
Increase in restricted certificates of deposit	-	-	(4,440)	(4,440)
Interest received	124,553	6,011	34,285	164,849
Net cash provided by investing activities	2,579,445	85,179	29,845	2,694,469
Increase (decrease) in cash and cash equivalents	(1,487,024)	(421,693)	2,338,821	430,104
Cash and cash equivalents - beginning of the year	4,089,164	(2,322,628)	(467,407)	1,299,129
Cash and cash equivalents - end of the year	<u>\$2,602,140</u>	<u>\$(2,744,321)</u>	<u>\$ 1,871,414</u>	<u>\$ 1,729,233</u>
SUPPLEMENTAL INFORMATION:				
Note receivable issued for contribution in aid of construction	<u>\$5,276,056</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,276,056</u>

See notes to financial statements.

CITY OF DAVID CITY, NEBRASKA

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS, Continued

For the year ended September 30, 2025

	Enterprise Funds			Total
	Electric Fund	Water Fund	Sewer Fund	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 76,021	\$(1,375,535)	\$ (516,164)	\$(1,815,678)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	350,374	383,296	495,650	1,229,320
Change in assets and liabilities:				
Accounts receivable	22,809	12,872	(5,186)	30,495
Unbilled revenue	(126,681)	(44,736)	(106,923)	(278,340)
Inventories	(32,904)	20,453	-	(12,451)
Meter deposits	3,419	-	-	3,419
Accounts payable	129,588	99,402	45,857	274,847
Accrued expenses	83,092	22,850	(294)	105,648
Net cash provided (used) by operating activities	<u>\$ 505,718</u>	<u>\$ (881,398)</u>	<u>\$ (87,060)</u>	<u>\$ (462,740)</u>

See notes to financial statements.

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

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Financial Reporting Entity

The City operates under a Mayor-Council form of government with an elected chief executive, Mayor, and an elected legislative body, Council, composed of five members. The administration of the City government is performed under the direction of the Mayor by the City Clerk. Services provided to residents include public safety, highways and streets, parks, recreation, electric, water, and sanitary sewer systems, and general administrative services.

The City's financial reporting entity comprises the following:

Primary Government:	City of David City
---------------------	--------------------

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

CITY OF DAVID CITY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Blended Component Units

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

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The City currently has no discretely presented component units.

2. Basis of Presentation

Government-wide Financial Statements

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

Fund Financial Statements

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

CITY OF DAVID CITY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fund Financial Statements, continued

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Fund

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

CITY OF DAVID CITY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Proprietary Funds

Enterprise Funds

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

Major and Nonmajor Funds

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

<u>Fund</u>	<u>Brief Description</u>
<i>Major:</i>	
Governmental:	
General	See page 27 for description.
Street Fund	The Street Fund is a Special Revenue Fund that accounts for the City's share of highway allocation from the State of Nebraska.
Sales Tax Fund	This is a Special Revenue Fund that accounts for local sales tax collected for the benefit of capital projects.
CDA Fund	The CDA Fund is a Special Revenue Fund that accounts for the City's community development.
Airport Fund	This is a Special Revenue Fund to account for the City's airport operations.
Debt Service Fund	See page 27 for description.

CITY OF DAVID CITY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Nonmajor Funds, continued

Proprietary:

Enterprise:

Electric, Water and Sewer See page 28 for description.

Nonmajor:

Keno Fund The Keno Fund is a Special Revenue Fund that accounts for the City's share of keno gaming proceeds.

Economic Development Fund This Economic Development Fund is a Special Revenue Fund that accounts for revenues and expenses that are used to help promote business and development.

Capital Projects Fund See page 27 for description.

3. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

CITY OF DAVID CITY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Measurement Focus, continued

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

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position, revenues, and expenses when they result from cash transactions with a provision for depreciation. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

CITY OF DAVID CITY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Basis of Accounting, continued

In the fund financial statements, governmental funds are presented on the modified cash basis of accounting using a flow of current financial resources measurement focus. Proceeds from issuance of long-term debt are recognized when received and payment of long-term debt principal is reported as an expenditure when paid. Capital asset purchases are recorded as expenditures and depreciation is not recognized.

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

4. Assets, Liabilities, and Equity

Estimates

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

Cash and Certificates of Deposit

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

Certificates of deposit are carried at cost, which approximates fair market value. Additional cash and certificate of deposit disclosures are presented in Notes B2, C1, and D1.

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

CITY OF DAVID CITY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Receivables

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

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

Inventory

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

Restricted Assets

Restricted assets include cash and certificates of deposit that are legally restricted as to their use. The primary restricted assets are related to debt service and unspent sales tax and bond proceeds.

Capital Assets

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

Government-wide Statements

In the government-wide financial statements, capital assets that are purchased or acquired with an original cost of \$2,500 or more are capitalized and reported on the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. The City has elected the depreciation approach for reporting infrastructure.

CITY OF DAVID CITY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Compensated Absences

The City's policies regarding sick time permits employees to accrue 96 hours each year up to a maximum of 960 hours. In the event of termination, an employee will not be paid for any unused accumulated sick time. The City has accrued up to 96 hours of sick leave for employees based on the likelihood in GASB 101.

Compensated absences are accrued based on the likelihood of time used in the accompanying proprietary funds financial statement, but not in the governmental funds.

Long-term Debt

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

Government-wide Statements

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

Fund Financial Statements

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

CITY OF DAVID CITY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications

Government-wide Statements

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

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

Fund Financial Statements

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

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

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

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

CITY OF DAVID CITY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

Fund Financial Statements, continued

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

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

Unassigned—All amounts not included in other spendable classifications.

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

5. Revenues, Expenditures, and Expenses

Property Taxes

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

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

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

CITY OF DAVID CITY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Sales and Use Tax

The City implemented a two-cent sales tax on taxable sales within the City. The sales tax is collected by the Nebraska Department of Revenue and remitted to the City in the month following receipt. The Nebraska Department of Revenue receives the sales tax approximately one month after collection by vendors. Twenty-five percent of the sales tax is restricted for water projects and seventy-five percent is restricted for downtown revitalization and infrastructure repair, replacement and improvements. As of October 1, 2006, sales tax collected on the sale of motor vehicles is restricted for street improvements, as required by LB904.

Operating Revenues and Expenses

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

Interfund Transfers

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

Expenditures/Expenses

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

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

Governmental Funds – by Character and Function

Proprietary Fund – by Operating and Nonoperating

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

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

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Fund Accounting Requirements

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

2. Deposit Laws and Regulations

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

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

3. Revenue Restrictions

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

4. Debt Restrictions and Covenants

Bonds Payable

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

CITY OF DAVID CITY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data

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

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

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

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

CITY OF DAVID CITY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data, continued

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

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

1. Cash and Certificates of Deposit

Deposits

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

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

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

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

CITY OF DAVID CITY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

1. Cash and Certificates of Deposit, continued

Deposits, continued

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits and certificates of deposit	\$ 10,191,840	\$ 6,891,776	\$ 3,300,064	\$ -	\$ <u>8,735,537</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –

Unrestricted cash and cash equivalents	\$ 1,849,125
Unrestricted certificates of deposit	333,090
Restricted cash and cash equivalents	5,280,019
Restricted certificates of deposit	<u>1,273,303</u>
	<u>\$ 8,735,537</u>

2. Restricted Cash

Governmental restricted cash and certificates of deposit consists of \$5,477,975 of Sales Tax cash and certificates of deposit for street improvements (\$1,015,051), water projects (\$1,821,019) and capital projects (\$2,641,905), \$722,474 of Debt Service cash for debt service, \$12,405 of Keno cash restricted for community betterment, \$1,836 of General cash restricted for community betterment and \$37,030 of Economic Development cash restricted for community betterment.

Business-type restricted cash consists of \$125,632 of cash restricted for customer meter deposits and \$11,737 of cash restricted for Federal programs in the Electric Fund. Restricted certificates of deposits consisted of \$164,233 in the Sewer Fund for debt service.

3. Accounts Receivable

Accounts receivable of the business-type activities consists of utilities receivables. At September 30, 2025, no allowance for doubtful accounts has been recorded.

CITY OF DAVID CITY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

4. Long-term Debt

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

Governmental Activities

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

Bonds payable:

On July 15, 2020, the City issued General Obligation Various Purpose Bonds, Series 2020 for \$7,135,000. Interest is at 0.9 percent to 1.6 percent and maturity is December 15, 2031. The bond payments are made from the Sales Tax Fund.	\$ 4,380,000
On June 30, 2021, the City issued General Obligation Sewer Bonds, Series 2021 for \$540,000. Interest is 0.95 to 1.70 percent and maturity is December 15, 2036. The bond payments are made from the CDA Fund using TIF proceeds.	435,000
On July 15, 2024, the City issued General Obligation Various Purpose Refunding Bonds, Series 2024 for \$900,000. Interest is 4.15 to 4.30 percent and maturity is July 15, 2034. The bond payments are made from the Debt Service Fund.	825,000
On September 15, 2023, the City issued General Obligation Bond Anticipation Notes, Series 2023C for \$1,650,000. Interest is 4.35 and maturity is June 15, 2026. The bond payments are made from the CDA Fund.	1,650,000
On July 15, 2025, the City issued General Obligation Various Purpose and Refunding Bonds, Series 2025 for \$4,240,000. Interest is 4.00 to 4.85 and maturity is December 15, 2040. The CDA Fund makes 69.6 percent of bond payments.	2,951,040

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

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

4. Long-term Debt, continued

Governmental Activities, continued

Note payable:

On October 1, 2025, the City executed a note with the Electric Fund for \$100,000 to provide financing on the police vehicles. Interest is at 4 percent due with annual payments and maturity is October 1, 2027. The payments are made by the General Fund.

100,000

Total governmental activities long-term debt

\$ 10,341,040

Current portion

\$ 2,497,035

Noncurrent portion

7,844,005

Total governmental long-term debt

\$ 10,341,040

Business-type Activities

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

Bonds payable:

USDA Sanitary Sewer System Revenue Bonds, Series 2020, issued July 13, 2020, with an original issue amount of \$3,000,000. Due in annual installments of \$93,570 commencing July 13, 2021, through July 13, 2060, interest is at 1.125 percent. The payments are made by the Sewer Fund.

\$ 2,694,054

On September 15, 2023 the City issued Series 2023 Electric Revenue Bonds, with an original issue amount of \$995,000. The bonds bear interest ranging from 4.40 to 4.55 percent due semiannually, with annual principal payments beginning December 15, 2023 through December 15, 2034. The payments are made by the Electric Fund.

995,000

CITY OF DAVID CITY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

4. Long-term Debt, continued

Business-type Activities, continued

On July 12, 2023 the City issued Series 2023B General Obligation Bond Anticipation Notes, with an original issue amount of \$3,575,000. The bond bears interest of 4.05 percent due semiannually beginning December 15, 2023 with principal due December 15, 2027. The payments are made by the Water Fund.	3,575,000
On July 15, 2025, the City issued General Obligation Various Purpose and Refunding Bonds, Series 2025 for \$4,240,000. Interest is 4.00 to 4.85 and maturity is December 15, 2040. The Water Fund makes 30.4 percent of bond payments.	1,288,960
On June 10, 2024 the City issued Series 2024 General Obligation Sewer Bond Anticipation Notes, with an original issue amount of \$2,370,000. The bond bears interest of 4.05 percent due semiannually beginning December 15, 2024 with principal due December 15, 2028. The payments are made by the Sewer Fund.	2,370,000
On June 13, 2024 the City issued Series 2024 Tax Supported Municipal Improvement Bonds, with an original issue amount of \$4,070,000. The bond bears interest of 4.50 percent due semiannually beginning December 15, 2024 with principal due December 15, 2028. The payments are made by the Sewer Fund.	4,070,000

CITY OF DAVID CITY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

4. Long-term Debt, continued

Business-type Activities, continued

Notes payable:

Nebraska Department of Water, Environment and Energy Sewer Note Payable of \$19,665,000, consisting of \$7,408,125 of principal forgiveness and \$12,256,875 of principal. As of September 30, 2025 only \$9,348,485 of the principal has been advanced. The note will be payable in semiannual installments beginning December 15, 2024 through December 15, 2054. The note bears interest of 0.50 percent. A 0.50 percent administration fee will also be due semi-annually. The payments are made by the Sewer Fund. 9,348,485

Nebraska Department of Water, Environment and Energy Water Note Payable of \$12,000,000, consisting of \$6,318,000 of principal forgiveness and \$5,682,000 of principal. As of September 30, 2025 only \$5,536,691 of the principal has been advanced. The note will be payable in semiannual installments beginning December 15, 2025 through June 15, 2055. The note bears interest of 0.50 percent. A 0.50 percent administration fee will also be due semi-annually. The payments are made by the Water Fund. 5,536,691

Total business-type activities bonds and notes payable \$ 29,878,190

Current portion \$ 234,876

Noncurrent portion 29,643,314

Total business-type activities long-term debt \$ 29,878,190

CITY OF DAVID CITY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

4. Long-term Debt, continued

Changes in Long-term Debt

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

<u>Type of Debt</u>	<u>Balance at October 1, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at September 30, 2025</u>	<u>Amount Due Within One Year</u>
Governmental Activities					
Notes payable	\$ 957,226	\$ 121,998	\$ (979,224)	\$ 100,000	\$ 32,035
Bonds payable	10,975,000	2,951,040	(3,685,000)	10,241,040	2,465,000
Totals	<u>\$ 11,932,226</u>	<u>\$ 3,073,038</u>	<u>\$ (4,664,224)</u>	<u>\$ 10,341,040</u>	<u>\$ 2,497,035</u>
Business-type Activities					
Notes payable	\$ 3,120,700	\$ 11,764,476	\$ -	\$ 14,885,176	\$ 171,615
Bonds payable	15,016,652	1,288,960	(1,312,598)	14,993,014	63,261
Totals	<u>\$ 18,137,352</u>	<u>\$ 13,053,436</u>	<u>\$ (1,312,598)</u>	<u>\$ 29,878,190</u>	<u>\$ 234,876</u>

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

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>			
	<u>Direct Placement</u>		<u>Other Debt Issues</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 32,035	\$ 4,000	\$ 2,465,000	\$ 288,499
2027	33,316	2,719	830,000	216,033
2028	34,649	1,386	845,000	203,378
2029	-	-	855,000	174,660
2030	-	-	870,000	174,937
2031-2035	-	-	2,521,240	605,810
2036-2040	-	-	1,524,200	257,439
2041	-	-	330,600	16,034
	<u>\$ 100,000</u>	<u>\$ 8,105</u>	<u>\$ 10,241,040</u>	<u>\$ 1,936,790</u>

CITY OF DAVID CITY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

4. Long-term Debt, continued

Year Ending September 30,	Business-type Activities				
	Direct Placement			Other Debt Issues	
	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 234,876	\$ 102,898	\$ 72,589	\$ -	\$ 521,118
2027	392,070	102,949	73,353	100,000	524,788
2028	550,553	100,198	71,321	3,675,000	447,995
2029	553,714	97,038	68,888	6,550,000	231,523
2030	556,894	93,857	66,444	110,000	87,116
2031-2035	2,832,902	420,855	295,121	1,088,760	303,202
2036-2040	2,915,559	338,199	232,146	630,800	111,851
2041-2045	3,342,978	252,817	167,579	144,400	3,502
2046-2050	3,097,799	164,606	101,380	-	-
2051-2055	2,650,386	73,455	33,507	-	-
2056-2060	451,499	15,331	-	-	-
	<u>\$ 17,579,230</u>	<u>\$ 1,762,203</u>	<u>\$ 1,182,328</u>	<u>\$ 12,298,960</u>	<u>\$ 2,231,095</u>

5. Accrued Compensated Absences

As of September 30, 2025, business-type accrued compensated absences consisted of the following:

	Balance at October 1, <u>2024</u>	<u>Additions</u>	<u>Deductions</u>	Balance at September 30, <u>2025</u>
Accrued vacation and sick leave	\$ 71,069	\$ 97,412	\$ -	\$ 168,481

CITY OF DAVID CITY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

6. Capital Assets

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

	<u>Balance at</u> <u>October 1, 2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at</u> <u>September 30, 2025</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 1,547,531	\$ 10,000	\$ (143,438)	\$ 1,414,093
Construction in progress	138,443	60,410	-	198,853
Total capital assets not being depreciated	1,685,974	70,410	(143,438)	1,612,946
Capital assets being depreciated:				
Infrastructure and improvements	27,243,312	5,853,715	-	33,097,027
Buildings	682,630	-	-	682,630
Machinery and equipment	3,128,687	562,288	(124,546)	3,566,429
Total depreciable assets at historical cost	31,054,629	6,416,003	(124,546)	37,346,086
Less accumulated depreciation for:				
Infrastructure and improvements	(11,864,863)	(1,198,149)	-	(13,063,012)
Buildings	(623,914)	(4,608)	-	(628,522)
Machinery and equipment	(2,092,930)	(186,307)	102,615	(2,176,622)
Total accumulated depreciation	(14,581,707)	(1,389,064) *	102,615	(15,868,156)
Depreciable capital assets, net	16,472,922	5,026,939	(21,931)	21,477,930
Governmental activities capital assets, net	<u>\$ 18,158,896</u>	<u>\$ 5,097,349</u>	<u>\$ (165,369)</u>	<u>\$ 23,090,876</u>

* Depreciation expense was incurred by the following governmental activities:

General Fund:

General Government:

Administration \$ 5,518

Public Safety:

Police 63,556

Public Works:

Zoning 1,999

CITY OF DAVID CITY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

6. Capital Assets, continued

Environmental and leisure:	
Pool	534
Library	5,358
Auditorium	2,174
Park	103,628
Total environment and leisure	<u>111,694</u>
Total General Fund	182,767
<u>Special Revenue Funds:</u>	
Street	1,073,044
Airport	133,253
Total Special Revenue Funds	<u>1,206,297</u>
Total Governmental Activities Depreciation Expense	<u>\$ 1,389,064</u>

Construction in progress consists of \$158,722 for the Nebraska Street extension and \$40,131 for Airport runway engineering. See Note D4 for construction commitments.

<u>Business-type Activities:</u>	<u>Balance at October 1, 2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclasses</u>	<u>Balance at September 30, 2025</u>
Capital assets not being depreciated:					
Land	\$ 105,883	\$ -	\$ -	\$ -	\$ 105,883
Construction in progress	23,475,545	14,824,150	-	(6,304,594)	31,995,101
Total capital assets not being depreciated	23,581,428	14,824,150	-	(6,304,594)	32,100,984
Capital assets being depreciated:					
Distribution systems	17,257,867	5,987,203	-	6,304,594	29,549,664
Buildings and improvements	9,699,757	5,429	(243,450)	-	9,461,736
Equipment	5,266,632	544,149	(442,321)	-	5,368,460
Total depreciable assets at historical cost	32,224,256	6,536,781	(685,771)	6,304,594	44,379,860

CITY OF DAVID CITY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

6. Capital Assets, continued

<u>Business-type Activities:</u>	<u>Balance at October 1, 2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclasses</u>	<u>Balance at September 30, 2025</u>
Less accumulated depreciation for:					
Distribution systems	(12,832,347)	(431,684)	-	-	(13,264,031)
Buildings and improvements	(3,136,399)	(574,488)	210,626	-	(3,500,261)
Equipment	(4,008,982)	(223,148)	439,057	-	(3,793,073)
Total accumulated depreciation	(19,977,728)	(1,229,320) *	649,683	-	(20,557,365)
Depreciable capital assets, net	12,246,528	5,307,461	(36,088)	6,304,594	23,822,495
Business-type activities capital assets, net	<u>\$ 35,827,956</u>	<u>\$ 20,131,611</u>	<u>\$ (36,088)</u>	<u>\$ -</u>	<u>\$ 55,923,479</u>

* Depreciation expense was charged to functions as follows:

Electric	\$ 350,374
Water	383,296
Sewer	495,650
Total Business-type Activities Depreciation Expense	<u>\$ 1,229,320</u>

Construction in progress consists of \$7,587 for the cemetery annexation, \$15,294,784 for wastewater treatment plant improvements, \$2,642,442 for the AGP trunk sewer rehab, \$790,260 for the south area sewer rehab, \$11,841,367 for water treatment plant upgrades and \$1,418,661 for water main improvements. See Note D4 for construction commitments.

7. Note Receivable

On April 8, 2020, the City entered into a Sewer Participation Agreement with Michael Foods (formerly Henningsen Foods, Inc.) relating to capital construction costs of wastewater improvements. Michael Foods agreed to pay \$1,520,350 over 25 years in monthly installments of \$6,487 with two percent interest. The balance at September 30, 2025 is expected to be fully collectible despite the closing of the location in the City. The current portion at September 30, 2025 is \$51,038.

CITY OF DAVID CITY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

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

7. Note Receivable, continued

On August 13, 2025, the City entered into a High-Tension Rate Power Purchase Agreement with AG Processing, Inc. (AGP) relating to capital construction costs of the substation. AGP agreed to pay \$5,176,056 over 20 years in monthly installments of \$33,477 with 4.76 percent interest. The first payment is due October 2025. The current portion at September 30, 2025 is \$105,334.

On October 1, 2024, the Electric Fund loaned the General Fund \$100,000 for the purchase of new police vehicles. The note bears interest of four percent and is due in three equal annual installments beginning October 1, 2025. The current portion at September 30, 2025 is \$32,035.

8. Interfund Transactions

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 1,068,659
Street Fund	951,350	-
Grant Fund	117,309	-
	<u>\$ 1,068,659</u>	<u>\$ 1,068,659</u>

9. Fund Equity

The General and Airport Fund had an unassigned fund balance deficit of \$485,662 and \$535,977, respectively, as of September 30, 2025. The City plans to increase the fund balance in future years with transfers, grant reimbursements and issuance of debt for grant match requirements.

NOTE D – OTHER NOTES

1. Risk Management

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

CITY OF DAVID CITY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE D – OTHER NOTES, continued

1. Risk Management, continued

Deposits and Investments

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City's investments at September 30, 2025, are held by banks in the name of the City.

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

<u>Maturities by Month</u>	<u>Amount</u>
October 2025	\$ 100,744
November 2025	164,233
July 2026	4,582
September 2026	<u>1,336,834</u>
Total	<u>\$ 1,606,393</u>

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

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

<u>Financial Institution</u>	<u>Amount</u>
Bank of the Valley	<u>\$ 1,606,393</u>

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

CITY OF DAVID CITY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE D – OTHER NOTES, continued

2. Retirement Benefits

The City adopted a Section 457 deferred compensation plan. All full-time employees with six months of service that are age 18 are eligible to participate. The City contributes the greater of 6 percent of employees' base pay or \$50 per month. City contributions for the year ended September 30, 2025 were \$109,713, while employee contributions were \$178,032.

3. Tax Abatements

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

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

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

<u>TIF Project:</u>	<u>Years Remaining on TIF Agreement</u>	<u>2024 TIF Valuation</u>	<u>TIF Proceeds Received during the year 9-30-2025</u>
Dana Point - Phased	8-12	\$ 3,233,575	\$ 46,485
Industrial Park	11	6,980,350	104,550
AGP Redevelopment	15	169,375	
AGP Redevelopment I	14	76,305,760	463,016
AGP Redevelopment II	14	64,190	472
GDC Properties	15	1,447,805	-
Northland Subdivision	15	1,430,930	-
Sewage Treatment Facility	13	4,085,955	<u>42,349</u>
			<u>\$ 656,872</u>

CITY OF DAVID CITY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE D – OTHER NOTES, continued

4. Commitments

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/2024</u>	<u>Remaining Obligation</u>	<u>Expected Completion</u>
Nebraska Street Extension				
JEO Consulting	\$ 54,170	\$ 43,363	\$ 10,807	Spring 2026
Gehring Construction	190,195	-	190,195	Spring 2026
Airport Runway Rehab				
Kirkham Michael	79,051	41,131	37,920	Fall 2027
Track Resurfacing				
Midwest Track & Tennis	77,600	-	77,600	Spring 2026
Auditorium HVAC				
Bryant Heating & Air	335,116	-	335,116	Summer 2026
Northside Sanitary Sewer				
JEO Consulting	59,300	580	58,720	Summer 2026
Water Treatment Plant				
JEO Consulting	672,000	670,986	1,014	December 2025
Velocity Constructors, Inc.	11,015,590	10,965,590	50,000	December 2025
Water Main Improvements				
JEO Consulting	126,500	106,453	20,047	December 2025
Rutjen Construction, Inc.	380,566	-	380,566	December 2025
JEO Consulting	255,400	3,086	252,314	Summer 2027
South Area Sewer Rehab				
Municipal Pipe Tool Co.	661,721	558,007	103,714	December 2025
Wastewater Treatment Plant				
BRB Contractors	17,483,475	14,017,293	3,466,182	September 2026
Power Plant Roof				
Tillotson Enterprises	49,480	-	49,480	Summer 2026
Meter Software Upgrades				
Neptune 360	60,177	-	60,177	Summer 2026

CITY OF DAVID CITY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2025

NOTE D – OTHER NOTES, continued

5. Special Assessments

During the fiscal year ended September 30, 2024, the City completed street improvement district projects 2022-1 and 2023-1 and assessed \$125,882 to property owners. Special assessments in the amount of \$61,187 related to the street improvement project were uncollected at September 30, 2025. The collection of these special assessments are recorded in the Debt Service Fund.

6. Subsequent Events

Management has evaluated subsequent events through March 31, 2026, the date on which the financial statements were available for issue.

On October 8, 2025, the City approved a change order 6 for \$220,267 with BRB Contractors, Inc. and a quote from GPM for \$32,240 to complete a flow study.

On November 2, 2025, the City approved a change order 7 for \$135,702 with BRB Contractors, Inc., approved a five-year mowing contract with Steager Lawn Service for \$68,925 year one, the purchase of rear mount boom mower for \$44,267 and approval of contract for \$40,000 with JEO for the ballfield restroom addition.

The City approved taking legal action against Veenstra & Kimm, Inc and General Excavating, LLC in relation to the wastewater improvement project.

On January 14, 2026, the City approved a change order 8 for \$557,215 with BRB Contractors, Inc.

On January 28, 2026, the City approved HOA Solutions to do lift station communication work not to exceed \$90,000.

On February 25, 2026, the City approved a bid with NMC for \$77,530 to purchase a 416 Caterpillar backhoe with trade in.

On March 11, 2026, the City approved a professional services agreement with JEO Consulting Group, Inc. for \$118,130 for 5th Street improvements from C Street to Iowa Street.

SUPPLEMENTARY AND OTHER INFORMATION

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

Year ended September 30, 2025

	Budget (Original & <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 1,122,920	\$ 1,142,799	\$ 19,879
Motor vehicle	61,500	68,531	7,031
Franchise	391,000	381,293	(9,707)
Intergovernmental	238,700	246,069	7,369
Charges for services	239,225	321,214	81,989
Licenses and permits	50,500	28,973	(21,527)
Contributions and grants	65,000	92,166	27,166
Interest income	21,100	65,996	44,896
Loan proceeds	-	100,000	100,000
Other	10,400	28,597	18,197
	<u>2,200,345</u>	<u>2,475,638</u>	<u>275,293</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	568,600	523,827	(44,773)
Public safety	711,000	752,367	41,367
Public works	121,900	174,913	53,013
Environment and leisure	857,850	849,768	(8,082)
Capital outlay	329,800	299,007	(30,793)
Principal payments on debt	900,000	-	(900,000)
Interest on long-term debt	36,000	-	(36,000)
	<u>3,525,150</u>	<u>2,599,882</u>	<u>(925,268)</u>
Resources under charges to appropriations	(1,324,805)	(124,244)	1,200,561
OTHER FINANCING USES			
Transfer out	<u>(2,724,607)</u>	<u>(1,068,659)</u>	<u>1,655,948</u>
RESOURCES UNDER CHARGES TO APPROPRIATIONS AND OTHER FINANCING USES	<u><u>\$ (4,049,412)</u></u>	<u><u>\$ (1,192,903)</u></u>	<u><u>\$ 2,856,509</u></u>

CITY OF DAVID CITY, NEBRASKA

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

Year ended September 30, 2025

	Budget (Original & Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
State allocation	\$ 214,000	\$ 250,242	\$ 36,242
Charges for services	17,043	17,876	833
Sale of assets	-	38,369	38,369
	<hr/>	<hr/>	<hr/>
Total resources	231,043	306,487	75,444
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	930,650	974,277	43,627
Capital outlay	2,025,000	283,560	(1,741,440)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	2,955,650	1,257,837	(1,697,813)
RESOURCES UNDER CHARGES TO APPROPRIATIONS			
	(2,724,607)	(951,350)	1,773,257
OTHER FINANCING SOURCES			
Transfers in	2,724,607	951,350	(1,773,257)
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF DAVID CITY, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
SALES TAX FUND**

Year ended September 30, 2025

	Budget (Original & Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Taxes:			
Sales	\$ 2,130,000	\$ 2,896,841	\$ 766,841
Interest income	20,000	79,466	59,466
	<hr/>	<hr/>	<hr/>
Total resources	2,150,000	2,976,307	826,307
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	501,000	5,995	(495,005)
Environment and leisure	43,350	16,157	(27,193)
Principal payments on debt	800,500	1,600,000	799,500
Interest on long-term debt	85,000	156,830	71,830
Fees on long-term debt	-	800	800
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	1,429,850	1,779,782	349,932
Resources over charges to appropriations	720,150	1,196,525	476,375
OTHER FINANCING USES			
Transfer out	(950,000)	-	950,000
	<hr/>	<hr/>	<hr/>
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS AND OTHER FINANCING USES	\$ (229,850)	\$ 1,196,525	\$ 1,426,375
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF DAVID CITY, NEBRASKA

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

Year ended September 30, 2025

	Budget (Original & <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
TIF proceeds	\$ 103,000	\$ 656,872	\$ 553,872
Interest income	500	29,747	29,247
Bond/loan proceeds	-	2,973,038	2,973,038
Sale of assets	-	219,832	219,832
	<hr/>	<hr/>	<hr/>
Total resources	103,500	3,879,489	3,775,989
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Economic development	91,600	530,795	439,195
Principal payments on debt	-	2,989,224	2,989,224
Interest on long-term debt	-	67,882	67,882
Bond fees	71,775	62,040	(9,735)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	163,375	3,649,941	3,486,566
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS			
	<u>\$ (59,875)</u>	<u>\$ 229,548</u>	<u>\$ 289,423</u>

CITY OF DAVID CITY, NEBRASKA

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

Year ended September 30, 2025

	Budget (Original & Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Charges for services	\$ 48,000	\$ 72,116	\$ 24,116
Contributions and grants	-	36,310	36,310
Interest income	100	29	(71)
	<hr/>	<hr/>	<hr/>
Total resources	48,100	108,455	60,355
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	54,500	50,523	(3,977)
Capital outlay	200,000	40,131	(159,869)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	254,500	90,654	(163,846)
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS			
	<u>\$ (206,400)</u>	<u>\$ 17,801</u>	<u>\$ 224,201</u>

CITY OF DAVID CITY, NEBRASKA

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

Year ended September 30, 2025

	Budget (Original & <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 2,750	\$ 4,855	\$ 2,105
Motor vehicle	5,500	6,503	1,003
Intergovernmental	238,000	261,394	23,394
Special assessments	11,100	15,624	4,524
Interest income	3,500	1,458	(2,042)
Bond/loan proceeds	900,000	-	(900,000)
Other income	30,000	23,775	(6,225)
	<hr/>	<hr/>	<hr/>
Total resources	1,190,850	313,609	(877,241)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	20,000	5,468	(14,532)
Principal payments on debt	900,000	75,000	(825,000)
Interest on long-term debt	20,000	74,187	54,187
Fees on long-term debt	-	400	400
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	940,000	155,055	(784,945)
RESOURCES OVER CHARGES TO APPROPRIATIONS	<u>\$ 250,850</u>	<u>\$ 158,554</u>	<u>\$ (92,296)</u>

CITY OF DAVID CITY, NEBRASKA
COMBINING BALANCE SHEET - MODIFIED CASH BASIS -
NONMAJOR GOVERNMENTAL FUNDS

September 30, 2025

	Special Revenue			Total
	Keno	Economic	Capital	Nonmajor
	<u>Fund</u>	<u>Development</u>	<u>Projects</u>	<u>Governmental</u>
		<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 175,243	\$ 175,243
Restricted cash and cash equivalents	12,405	37,030	-	49,435
	12,405	37,030	-	49,435
Total assets	\$ 12,405	\$ 37,030	\$ 175,243	\$ 224,678
LIABILITIES AND FUND BALANCES				
Liabilities:	\$ -	\$ -	\$ -	\$ -
Fund balances:				
Restricted for:				
Community betterment	12,405	37,030	-	49,435
Assigned	-	-	175,243	175,243
	-	-	175,243	175,243
Total liabilities and fund balances	\$ 12,405	\$ 37,030	\$ 175,243	\$ 224,678

CITY OF DAVID CITY, NEBRASKA

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

For the year ended September 30, 2025

	<u>Special Revenue</u>		Capital	Total
	<u>Keno</u>	<u>Economic</u>	Projects	Nonmajor
	<u>Fund</u>	<u>Development</u>	<u>Fund</u>	<u>Governmental</u>
		<u>Fund</u>		<u>Funds</u>
REVENUES				
Contributions and grants	\$ -	\$ 397,398	\$ -	\$ 397,398
Interest income	43	-	-	43
Other income	-	20	-	20
Total revenues	<u>43</u>	<u>397,418</u>	<u>-</u>	<u>397,461</u>
EXPENDITURES				
Economic development	-	478,613	-	478,613
Capital outlay	-	10,000	-	10,000
Total expenditures	<u>-</u>	<u>488,613</u>	<u>-</u>	<u>488,613</u>
Excess (deficiency) of revenues over expenditures	43	(91,195)	-	(91,152)
OTHER FINANCING SOURCES				
Transfers in	-	117,309	-	117,309
Net change in fund balances	43	26,114	-	26,157
Fund balances - September 30, 2024	<u>12,362</u>	<u>10,916</u>	<u>175,243</u>	<u>198,521</u>
Fund balances - September 30, 2025	<u>\$ 12,405</u>	<u>\$ 37,030</u>	<u>\$ 175,243</u>	<u>\$ 224,678</u>

CITY OF DAVID CITY, NEBRASKA
COMBINING STATEMENT OF REVENUES AND EXPENDITURES -
MODIFIED CASH BASIS - GENERAL FUND DEPARTMENTS

Year ended September 30, 2025

	Administrative	Police	Summer Recreation	Park
REVENUES				
Taxes:				
Property	\$ 1,142,799	\$ -	\$ -	\$ -
Motor vehicle	68,531	-	-	-
Franchise	381,293	-	-	-
Intergovernmental	244,498	-	-	-
Charges for services	12,314	458	69,689	18,445
Licenses and permits	7,938	-	-	-
Contributions and grants	59,235	24,506	-	8,425
Interest income	54,023	-	-	-
Loan proceeds	-	100,000	-	-
Other receipts	6,404	10,812	6,775	1,335
Total revenues	<u>1,977,035</u>	<u>135,776</u>	<u>76,464</u>	<u>28,205</u>
EXPENDITURES				
Personnel services:				
Salaries and benefits	253,149	590,294	124,704	143,147
Operating expenses:				
Insurance	8,725	8,534	8,618	5,647
Contracted services	110,694	3,749	17,879	-
Professional fees	74,242	11,511	-	384
Meetings, seminars and dues	11,446	32,791	360	1,020
Repairs and maintenance	12,371	49,914	18,598	29,219
Operating supplies	-	20,719	18,170	-
Printing, postage and publications	27,240	21	896	-
Transportation	-	18,138	1,821	4,237
Utilities and telephone	-	7,958	6,534	885
Total operating expenses	<u>244,718</u>	<u>153,335</u>	<u>72,876</u>	<u>41,392</u>
Other expenses	25,960	8,738	14,308	3,558
Capital outlay	35,756	239,868	-	-
Total expenditures	<u>559,583</u>	<u>992,235</u>	<u>211,888</u>	<u>188,097</u>
Excess (deficiency) of revenues over expenditures before transfers	1,417,452	(856,459)	(135,424)	(159,892)
TRANSFERS FROM (TO) OTHER FUNDS	<u>(2,599,222)</u>	<u>856,609</u>	<u>-</u>	<u>168,316</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (1,181,770)</u>	<u>\$ 150</u>	<u>\$ (135,424)</u>	<u>\$ 8,424</u>

<u>Pool</u>	<u>Auditorium</u>	<u>Library</u>	<u>RV Park</u>	<u>Schweser House</u>	<u>Zoning</u>	<u>Recycling</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,142,799
-	-	-	-	-	-	-	68,531
-	-	-	-	-	-	-	381,293
-	-	1,571	-	-	-	-	246,069
49,386	17,469	30	151,993	1,430	-	-	321,214
-	-	-	-	-	21,035	-	28,973
-	-	-	-	-	-	-	92,166
11,973	-	-	-	-	-	-	65,996
-	-	-	-	-	-	-	100,000
749	-	2,052	-	-	470	-	28,597
<u>62,108</u>	<u>17,469</u>	<u>3,653</u>	<u>151,993</u>	<u>1,430</u>	<u>21,505</u>	<u>-</u>	<u>2,475,638</u>
70,977	65,361	112,719	4,923	-	81,585	-	1,446,859
3,669	9,135	1,185	-	-	313	634	46,460
-	-	-	-	-	6,046	-	138,368
-	-	266	2,404	-	81,074	-	169,881
-	-	120	-	-	1,109	-	46,846
26,809	13,368	8,874	15,632	-	749	-	175,534
17,922	1,542	19,426	863	-	-	-	78,642
645	1,932	5,530	-	-	1,355	-	37,619
-	-	-	399	-	776	-	25,371
16,943	18,185	2,665	25,458	-	-	-	78,628
<u>65,988</u>	<u>44,162</u>	<u>38,066</u>	<u>44,756</u>	<u>-</u>	<u>91,422</u>	<u>634</u>	<u>797,349</u>
2,060	502	269	-	-	1,272	-	56,667
5,383	18,000	-	-	-	-	-	299,007
<u>144,408</u>	<u>128,025</u>	<u>151,054</u>	<u>49,679</u>	<u>-</u>	<u>174,279</u>	<u>634</u>	<u>2,599,882</u>
(82,300)	(110,556)	(147,401)	102,314	1,430	(152,774)	(634)	(124,244)
94,273	110,556	147,401	-	-	152,774	634	(1,068,659)
<u>\$ 11,973</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,314</u>	<u>\$ 1,430</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,192,903)</u>

SINGLE AUDIT REPORTS

CITY OF DAVID CITY, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2025

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal AL Number</u>	<u>Pass-Through Identifying Number</u>	<u>Expenditures</u>
<u>Department of Transportation</u>			
Passed through Nebraska Department of Transportation:			
Incentive Grant Program to Prohibit Racial Profiling	20.611	ZY2455	\$ 17,156
<u>Environmental Protection Agency</u>			
Passed through Nebraska Department of Water, Environment and Energy:			
State and Tribal Response Program	66.817	2024-141241946	11,975
Drinking Water State Revolving Funds	66.468	D311686	951,600
Clean Water State Revolving Funds	66.458	C318068	<u>3,958,544</u> *
Total Environmental Protection Agency			4,922,119
<u>Department of Homeland Security</u>			
Passed through Nebraska Department of Economic Development:			
Community Development Block Grants	14.228	47-6006162	<u>36,505</u>
Total Expenditures of Federal Awards			<u>\$ 4,975,780</u>

* Major program

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant and loan activity of the City of David City, Nebraska, and is presented on the cash basis. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

The reporting entity for the Schedule of Expenditures of Federal Awards is the same as that defined in Note A to the financial statements.

The City has not elected to use the 15 percent de minimis cost rate.



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

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

We have audited, in accordance with standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities - modified cash basis, the business-type activities - accrual basis, each major fund - modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information - modified cash basis for the governmental funds of the City of David City, Nebraska, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated March 31, 2026. Our report on the financial statements also disclosed that, as described in Note A to the financial statements, the City prepares its financial statements for the governmental funds and component unit on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

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

SHAREHOLDERS:

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 to be a significant deficiency.

Report on Compliance and Other Matters

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

City of David City's Response to Findings

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

Purpose of this Report

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

AMGL, PC

Grand Island, Nebraska
March 31, 2026



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of David City, Nebraska's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2025. The City of David City, Nebraska's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of David City, Nebraska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of David City, Nebraska and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of David City, Nebraska's compliance with the compliance requirements referred to above.

SHAREHOLDERS:

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of David City, Nebraska's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of David City, Nebraska's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of David City, Nebraska's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of David City, Nebraska's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of David City, Nebraska's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of David City, Nebraska's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

AMGL, PC.

Grand Island, Nebraska
March 31, 2026

CITY OF DAVID CITY, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2025

1. A summary of auditor's results:
 - (i) Unmodified opinions were issued on all opinion units of the City of David City, Nebraska, as of September 30, 2025.
 - (ii) One significant deficiency disclosed during the audit of the financial statements as reported in the "Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*." The significant deficiency is not reported as a material weakness.
 - (iii) The audit disclosed no instances of noncompliance which are material to the financial statements of the City of David City, Nebraska.
 - (iv) The audit did not disclose any significant deficiencies in the internal control over major programs for the City of David City, Nebraska.
 - (v) An unmodified opinion was issued on compliance for major programs.
 - (vi) The audit did not disclose any audit findings which are required to be reported under 2 CFR section 200.516(a).
 - (vii) Major Programs: AL #66.458 –Clean Water State Revolving Funds
 - (viii) The dollar threshold used to distinguish between Type A and Type B programs was \$1,000,000.
 - (ix) The City of David City, Nebraska, did not qualify as a low-risk auditee.

CITY OF DAVID CITY, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued

Year ended September 30, 2025

2. Findings relating to the financial statements which are required to be reported in accordance with GAGAS.

2025-001

Condition: There is not adequate segregation of duties.

Criteria: Adequate segregation of duties should be in place to ensure internal control over cash receipts, disbursements, and recording of transactions.

Cause: There is a limited number of accounting personnel.

Effect: Because of the lack of segregation, the same employees may participate in multiple facets of a transaction.

Recommendation: Management should remain aware of this lack of segregation and continue diligence in oversight and review of transactions.

Views of Responsible Officials and Planned Corrective Actions: It is impractical to further segregate duties due to the limited number of accounting personnel. However, management will continue to review/ provide oversight of transactions.

3. Findings and questioned costs for Federal awards which shall include audit findings as defined in 2 CFR section 200.516(a).

None

CITY OF DAVID CITY, NEBRASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended September 30, 2025

Findings noted during the audit of the financial statements and reported in accordance with GAGAS for the year ended September 30, 2024:

2024-001 – Significant Deficiency

Condition: There is not adequate segregation of duties.

Status: This condition still exists, as it is impractical to further segregate duties due to the limited number of accounting personnel. However, management will continue to review and provide oversight of transactions.

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David City, NE 68632



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Website: www.davidcityne.com

<u>Finding Number</u>	<u>Planned Corrective Action</u>	<u>Anticipated Completion Date</u>	<u>Responsible Contact Person</u>
2025-001	While it is impractical to further segregate duties due to the limited number of accounting personnel, management and the City Council will continue to review, monitor and provide oversight of transactions.	Ongoing monitoring	Lori Matchett

Neil Zrust introduced himself. Mr. Zrust explained his Eagle Scout project to install three heavy-duty outdoor hammocks at David City Park. Mr. Zrust explained what materials would be needed, that he has researched the different materials, that the project would be completed and financed by private funds, and that he is seeking permission to install these hammocks in the David City Park. The location of the hammocks would be either along the west side of the park, by the auditorium, or by the basketball court, for everyone to enjoy the hammocks. It was recommended that, during the construction process, Mr. Zrust work with the Building Inspector to ensure that the structures are sound.

“The Hangout” Neil Zrust Eagle Scout Project (Preliminary Plan)

Materials Needed: (private funds will be used to finance this project)
10 foot posts 6 inches in diameter (6 posts)
Concrete
Gravel
3 Heavy Duty, outdoor hammocks

I already contacted the Park Personnel and have a few locations in mind, but nothing set in stone.
Nate Styskal suggested I get the idea approved first.

I have done some research on the best types of posts to use and also a high quality hammock. I have also looked into the installation specs and measurements between posts.

I would ideally like to start this project in early summer so it can be enjoyed by our residents.



Additional Project Notes: Once a location is determined, a NE one call will be placed, clearing the areas to be drilled with a bobcat and auger. All wood used will be pressure treated to increase lifespan. Posts will be buried 3-4 ft. in the ground and be spaced 12-15 ft apart to account for 10 or 12 ft hammocks, which are the most popular sizes for parks. 3-4" of gravel will be at hole bases to filter water out to prevent wood rot. Two bags of quick-setting concrete will be used to set the pole, applied above the pea gravel and the rest will be packed with dirt. The hammocks themselves will be set 4-5 ft high on the posts, allowing for a 30 degree angle hang.

Thank you for considering my project!

REQUEST FOR FUTURE AGENDA ITEM

If you have a specific topic that you would like the City Council to discuss at a future meeting, please list your name, address, telephone number, and the specific topic. The item will be reviewed and possibly scheduled for a future meeting, or forwarded to City staff for appropriate action.



NAME: Neil Zrust

ADDRESS: 1229 Fox Haven

TELEPHONE #: 402-615-1024 (mom-Julie) 402-367-9508 (Neil) 402-957-5402 (dad-Nick)

EMAIL ADDRESS: zrust@dcscouts.org dc28zrustn@dcscouts.org

DATE OF REQUEST: 3/27/26

DESCRIPTION: PUT UP 3 HAMMOCKS AT THE PARK
CONSISTING OF 3 SETS OF 6 INCH BY 10 FOOT
POLES SPACED 12-14 FEET APART. POLES WILL
BE CONCRETE IN

Eagle Scout Project

Deadline for City Council Agenda Items is six (6) days prior to the next meeting. Except for items of an emergency nature, the agenda shall not be altered later than 24 hours before the scheduled meeting.

OFFICE USE ONLY

Request Forwarded to City Staff Forwarded to: _____ Date Completed: _____
Action Taken: _____

Request Scheduled for City Council Meeting Date of Meeting: April 8, 2026

Council Member Rick Holland made a motion to approve Neil Zrust's Eagle Scout Project of installing three hammocks in the David City Park. Council Member Jeremy Abel seconded the motion. The motion carried. Jeremy Abel: Yea, Jim Angell: Yea, Rick Holland: Yea, Keith Marvin: Yea, Bruce Meysenburg: Yea, Kevin Woita: Yea. Yea: 6, Nay: 0.

Ethan Joy of JEO Consulting Group introduced himself. Mr. Joy gave the Council a summary of the work done to date on the Wastewater Treatment Facility Improvements.

Wastewater Treatment Plant Update & Pay Application

A pay application from BRB in the amount of approximately \$280,000 has been submitted for work completed to date. Staff recommends approval.

Construction continues to progress, including:

- Restoration and renovation of existing SBR basins
- Ongoing electrical and control system work

A delay in headworks startup has occurred due to defective pump seals installed at the factory.

The pumps have been returned for repair, and startup is now expected by the end of April.

Project Timeline

- Substantial completion: Originally expected end of May; now anticipated to be approximately one month behind schedule
- Final completion: Expected fall (September-October)

Operations & Monitoring

- Once the new lift station and headworks are operational, the City will be able to accurately measure AGP flow through the new flume system.

Financial Status

- Approximately \$2 million remains on the project:
 - About \$850,000 in retainage
 - Remaining balance for work yet to be completed
- The project is funded through the State Revolving Fund (SRF), including a significant portion of loan forgiveness.

Overall Status

The project is progressing well overall, with minor delays related to equipment and staffing. Key functionality improvements, including flow monitoring, are expected to come online once the headworks are operational.

Council Member Bruce Meysenburg made a motion to approve Pay Application No. 25 to BRB Contractors, Inc. in the amount of \$280,725,00 for the David City Wastewater Treatment Facility Improvements. Council Member Kevin Woita seconded the motion. The motion carried. Jeremy Abel: Yea, Jim Angell: Yea, Rick Holland: Yea, Keith Marvin: Yea, Bruce Meysenburg: Yea, Kevin Woita: Yea. Yea: 6, Nay: 0.

Progress Estimate - Lump Sum Work

Contractor's Application for Payment

Owner: City of David City	Owner's Project No.:
Engineer: JEO Consulting Group, Inc.	Engineer's Project No.: 251034.00
Contractor: BRB Contractors, Inc.	Contractor's Project No.: NEDAV
Project: David City Wastewater Treatment Facility Improvements	
Contract:	

Item No.	Description	Application Period: From		C	E		F	G	H	I
		25	02/25/26		to	03/24/26				
		Application Period:		Scheduled Value (\$)	Work Completed (D + E) From Previous Application (\$)	This Period (\$)	Currently Stored (not in D or E) (\$)	Work Completed and Materials Stored to Date (D + E + F) (\$)	% of Scheduled Value (G / C) (%)	Balance to Finish (C - G) (\$)
Original Contract										
GENERAL SITEWORK										
1	Mobilize			\$ 750,000.00	750,000.00			750,000.00	100%	-
2	Bonds and Insurance			\$ 180,000.00	180,000.00			180,000.00	100%	-
3	SWPP Items			\$ 25,000.00	23,500.00			23,500.00	94%	1,500.00
4	Site Clearing			\$ 30,000.00	30,000.00			30,000.00	100%	-
5	12" & 16" Forcemain Piping			\$ 300,000.00	300,000.00			300,000.00	100%	-
6	Other Piping/Valves			\$ 1,395,000.00	1,208,000.00	10,000.00	103,568.54	1,321,568.54	95%	73,431.46
7	Precast Manholes			\$ 65,000.00	60,000.00			60,000.00	92%	5,000.00
8	Instrumentation & Control			\$ 50,000.00	25,000.00		15,096.14	40,096.14	80%	9,903.86
9	Electrical/Generator Work			\$ 125,000.00	112,500.00	12,500.00		125,000.00	100%	-
HEADWORKS BUILDING										
10	Excavation & Backfill			\$ 150,000.00	135,000.00	5,000.00		140,000.00	93%	10,000.00
11	Concrete Base Structure			\$ 500,000.00	500,000.00			500,000.00	100%	-
12	Concrete Walls Structure			\$ 1,207,000.00	1,207,000.00			1,207,000.00	100%	-
13	Concrete Floor/Deck Structure			\$ 350,000.00	350,000.00			350,000.00	100%	-
14	Misc. Metals Furnish/Install			\$ 50,000.00	50,000.00			50,000.00	100%	-
15	Masonry Above Structure			\$ 225,000.00	225,000.00			225,000.00	100%	-
16	Doors & Windows Furnish/Install			\$ 65,000.00	65,000.00			65,000.00	100%	-
17	Roof Trusses Furnish/Install			\$ 45,000.00	45,000.00			45,000.00	100%	-
18	Standing Seam Roof & Specialties			\$ 100,000.00	100,000.00			100,000.00	100%	-
19	Slide Gates Furnish/Install			\$ 100,000.00	100,000.00			100,000.00	100%	-
20	Bar Screen Furnish/Install			\$ 200,000.00	185,000.00	15,000.00		200,000.00	100%	-
21	Grit Equipment, Valves, Flumes, Sump Pump & Panel			\$ 1,300,000.00	1,240,000.00	40,000.00		1,280,000.00	98%	20,000.00
22	Parshall Flume			\$ 10,000.00	10,000.00			10,000.00	100%	-
23	Indoor Sampler			\$ 20,000.00	20,000.00			20,000.00	100%	-
24	Painting Structure			\$ 40,000.00	40,000.00			40,000.00	100%	-
25	Instrumentation & Control Work			\$ 950,000.00	713,253.00	90,000.00	76,175.90	879,428.90	93%	70,571.10
26	Mechanical Work (both buildings)			\$ 270,000.00	225,000.00			225,000.00	83%	45,000.00
27	Electrical Work			\$ 700,000.00	639,500.00	25,000.00	2,200.28	666,700.28	95%	33,299.72
AGP FLUME NO. 20										
28	Excavation & Backfill			\$ 15,000.00	13,000.00			13,000.00	87%	2,000.00
29	Concrete Base			\$ 20,000.00	20,000.00			20,000.00	100%	-
30	Concrete Walls			\$ 42,000.00	42,000.00			42,000.00	100%	-
31	Misc. Metals Furnish/Install			\$ 10,000.00	8,500.00			8,500.00	85%	1,500.00

Progress Estimate - Lump Sum Work

Owner: City of David City	Owner's Project No.: 251034.00
Engineer: JEO Consulting Group, Inc.	Engineer's Project No.: NE3DAV
Contractor: BRB Contractors, Inc.	
Project: David City Wastewater Treatment Facility Improvements	
Contract:	

Contractor's Application for Payment

A Item No.	B Description	C Scheduled Value (\$)	D Work Completed (D + E) From Previous Application (\$)		E Work Completed This Period (\$)	F Currently Stored (not in D or E) (\$)	G Work Completed and Materials Stored to Date (D + E + F) (\$)	H % of Scheduled Value (G / C) (%)	I Balance to Finish (C - G) (\$)	
32	Equipment Flume Install	\$ 15,000.00		15,000.00			15,000.00	100%	-	
INFLUENT PUMP STATION										
33	Excavation & Backfill	\$ 160,000.00		155,000.00			155,000.00	97%	5,000.00	
34	Concrete Base	\$ 50,000.00		50,000.00			50,000.00	100%	-	
35	Concrete Walls	\$ 327,000.00		327,000.00			327,000.00	100%	-	
36	Concrete Roof	\$ 100,000.00		100,000.00			100,000.00	100%	-	
37	Misc. Metals Furnish/Install	\$ 50,000.00		50,000.00			50,000.00	100%	-	
38	Furnish & Install Pumps	\$ 525,000.00		498,750.00			498,750.00	95%	26,250.00	
39	Furnish & Install Jib Crane & Foundation	\$ 50,000.00		35,000.00		9,145.00	44,145.00	88%	5,855.00	
40	Painting Work	\$ 35,000.00		35,000.00			35,000.00	100%	-	
41	Electrical Work	\$ 50,000.00		40,000.00	8,000.00		48,000.00	96%	2,000.00	
NEW SBR STRUCTURE										
42	Excavation & Backfill	\$ 350,000.00		350,000.00			350,000.00	100%	-	
43	SBR Concrete Base Sections	\$ 520,000.00		520,000.00			520,000.00	100%	-	
44	SBR Concrete Wall Sections	\$ 1,261,000.00		1,261,000.00			1,261,000.00	100%	-	
45	SBR Basin Equipment Aeration	\$ 1,000,000.00		1,000,000.00			1,000,000.00	100%	-	
46	SBR Basin Equipment Pumps	\$ 50,000.00		50,000.00			50,000.00	100%	-	
47	Misc. Metals Furnish/Install	\$ 40,000.00		37,000.00			37,000.00	93%	3,000.00	
48	Painting Work	\$ 15,000.00		15,000.00			15,000.00	100%	-	
49	Electrical Work	\$ 50,000.00		50,000.00			50,000.00	100%	-	
BLOWER BUILDING MODIFICATIONS										
50	Concrete Floor/Wall Demolition	\$ 15,000.00		15,000.00			15,000.00	100%	-	
51	Excavation & Backfill	\$ 15,000.00		15,000.00			15,000.00	100%	-	
52	New Concrete Floor and Blower Bases	\$ 35,000.00		32,000.00			32,000.00	91%	3,000.00	
53	New Masonry Wall/Misc. Infill	\$ 7,500.00		7,500.00			7,500.00	100%	-	
54	Furnish & Install Doors	\$ 7,500.00		7,500.00			7,500.00	100%	-	
55	Furnish & Install New/Existing SBR Blowers	\$ 400,000.00		400,000.00			400,000.00	100%	-	
56	Painting Work	\$ 20,000.00		20,000.00			20,000.00	100%	-	
57	Instrumentation & Control Work	\$ 150,000.00		146,000.00			146,000.00	97%	4,000.00	
58	Electrical Work	\$ 100,000.00		99,000.00			99,000.00	99%	1,000.00	
EXISTING SBR BASIN MODIFICATIONS										
59	Remove Existing Equipment & Piping	\$ 50,000.00			30,000.00		30,000.00	60%	20,000.00	
60	Existing SBR Basin Equipment Aeration	\$ 1,000,000.00		5,000.00		882,316.62	887,316.62	89%	112,683.38	
61	Existing SBR Basin Equipment Pumps	\$ 50,000.00			29,535.50		29,535.50	59%	20,464.50	
62	Misc. Metals Furnish/Install	\$ 40,000.00			31,650.00		31,650.00	79%	8,350.00	

Application No.: 25 Application Period: From 02/25/26 to 03/24/26 Application Date: 03/24/26

Contractor's Application for Payment

Progress Estimate - Lump Sum Work

Owner: City of David City
Engineer: JEO Consulting Group, Inc.
Contractor: BRB Contractors, Inc.
Project: David City Wastewater Treatment Facility Improvements
Contract: _____
Owner's Project No.: 251034.00
Engineer's Project No.: NE3DAV
Contractor's Project No.: _____

Application No.:		25	Application Period:		From	02/25/26	to	03/24/26	Application Date:		03/24/26
A	B	C	D	E	F	G	H	I			
Item No.	Description	Scheduled Value (\$)	(D + E) From Previous Application (\$)	Work Completed This Period (\$)	Currently Stored (not in D or E) (\$)	Work Completed and Materials Stored to Date (D + E + F) (\$)	% of Scheduled Value (G / C) (%)	Balance to Finish (C - G) (\$)			
63	Construct New SBR Splitter Box	\$ 174,000.00	174,000.00			174,000.00	100%	-			
64	Painting Work	\$ 20,000.00				-	0%	20,000.00			
65	Electrical Work	\$ 50,000.00	5,000.00	5,000.00		10,000.00	20%	40,000.00			
STORAGE BUILDING											
66	Excavation & Backfill	\$ 35,000.00				35,000.00	100%	-			
67	Building Drainage Piping & Oil Separator	\$ 40,000.00				40,000.00	100%	-			
68	Concrete Foundations	\$ 40,000.00				40,000.00	100%	-			
69	Concrete Floor	\$ 56,000.00				56,000.00	100%	-			
70	New Building Walls and Roof	\$ 270,000.00	257,259.00			257,259.00	95%	12,741.00			
71	Doors & Windows	\$ 40,000.00	40,000.00			40,000.00	100%	-			
72	Painting Work	\$ 30,000.00				-	0%	30,000.00			
73	Electrical Work	\$ 75,000.00	22,000.00		10,000.00	32,000.00	43%	43,000.00			
DEMO EXISTING HEADWORKS BUILDING											
74	Demolition of Existing Building Complete	\$ 30,000.00				-	0%	30,000.00			
CLOSEOUT											
75	Site Grading	\$ 25,000.00				-	0%	25,000.00			
76	SBR/Storage Building Sidewalks	\$ 25,000.00				-	0%	25,000.00			
77	Concrete Paving	\$ 20,000.00				-	0%	20,000.00			
78	Seeding & Mulch	\$ 15,000.00				-	0%	15,000.00			
79	Crushed Rock Surfacing Roads	\$ 80,000.00				-	0%	80,000.00			
80	Fence & Gate System	\$ 30,000.00				-	0%	30,000.00			
Original Contract Totals		\$ 16,882,000.00	\$ 14,627,262.00	\$ 240,500.00	\$ 1,159,687.98	\$ 16,027,449.98	95%	\$ 854,550.02			

Stored Materials Summary

Owner: City of David City
 Engineer: JEO Consulting Group, Inc.
 Contractor: BRB Contractors, Inc.
 Project: David City Wastewater Treatment Facility Improvements
 Contract:

Contractor's Application for Payment
 Engineer's Project No.: 25103L-00
 Contractor's Project No.: NE3DAV

Application No.: 25		Application Period: From 02/25/26 to 03/24/26		Application Date: 03/24/26								
A	B	C	D	E	F	G	H	I	J	K	L	M
Item No. (Lump Sum Tab) or Bid Item No. (Unit Price Tab)	Supplier Invoice No.	Submittal No. (with Specification Section No.)	Description of Materials or Equipment Stored	Storage Location	Application No. When Materials Placed in Storage	Previous Amount Stored (\$)	Materials Stored Amount Stored this Period (\$)	Amount Stored to Date (G+H) (\$)	Amount Previously Incorporated in the Work (J) (\$)	Amount Incorporated in the Work this Period (K) (\$)	Total Amount Incorporated in the Work (J+K) (\$)	Materials Remaining in Storage (I-L) (\$)
	105795-1		Aqua Aerobics Down Payment			261,353.50		261,353.50	261,353.50		261,353.50	-
	50026177576		Rebar			19,091.30		19,091.30	19,091.30		19,091.30	-
	50026159555		Rebar			26,359.32		26,359.32	26,359.32		26,359.32	-
	50026147392		Rebar			26,753.09		26,753.09	26,753.09		26,753.09	-
	50026147072		Rebar			29,743.20		29,743.20	29,743.20		29,743.20	-
	5002614632		Rebar			29,743.20		29,743.20	29,743.20		29,743.20	-
	50026127187		Rebar			22,299.72		22,299.72	22,299.72		22,299.72	-
	50026303876		Rebar			30,145.37		30,145.37	30,145.37		30,145.37	-
	0755219-1		Polywrap			1,964.40		1,964.40	1,964.40		1,964.40	-
	755226		Polywrap			420.00		420.00	420.00		420.00	-
	755219		Polywrap			3,170.72		3,170.72	3,170.72		3,170.72	-
	27693		HME Shop Drawings			6,675.00		6,675.00	6,675.00		6,675.00	-
	50026415041		Rebar			17,736.06		17,736.06	17,736.06		17,736.06	-
	50026367581		Rebar			26,960.24		26,960.24	26,960.24		26,960.24	-
	50026337203		Rebar			26,014.37		26,014.37	26,014.37		26,014.37	-
	50026192138		Rebar			18,469.82		18,469.82	18,469.82		18,469.82	-
	94020		SBR Wall Valves			76,643.95		76,643.95	76,643.95		76,643.95	-
	755902		Ductile Iron Pipe			18,451.18		18,451.18	18,451.18		18,451.18	-
	755171		Ductile Iron Pipe			15,132.60		15,132.60	15,132.60		15,132.60	-
	50026489471		Rebar			650.00		650.00	650.00		650.00	-
	50026599811		Rebar			5,675.00		5,675.00	5,675.00		5,675.00	-
	50026604462		Rebar			2,179.06		2,179.06	2,179.06		2,179.06	-
			Concrete Expansion Joints			5,892.80		5,892.80	5,892.80		5,892.80	-
	105795-2		Aqua Aerobics - Second Payment			522,707.00		522,707.00	522,707.00		522,707.00	-
	0756281-2		Ductile Iron Pipe and Accessories			1,975.74		1,975.74	1,975.74		1,975.74	-
	0756281-1		Ductile Iron Pipe and Accessories			10,440.99		10,440.99	10,440.99		10,440.99	-
	757633		24" PVC Pipe			83,203.12		83,203.12	83,203.12		83,203.12	-
	0755902-1		Ductile Iron Pipe and Accessories			21,275.08		21,275.08	21,275.08		21,275.08	-
	757699		Ductile Iron Pipe and Accessories			622.71		622.71	622.71		622.71	-
	755893		Ductile Iron Pipe and Accessories			22,446.17		22,446.17	22,446.17		22,446.17	-
	756281		Ductile Iron Pipe and Accessories			5,056.44		5,056.44	5,056.44		5,056.44	-
	94511		Butterfly Valves and Accessories			128,612.31		128,612.31	128,612.31		128,612.31	-
	94275		Air Release Valves			7,803.31		7,803.31	7,803.31		7,803.31	-
	27920		HME Shop Drawings			20,025.00		20,025.00	20,025.00		20,025.00	-
	0174120-H		Hatches and Crane Equipment			30,750.00		30,750.00	30,750.00		30,750.00	-
	0756281-3		Ductile Iron Pipe and Accessories			3,181.29		3,181.29	3,181.29		3,181.29	-
	2022-113		Electrical Stored Materials			36,633.43		36,633.43	36,633.43		36,633.43	-
	759894		Ductile Iron Forcemain Pipe			184,557.08		184,557.08	184,557.08		184,557.08	-
	94711		Valves			116,428.37		116,428.37	116,428.37		116,428.37	-
	0755902-2		Ductile Iron Pipe			23,676.17		23,676.17	23,676.17		23,676.17	-

Stored Materials Summary

City of David City
 Owner: JED Consulting Group, Inc.
 Engineer: BRB Contractors, Inc.
 Contractor: David City Wastewater Treatment Facility Improvements
 Contract:
 Owner's Project No.: 251034.00
 Engineer's Project No.: NE3DAV
 Contractor's Project No.:
 Application No.: 25 Application Period: From 02/25/26 to 03/24/26 Application Date: 03/24/26

A Item No. (Lump Sum Tab) or Bid Item No. (Unit Price Tab)	B Supplier Invoice No.	C Submittal No. (with Specification Section No.)	D Description of Materials or Equipment Stored	E Storage Location	F Application No. When Materials Placed in Storage	G Materials Stored		H Amount Stored this Period (5)	I Amount Stored to Date (G+H) (5)	J Amount Previously Incorporated in the Work (5)	K Amount Incorporated in the Work this Period (5)	L Total Amount Incorporated in the Work (J+K) (5)	M Materials Remaining in Storage (I-L) (5)
						Previous Amount Stored (5)	Amount Stored this Period (5)						
	50027906312		Rebar			27,202.03		27,202.03	27,202.03	27,202.03		27,202.03	-
	50027701696		Rebar			2,573.96		2,573.96	2,573.96	2,573.96		2,573.96	-
	50027633543		Rebar			14,510.75		14,510.75	14,510.75	14,510.75		14,510.75	-
	50027614897		Rebar			20,282.00		20,282.00	20,282.00	20,282.00		20,282.00	-
	99073		Gates/Valves/Flumes			10,622.32		10,622.32	10,622.32	10,622.32		10,622.32	-
	94913		Gates/Valves/Flumes			135,104.83		135,104.83	135,104.83	135,104.83		135,104.83	-
	0759894-2		Ductile Iron Pipe			89,965.26		89,965.26	89,965.26	89,965.26		89,965.26	-
	0759894-1		Ductile Iron Pipe			48,516.80		48,516.80	48,516.80	48,516.80		48,516.80	-
	760897		Ductile Iron Pipe			30,341.68		30,341.68	30,341.68	30,341.68		30,341.68	-
	0757892-1		Ductile Iron Pipe			6,545.67		6,545.67	6,545.67	6,545.67		6,545.67	-
	757892		Ductile Iron Pipe			34,436.37		34,436.37	34,436.37	34,436.37		34,436.37	-
	8635424-01		Electrical Stored Materials			1,893.10		1,893.10	1,893.10	1,893.10		1,893.10	-
	8653766-00		Electrical Stored Materials			1,344.01		1,344.01	1,344.01	1,344.01		1,344.01	-
	8655424-00		Electrical Stored Materials			1,029.30		1,029.30	1,029.30	1,029.30		1,029.30	-
	8651200-00		Electrical Stored Materials			249.97		249.97	249.97	249.97		249.97	-
	8602508-01		Electrical Stored Materials			5,846.58		5,846.58	5,846.58	5,846.58		5,846.58	-
	8601508-02		Electrical Stored Materials			18,107.44		18,107.44	18,107.44	18,107.44		18,107.44	-
	8634948-00		Electrical Stored Materials			10.92		10.92	10.92	10.92		10.92	-
	2022-119		Electrical Stored Materials			5,915.24		5,915.24	5,915.24	5,915.24		5,915.24	-
	95314		Valves			35,962.26		35,962.26	35,962.26	35,962.26		35,962.26	-
	95296		Valves			5,507.18		5,507.18	5,507.18	5,507.18		5,507.18	-
	95194		Valves			64,227.98		64,227.98	64,227.98	64,227.98		64,227.98	-
	0760897-1		Embedded Wall Pipe			10,490.00		10,490.00	10,490.00	10,490.00		10,490.00	-
	761001		Embedded Wall Pipe			10,763.56		10,763.56	10,763.56	10,763.56		10,763.56	-
	759887		Ductile Iron Fittings			14,654.75		14,654.75	14,654.75	14,654.75		14,654.75	-
	0760897-2		Ductile Iron Pipe			18,733.52		18,733.52	18,733.52	18,733.52		18,733.52	-
	50028221334		Headworks Area Rebar			17,661.05		17,661.05	17,661.05	17,661.05		17,661.05	-
	50028559050		Generator Post Rebar			5,316.85		5,316.85	5,316.85	5,316.85		5,316.85	-
	95460		Valves			9,113.55		9,113.55	9,113.55	9,113.55		9,113.55	-
	765559		Ductile Iron Pipe			11,022.47		11,022.47	11,022.47	11,022.47		11,022.47	-
	765117		Ductile Iron Pipe			95,948.26		95,948.26	95,948.26	95,948.26		95,948.26	-
	764836		Ductile Iron Pipe			22,291.21		22,291.21	22,291.21	22,291.21		22,291.21	-
	764427		Ductile Iron Pipe			2,800.00		2,800.00	2,800.00	2,800.00		2,800.00	-
	0764836-1		Ductile Iron Pipe			9,449.42		9,449.42	9,449.42	9,449.42		9,449.42	-
	764846		Ductile Iron Pipe			21,007.67		21,007.67	21,007.67	21,007.67		21,007.67	-
	0765117-2		Ductile Iron Pipe			21,792.38		21,792.38	21,792.38	21,792.38		21,792.38	-
	8653766-01		Electrical Stored Materials			6,180.00		6,180.00	6,180.00	6,180.00		6,180.00	-
	8655424-02		Electrical Stored Materials			9,419.62		9,419.62	9,419.62	9,419.62		9,419.62	-
	8658232-00		Electrical Stored Materials			5,327.55		5,327.55	5,327.55	5,327.55		5,327.55	-
	8655424-03		Electrical Stored Materials			20,413.00		20,413.00	20,413.00	20,413.00		20,413.00	-
	8655424-04		Electrical Stored Materials			4,119.52		4,119.52	4,119.52	4,119.52		4,119.52	-
	8666003-00		Electrical Stored Materials			8,910.00		8,910.00	8,910.00	8,910.00		8,910.00	-
	8602508-03		Electrical Stored Materials			5,317.25		5,317.25	5,317.25	5,317.25		5,317.25	-
	8658232-02		Electrical Stored Materials			31,315.00		31,315.00	31,315.00	31,315.00		31,315.00	-
	8658232-01		Electrical Stored Materials			32,956.00		32,956.00	32,956.00	32,956.00		32,956.00	-
	NECOL256197		Electrical Stored Materials			301.18		301.18	301.18	301.18		301.18	-
	79795		Electrical Stored Materials			270.00		270.00	270.00	270.00		270.00	-
	12251		HOA Progress Billing			227,884.60		227,884.60	227,884.60	227,884.60		227,884.60	-
	27665		Submersible Pumps			432,500.00		432,500.00	432,500.00	432,500.00		432,500.00	-

Contractor's Application for Payment

Owner:	City of David City
Engineer:	JEO Consulting Group, Inc.
Contractor:	BRB Contractors, Inc.
Project:	David City Wastewater Treatment Facility Improvements
Contract:	
Owner's Project No.:	251034-00
Engineer's Project No.:	NEEDAV
Contractor's Project No.:	

A	B	C	D	E	F	G		H	I	J	K	L	M
						Materials Stored	Materials Stored						
Item No. (Lump Sum Tab) or Bid Item No. (Unit Price Tab)	Supplier Invoice No.	Submittal No. (with Specification Section No.)	Description of Materials or Equipment Stored	Storage Location	Application No. When Materials Placed in Storage	Previous Amount Stored (\$)	Amount Stored this Period (\$)	Amount Stored this Period (G + H) (\$)	Amount Previously Incorporated in the Work (\$)	Amount Incorporated in the Work this Period (\$)	Total Amount Incorporated in the Work (J + K) (\$)	Materials Remaining in Storage (L - M) (\$)	
	01748974-N		Hoist			19,110.00	19,110.00	19,110.00	19,110.00	19,110.00	19,110.00	-	
	0765117-6		Pipe and Fittings			9,402.29	9,402.29	9,402.29	9,402.29	9,402.29	9,402.29	-	
	0765117-5		Pipe and Fittings			39,726.61	39,726.61	39,726.61	39,726.61	39,726.61	39,726.61	-	
	0765117-4		Pipe and Fittings			6,442.13	6,442.13	6,442.13	6,442.13	6,442.13	6,442.13	-	
	0760997-3		Pipe and Fittings			26,816.12	26,816.12	26,816.12	26,816.12	26,816.12	26,816.12	-	
	0765117-3		Pipe and Fittings			578.28	578.28	578.28	578.28	578.28	578.28	-	
	766259		Pipe and Fittings			21,663.44	21,663.44	21,663.44	21,663.44	21,663.44	21,663.44	-	
	764818		Pipe and Fittings			25,146.59	25,146.59	25,146.59	25,146.59	25,146.59	25,146.59	-	
	95755		Valves			33,531.00	33,531.00	33,531.00	33,531.00	33,531.00	33,531.00	-	
	8635424-05		Electrical Stored Materials			306.20	306.20	306.20	306.20	306.20	306.20	-	
	8659853-00		Electrical Stored Materials			1,335.00	1,335.00	1,335.00	1,335.00	1,335.00	1,335.00	-	
	8602508-04		Electrical Stored Materials			373.10	373.10	373.10	373.10	373.10	373.10	-	
	8694471-00		Electrical Stored Materials			266.93	266.93	266.93	266.93	266.93	266.93	-	
	8602508-05		Electrical Stored Materials			2,328.26	2,328.26	2,328.26	2,328.26	2,328.26	2,328.26	-	
	8635424-06		Electrical Stored Materials			12,514.95	12,514.95	12,514.95	12,514.95	12,514.95	12,514.95	-	
	8792		Grit Pump			23,395.00	23,395.00	23,395.00	23,395.00	23,395.00	23,395.00	-	
	29452		Handrail			12,300.00	12,300.00	12,300.00	12,300.00	12,300.00	12,300.00	-	
	568		HVAC: Air Conditioners			16,920.00	16,920.00	16,920.00	16,920.00	16,920.00	16,920.00	-	
	0765117-7		Pipe and Fittings			2,528.22	2,528.22	2,528.22	2,528.22	2,528.22	2,528.22	-	
	766417		Piping System/Ball Valves			3,112.76	3,112.76	3,112.76	3,112.76	3,112.76	3,112.76	-	
	770080		Pipe and Fittings			4,184.11	4,184.11	4,184.11	4,184.11	4,184.11	4,184.11	-	
	765579		Pipe and Fittings			33,920.76	33,920.76	33,920.76	33,920.76	33,920.76	33,920.76	-	
	00577504-N		Sand/Oil Trap			10,900.00	10,900.00	10,900.00	10,900.00	10,900.00	10,900.00	-	
	29678		Ladders			8,250.00	8,250.00	8,250.00	8,250.00	8,250.00	8,250.00	-	
	769915		Pipe and Fittings			17,343.56	17,343.56	17,343.56	17,343.56	17,343.56	17,343.56	-	
	1045800		Aqua Aerobics SBR Equipment			254,849.56	254,849.56	254,849.56	254,849.56	254,849.56	254,849.56	-	
	1046062		Aqua Aerobics SBR Equipment			703,753.84	703,753.84	703,753.84	703,753.84	703,753.84	703,753.84	-	
	24105-18870		Bar Screen			127,871.00	127,871.00	127,871.00	127,871.00	127,871.00	127,871.00	-	
	92728-00		Generator			82,368.00	82,368.00	82,368.00	82,368.00	82,368.00	82,368.00	-	
	8653766-02		Electrical Stored Materials			12,200.28	12,200.28	12,200.28	12,200.28	12,200.28	12,200.28	-	
	1046371		Aqua Aerobics SBR Equipment			56,029.84	56,029.84	56,029.84	56,029.84	56,029.84	56,029.84	-	
	448099		Precast Manholes			6,829.90	6,829.90	6,829.90	6,829.90	6,829.90	6,829.90	-	
	448100		Precast Manholes			6,367.98	6,367.98	6,367.98	6,367.98	6,367.98	6,367.98	-	
	1046768		Aqua Aerobics Equipment			456,848.92	456,848.92	456,848.92	456,848.92	456,848.92	456,848.92	-	
	1046711		Aqua Aerobics Equipment			4,266.73	4,266.73	4,266.73	4,266.73	4,266.73	4,266.73	-	
	769540		Pipe and Fittings			10,912.32	10,912.32	10,912.32	10,912.32	10,912.32	10,912.32	-	
	777143		Pipe and Fittings			9,368.08	9,368.08	9,368.08	9,368.08	9,368.08	9,368.08	-	
	50050735331		Blower Room Rebar			4,203.29	4,203.29	4,203.29	4,203.29	4,203.29	4,203.29	-	
	50113091		Doors and Frames			30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	-	
	1047062		Aqua Aerobics Equipment			75,103.16	75,103.16	75,103.16	75,103.16	75,103.16	75,103.16	-	
	12687		Instrumentation Equipment			55,490.40	55,490.40	55,490.40	55,490.40	55,490.40	55,490.40	-	
	97588		Slide Gates			277,359.52	277,359.52	277,359.52	277,359.52	277,359.52	277,359.52	-	
	777559		Ductile Iron Pipe and Fittings (SBR)			33,415.07	33,415.07	33,415.07	33,415.07	33,415.07	33,415.07	-	
	777526		Ductile Iron Pipe and Fittings (Blower)			7,835.01	7,835.01	7,835.01	7,835.01	7,835.01	7,835.01	-	
	0777559-1		Ductile Iron Pipe and Fittings (SBR)			17,352.34	17,352.34	17,352.34	17,352.34	17,352.34	17,352.34	-	
	30706		Misc Steel			81,605.00	81,605.00	81,605.00	81,605.00	81,605.00	81,605.00	-	
												11,732.96	
												63,707.96	
												17,897.04	

Ethan Joy of JEO Consulting Group spoke on the Velocity Contractors Pay Application.

Pay Application No. 31 (Final) - Velocity

Staff provided an update on the project status:

- The harmonic filter has been repaired by Schneider Electric.
- Membrane replacement is underway this week under warranty, representing a significant portion of remaining work.

However, the general contractor (Velocity) has not completed outstanding items, including:

- Minor nuisance leaks
- Remaining piping issues

The contractor has not yet returned to address these deficiencies.

Recommendation & Action

Staff recommended tabling the final pay application until all remaining work is completed.

Council Member Keith Marvin made a motion to table Pay Application No. 31 (Final) for Velocity Contractors, Inc. in the amount of \$50,000.00 for the Water Treatment Plant Upgrades. Council Member Kevin Woita seconded the motion. The motion carried. Jeremy Abel: Yea, Jim Angell: Yea, Rick Holland: Yea, Keith Marvin: Yea, Bruce Meysenburg: Yea, Kevin Woita: Yea. Yea: 6, Nay: 0

Council Member Kevin Woita made a motion to approve the application by Ka-Boomer's Enterprises, Inc. to sell permissible fireworks at 1510 4th Street. Council Member Jim Angell seconded the motion. The motion carried. Jeremy Abel: Yea, Jim Angell: Yea, Rick Holland: Yea, Keith Marvin: Yea, Bruce Meysenburg: Yea, Kevin Woita: Yea. Yea: 6, Nay: 0.

Ka-Boomer's Enterprises Inc.

PO Box 86
Wahoo, NE 68066
Phone: (402)318-2759
Email: richludvik@gmail.com

Firework Stand Location: 1510 4th Street – Stop-Inn Liquor & Food Mart

Dear City Clerk,

I have enclosed the information and documents listed below as required to complete the Firework Permit application for the upcoming 2026 selling season.

- Completed 2026 Firework Application
- 2026 Landowner Lease Agreement (Permission to use property)
- COI
- NE SFM License
- Permit Fees Check - \$250

Please contact me directly at (402)318-2759 or email at richludvik@gmail.com with any questions.

Sincerely,



Rich Ludvik
President and CEO
Ka-Boomer's Enterprises, Inc.

APPLICATION TO SELL PERMISSIBLE FIREWORKS

Application is hereby made to the Mayor and City Council of the City of David City, Nebraska, by Ka-Boomers Fireworks, Inc. under provisions of Section 28-1003.09 R.R.S. Nebraska, Reissue 1943, as amended for a permit to sell permissible fireworks at retail at 1510 4th Street between 12:01 a.m. June 25th and 11:59 p.m. July 4, 2026. (Ruling from State Fire Marshall advises fireworks cannot be sold until 12:01 a.m. June 25.) **(A letter from the property owner giving permission for you to be on their property must be attached).**

The undersigned applicant hereby declares that State License No. 2026-RP-96690976-35-06 has been acquired representing that applicant is duly licensed by the State of Nebraska to sell permissible fireworks. **(A copy of the NE State Fire Marshal License for Sale of Fireworks must be attached to this application.)**

Upon issuance of the permit the undersigned applicant hereby agrees to sell only permissible fireworks at the location listed above. Applicant will be in strict accordance with all Statutes of the State of Nebraska and all City Ordinances of the City of David City, Nebraska.

A fee of \$250.00 must accompany this application. (Res. 8-2008)

Dated this 27th day of March, 2026.

PAID
MAR 31 2026
CITY OF DAVID CITY
DAVID CITY UTILITIES

Richard Ludvik

Applicant

PO Box 86

Address

Wahoo, NE

City

(402)318-2762

Phone

David City

Ka-Boomers Enterprises, Inc

P.O. Box 86
Wahoo, NE 68066
(402) 443-4593 Phone
(402) 443-4614 Fax

2026 Property Lease Agreement

The following license agreement is for a short term license only for the purpose of operating a retail fireworks stand owned and managed by Ka-Boomers Enterprises, Inc., on privately owned property.

Ka-Boomers Enterprises, Inc. agrees to the following terms of contract with the current property owners(s)

Name Western Oil II, LLC
Address PO Box 10, Valentine, NE 69201
Phone 402-618-0333 Cell: _____ Fax: _____ Email: _____
(Make any changes in the area provided)

- To pay lease fee in the amount of \$ on the property located at 1510 4th, David City, NE 68632. Rent payable to said owner per approval of said premises by City Council or County Board. Ka-Boomer's will be given first option the following year upon performance satisfaction in current selling year as witnessed by landowner. If said City Council, County Board, or State in which you are located decides to Ban the sale of Fireworks due to weather/dry conditions and making it unable for Ka-Boomer's to make use of said property, 100% of lease amount would be returned to Ka-Boomer's, Inc. If a ban should occur during said period of lease then a pro-rated lease amount will be returned to Ka-Boomer's based on the amount of days not used by Ka-Boomer's, Inc. In the event Ka-Boomers is unable to fill the management position to operate this location prior to the dates of the lease, the lease is void.
- The date of lease will be from July 25th through and including July 4th, 2026. We will start setting up area 2-3 days in advance. Trailers will be removed as soon as possible or as agreed upon at the time of the lease. Landowner will supply electrical outlet when possible. Rental fee and insurance will be received by land owner no later than two weeks prior to setting up fireworks stand.
- These premises will be left in similar condition as prior to beginning retail operations. Ka-Boomers will repair promptly any damage resulting to the premises as a result of Ka-Boomers activities. All trash will be picked up and removed from the property upon or before departure.
- Ka-Boomers Enterprises, Inc. will provide to owner of property a premise liability insurance policy in the amount of \$ 5,000,000 in case of any injury occurring on property two weeks prior to date of Lease.
- Ka-Boomers Enterprises Inc., will protect and maintain said property through and including dates of this license agreement. The location will be supervised by an adult. Fireworks will not be allowed to be discharged on property. Signs will also be posted as not to allow the lighting of fireworks on property.
- Waiver. To the extent permitted by law, Licensor (land owner), its agents and employees, shall not be liable for, and licensee waives all claims for damage or loss to persons or property sustained by licensee or any persons claiming through Licensee resulting from any accident or occurrence in or upon the Licensee Area.
- Indemnification. Licensee shall indemnify Licensor, its agents and employees, from and against any and all liability, liens, claims, damages, expenses, fines, penalties, suits, proceedings, action and causes of action arising or related in any way to Licensee's use of the Licensed Area and adjacent area, Licensee's activities in the Area, or any damage, loss or theft of any property of Licensee.
- Contract void if before mentioned property is sold/leased providing Ka-Boomer's with a 60 day notice prior to lease date.

I, Rich Ludvik, agent for Ka-Boomers Enterprises, Inc. do hereby agree to these terms

Signed Rich Ludvik Date 2-2-26

I, current land owner (representative for land owner), do hereby agree to these terms. (Please print legibly for payment)

Signed [Signature] Date 02/02/2026
Print Name Luke Moser

***Please make sure whomever rent check is payable to corresponds to correct SS# or Federal ID# if payable to a business. Rent payment will be made to: Western Oil II If Individual: Social Security # _____

If Payable to Business; FED. ID # 47.2808690 AND Type of Business (S-corp, LLC, Etc.) LLC

NEBRASKA STATE FIRE MARSHAL

246 South 14th Street
Lincoln, NE 68508-1804

LICENSE FOR SALE OF FIREWORKS

Permissible fireworks may be sold at retail commencing 12:01 AM June 25 and ending 11:59 PM July 4 OR 12:01 AM December 29 and ending 11:59 PM December 31 and must be purchased from a licensed distributor or jobber. A jobber may not sell retail. Invoice copies for all fireworks must be kept available for inspection and must show the license number of the distributor or jobber. Fireworks may not be sold outside the city limits of an incorporated town or village. Violations of State Fire Marshal regulations may result in immediate revocation of this license.

LICENSE GOOD ONLY FOR CALENDAR YEAR IN WHICH ISSUED

This copy signed, dated and numbered by the STATE FIRE MARSHAL constitutes issuance of a LICENSE pursuant to the provisions of Nebraska Revised Statute 28-1246 (1994 Supp.). Such license shall be displayed at licensee's place of business.

DATE RECEIVED:

January 14, 2026 12:32 PM

TYPE OF LICENSE AND FEE:

Retail Permit - \$1,000.00

LOCATION OF OUTLET FOR RETAIL SALE OF FIREWORKS:

1510 4th Street
David City
Tent in parking lot

COUNTY:

Butler

STORAGE LOCATION:

DISTRIBUTOR(S)/JOBBER(S):

Ka-Boomers Enterprises, Inc. (2026-RP-96487820-8)

SALES TAX NUMBER:

DATE ISSUED:

January 14, 2026 12:13 PM



STATE FIRE MARSHAL

LICENSE HOLDER:

Kaboomers Fireworks

LICENSE NUMBER:

2026-RP-96690976-35-06

City Administrator Alan Zavodny spoke on the contract with a Fiscal Analyst.

Consideration of Contract - Fiscal Analyst

The Council considered contracting with John Kopecky as a part-time fiscal analyst to provide an independent review of the City's financial practices and procedures.

Purpose

- Provide an independent, outside review of City finances to address public concerns and ensure transparency.
- Assist in strengthening internal controls, policies, and procedures.
- Support staff and Council during budget planning and financial decision-making.

Qualifications

- Mr. Kopecky has extensive experience in:
 - Banking operations and efficiency improvements
 - Internal controls and policy development
 - Forensic financial investigations and audits

Scope & Terms

- Position is contract-based (not a City employee).
- Compensation:
 - Up to \$75 per hour
 - Maximum 20 hours per week, or as needed
- Initial focus:
 - Review and improve internal procedures and financial controls

Council Member Bruce Meysenburg made a motion to authorize Legal Counsel to draft a contract for the City to contract with a Fiscal Analyst to look over internal procedures and policies. Council Member Rick Holland seconded the motion. The motion carried. Jeremy Abel: Yea, Jim Angell: Yea, Rick Holland: Yea, Keith Marvin: Yea, Bruce Meysenburg: Yea, Kevin Woita: Yea. Yea: 6, Nay: 0

City Administrator Alan Zavodny spoke on the consideration of hiring an Account Clerk. Staffing Update & Authorization to Advertise - Account Clerk
Staff reported a vacancy in the office following a staff member's retirement, resulting in reduced staffing levels.

Ky Points

- The position is intended as a replacement, not an addition to staff.
- Emphasis was placed on improving segregation of duties and ensuring multiple staff review financial transactions.
- Cross-training is already underway among office staff to strengthen internal controls and operational coverage.

Council Member Kevin Woita made a motion to approve advertising for an account clerk. Council Member Jim Angell seconded the motion. The motion carried. Jeremy Abel: Yea, Jim Angell: Yea, Rick Holland: Yea, Keith Marvin: Yea, Bruce Meysenburg: Nay, Kevin Woita: Yea. Yea: 5, Nay: 1.

City Administrator Alan Zavodny spoke on the consideration of hiring a Human Resources Clerk.

HR/Administrative Position

Council discussed the potential need for an additional position to assist with human resources and administrative functions.

Key Points

- The proposal stems from:
 - Increased workload related to HR responsibilities (retirement, FMLA, insurance, union matters, employee support)
 - A recent retirement-related issue (~\$107,000), with the City contributing \$30,000
- The intent is to reduce workload on the City Clerk and improve oversight of employee-related matters
- Staff emphasized:
 - This is not a request to hire immediately
 - The goal is to advertise and evaluate candidates/options first
- Employees have expressed interest in having a dedicated contact for guidance and HR-related concerns

Council Discussion

- Questions were raised about whether these duties should fall under a City Administrator role instead
- Council expressed interest in exploring alternative options and structures before proceeding

Council Member Keith Marvin made a motion to table consideration of hiring a Human Resources Clerk. Council Member Rick Holland seconded the motion. The motion carried.

Jeremy Abel: Yea, Jim Angell: Yea, Rick Holland: Yea, Keith Marvin: Yea, Bruce Meysenburg: Yea, Kevin Woita: Yea. Yea: 6, Nay: 0

Council Member Keith Marvin made a motion to recess the City Council Meeting at 8:00 p.m. Council Member Rick Holland seconded the motion. The motion carried. Jerry Abel: Yea, Jim Angell: Yea, Rick Holland: Yea, Keith Marvin: Yea, Bruce Meysenburg: Yea, Kevin Woita: Yea. Yea: 6, Nay: 0.

Council Member Keith Marvin made a motion to reconvene the City Council Meeting at 8:09 p.m. Council Member Bruce Meysenburg seconded the motion. The motion carried.

Jeremy Abel: Yea, Jim Angell: Yea, Rick Holland: Yea, Keith Marvin: Yea, Bruce Meysenburg: Yea, Kevin Woita: Yea. Yea: 6, Nay: 0.

City Attorney Michael Sands explained to the City Council the purpose of Resolution No. 4-2026 Amending the Redevelopment Plan for GDC Properties, LLC, Redevelopment Project.

Council Discussion Summary - GDC Redevelopment Amendment (Hotel Incentive)

- Purpose of Amendment:

The amendment introduces an additional financing tool under Nebraska's Community Development Law, beyond traditional Tax Increment Financing (TIF).
- Type of Incentive:
 - The city is considering an Enhanced Employment Area (EEA) incentive.
 - This allows the city, at a developer's request, to impose a general business occupation tax to help fund a project.
- Project Context:
 - The request came from the hotel developer.
 - This developer is separate from the one using TIF, which is funding infrastructure (horizontal improvements).
 - The hotel project has a financing gap, and this incentive helps address it.
- Scope of the Tax:
 - Applies only to the hotel property (three parcels combined into one).
 - Does not apply citywide (unlike a lodging tax).
 - No impact on other businesses.

- Who Pays the Tax:
 - Primarily hotel guests (transient population).
 - Minimizes burden on local residents.
- Why This Tool is Used:
 - Considered a good fit for hotels since costs can be passed on to visitors.
 - Helps support an important economic development project.
- What the Amendment Does:
 - Establishes the legal framework for using this incentive.
 - Allows the city to later negotiate and enter into a formal agreement with the developer.
 - No final structure or terms are set yet.
- Council Clarification:
 - Confirmed the tax would apply only to the hotel, not other businesses.

Council Member Bruce Meysenburg made a motion to accept Resolution No. 4-2026 approving a Redevelopment Plan Amendment entitled, "Amendment to the Redevelopment Plan for GDC Properties, LLC, Redevelopment Project", and designating certain Real Estate within the City as an Enhanced Employment Area and eligible for the Imposition of an Occupation Tax pursuant to the Community Development Law. Council Member Keith Marvin seconded the motion. The motion carried. Jeremy Abel: Yea, Jim Angell: Yea, Rick Holland: Yea, Keith Marvin: Yea; Bruce Meysenburg: Yea, Kevin Woita: Yea, Yea: 6, Nay: 0.

RESOLUTION NO. 4-2026

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF DAVID CITY, NEBRASKA, APPROVING A REDEVELOPMENT PLAN AMENDMENT ENTITLED, "AMENDMENT TO THE REDEVELOPMENT PLAN FOR GDC PROPERTIES, LLC, REDEVELOPMENT PROJECT"; AND DESIGNATING CERTAIN REAL ESTATE WITHIN THE CITY AS AN ENHANCED EMPLOYMENT AREA AND ELIGIBLE FOR THE IMPOSITION OF AN OCCUPATION TAX PURSUANT TO THE COMMUNITY DEVELOPMENT LAW.

WHEREAS, pursuant to the Nebraska Community Development Law, Sections 18-2101 et seq., of the Nebraska Revised Statutes (the "Act"), the Mayor and City Council of the City of David City, Nebraska (the "City"), previously approved a redevelopment plan entitled, "The Redevelopment Plan for GDC, LLC, Redevelopment Project," (the "Plan"); and

WHEREAS, the Plan sets forth certain redevelopment projects and activities within the redevelopment area detailed therein; and

WHEREAS, one of the redevelopment projects set forth in the Plan consists of the development of a hotel within the redevelopment area (the "Hotel Project"); and

WHEREAS, the Hotel Project will occur on that portion of the redevelopment area described in Exhibit 1, attached hereto, and incorporated herein (the "Hotel Project Site"); and

WHEREAS, a financing gap exists with respect to the development of the Hotel Project, as described in the Plan Amendment; and

WHEREAS, the Hotel Project is of high importance to the economic development and growth of the City; and

WHEREAS, to facilitate the successful development and future viability of the Hotel Project, the City wishes to provide financial assistance to the Hotel Project via the establishment an "enhanced employment area" (as defined in the Act), levy of an associated general business occupation tax on the Hotel Project's revenues, and such other financial assistance detailed in the Plan Amendment, all as permitted under the Act; and

WHEREAS, in accordance with the foregoing, a proposed amendment to the Plan is attached hereto and incorporated herein as Exhibit 2 (the "Plan Amendment"); and

WHEREAS, the Plan Amendment proposes the designation of an enhanced employment area upon the Hotel Project Site and associated levy of a general business occupation tax, all in conformance with the Act; and

WHEREAS, based on the written representations of the developer of the Hotel Project, the designation of Hotel Project Site as an enhanced employment area proposed in the Plan Amendment is appropriate, as the Hotel Project will result in at least two new employees and new investment of more than \$125,000, within the Hotel Project Site.

WHEREAS, the Plan Amendment does not constitute a "substantial modification" to the Plan or Project under section 18-2115 of the Act; and

WHEREAS, the Mayor and City Council of the City have taken all actions required under the Act to approve the Plan Amendment, which does not constitute a substantial modification to the Plan; and

WHEREAS, all recitals, findings and declarations set forth in applicable prior resolutions adopted by the Mayor and Council of the City remain applicable and true with respect to the Plan, as and to the extent provided therein, as amended by the Plan Amendment.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF DAVID CITY, NEBRASKA:

Section 1. All recitals, findings and declarations set forth in prior resolutions adopted by the Mayor and City Council of the City in relation to the Plan remain applicable and true with respect to the Plan, as and to the extent provided therein, as amended by the Plan Amendment, and are hereby adopted and incorporated herein with respect to the Plan Amendment.

Section 2. Based upon the written representations of the developer of the Hotel Project, the Hotel Project will result in at least two new employees and new investment of more than \$125,000, within the Hotel Project Site.

Section 3. In accordance with the foregoing findings, designation of Hotel Project Site as an enhanced employment area is appropriate and in conformance with the Act; and therefore the Mayor and City Council of the City hereby designate Hotel Project Site as an enhanced employment area under the Act, and such area shall be eligible for the levy of a general business occupation tax upon all non-exempt business activities therein, the revenues of which shall be applied as reimbursement of certain eligible costs of the Hotel Project.

Section 4. Based on the foregoing and substantial evidence in the record of this proceeding, the Mayor and City Council of the City hereby approve and adopt the Plan Amendment.

Section 5. The City and Agency shall be permitted to take such actions and contribute such financial assistance with respect to the Hotel Project, as set forth in the Plan Amendment and the Act.

Section 6. This Resolution shall take effect as provided by law.

INTRODUCED BY COUNCIL MEMBER _____

PASSED AND ADOPTED THIS 8TH DAY OF APRIL, 2026.

MAYOR

ATTEST:

CITY CLERK

(Space Intentionally Left Blank)

EXHIBIT 1
Hotel Project Site

Legal Description:

Lots 5-7, inclusive, Zegers 1st Addition, an addition in the City of David City, Butler County, Nebraska.

Depiction (outlined in red):



* In the event Developer replats the Hotel Project Site, the above legal description shall be superseded by the replat approved by the City.

EXHIBIT 2
Plan Amendment

(See attached)

Council Member Jeremy Abel made a motion to adjourn at 8:12 p.m. Council Member Jim Angell seconded the motion. The motion carried. Jeremy Abel: Yea, Jim Angell: Yea, Rick Holland: Yea, Keith Marvin: Yea, Bruce Meysenburg: Yea, Kevin Woita: Yea. Yea: 6, Nay: 0.

CERTIFICATION OF MINUTES
April 8, 2026

I, Lori Matchett, duly qualified and acting City Clerk for the City of David City, Nebraska, do hereby certify with regard to all proceedings of April 8, 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 subjects were contained in said agenda for at least twenty-four hours prior to said meeting; that the minutes of the meeting of the City Council of the City of David City, Nebraska, 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 with advance notification of the time and place of said meeting and the subjects to be discussed at said meeting.

Lori Matchett, City Clerk