

To the Honorable Chairman and Village Board
Village of Duncan
Duncan, Nebraska

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Duncan for the year ended September 30, 2024, and have issued our report thereon dated February 6, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 28, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village of Duncan are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2024. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Nine audit adjustments decreased the net position of the Village's governmental activities by \$42,915. Eight audit adjustments increased the net position of the Village's business-type activities by \$230,227. The following material misstatements detected as a result of audit procedures were corrected by management:

1. Grant revenue of \$170,256 was reclassified in the business-type activities, increasing net position and revenues.
2. Grant revenue of \$10,628 was reclassified, decreasing net position and revenues in the governmental activities and increasing net position and revenues in the business-type activities.
3. Payroll liabilities were adjusted \$24,262 in the governmental activities, decreasing net position and increasing expenses.
4. Payroll expenses of \$58,075 were reclassified, increasing net position and decreasing expenses in the governmental activities and decreasing net position and increasing expenses in the business-type activities.
5. Professional fees of \$5,850 were reclassified, increasing net position and decreasing expenses in the governmental activities and decreasing net position and increasing expenses in the business-type activities.
6. Utility billing revenue of \$42,267 was reclassified in the business-type activities, increasing net position and revenues.
7. Transfers of \$72,272 were recorded, decreasing net position and increasing expenses in the governmental activities and increasing net position and revenues in the business-type activities.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 6, 2025.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

In connection with our audit of the financial statements of the Village of Duncan as of September 30, 2024, we noted certain matters that we believe you should consider. Our observations were formed as a by-product of our audit procedures, which did not include a comprehensive review for the purpose of submitting detailed recommendations.

1. We recommend that you continue to monitor the operating income in the utility funds for necessary rate increases.
2. During our audit of the petty cash, we found the petty cash bag does not have a way to keep track of what is coming in and out of the cash bag. We recommend that the village create a logbook and write down transactions in and out of the bag.

Other Matters

We were not engaged to report on the management’s discussion and analysis and budgetary comparison schedules, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

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

Grand Island, Nebraska
February 6, 2025