NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

November 14, 2025

Malcolm Rural Fire Protection District
PO Box 12
Malcolm, NE 68402-

RE: Malcolm Rural Fire Protection District

Dear Board:

We have received and reviewed the audit waiver request for the Malcolm Rural Fire Protection District for the fiscal year 2025. **The 2025 audit waiver request has been approved.**

If you have any questions, please contact our office at (402) 471-2111.

Sincerely,

Mark Avery, CPA
Assistant Deputy Auditor
Subdivision Audit Review Coordinator

2025-2026
STATE OF NEBRASKA
GENERAL BUDGET FORM

Malcolm Rural Fire Protection District

TO THE COUNTY BOARD AND COUNTY CLERK OF
Lancaster County

This budget is for the Period July 1, 2025, through June 30, 2026

Upon Filing, The Entity Certifies the Information Submitted on this Form to be Correct:

The following **PERSONAL AND REAL PROPERTY TAX** is requested for the ensuing year:

$	310,850.00	A1	Property Taxes for Non-Bond Purposes
$	201,011.00	A2	Principal and Interest on Bonds
$	511,861.00	A3	**Total Personal and Real Property Tax Required**

Outstanding Bonded Indebtedness as of July 1, 2025

2,470,000.00	A4	Principal
1,255,313.00	A5	Interest
$ 3,725,313.00	A6	**Total Bonded Indebtedness**

534,943,510	A7	**Total General Fund Certified Valuation (All Counties)**

*(Certification of Valuation(s) from County Assessor **MUST** be attached)*

County Clerk's Use ONLY

AUDITOR OF PUBLIC ACCOUNTS
RECEIVED
SEP 29 2025
STATE OF NEBRASKA

Budget Document To Be Used As Audit Waiver?

My Subdivision has elected to use this Budget Document as the Audit Waiver.
(If YES, Board Minutes MUST be Attached)

[X] YES [ ] NO

If **YES**, Column 2 **MUST** contain **ACTUAL** Numbers.

If YES, DO NOT COMPLETE/SUBMIT SEPARATE AUDIT WAIVER REQUEST.

Report of Joint Public Agency & Interlocal Agreements

Was this Subdivision involved in any Interlocal Agreements or Joint Public Agencies for the reporting period of July 1, 2024 through June 30, 2025?

[X] YES [ ] NO

*If **YES**, Please attach Interlocal Agreement Report.*

Report of Trade Names, Corporate Names & Business Names

Did the Subdivision operate under a separate Trade Name, Corporate Name, or other Business Name during the period of July 1, 2024 through June 30, 2025?

[ ] YES [X] NO

*If **YES**, Please attach Trade Name Report.*

APA Contact Information

Auditor of Public Accounts
PO BOX 98917
Lincoln, NE 68509

Telephone: (402) 471-2111 **FAX:** (402) 471-3301

Website: auditors.nebraska.gov

Questions - E-Mail: Jeff.Schreier@nebraska.gov

Submission Information

Budget Due by 9-30-2025

Submit budget to:

1. Auditor of Public Accounts -Electronically on Website or Mail
2. County Board (SEC. 13-508), C/O County Clerk

Malcolm Rural Fire Protection District in Lancaster County

Line No.	TOTAL ALL FUNDS	Actual 2023 - 2024 (Column 1)		Actual/Estimated 2024 - 2025 (Column 2)		**Adopted Budget 2025 - 2026** (Column 3)	
1	**Beginning Balances, Receipts, & Transfers:**						
2	Beginning Net Cash Balance	791,132.33	B1	742,670.23	B29	3,373,662.22	B57
3	Investments	-	B2	-	B30	-	B58
4	County Treasurer's Balance	5,285.33	B3	4,461.59	B31	7,791.28	B59
5	**Subtotal of Beginning Balances** (Lines 2 thru 4)	**796,417.66**	B4	**747,131.82**	B32	**3,381,453.50**	B60
6	Personal and Real Property Taxes **(Columns 1 and 2 - See Preparation Guidelines)**	256,540.92	B5	370,767.47	B33	501,825.00	B61
7	Federal Receipts	-	B6	-	B34	-	B62
8	State Receipts: Motor Vehicle Pro-Rate **(To Lid Supporting Schedule, page 4)**	649.59	B7	1,124.35	B35	1,120.00	B63
9	State Receipts: State Aid	-	B8	-	B36	-	B64
10	State Receipts: Other	14,760.30	B9	27,694.73	B37	11,600.00	B65
11	State Receipts: Property Tax Credit	17,842.64	B10	34,538.34	B38		
12	Local Receipts: Nameplate Capacity Tax	664.09	B11	1,588.21	B39	1,580.00	B66
13	Local Receipts: In Lieu of Tax **(To Lid Supporting Schedule, page 4)**	-	B12	-	B40	-	B67
14	Local Receipts: Other	47,782.96	B13	2,620,771.65	B41	87,000.00	B68
15	Transfers In Of Surplus Fees **(To Lid Supporting Schedule, page 4)**	-	B14	-	B42	-	B69
16	Transfer In Other Than Surplus Fees (Should agree to Transfers Out on Line 28)	105,000.00	B15	-	B43	2,295,457.00	B70
17	**Total Resources Available** (Lines 5 thru 16)	**1,239,658.16**	B16	**3,803,616.57**	B44	**6,280,035.50**	B71
18	**Disbursements & Transfers:**						
19	Operating Expenses	154,196.61	B17	160,907.34	B45	223,000.00	B72
20	Capital Improvements (Real Property/Improvements)	30,961.50	B18	205,588.00	B46	2,295,457.00	B73
21	Other Capital Outlay (Equipment, Vehicles, Etc.)	202,368.23	B19	-	B47	85,000.00	B74
22	Debt Service: Bond Principal & Interest Payments	-	B20	55,667.73	B48	198,791.25	B75
23	Debt Service: Payments to Retire Interest-Free Loans **(Public Airports)**	-	B21	-	B49	-	B76
24	Debt Service: Payments to Bank Loans & Other Instruments **(Fire Districts)**	-	B22	-	B50	-	B77
25	Debt Service: Other	-	B23	-	B51	-	B78
26	Judgments	-	B24	-	B52	-	B79
27	Transfers Out of Surplus Fees	-	B25	-	B53	-	B80
28	Transfers Out Other Than Surplus Fees (Should agree to Transfers In on Line 16)	105,000.00	B26	-	B54	2,295,457.00	B81
29	**Total Disbursements & Transfers** (Lines 19 thru 28)	**492,526.34**	B27	**422,163.07**	B55	**5,097,705.25**	B82
30	**Balance Forward/Cash Reserve** (Line 17 - Line 29)	**747,131.82**	B28	**3,381,453.50**	B56	**1,182,330.25**	B83
31					Cash Reserve Percentage	280%	B84

PROPERTY TAX RECAP

Tax from Line 6	501,825.00	B85
County Treasurer's Commission at 2% of Line 6	10,036.00	B86
Total Property Tax Requirement	**511,861.00**	B87

Malcolm Rural Fire Protection District in Lancaster County

To Assist the County For Levy Setting Purposes

The Cover Page identifies the Property Tax Request between Principal & Interest on Bonds and All Other Purposes. If your political subdivision needs more of a breakdown for levy setting purposes, complete the section below.

Property Tax Request by Fund:		Property Tax Request
General Fund	$	237,100.00
Sinking Fund	$	73,750.00
Bond Fund	$	201,011.00
_____ Fund		
Total Tax Request	** $	511,861.00

** This Amount should agree to the Total Personal and Real Property Tax Required on the Cover Page (Page 1).

Documentation of Transfers:

(Only complete if there are transfers noted on Page 2, Column 2)

Please explain what fund the monies were transferred from, what fund they were transferred to, and the reason for the transfer.

Transfer From: _____ Transfer To: _____

Amount:

Reason:

Transfer From: _____ Transfer To: _____

Amount:

Reason:

Township Property Taxes

If this is a Township Subdivision budget form, the amount of property taxes shown above and on the front cover may not represent the amount the Township will receive. Statute 39-1522 outlines that one-half of all money collected from the township levy on property within the corporate limits of a city or village shall be paid to the treasurer of the city or village to be used for the maintenance and repairs of the streets.

Township should take this into consideration when determining property tax amount to be budgeted.

Township Total Valuation	534,943,510
City/Village Valuation included in Township Valuation	
General Fund Tax Rate	0.044322
Township Taxes within City/Village	-
50% of Township Taxes within City/Village	-
Projected Township Taxes to be collected	237,100.00

Note: Township would need to verify with County Assessor the amount of City / Village valuation included within the Township Total Valuation. This calculation is only shown here as information for the Township to help determine the amount of property taxes needed to operate. IT SHOULD NOT BE USED BY THE COUNTY FOR LEVY SETTING PURPOSES.

Cash Reserve Fund

Statute 13-503 says cash reserve means funds required for the period before revenue would become available for expenditure but shall not include funds held in any special reserve fund. If the cash reserve on Page 2 exceeds 50%, you can list below amounts being held in a special reserve fund.

Special Reserve Fund Name	Amount
Fire equipment	800,000.00
Bond payment fund	195,348.75
Total Special Reserve Funds	995,348.75

Total Cash Reserve	$	1,182,330.25
Remaining Cash Reserve	$	186,981.50
Remaining Cash Reserve %		44%

CORRESPONDENCE INFORMATION

ENTITY OFFICIAL ADDRESS

If no official address, please provide address where correspondence should be sent

NAME	**Jen Bratrsovsky**
ADDRESS	**P.O. Box 12**
CITY & ZIP CODE	**Malcolm, 68402**
TELEPHONE	**402-416-3221**
WEBSITE	

	BOARD CHAIRPERSON	CLERK/TREASURER/SUPERINTENDENT/OTHER	PREPARER
NAME	Dale Nelson	Jen Bratrsovsky	Anthony Jerina
TITLE /FIRM NAME	Chairperson	Finance Clerk	CPA/HBE LLP
TELEPHONE	402-440-4778	402-416-3221	402-261-9663
EMAIL ADDRESS		jen.bratrsovsky@malcolmfirerescue.org	tjerina@hbecpa.com

For Questions on this form, who should we contact (please √ one): Contact will be via email if supplied.

- [ ] Board Chairperson
- [X] Clerk / Treasurer / Superintendent / Other
- [ ] Preparer

NOTE: If Budget Document is used as an Audit Waiver, approval of the Audit Waiver will be sent to the Board Chairperson via email. If no email address is supplied for the Board Chairperson, notification will be mailed via post office to address listed above.

Malcolm Rural Fire Protection District in Lancaster County

2025-2026 LID SUPPORTING SCHEDULE

Line No.	Calculation of Restricted Funds				
(1)	Total Personal and Real Property Tax Requirements			511,861.00	C1
(2)	Motor Vehicle Pro-Rate			1,120.00	C2
(3)	In-Lieu of Tax Payments			-	C3
(4)	Transfers of Surplus Fees			-	C4
	Prior Year Budgeted Capital Improvements that were excluded from Restricted Funds.				
(5)	Prior Year Capital Improvements Excluded from Restricted Funds (From 2024-2025 Lid Exceptions, Line (10))	6,000.00	C5		
(6)	**LESS:** Amount Spent During 2024-2025	6,000.00	C6		
(7)	**LESS:** Amount Expected to be Spent in Future Budget Years	-	C7		
(8)	Amount to be included as Restricted Funds **(Cannot be a Negative Number)**			-	C8
(8a)	Nameplate Capacity Tax			-	C9
(9)	**TOTAL RESTRICTED FUNDS (A)**			**512,981.00**	C10

	Lid Exceptions				
(10)	Capital Improvements Budgeted (Purchase of Real Property and Improvements on Real Property)	6,000.00	C11		
(11)	**LESS:** Amount of prior year capital improvements that were excluded from previous lid calculations but were not spent and now budgeted this fiscal year *(cannot exclude same capital improvements from more than one lid calculation.)* Agrees to Line (7).	-	C12		
(12)	Allowable Capital Improvements			6,000.00	C13
(13)	Bonded Indebtedness			201,011.00	C14
(14)	Public Facilities Construction Projects (Statute 72-2301 to 72-2308) **(Fire Districts & Hospital Districts Only)**			-	C15
(15)	Interlocal Agreements/Joint Public Agency Agreements			17,000.00	C16
(16)	Public Safety Communication Project - Statute 86-416 **(Fire Districts Only)**			-	C17
(16a)	Benefits Paid Under the Firefighter Cancer Benefits Act **(Fire Districts & Airport Authorities Only)**			-	C18
(17)	Payments to Retire Interest-Free Loans from the Department of Aeronautics **(Public Airports Only)**			-	C19
(18)	Judgments			-	C20
(19)	Refund of Property Taxes to Taxpayers			-	C21
(20)	Repairs to Infrastructure Damaged by a Natural Disaster			-	C22
(21)	**TOTAL LID EXCEPTIONS (B)**			**224,011.00**	C23

TOTAL RESTRICTED FUNDS For Lid Computation (To Line 9 of the Lid Computation Form) *To Calculate: Total Restricted Funds (A)-Line 9 MINUS Total Lid Exceptions (B)-Line 21*		**288,970.00**	C24

*Total Restricted Funds for Lid Computation **cannot** be less than zero. See Instruction Manual on completing the Lid Supporting Schedule.*

Malcolm Rural Fire Protection District

in

Lancaster County

LID COMPUTATION FORM FOR FISCAL YEAR 2025-2026

PRIOR YEAR RESTRICTED FUNDS AUTHORITY OPTION 1 OR OPTION 2

OPTION 1

Prior Year Restricted Funds Authority = Line (8) from last year's Lid Computation Form	D1	279,708.00
		Option 1 - (1)

OPTION 2

Only use if a vote was taken at a townhall meeting last year to exceed Lid for one year

Line (1) of Prior Year Lid Computation Form	D2	-
		Option 2 - (A)
Allowable Percent Increase **Less** Vote Taken (Prior Year Lid Computation Form Line (6) - Line (5))	D3	- %
		Option 2 - (B)
Dollar Amount of Allowable Increase Excluding the vote taken (Line (A) times Line (B))	D4	-
		Option 2 - (C)
Calculated Prior Year Restricted Funds Authority (Line (A) Plus Line (C)) =	D5	-
		Option 2 - (1)

CURRENT YEAR ALLOWABLE INCREASES

1 **BASE LIMITATION PERCENT INCREASE (2.5%)** — D6: 2.50 % — (2)

2 **ALLOWABLE GROWTH PER THE ASSESSOR MINUS 2.5%** — D7: - % — (3)

3,722,528.00	/	454,599,755.00	=	0.82 %
2025 Growth per Assessor		2024 Valuation		Multiply times 100 To get %

3 **ADDITIONAL ONE PERCENT BOARD APPROVED INCREASE** — D8: 1.00 % — (4)

6	/	6	=	100.00 %
# of Board Members voting "Yes" for Increase		Total # of Members in Governing Body at Meeting		Must be at least .75 (75%) of the Governing Body

ATTACH A COPY OF THE BOARD MINUTES APPROVING THE INCREASE.

4 **SPECIAL ELECTION/TOWNHALL MEETING - VOTER APPROVED % INCREASE** — D9: - % — (5)

Please Attach Ballot Sample and Election Results OR Record of Action From Townhall Meeting

TOTAL ALLOWABLE PERCENT INCREASE = Line (2) + Line (3) + Line (4) + Line (5)	D10	3.50 %
		(6)
Allowable Dollar Amount of Increase to Restricted Funds = Line (1) x Line (6)	D11	9,789.78
		(7)
Total Restricted Funds Authority = Line (1) + Line (7)	D12	289,497.78
		(8)
Less: Restricted Funds from Lid Supporting Schedule	D13	288,970.00
		(9)
Total Unused Restricted Funds Authority = Line (8) - Line (9)	D14	527.78
		(10)

LINE (10) MUST BE GREATER THAN OR EQUAL TO ZERO OR YOU ARE IN VIOLATION OF THE LID LAW.

The amount of Unused Restricted Funds Authority on Line (10) must be published in the Notice of Budget Hearing.

See independent accountant's compilation report.

Malcolm Rural Fire Protection District in Lancaster County

2025-2026 CAPITAL IMPROVEMENT LID EXEMPTIONS

Description of Capital Improvement		Amount Budgeted
Fire Station	$	6,000.00

Total - Must agree to Line 10 on Lid Support Page 4	$	6,000.00

Malcolm Rural Fire Protection District in Lancaster County

2025-2026 CAPITAL IMPROVEMENT LID EXEMPTIONS

Description of Capital Improvement		Amount Budgeted
Fire Station	$	6,000.00

Total - Must agree to Line 10 on Lid Support Page 4	$	6,000.00

NOTICE OF BUDGET HEARING AND BUDGET SUMMARY

Malcolm Rural Fire Protection District
IN
Lancaster County, Nebraska

PUBLIC NOTICE is hereby given, in compliance with the provisions of State Statute Sections 13-501 to 13-513, that the governing body will meet on the 18th day of September 2025, at 8:00 o'clock P.M. at Malcolm Rural Fire Station for the purpose of hearing support, opposition, criticism, suggestions or observations of taxpayers relating to the following proposed budget. The budget detail is available at the office of the Clerk during regular business hours.

2023-2024 Actual Disbursements & Transfers	$	492,526.34
2024-2025 Actual/Estimated Disbursements & Transfers	$	422,163.07
2025-2026 Proposed Budget of Disbursements & Transfers	$	5,097,705.25
2025-2026 Necessary Cash Reserve	$	1,182,330.25
2025-2026 Total Resources Available	$	6,280,035.50
Total 2025-2026 Personal & Real Property Tax Requirement	$	511,861.00
Unused Budget Authority Created For Next Year	$	527.78

Breakdown of Property Tax:

Personal and Real Property Tax Required for Non-Bond Purposes	$	310,850.00
Personal and Real Property Tax Required for Bonds	$	201,011.00

Cut Off Here Before Sending To Printer

REPORT OF JOINT PUBLIC AGENCY AND INTERLOCAL AGREEMENTS

REPORTING PERIOD JULY 1, 2024 THROUGH JUNE 30, 2025

Malcolm Rural Fire Protection District — **Lancaster County**

SUBDIVISION NAME — COUNTY

Parties to Agreement (Column 1)	Agreement Period (Column 2)	Description (Column 3)	Amount Used as Lid Exemption (Column 4)
City of Lincoln	7/1/24 to 6/30/25	Ambulance Service	$ 17,000.00
		From Page 2	$ -

Total Amount used as Lid Exemption $ 17,000.00

CERTIFICATION OF TAXABLE VALUE
And ALLOWABLE GROWTH VALUE

(format for all political subdivisions other than (a) sanitary improvement districts in existence five years or less, (b) counties, (c) cities, (d) school districts, and (e) community colleges)

Tax Year 2025

(certification required on or before August 20th of each year)

TO: MALCOLM FIRE DISTRICT
ATTN: DAN CERNY
PO BOX 12
MALCOLM, NE 68402

TAXABLE VALUE LOCATED IN THE COUNTY OF Lancaster

Name of Political Subdivision	Subdivision Type (e.g. fire, NRD, ESU)	Allowable Growth Value	Total Taxable Value
MALCOLM FIRE DISTRICT	Fire District - 06	3,722,528	534,943,510

**Allowable Growth Value is determined pursuant to Neb. Rev. Stat. § 13-518 which includes (a) improvements to real property as a result of new construction and additions to existing buildings, (b) any other improvements to real property which increase the value of such property, (c) annexation of real property by the political subdivision, (d) a change in the use of real property, (e) any increase in personal property valuation over the prior year, and (f) the accumulated excess valuation over the redevelopment project valuation described in section 18-2147 of the Community Redevelopment Law for redevelopment projects within the political subdivision in the year immediately after the division of taxes for such redevelopment project has ended.*

I Dan Nolte, Lancaster Assessor/ Register of Deeds hereby certify that the valuation listed herein is, to the best of my knowledge and belief, the true and accurate taxable valuation for the current year, pursuant to Neb. Rev. Stat. §13-509 and §13-518.

Dan Nolte
(signature of county assessor)

08/20/2025
(date)

CC: County Clerk, Lancaster
CC: County Clerk where district is headquartered, if different county, _____
Note to political subdivision: A copy of the Certification of Value must be attached to the budget document.

Guideline form provided by Nebraska Dept. of Revenue Property Assessment Division (July 2025)

MALCOLM RURAL FIRE PROTECTION DISTRICT

Budget Hearing Minutes

September 18th, 2025

Board Members:

Dale Nelson, President	Present
Steve Schmalken	Present
Darwin Eucker	Present
Lesley Turek	Present
Shane DeBaets	Present

Others Present: Jen Bratrsovsky, Dave Solheim (attorney), Corey Heidtbrink, Dave Wacker, Jared Ritze.

President Nelson announced that we had a quorum and called the 2025-2026 budget hearing for the Malcolm Rural Fire Protection District to order at 8:00 PM. Nelson then informed the group of the open meetings law posted on the bulletin board and opened the floor to hear any support, opposition, criticism, suggestions, or observations of district taxpayers relating to the proposed budget.

None was given.

Board Member Eucker moved to allow the District to approve an additional one percent increase in the total 2025-2026 funds subject to limitation.

Board Member Schmalken, seconded the motion - All in favor: 5 (Nelson, Schmalken, Eucker, Turek, DeBaets) - All against: 0. Motion approved.

Board Member Eucker moved to accept the proposed budget for the period July 1, 2025 to June 30, 2026.

Board Member Schmalken seconded the motion - All in favor: 5 (Nelson, Schmalken, Eucker, Turek, DeBaets) - All against: 0. Motion approved.

Board Member Eucker moved to elect to use the budget document as an audit waiver from the Auditor of Public Accounts by checking the box on the budget form. The district expenditures are less than $300,000, therefore we are eligible for an audit waiver.

Board Member Schmalken seconded the motion - All in favor: 5 (Nelson, Schmalken, Eucker, Turek, DeBaets)- All against: 0. Motion approved.

Meeting adjourned.

The Voice News

P.O. Box 148
Hickman, NE 68372-0148
402-792-2255

INVOICE - AFFIDAVIT OF PUBLICATION

INVOICE #	38007328	DUE DATE	9/19/2025

BILL TO
Malcolm Rural Fire Protection District PO Box 6 Malcolm, NE 68402

THE STATE OF NEBRASKA } ss.
County of Lancaster }

Darren P. Ivy, being duly sworn, says that he is the publisher of

VOICE NEWS

News of Otoe, Johnson, Gage, Cass, Lancaster, Douglas, Saline, Sarpy & Saunders Counties,

a legal newspaper which is published and is in general circulation in Lancaster, Gage, Johnson, Otoe, Cass, Douglas, Saline, Sarpy, and Saunders Counties, Nebraska, and is printed in the English Language weekly at its office in Hickman, Nebraska; that said newspaper has been so published for more than fifty-two successive weeks prior to the publication of the annexed notice, and has a bona fide circulation of more than three hundred copies each issue. That to affiant's personal knowledge, the annexed notice was published in said newspaper:

1	Successive Week(s)
Beginning with the issue of:	9/4/2025
and ending with the issue of:	9/4/2025
Publisher's fee at Legal Rate is:	**$226.75**

Darren P. Ivy

Darren P. Ivy, Publisher

Summary Information	Weekly Cost
Notice of Budget Hearing and Summary - Sept 4	224.25
Affidavit Fee	2.50
Nebraska State Sales Tax	0.00

Subscribed and sworn before me, this 4th day of September, 2025

Shelah M Davis

Notary Public

General Notary - State of Nebraska
SHELAH M. DAVIS
My Comm. Exp. April 2, 2029

This document is your Affidavit of Publication and amount that will be on your Invoice.

NOTICE OF BUDGET HEARING AND BUDGET SUMMARY

Malcolm Rural Fire Protection District
IN
Lancaster County, Nebraska

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And ALLOWABLE GROWTH VALUE

{format for all political subdivisions other than (a) sanitary improvement districts in existence five years or less, (b) counties, (c) cities, (d) school districts, and (e) community colleges}

Tax Year 2025

{certification required on or before August 20th of each year}

CORRECTED NOTICE 8/25/25

TO: MALCOLM FIRE DISTRICT
ATTN: DAN CERNY
PO BOX 12
MALCOLM, NE 68402

TAXABLE VALUE LOCATED IN THE COUNTY OF Lancaster

Name of Political Subdivision	Subdivision Type (e.g. fire, NRD, ESU)	Allowable Growth Value	Total Taxable Value
MALCOLM FIRE DISTRICT	Fire District - 06	3,463,528	534,943,510

**Allowable Growth Value is determined pursuant to Neb. Rev. Stat. § 13-518 which includes (a) improvements to real property as a result of new construction and additions to existing buildings, (b) any other improvements to real property which increase the value of such property, (c) annexation of real property by the political subdivision, (d) a change in the use of real property, (e) any increase in personal property valuation over the prior year, and (f) the accumulated excess valuation over the redevelopment project valuation described in section 18-2147 of the Community Redevelopment Law for redevelopment projects within the political subdivision in the year immediately after the division of taxes for such redevelopment project has ended.*

I Dan Nolte, Lancaster Assessor/ Register of Deeds hereby certify that the valuation listed herein is, to the best of my knowledge and belief, the true and accurate taxable valuation for the current year, pursuant to Neb. Rev. Stat. §13-509 and §13-518.

Dan Nolte
(signature of county assessor)

08/20/2025
(date)

CC: County Clerk, Lancaster
CC: County Clerk where district is headquartered, if different county, _____

Note to political subdivision: A copy of the Certification of Value must be attached to the budget document.

Guideline form provided by Nebraska Dept. of Revenue Property Assessment Division (July 2025)

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the District Board
Malcolm Rural Fire Protection District
Malcolm, NE

Management is responsible for the accompanying historical financial information of the Malcolm Rural Fire Protection District (District) as of June 30, 2025 and 2024 and for the years then ended included in the accompanying prescribed form (2025-2026 State of Nebraska General Budget Form), in accordance with the cash basis of accounting as required by the Nebraska Auditor of Public Accounts (APA). We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements included in the accompanying prescribed form, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on the financial statements included in the accompanying prescribed form.

Management is also responsible for the accompanying forecasted financial information of the District as of June 30, 2026 and for the year then ending included in the accompanying prescribed form (2025-2026 State of Nebraska General Budget Form), including the related summary of significant assumptions in accordance with guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (AICPA). This financial forecast is presented on the cash basis of accounting as required by the APA, which is a basis of accounting other than accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the financial forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this financial forecast.

The forecasted results may not be achieved, as there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and these differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared on the cash basis of accounting and disclosures required by guidelines for the presentation of a forecast established by the AICPA, other than those related to the significant assumptions. If the omitted disclosures were included in the historical and forecasted information, they might influence the user's conclusions about the District's cash position, cash receipts, and cash disbursements for the historical and forecast periods. Accordingly, the historical and forecasted information included in the accompanying prescribed forms is not designed for those who are not informed about such matters.

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

Malcolm Rural Fire Protection District
Malcolm, NE 68402

The forecasted and historical information included in the accompanying prescribed form is presented in accordance with the requirements of the APA and is not intended to be a complete presentation of the District's assets and liabilities in accordance with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the District's management and the APA and is not intended to be and should not be used by anyone other than these specified parties.

HBE LLP

Lincoln, Nebraska
August 27, 2025

NOTE A - BASIS OF ACCOUNTING

The budget is prepared on the cash basis of accounting. Receipts and disbursements are reported when they result from cash transactions. Because state law requires that a district's annual budget be prepared on the cash basis of accounting, the budget adopted by the Malcolm Rural Fire Protection District (District) is inconsistent with generally accepted accounting principles.

NOTE B - SUMMARY OF SIGNIFICANT ASSUMPTIONS

This financial forecast presents, to the best of management's knowledge and belief, the District's expected cash position, cash receipts, and cash disbursements for the forecast period. Accordingly, the forecast reflects management's judgment as of August 27, 2025, the date of this forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast and are not all-inclusive. There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The District's budget form has been prepared based on the following significant assumptions:

- Revenues will remain consistent other than the levying of taxes for the payments of bonds.
- Motor vehicle pro-rate has been estimated to be approximately 95-105% of the prior year's projected collections.
- Property tax will be requested at an estimated minimum amount necessary to provide fire protection services and not unduly deplete necessary cash reserves as property taxes are the primary source of revenue for the District.
- Expenditures budgeted are based on known and estimated costs and prior years' experience.

A94836

24R-443

Introduce: 09-30-24

RESOLUTION NO. A- **94836**

BE IT RESOLVED by the City Council of the City of Lincoln, Nebraska:

That the Interlocal Agreement between the City of Lincoln, on behalf of the Lincoln Fire and Rescue Department and the Malcom Rural Fire District for Advanced Life Support Emergency Service to the Malcom Rural Fire District, for a term beginning September 1, 2024 through August 31, 2025, and may be renewed for a period of one (1) subsequent year for up to nine (9) additional years, is hereby approved, and the Mayor is authorized to execute said Interlocal Agreement on behalf of the City, and any necessary amendments thereto, on behalf of the City.

The City Clerk is directed to return one fully executed copy of said Interlocal Agreement to Battalion Chief Jamie Pospisil at Lincoln Fire and Rescue, for transmittal.

Introduced by:

Thomas A. Beckius

AYES: Beckius, Bowers, Carlson, Duden, Shobe, Weber, Washington;
NAYS: None.

Approved as to Form & Legality:

City Attorney

ADOPTED

OCT 0 7 2024

BY CITY COUNCIL

Approved this 10th day of October, 2024:

Mayor

INTERLOCAL AGREEMENT
BETWEEN THE MALCOLM RURAL FIRE DISTRICT OF LANCASTER COUNTY, NEBRASKA AND THE CITY OF LINCOLN, NEBRASKA / LINCOLN FIRE & RESCUE DEPARTMENT

THIS Interlocal ("Agreement"), made and entered into by and between the Malcolm Rural Fire District ("Fire District"); and the Lincoln Fire & Rescue Department ("LFR"); and the City of Lincoln, Nebraska, a Nebraska Political Subdivision and Municipal Corporation, (hereinafter collectively referred to as "City").

WHEREAS, NEB. REV. STAT. § 35-514.02 (as amended) provides "a rural and suburban fire protection district may establish an emergency medical service, including the provision of scheduled or unscheduled ambulance service" and "may enter into agreements under the Interlocal Cooperation Act and the Joint Public Agency Act for the purpose of establishing an emergency medical service" and "may contract with any city, person, firm, corporation, or other fire protection district to provide such services, may expend funds of the district, and may charge a reasonable fee to the user"; and,

WHEREAS NEB. REV. STAT. § 13-303 (as amended) provides "The governing bodies of cities and villages may establish an emergency medical service, including the provision of scheduled and unscheduled ambulance service, as a governmental service either within or without the county or municipality. If the governing body may contract with any city, person, firm, or corporation licensed as an emergency medical service for emergency medical care by out-of-hospital emergency care providers. Each may enter into an agreement with the other under the Interlocal Cooperation Act or Joint Public Agency Act for the purpose of establishing an emergency medical service or may provide a separate service for itself"; and,

WHEREAS, the Interlocal Cooperation Act, NEB. REV. STAT. § 13-801, et seq. (as amended), permits units of local governments in the State of Nebraska to cooperate with other localities on a basis of mutual advantage and thereby provide services in a manner that will best serve local communities; and,

WHEREAS, the LFR possess the regulatory licensure and approval, personnel, equipment, training, skills, knowledge and medical direction to provide Advanced Life Support Emergency Ambulance Service ("ALS-EAS") within the State of Nebraska; and,

WHEREAS the Fire District desires to ensure there is Advanced Life Support Emergency Ambulance Service ("ALS-EAS") available to the Fire District; and,

WHEREAS, the City, by and through LFR, is charged with the responsibility of providing ALS-EAS within the City of Lincoln, Nebraska; and,

WHEREAS the City maintains equipment and staffing allowing LFR to provide supplemental ALS-EAS to the Fire District pursuant to the terms and conditions set forth herein; and,

WHEREAS the Fire District maintains resources to enter to this Agreement for ALS-EAS with the City pursuant to the terms and conditions set forth herein.

THEREFORE, in consideration of the mutual covenants herein contained, it is agreed as follows by the parties hereto:

The City, by and through LFR, agrees to provide ALS-EAS outside the corporate limits of the City of Lincoln, Nebraska and within the Service Area of the Fire District to the extent and in the manner hereinafter set forth:

1. This Agreement shall apply only to those requests for ALS-EAS originating within the Area of Service of the Fire District. The City shall not respond to requests for ALS-EAS originating outside the City of Lincoln, Nebraska, and outside the Area of Service for the Fire District, except as may be requested by another rural fire district or emergency agency; However, nothing in this Agreement shall otherwise prevent LFR from responding to emergencies pursuant to mutual aid agreements, declared disasters, or other emergencies not related to requests for ALS-EAS from the Fire District.

2. LFR shall aid with the provision of ALS-EAS and, the readiness to provide such service, to the Fire District. The City shall not be the sole provider of Emergency Ambulance Service to the Fire District and shall only respond to calls for ALS-EAS at the request of the Fire District.

3. LFR is not automatically dispatched to any incidents within the Area of Service of the Fire District by the Lincoln Lancaster 911 Center. For Alpha, Bravo, Charlie, or Delta responses (as defined by the current medical priority dispatch system used by the City), the Fire District may request ALS-EAS after arriving on location and determining a need for an advanced level of pre-hospital emergency care; When dispatched to an Echo response that includes credible pre-arrival information indicating a need for ALS-EAS, the Fire District may request LFR to respond and provide ALS-EAS prior to arriving on location.

4. LFR will provide ALS-EAS when available, however in times of peak-demand within the City of Lincoln, Nebraska, ALS-EAS response may be delayed until such time that an ambulance resource becomes available. LFR command staff will notify the Fire District by means of the dispatch center when response will be delayed. Under this Agreement LFR will not respond to incidents to aid with "Lift Assists" or to provide lifting and moving of patients.

5. The City agrees to (a) furnish all tools, equipment, supplies, superintendence, transportation, and other accessories, services, and facilities which are necessary for the performance of ALS-EAS to the Fire District; (b) furnish all materials, supplies, and equipment specified to be incorporated into and which are necessary for the performance of ALS-EAS to the Fire District; (c) provide and perform all necessary labor in accordance with the provisions of the Agreement Documents; and (d) execute and complete all services and work included therein.

6. All matters relating to the duties, standards of service, discipline of employees, rendition of performance, training, and other such matters incidental to the performance of this Agreement, and the personnel employed in the performance of this Agreement shall be under the exclusive control of the City. In exercising this control, the City shall give due consideration to those complaints and reasonable requests of the Fire District which are properly brought to its attention.

7. The City and LFR shall assume responsibility for supplying all supervision of its employees and agents and shall not be responsible for the supervision of the employees and agents of the Fire District. The City and LFR shall be responsible for supplying all materials, communications, and equipment, (including vehicles) necessary for the rendering of ALS-EAS offered to the Fire District. Maintenance and replacement of vehicles and equipment used in the performance of Emergency Ambulance Service shall be pursuant to LFR policy and procedure and all laws, rules, and regulations governing the maintenance and replacement of same.

8. The City and LFR warrants it has trained and instructed its employees, representatives, consultants, and subcontractors to abide by all laws, rules, and regulations governing the practices and procedures under which the City, LFR, and its employees, representatives, consultants, and subcontractors is/are

licensed, and shall act within the parameters of all applicable ethical and professional standards in providing the services.

9. The City agrees that it, and its employees, representatives, consultants, and subcontractors, shall, at all times during the Agreement, be properly licensed, credentialed, and/or certified to provide the services they perform pursuant to this Agreement.

10. The Fire District shall pay the City a fee for providing ALS-EAS in the sum of $641.11 per ALS-EAS request for the first year of this Agreement. The fee for each successive year thereafter shall be increased by five percent (5%) unless otherwise agreed upon by the Fire District and the City.

    a. Payment for requests occurring between April 1 – March 31 shall be due as follows:

        i. One-half (1/2) of the amount due (invoiced by the City) on or before December 15; and,

        ii. One half (1/2) of the amount due (invoiced by the City) on or before June 15, each year. Failure to pay on time constitutes a breach of this Agreement until full payment is received.

    b. Invoicing methodology:

        i. The total number of district calls shall include those calls in which LFR was dispatched to the Fire District, or the Fire District requests LFR and/or are requested by another dispatch center at the request of the Fire District.

11. Patient Billing and Payment:

    a. The City will bill the patient or the financially responsible party when a transport occurs in a City ambulance, and shall retain all amounts collected therefrom. The financially responsible party shall not include the Fire District, and the Fire District shall not be billed when a transport occurs in a City ambulance, unless the Fire District is the financially responsible party pursuant to law or not in compliance with the Agreement, such as delinquent in payment or has requested assistance from the City for an incident originating outside the "Area of Service". Nothing in this agreement shall limit any rights or remedies that the City may have or choose to exercise in collection of any amounts due from the financially responsible party.

    b. When the City intercepts, LFR providers deliver ALS-EAS, and transport is provided in an ambulance not owned by the City, the transporting agency may bill the patient or the financially responsible party as they deem appropriate and will retain all collected amounts therefrom.

    c. To facilitate an efficient and effective billing process, the Fire District shall provide initial billing company and contact information requested in Attachment A, and hereby authorizes the City, if requested by the Fire District, to forward patient care reports related to billings to any billing service hired by the Fire District, provided that said billing services have previously entered into Business Associate agreements with the City. In the event the Fire District changes the billing service to another billing service, the Fire District shall provide an addendum to this Agreement demonstrating the name and contact information for the new billing service. Unless a reasonable objection is provided by the City, the new billing service shall be recognized by the City. The Parties hereto agree and acknowledge that changing the billing service does not

constitute an amendment to this Agreement and the addendum can be added administratively by the Parties.

d. Nothing in this agreement shall limit the Fire District from entering into agreements with other mutual aid departments.

e. All payments shall be submitted to:

Lincoln Fire & Rescue
EMS Business Manager
901 West Bond, Suite 200
Lincoln, NE 68521

12. The Parties agree to follow the National Incident Management System (NIMS) at all incidents. The Authority having Jurisdiction (AHJ) retains authority over and responsibility for the emergency incident unless a separate Delegation of Authority has been approved by both parties.

The term of this Agreement shall be from September 1, 2024, and shall continue until August 31, 2025. This Agreement may be renewed upon consent of all parties for a period of one (1) subsequent year for up to nine (9) additional years.

13. This Agreement may be terminated as follows:

a. The City, or the Fire District, may terminate this Agreement at any time and for any reason, with or without cause, upon providing the other party written notice of such termination not less than thirty (30) calendar days prior to the effective date of termination. Upon termination, all requests for ALS-EAS by the terminated Fire District will be billed through the last day of the Agreement, and the amount owed will be due within sixty (60) days of receipt of invoice.

b. If the Fire District fails to make payment as required by this Agreement, the City may immediately terminate this Agreement; or,

c. The City, or Fire District, may terminate this Agreement in whole or in part when funding is not lawfully available for expenditure or when sources of funding are terminated, suspended, reduced, or otherwise not forthcoming through no fault of the City or Fire District.

d. As otherwise allowed by law.

14. Each party agrees to indemnify, defend and hold harmless, to the fullest extent allowed by law, the other party and its principals, officers, employees, and agents from and against all claims, demands, suits, actions, payments, liabilities, judgments, and expenses (including court-ordered attorneys' fees), arising out of or resulting from the acts or omissions of their principals, officers, or employees in the performance of this Agreement. Liability includes any claims, damages, losses, and expenses arising out of or resulting from performance of this Agreement that results in any claim for damage whatsoever including any bodily injury, civil rights liability, sickness, disease, or damage to or destruction of tangible property, including the loss of use resulting therefrom. Further, each party shall maintain a policy or policies of insurance (or a self-insurance program), sufficient in coverage and amount to pay any judgments or related expenses from or in conjunction with any such claims. Nothing in this Agreement shall require either party to indemnify or hold harmless the other party from

liability for the negligent or wrongful acts or omissions of said other party or its principals, officers, employees, or agents.

15. It is the express intent of the parties that this Agreement shall not create an employer-employee relationship. Employees of the City shall not be deemed to be employees of the Fire District, and employees of the Fire District shall not be deemed to be employees of the City. The City and the Fire District shall be responsible to their respective employees for all salaries and benefits. Neither the City's employees nor the Fire District's employees shall be entitled to any salary, wages, or benefits from the other party, including but not limited to overtime, vacation, retirement benefits, workers' compensation, sick leave, or injury leave. Accordingly:

    a. City shall be responsible for maintaining workers' compensation insurance, unemployment insurance for its employees, and for payment of all federal, state, local and any other payroll taxes with respect to its employees' compensation.

    b. Fire District shall be responsible for maintaining workers' compensation insurance, unemployment insurance for its employees, and for payment of all federal, state, local and any other payroll taxes with respect to its employees' compensation.

    c. The Parties acknowledge that some LFR personnel, during their off-duty hours, may work in a volunteer or paid capacity with the Fire District. The City shall not be responsible for the payment of salary and benefits, including workers compensation, for such personnel while they are off duty from LFR and are performing services in a volunteer or paid capacity for the Fire District.

16. Neither the Fire District nor the City shall assign its duties and responsibilities under this Agreement without the express written permission of the other Party to the Agreement. The foregoing notwithstanding, it is understood that the City may cause the services to be provided hereunder by use of contractors as allowed under State law or Section 7.08.010 of the Lincoln Municipal Code.

17. If any portion of this Agreement is held invalid, the remainder hereof shall not be affected thereby if such remainder would then continue to conform to the terms and requirements of applicable law.

18. Each party agrees that in providing services pursuant to this Agreement, it shall not discriminate against any employee, applicant for employment, or any other person based on race, color, religion, sex, disability, national origin, age marital status, receipt of public assistance, or any other basis prohibited by applicable state or federal law.

19. The validity, construction, interpretation, and performance of this Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska.

20. The City agrees to provide prompt and efficient service to the Fire District, but nothing in this Agreement shall be construed to incorporate a required response time or other performance measure not required by applicable law.

21. The Fire District shall use reasonable efforts to inform the City of road, weather, bridge, or other conditions affecting the City's response to a request for service.

22. For purposes of the Health Insurance Portability and Protection Act (HIPAA) and subsequently the Health Information Technology for Economic and Clinical Health Act ("HITECH Act") City has been designated a "hybrid entity", and LFR is a "covered entity" as defined in part by 45 C.F.R. § 160.103 (as amended). Performance of this Agreement involves the use or disclosure of Protected Health Information (PHI), as defined in 45 C.F.R. § 160.103. Fire District acknowledges and agrees to enter into, and comply with, the terms and conditions contained in the Business Associate Agreement, attached hereto, marked as Attachment B, and incorporated by reference.

23. This Agreement and incorporated Attachments represents the entirety of the Agreement between the parties, and all prior agreements, negotiations or representations are hereby expressly excluded from this Agreement. The Parties agree the terms and conditions of this Agreement shall prevail and govern in the case of any inconsistent terms that appear in the other Agreement Documents. In the event of silence or ambiguity in the Agreement, the Agreement Documents shall be referred to in the prioritized order listed above.

24. It is expressly understood neither City nor Fire District waives its governmental immunity, sovereign or otherwise, by entering into this Agreement, and fully retains all immunities and defenses provided by law.

25. Each section and each subdivision of a section of this Agreement is hereby declared to be independent of every other section or subdivision of a section so far as inducement for the acceptance of this Agreement and invalidity of any section or subdivision of a section of this Agreement shall not invalidate any other section or subdivision of a section thereof.

The City and the Fire District hereby agree all the terms and conditions of the Agreement shall be binding upon themselves, their successors, and their assigns.

EXECUTED this 15th day of August, 2024 by Malcolm Rural Fire District.

MALCOLM RURAL FIRE DISTRICT

Signature: Dale Nelson
Name: Dale Nelson
Title: President
Address: POBox 12
City, State, Zip: Malcolm NE 68402

EXECUTED this 10th day of October, 2024 by the City of Lincoln, Nebraska.

CITY OF LINCOLN, NEBRASKA

Leirion Gaylor Baird

Leirion Gaylor Baird, Mayor
City of Lincoln
555 S. 10th St. | 301
Lincoln, NE 68508

ATTACHMENT A

1) Choose one option:

☐ Malcolm Rural Fire District does not authorize Lincoln Fire & Rescue to send patient care reports directly to our billing company. If patient care reports are requested for billing purposes, they are directed to be sent directly to Malcolm Rural Fire District at: **PO Box 12, Malcolm, NE 68402.**

☒ Malcolm Rural Fire District authorizes Lincoln Fire & Rescue to send patient care reports directly to Malcolm Rural Fire District's billing company (selected below) for the purposes of this Agreement.

- ☐ **Quick Med Claims, PO Box 641880, Omaha, NE 68164**
- ☒ **One Billing Solutions, 10802 Farnam Dr., Omaha, NE 68154**
- ☐ **HMKB Billing, PO Box 745, Tecumseh, NE 68450**
- ☐ **Other:** _____

2) Financial invoices shall be sent to:

Name:	**Malcolm Rural Fire Department**
Address:	**PO Box 12, Malcolm, NE 68402**
Phone:	**402-416-3221**
E-Mail:	**info@malcolmfirerescue.org**

3) Correspondence related to this Interlocal Agreement shall be sent to:

Name:	**Malcolm Rural Fire Department**
Address:	**PO Box 12, Malcolm, NE 68402**
Phone:	**402-416-3221**
E-Mail:	**Corey.Heidtbrink@malcolmfirerescue.org**

4) Individual designated to assist the Fire District representative in determining which dispatches belong to the Fire District:

Name:	**Corey Heidtbrink, Chief**
Address:	**PO Box 12, Malcolm, NE 68402**
Phone:	**402-416-3221**
E-Mail:	**Corey.Heidtbrink@malcolmfirerescue.org**

ATTACHMENT B

HIPAA Business Associate Agreement

ARTICLE I
PREAMBLE AND DEFINITIONS.

Section 1.01 Pursuant to the Health Insurance Portability and Accountability Act of 1996, as amended (**"HIPAA"**), City of Lincoln Nebraska, a Municipality, duly organized and existing under the laws of the State of Nebraska, whose notice address is 901 W. Bond, Suite 200, Lincoln NE 68521 (**"Covered Entity"**), and the Fire District (**"Business Associate"**), enter into this Business Associate Agreement (**"BAA"**) as of September 1, 2024, (the **"Effective Date"**) that addresses the HIPAA requirements with respect to "business associates," as defined under the privacy, security, breach notification and enforcement rules at 45 C.F.R. Part 160 and Part 164 (**"HIPAA Rules"**). A reference in this BAA to a section in the HIPAA Rules means the section as in effect or as amended.

Section 1.02 This BAA is intended to ensure that Business Associate will establish and implement appropriate safeguards for the Protected Health Information (**"PHI"**) (as defined under the HIPAA Rules) that Business Associate may receive, create, maintain, use or disclose in connection with the functions, activities and services that Business Associate performs for Covered Entity. The functions, activities and services that Business Associate performs for Covered Entity may be the subject of a separately drafted agreement executed between the Covered Entity and Business Associate (the **"Underlying Agreement"**).

Section 1.03 Pursuant to changes required under the Health Information Technology for Economic and Clinical Health Act of 2009 (the **"HITECH Act"**) and under the American Recovery and Reinvestment Act of 2009 (**"ARRA"**), this BAA also reflects federal breach notification requirements imposed on Business Associate when "Unsecured PHI" (as defined under the HIPAA Rules) is acquired by an unauthorized party and the expanded privacy and security provisions imposed on business associates.

Section 1.04 Unless the context clearly indicates otherwise, the following terms in this BAA shall have the same meaning as those terms in the HIPAA Rules: Breach, Data Aggregation, Designated Record Set, disclosure, Electronic Media, Electronic Protected Health Information (ePHI), Health Care Operations, individual, Minimum Necessary, Notice of Privacy Practices, Required By Law, Secretary, Security Incident, Subcontractor, Unsecured PHI and use.

Section 1.05 A reference in this BAA to the Privacy Rule means the Privacy Rule, in conformity with the regulations at 45 C.F.R. Parts 160-164 (the **"Privacy Rule"**) as interpreted under applicable regulations and guidance of general application published by the HHS, including all amendments thereto for which compliance is required, as amended by the HITECH Act, ARRA and the HIPAA Rules.

ARTICLE II
GENERAL OBLIGATIONS OF BUSINESS ASSOCIATE.

Section 2.01 Business Associate agrees not to use or disclose PHI, other than as permitted or required by this BAA or as Required By Law, or if such use or disclosure does not otherwise cause a Breach of Unsecured PHI.

Section 2.02 Business Associate agrees to use appropriate safeguards, and comply with Subpart C of 45 C.F.R. Part 164 with respect to ePHI, to prevent use or disclosure of PHI other than as provided for by this BAA.

Section 2.03 Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate as a result of a use or disclosure of PHI by Business Associate in violation of this BAA's requirements or that would otherwise cause a Breach of Unsecured PHI.

Section 2.04 The Business Associate agrees to the following breach notification requirements:

(a) Business Associate shall notify Covered Entity by telephone call without unreasonable delay, which in no event shall be more than three business days from which Business Associate knows of such Breach, Unauthorized Use or Disclosure, or Security Incident, or by exercising reasonable diligence would have been known to Business Associate. Business Associate shall notify Covered Entity of all Breaches, even if Business Associate determines there is a low probability that the PH has been compromised based on its risk assessment. Business Associate shall provide a full written report to Covered Entity within five business days of verbal notice. Such notice shall include the identification of each individual whose Unsecured PHI has been, or is reasonably believed by Business Associate to have been, accessed, acquired, or disclosed in connection with such Breach. In addition, Business Associate shall provide any additional information reasonably requested by Covered Entity for purposes of investigating the Breach and any other available information that Covered Entity is required to include to the individual under 45 C.F.R. 164.404(c) at the time of notification or as promptly thereafter as information becomes known. Business Associate's notification of a Breach of Unsecured PHI under this Section shall comply in all respects with each applicable provision of section 13400 of Subtitle D (Privacy) of ARRA, the HIPAA Rules and related guidance issued by the Secretary or the delegate of the Secretary from time to time.

(b) Business Associate agrees to provide notification of any Breach of Unsecured PHI of which it becomes aware, as required under 45 C.F.R. 164.410, and any Security Incident of which it becomes aware, in violation of this BAA to individuals, the media (as defined under the HITECH Act), the Secretary and/or any other parties as required under HIPAA, the HITECH

Act, ARRA and the HIPAA Rules, subject to the prior review and written approval by Covered Entity of the content of such notification. In the event Business Associate fails to perform its obligations hereunder, the Covered Entity shall have the right, within its sole discretion, to take over the notification functions specified herein. Any and all costs incurred by Covered Entity in fulfilling the notification requirements specified in HIPAA, the HITECH Act, ARRA or the HIPAA Rules, including but not limited to attorneys' fees, fines, penalties, publication and mailing charges, and any fees associated with creating and maintaining a toll-free call number or modifications to any Covered Entity website related to breach notification, shall be paid immediately by Business Associate upon demand by Covered Entity consistent with Article VI of this BAA.

(c) In the event of Business Associate's use or disclosure of Unsecured PHI in violation of HIPAA, the HITECH Act or ARRA, Business Associate bears the burden of demonstrating that notice as required under this **Section 2.04** was made, including evidence demonstrating the necessity of any delay, or that the use or disclosure did not constitute a Breach of Unsecured PHI.

Section 2.05 Business Associate agrees, in accordance with 45 C.F.R. 164.502(e)(1)(ii) and 164.308(b)(2), if applicable, to require that any Subcontractors that create, receive, maintain or transmit PHI on behalf of the Business Associate agree to the same restrictions, conditions and requirements that apply to the Business Associate with respect to such information.

Section 2.06 Business Associate agrees to make available PHI in a Designated Record Set to the individual or the individual's designee as necessary to satisfy Covered Entity's obligations under 45 C.F.R. 164.524. Business Associate shall be solely responsible for verifying the right of any individual or individual's designee to access the requested PHI.

(a) Business Associate agrees to comply with an individual's request to restrict the disclosure of their personal PHI in a manner consistent with 45 C.F.R. 164.522, except where such use, disclosure or request is required or permitted under applicable law.

(b) Business Associate agrees that when requesting, using or disclosing PHI in accordance with 45 C.F.R. 502(b)(1) that such request, use or disclosure shall be to the minimum extent necessary, including the use of a "limited data set" as defined in 45 C.F.R. 164.514(e)(2), to accomplish the intended purpose of such request, use or disclosure, as interpreted under related guidance issued by the Secretary from time to time.

Section 2.07 Business Associate agrees to make any amendments to PHI in a Designated Record Set as directed or agreed to by the Covered Entity pursuant to 45 C.F.R. 164.526, or take other measures as necessary to satisfy Covered Entity's obligations under 45 C.F.R. 164.526.

Section 2.08 Business Associate agrees to maintain and make available the information required to provide an accounting of disclosures to the individual or individual's designee as necessary to satisfy Covered Entity's obligations under 45 C.F.R. 164.528.

Section 2.09 Business Associate agrees to make its internal practices, books and records, including policies and procedures regarding PHI, relating to the use and disclosure of PHI and Breach of any Unsecured PHI received from Covered Entity, or created or received by the Business Associate on behalf of Covered Entity, available to Covered Entity (or the Secretary) for the purpose of Covered Entity or the Secretary determining compliance with the Privacy Rule (as defined in **Article VIII**).

Section 2.10 To the extent that Business Associate is to carry out one or more of Covered Entity's obligation(s) under Subpart E of 45 C.F.R. Part 164, Business Associate agrees to comply with the requirements of Subpart E that apply to the Covered Entity in the performance of such obligation(s).

Section 2.11 Business Associate agrees to account for the following disclosures:

(a) Business Associate agrees to maintain and document disclosures of PHI and Breaches of Unsecured PHI and any information relating to the disclosure of PHI and Breach of Unsecured PHI in a manner as would be required for Covered Entity to respond to a request by an individual or the Secretary for an accounting of PHI disclosures and Breaches of Unsecured PHI.

(b) Business Associate agrees to provide to Covered Entity, or to an individual at Covered Entity's request, information collected in accordance with this **Section 2.11**, to permit Covered Entity to respond to a request by an individual or the Secretary for an accounting of PHI disclosures and Breaches of Unsecured PHI.

(c) Business Associate agrees to account for any disclosure of PHI used or maintained as an Electronic Health Record (as defined in **Article V**) (**"EHR"**) in a manner consistent with 45 C.F.R. 164.528

and related guidance issued by the Secretary from time to time; provided that an individual shall have the right to receive an accounting of disclosures of EHR by the Business Associate made on behalf of the Covered Entity only during the three years prior to the date on which the accounting is requested directly from the Business Associate.

(d) In the case of an EHR that the Business Associate acquired on behalf of the Covered Entity as of January 1, 2009, paragraph (c) above shall apply to disclosures with respect to PHI made by the Business Associate from such EHR on or after January 1, 2014. In the case of an EHR that the Business Associate acquires on behalf of the Covered Entity after January 1, 2009, paragraph (c) above shall apply to disclosures with respect to PHI made by the Business Associate from such EHR on or after the later of January 1, 2011 or the date that it acquires the EHR.

Section 2.12 Business Associate agrees to comply with the "Prohibition on Sale of Electronic Health Records or Protected Health Information," as provided in section 13405(d) of Subtitle D (Privacy) of ARRA, and the "Conditions on Certain Contacts as Part of Health Care Operations," as provided in section 13406 of Subtitle D (Privacy) of ARRA and related guidance issued by the Secretary from time to time.

Section 2.13 Business Associate acknowledges that, effective on the Effective Date of this BAA, it shall be liable under the civil and criminal enforcement provisions set forth at 42

U.S.C. 1320d-5 and 1320d-6, as amended, for failure to comply with any of the use and disclosure requirements of this BAA and any guidance issued by the Secretary from time to time with respect to such use and disclosure requirements.

ARTICLE III
PERMITTED USES AND DISCLOSURES BY BUSINESS ASSOCIATE.

Section 3.01 General Uses and Disclosures. Business Associate agrees to receive, create, use or disclose PHI only in a manner that is consistent with this BAA, the Privacy Rule or Security Rule (as defined in **Article V**) and only in connection with providing services to Covered Entity; provided that the use or disclosure would not violate the Privacy Rule, including 45 C.F.R. 164.504(e), if the use or disclosure would be done by Covered Entity. For example, the use and disclosure of PHI will be permitted for "treatment, payment and health care operations," in accordance with the Privacy Rule.

Section 3.02 Business Associate may use or disclose PHI as Required By Law.

Section 3.03 Business Associate agrees to make uses and disclosures and requests for PHI consistent with the "Minimum Necessary" requirements of HIPAA.

Section 3.04 Business Associate may not use or disclose PHI in a manner that would violate Subpart E of 45 C.F.R. Part 164 if done by the covered entity

Section 3.05 Business Associate may use or disclose PHI as necessary to carry out Business Associate Functions.

Section 3.06 Business Associate may use PHI for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate.

ARTICLE IV
OBLIGATIONS OF COVERED ENTITY.

Section 4.01 Covered Entity shall:

(a) Provide Business Associate with the Notice of Privacy Practices that Covered Entity produces in accordance with the Privacy Rule, and any changes or limitations to such notice under 45 C.F.R. 164.520, to the extent that such changes or limitations may affect Business Associate's use or disclosure of PHI.

(b) Notify Business Associate of any restriction to the use or disclosure of PHI that Covered Entity has agreed to or is required to abide by under 45 C.F.R. 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI under this BAA.

(c) Notify Business Associate of any changes in or revocation of permission by an individual to use or disclose PHI, if such change or revocation may affect Business Associate's permitted or required uses and disclosures of PHI under this BAA.

Section 4.02 Covered Entity shall not request Business Associate to use or disclose PHI in any manner that would not be permissible under the Privacy and Security Rule if done by Covered Entity, except as provided under **Article III** of this BAA.

ARTICLE V
COMPLIANCE WITH SECURITY RULE.

Section 5.01 Business Associate shall comply with the HIPAA Security Rule, which shall mean the Standards for Security of Electronic Protected Health Information at 45 C.F.R. Part 160 and Subparts A and C of Part 164, as amended by ARRA and the HITECH Act. The term **"Electronic Health Record"** or **"EHR"** as used in this BAA shall mean an electronic record of health-related information on an individual that is created, gathered, managed and consulted by authorized health care clinicians and staff.

Section 5.02 In accordance with the Security Rule, Business Associate agrees to:

(a) Implement the administrative safeguards set forth at 45 C.F.R. 164.308, the physical safeguards set forth at 45 C.F.R. 164.310, the technical safeguards set forth at 45 C.F.R. 164.312, and the policies and procedures set forth at 45 C.F.R. 164.316 to reasonably and appropriately protect the confidentiality, integrity and availability of the ePHI that it creates, receives, maintains or transmits on behalf of Covered Entity as required by the Security Rule. Business Associate acknowledges that, effective on the Effective Date of this BAA, (a) the foregoing safeguards, policies and procedures requirements shall apply to Business Associate in the same manner that such requirements apply to Covered Entity, and (b) Business Associate shall be liable under the civil and criminal enforcement provisions set forth at 42 U.S.C. 1320d-5 and 1320d-6, as amended from time to time, for failure to comply with the safeguards, policies and procedures requirements and any guidance issued by the Secretary from time to time with respect to such requirements;

(b) Require that any agent, including a Subcontractor, to whom it provides such PHI agrees to

implement reasonable and appropriate safeguards to protect the PHI; and

(c) Report to the Covered Entity any Security Incident of which it becomes aware.

ARTICLE VI
INDEMNIFICATION.

Business Associate shall indemnify, defend and hold harmless the Covered Entity, its sponsor, if different from Covered Entity, and sponsor's and Covered Entity's affiliates ("Indemnified Parties"), from and against any and all losses, expense, damage or injury (including, without limitation, all costs and attorneys' fees) that the Indemnified Parties may sustain as a result of, or arising out of (a) a breach of this BAA by Business Associate or its agents or Subcontractors, including but not limited to any unauthorized use, disclosure or breach of PHI, (b) Business Associate's failure to notify any and all parties required to receive notification of any Breach of Unsecured PHI pursuant to **Section 2.04** or (c) any negligence or wrongful acts or omissions by Business Associate or its agents or Subcontractors, including without limitations, failure to perform Business Associate's obligations under this BAA, the Privacy Rule or the Security Rule.

Notwithstanding the foregoing, nothing in this Section shall limit any rights any of the Indemnified Parties may have to additional remedies under the Underlying Agreement or under applicable law for any acts or omissions of Business Associate or its agents or Subcontractors. The parties acknowledge and agree that, to the extent this Article VI is inconsistent with any agreement of the parties in the Underlying Agreement, this Article VI of this BAA shall control.

ARTICLE VII
TERM AND TERMINATION.

Section 7.01 This BAA shall be in effect as of the Effective Date, and shall terminate on the earlier of the date that:

(a) The term of this Agreement shall be effective for ten (10) years; or

(b) Either party terminates for cause as authorized under **Section 7.02**.

Section 7.02 Upon either party's knowledge of material breach by the other party, the non-breaching party shall provide an opportunity for the breaching party to cure the breach or end the violation; or terminate the BAA. If the breaching party does not cure the breach or end the violation within a reasonable timeframe not to exceed fifteen (15) days from the notification of the breach, or if a material term of the BAA has been breached and a cure is not possible, the non-breaching party may terminate this BAA and the Underlying Agreement, upon written notice to the other party.

Section 7.03 Upon termination of this BAA for any reason, the parties agree that upon termination of this BAA for any reason, Business Associate, with respect to PHI received from Covered Entity, or created, maintained, or received by Business Associate on behalf of Covered Entity, shall:

(a) Retain only that PHI that is necessary for Business Associate to continue its proper

management and administration or to carry out its legal responsibilities.

(b) Return to Covered Entity [or, if agreed to by Covered Entity, destroy] the remaining PHI that the Business Associate still maintains in any form.

(c) Continue to use appropriate safeguards and comply with Subpart C of 45 C.F.R. Part 164 with respect to ePHI to prevent use or disclosure of the PHI, other than as provided for in this Section 7, for as long as Business Associate retains the PHI.

(d) Not use or disclose the PHI retained by Business Associate other than for the purposes for which such PHI was retained and subject to the same conditions set out at paragraphs (2) and (3) above under "Specific Other Uses and Disclosures"] which applied prior to termination.

(e) Return to Covered Entity [or, if agreed to by Covered Entity, destroy] the PHI retained by Business Associate when it is no longer needed by Business Associate for its proper management and administration or to carry out its legal responsibilities.

Section 7.04 The obligations of Business Associate under this Section 7 shall survive the termination of this BAA and the Underlying Agreement.

ARTICLE VIII
MISCELLANEOUS.

Section 8.01 The parties agree to take such action as is necessary to amend this BAA to comply with the requirements of the Privacy Rule, the Security Rule, HIPAA, ARRA, the HITECH Act, the HIPAA Rules and any other applicable law.

Section 8.02 The respective rights and obligations of Business Associate under **Article VI** and **Article VII** of this BAA shall survive the termination of this BAA.

Section 8.03 This BAA shall be interpreted in the following manner:

(a) Any ambiguity shall be resolved in favor of a meaning that permits Covered Entity to comply with the HIPAA Rules.

(b) Any inconsistency between the BAA's provisions and the HIPAA Rules, including all amendments, as interpreted by the HHS, court or another regulatory agency with authority over the Parties, shall be interpreted according to the interpretation of the HHS, the court or the regulatory agency.

(c) Any provision of this BAA that differs from those mandated by the HIPAA Rules, but is nonetheless permitted by the HIPAA Rules, shall be adhered to as stated in this BAA.

Section 8.04 This BAA constitutes the entire agreement between the parties related to the subject matter of this BAA, except to the extent that the Underlying Agreement imposes more stringent requirements related to the use and protection of PHI upon Business Associate. This BAA supersedes all prior negotiations, discussions, representations or proposals, whether oral or written. This BAA may not be

modified unless done so in writing and signed by a duly authorized representative of both parties. If any provision of this BAA, or part thereof, is found to be invalid, the remaining provisions shall remain in effect.

Section 8.05 This BAA will be binding on the successors and assigns of the Covered Entity and the Business Associate. However, this BAA may not be assigned, in whole or in part, without the written consent of the other party. Any attempted assignment in violation of this provision shall be null and void.

Section 8.06 This BAA may be executed in two or more counterparts, each of which shall be deemed an original.

Section 8.07 Except to the extent preempted by federal law, this BAA shall be governed by and construed in accordance with the laws of the State of Nebraska unless the Underlying Agreement specifies that a different state's laws shall control in which event this BAA shall be subject to the laws of the state specified in the Underlying Agreement.

Section 8.08 A waiver with respect to one event shall not be construed as continuing, or as a bar to or waiver of any right or remedy as to subsequent events.