

VILLAGE OF DUNCAN, NEBRASKA

FINANCIAL STATEMENTS

September 30, 2019

VILLAGE OF DUNCAN, NEBRASKA

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September 30, 2019

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Independent Auditors' Report

To the Village Board
Duncan, Nebraska

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Duncan, Nebraska, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, and each major fund of the Village of Duncan, Nebraska, as of September 30, 2019, and the respective changes in cash basis financial position thereof, for the year then ended, on the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the 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.

Report on Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Duncan, Nebraska's basic financial statements. The budgetary comparison schedule and notes are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule and notes have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2020, on our consideration of the Village of Duncan, 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 Village of Duncan'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 Village of Duncan, Nebraska's internal control over financial reporting and compliance.

Contryman Associates PC
Certified Public Accountants
Grand Island, Nebraska

January 13, 2020

VILLAGE OF DUNCAN, NEBRASKA

STATEMENT OF NET POSITION - CASH BASIS

September 30, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
Unrestricted:			
Cash	328,964	0	328,964
Cash with County Treasurer	9,536	0	9,536
Restricted:			
Cash	17,563	0	17,563
TOTAL ASSETS	356,063	0	356,063
NET POSITION:			
Restricted for:			
Community betterment	17,563	0	17,563
Unrestricted	338,500	0	338,500
TOTAL NET POSITION	356,063	0	356,063

See accompanying notes

VILLAGE OF DUNCAN, NEBRASKA

STATEMENT OF ACTIVITIES - CASH BASIS

Year Ended September 30, 2019

Functions/Programs	Disbursements	Program Receipts	
		Fees and Charges for Services	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES:			
General government	68,048	3,592	0
Public safety	25,163	0	0
Public works	141,169	0	0
Culture and recreation	6,804	3,669	3,811
TOTAL GOVERNMENTAL ACTIVITIES	241,184	7,261	3,811
BUSINESS-TYPE ACTIVITIES:			
Utility	197,937	165,572	0
TOTAL	439,121	172,833	3,811

GENERAL RECEIPTS AND TRANSFERS:

- Property taxes
- Intergovernmental
- Local receipts
- Sales tax
- Interest income
- Miscellaneous income
- Transfers

TOTAL GENERAL RECEIPTS AND TRANSFERS:

CHANGE IN NET POSITION

Net position - beginning of year

NET POSITION - END OF YEAR

See accompanying notes

Net (Disbursements) Receipts and
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(64,456)	0	(64,456)
(25,163)	0	(25,163)
(141,169)	0	(141,169)
<u>676</u>	<u>0</u>	<u>676</u>
<u>(230,112)</u>	<u>0</u>	<u>(230,112)</u>
<u>0</u>	<u>(32,365)</u>	<u>(32,365)</u>
<u>(230,112)</u>	<u>(32,365)</u>	<u>(262,477)</u>
46,129	0	46,129
68,896	0	68,896
70,162	0	70,162
45,316	0	45,316
142	0	142
1,943	0	1,943
<u>(32,365)</u>	<u>32,365</u>	<u>0</u>
<u>200,223</u>	<u>32,365</u>	<u>232,588</u>
(29,889)	0	(29,889)
385,952	0	385,952
<u>356,063</u>	<u>0</u>	<u>356,063</u>

VILLAGE OF DUNCAN, NEBRASKA

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS GOVERNMENTAL FUNDS

September 30, 2019

	General	Street	Total
ASSETS:			
Unrestricted:			
Cash	242,548	86,416	328,964
Cash with County Treasurer	8,975	561	9,536
Restricted:			
Cash	17,563	0	17,563
TOTAL ASSETS	269,086	86,977	356,063
FUND BALANCES:			
Restricted for community betterment	17,563	0	17,563
Assigned for:			
Street improvements	0	86,977	86,977
Community betterment	47,541	0	47,541
Unassigned	203,982	0	203,982
TOTAL FUND BALANCES	269,086	86,977	356,063

See accompanying notes

VILLAGE OF DUNCAN, NEBRASKA

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH BASIS GOVERNMENTAL FUNDS

Year Ended September 30, 2019

	General	Street	Total Governmental Funds
RECEIPTS:			
Property taxes	44,065	2,064	46,129
Intergovernmental	8,655	60,241	68,896
Local	81,234	0	81,234
Sales tax	45,316	0	45,316
Interest	142	0	142
Other	1,943	0	1,943
TOTAL RECEIPTS	181,355	62,305	243,660
DISBURSEMENTS:			
Current			
General government	61,338	0	61,338
Public safety	25,163	0	25,163
Public works	0	48,766	48,766
Culture and recreation	3,864	0	3,864
Capital outlay	9,650	43,532	53,182
Debt service:			
Principal	0	43,536	43,536
Interest and bond issuance costs	0	5,335	5,335
TOTAL DISBURSEMENTS	100,015	141,169	241,184
RECEIPTS OVER (UNDER) DISBURSEMENTS	81,340	(78,864)	2,476
OTHER FINANCING SOURCES (USES):			
Transfers - in	0	38,394	38,394
Transfers - out	(70,759)	0	(70,759)
TOTAL OTHER FINANCING SOURCES (USES)	(70,759)	38,394	(32,365)
RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING SOURCES (USES)	10,581	(40,470)	(29,889)
Fund balances - beginning of year	258,505	127,447	385,952
FUND BALANCES - END OF YEAR	269,086	86,977	356,063

See accompanying notes

VILLAGE OF DUNCAN, NEBRASKA

**STATEMENT OF NET POSITION - CASH BASIS
PROPRIETARY FUND**

September 30, 2019

	<u>Utility Fund</u>
ASSETS:	
Cash	<u><u>0</u></u>
 NET POSITION:	
Unrestricted	<u><u>0</u></u>

See accompanying notes

VILLAGE OF DUNCAN, NEBRASKA

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN NET POSITION - CASH BASIS - PROPRIETARY FUND

Year Ended September 30, 2019

	<u>Utility Fund</u>
OPERATING RECEIPTS:	
Fees and services	<u>165,572</u>
OPERATING DISBURSEMENTS:	
Payroll	37,496
Capital outlay	40,920
Continuing education	1,150
Dues and subscriptions	672
Insurance	7,430
Miscellaneous	100
Professional fees	5,799
Repairs and maintenance	5,909
Supplies	11,764
Utilities	12,729
Water testing	<u>2,485</u>
TOTAL OPERATING DISBURSEMENTS	<u>126,454</u>
OPERATING INCOME (LOSS)	<u>39,118</u>
NON-OPERATING RECEIPTS (DISBURSEMENTS)	
Debt principal payments	(55,262)
Debt interest payments	<u>(16,221)</u>
TOTAL NON-OPERATING RECEIPTS (DISBURSEMENTS)	<u>(71,483)</u>
NET INCOME (LOSS) BEFORE TRANSFERS	(32,365)
Transfers - in	<u>32,365</u>
NET INCOME (LOSS)	0
Net position - beginning of year	<u>0</u>
NET POSITION - END OF YEAR	<u><u>0</u></u>

See accompanying notes

VILLAGE OF DUNCAN, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies utilized in the accounting system of the Village of Duncan, Nebraska.

As discussed further below under Basis of Accounting, these financial statements are presented on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These cash-basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the cash basis of accounting.

Government

The Village of Duncan, Nebraska (Village) is a municipality located in Platte County in the northeastern part of Nebraska and operates with a village board that consists of five elected members. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The basic financial statements report on the government as a whole. There are no component units required to be included in the financial statements.

Basis of Accounting

The financial statements are presented on the cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis recognizes assets, liabilities, net position/fund balances, receipts, and disbursements which result from cash transactions. As a result of this basis of accounting, fixed assets, certain other assets and their related revenues (such as accounts receivable and revenue for the billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and disbursements for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the Village utilized the basis of accounting recognized as generally accepted accounting principles, the financial statements for governmental funds would use the modified accrual basis of accounting, while the proprietary fund types would use the accrual basis of accounting. Government-wide financial statements would use the accrual basis of accounting.

(Continued on next page)

VILLAGE OF DUNCAN, NEBRASKA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 receipts, and other nonexchange receipts. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

In the Statement of Net Position and the Statement of Activities, the governmental activities are presented using the economic resources measurement focus, within the limitations of the cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, and financial position. All assets and liabilities arising from cash transactions (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported.

The Statement of Activities reports both the gross and net cost of each of the Village's governmental functions and business-type activities. The Statement of Activities reduces gross disbursements by related program receipts and operating grants and contributions (if any). Capital grants and contributions (if any) include project specific grants and contributions related to the Village. Program receipts must be directly associated with the governmental function or business-type activity. The net costs of each governmental function are also supported by general government receipts (property taxes, certain intergovernmental receipts, etc.).

Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, fund balance, receipts and disbursements.

The governmental funds utilize a "current financial resources" measurement focus. Only current financial assets arising from cash transactions are generally included on the Statement of Assets and Fund Balances. Capital assets acquired are accounted for as capital outlay. Debt proceeds (if any) are reported as other financing sources and payments of principal and interest are reported as disbursements. The operating statements present sources and uses of available spendable financial resources during a given period. Fund balances are the measure of available spendable financial resources at the end of the period.

(Continued on next page)

VILLAGE OF DUNCAN, NEBRASKA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

Proprietary funds are used to account for the Village's business-type activities. Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

The following fund types are used by the Village:

Governmental Fund Types

General Fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all financial resources, except those required by law, contractual agreement, or administrative action to be accounted for in another fund.

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

Proprietary Fund Types

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (disbursements) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of receipts, disbursements, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

(Continued on next page)

VILLAGE OF DUNCAN, NEBRASKA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. The Village has determined the following funds to be major funds:

General Fund as previously described.

Street Fund is a special revenue fund and accounts for receipts and disbursements for the maintenance, construction, and improvement of the streets and alleys of the Village.

Utility Fund is an enterprise fund and accounts for activities of the Village's water and sewer operations.

Financial Statement Amounts

Cash

The Village has defined cash to include cash in banks, certificates of deposit, and cash on hand with the County Treasurer.

Government-Wide Net Position

In the government-wide statements, net position is displayed in two components:

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

Unrestricted – All other net position that does not meet the definition of "restricted".

When a disbursement is incurred for purposes for which both restricted and unrestricted net resources are available, the Village typically uses restricted net resources first, followed by unrestricted net resources, but reserves the right to selectively spend unrestricted net resources first to defer the use of these other classified funds.

(Continued on next page)

VILLAGE OF DUNCAN, NEBRASKA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Amounts (Continued)

Fund Statements – Fund Balances

In the governmental fund statements, fund balances may be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

Restricted — Amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as creditors, grantors, contributors, and higher levels of government), or imposed by constitutional provisions or enabling legislation.

Committed — Amounts that can be spent only for specific purposes determined by formal action of the Village Board which is the highest level of authority for the Village. Commitments may be established, modified, or rescinded only through ordinances approved by the Village Board.

Assigned — Amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. Only the Village Board may assign amounts.

Unassigned — The portion of the general fund not restricted, committed or assigned for a specific purpose.

When a disbursement is incurred for purposes for which both restricted and unrestricted fund balances are available, the Village typically uses restricted fund balances first, followed by committed and assigned fund balances, but reserves the right to selectively spend unassigned fund balances first to defer the use of these other classified funds.

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

(Continued on next page)

VILLAGE OF DUNCAN, NEBRASKA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Amounts (Continued)

Receipts

Platte County bills and collects property taxes and remits to the Village monthly. These taxes are deemed to be received by the Village when collected by the County Treasurer. Operating receipts for proprietary funds are those that result from providing services and goods. Subsidies and grants (if any), which finance capital outlay and other receipts, are reported as non-operating receipts.

Disbursements

Disbursements are classified by function for both governmental and business-type activities in the government-wide financial statements. In the fund financial statements, disbursements are classified by character (current, capital outlay, and debt service) in the governmental funds and as operating and non-operating in the proprietary funds. In the proprietary funds, operating disbursements are those disbursements that are essential to the primary operations. All other disbursements are reported as non-operating.

Interfund Activity

Interfund activity includes transfers between governmental or proprietary funds. Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities.

NOTE 2: CUSTODIAL CREDIT RISK - DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to them.

The Village maintains a cash pool available for use by all funds except those required to maintain separate accounts. State law requires all funds held in depositories to be fully insured or collateralized. At September 30, 2019, the Village had \$95,764 in uninsured and uncollateralized cash.

(Continued on next page)

VILLAGE OF DUNCAN, NEBRASKA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2019

NOTE 3: RESTRICTED ASSETS

Certain cash in the General Fund has been restricted for community betterment by donors or as it relates to Keno funds, which by State statute must be used for community betterment.

NOTE 4: PROPERTY TAXES

Real estate and personal property taxes are levied by the County Board on or before October 15 of each year for all political subdivisions of the County based on assessed values as of January 1. These taxes become due and attach as an enforceable lien on property on December 31. The first half of both taxes is delinquent May 1 and the second half delinquent September 1 of the following year.

State statute limits villages to a levy of \$0.45 per \$100 of valuation, but provides for an additional levy of \$0.05 for expenses incurred in joint agreements. Villages may delegate a portion of their total levy to other taxing authorities within the Village (i.e. airport authority, community redevelopment or transit authorities). Villages may levy taxes in addition to the \$0.50 limitation upon a vote of the people. Additionally, there is currently a statutory lid limitation which limits taxation to the prior year's level, with provisions for growth. The lid may be increased by 1% upon the approval of a three-fourths majority of the Village Board.

The levy set in October, 2018, for the 2018 taxes which were materially collected by May and September, 2019, was set at \$0.184788 per \$100 of assessed valuation.

Motor vehicle taxes are due when application is made for registration of a motor vehicle. The amount collected for the motor vehicle tax is outlined in State statute.

NOTE 5: INTERFUND ACTIVITY

The transfers listed below are used to move receipts between funds and are routine in nature. Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities.

<u>Transfers in</u>	<u>Transfers out</u>
	<u>General Fund</u>
Street Fund	38,394
Utility Fund	32,365
	<u>70,759</u>

(Continued on next page)

VILLAGE OF DUNCAN, NEBRASKA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2019

NOTE 6: INTEREST EXPENSE

Interest expense and fiscal charges were charged to functions/programs as follows:

Governmental activities	
Public works	5,335
Business-type activities	
Utility	16,221

NOTE 7: RISK MANAGEMENT

The Village 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. During the year, the Village carried commercial insurance for general liability, public official's liability, property coverage, workers' compensation coverage, commercial excess liability coverage, and crime and blanket bond coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 8: CONTINGENCIES

Environmental

The Village is subject to laws and regulations relating to the protection of the environment. Although it is not possible to determine with any degree of certainty the potential impact of the Village's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition of the Village.

Federal and State Award Programs

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

(Continued on next page)

VILLAGE OF DUNCAN, NEBRASKA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2019

NOTE 9: COMMITMENTS

The Village has commitments for the following debt obligations at September 30, 2019:

General Obligation bonds:

Sanitary sewer refunding bonds - 2012 - interest at .9 - 1.9%, matures September 1, 2020.	20,000
Water bonds - 2012 - interest at .4 - 3.4%, matures June 15, 2032.	285,000
Highway Allocation Fund pledge bonds - 2018 - interest at 1.9-3.0% matures May 15, 2028.	230,000
Notes payable:	
Nebraska Department of Environment and Energy loan - 2010 - interest at 2.0% plus 1.0% administrative fee, matures June 15, 2031.	208,894

In May, 2019, the Village entered an agreement with BD Construction, Inc. for a street repair project on Main Avenue and 13th Street in the amount of \$26,950. The Village's remaining commitment under the agreement is \$26,950 as of September 30, 2019.

OTHER INFORMATION

VILLAGE OF DUNCAN, NEBRASKA

BUDGETARY COMPARISON SCHEDULE - CASH BASIS GOVERNMENTAL AND PROPRIETARY FUNDS

Year Ended September 30, 2019

	Original/Final Budget	Actual
RECEIPTS:		
Taxes	38,000	46,129
Intergovernmental	60,161	68,896
Local	284,702	294,207
Transfers in	126,879	70,759
TOTAL RECEIPTS	<u>509,742</u>	<u>479,991</u>
DISBURSEMENTS:		
General government	55,738	61,338
Public safety	21,589	25,163
Public works	41,227	48,766
Culture and recreation	113	3,864
Capital outlay	239,952	94,102
Utility	74,955	85,534
Debt service	119,400	120,354
Transfers out	126,879	70,759
TOTAL DISBURSEMENTS	<u>679,853</u>	<u>509,880</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(170,111)</u>	<u>(29,889)</u>

See accompanying notes to budgetary comparison schedule.

VILLAGE OF DUNCAN, NEBRASKA

NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgetary Data

In compliance with Nebraska State Statutes, the Village adopts a unified budget that encompasses all governmental and proprietary funds. It is prepared on the cash basis of accounting.

ADDITIONAL INFORMATION



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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*

Independent Auditors' Report

To the Village Board
Village of Duncan, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Duncan, Nebraska as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated January 13, 2020. These financial statements were prepared using a special purpose framework of reporting identified as the cash basis of accounting.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Duncan, Nebraska's internal control over financial reporting (internal control) to determine the 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 Village of Duncan, Nebraska's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Duncan, Nebraska's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2019-001 to be a material weakness.

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A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2019-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Duncan, Nebraska's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 that are required to be reported under *Government Auditing Standards*.

Village of Duncan, Nebraska's Response to Findings

The Village of Duncan, Nebraska's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Village of Duncan, Nebraska's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 Village of Duncan, Nebraska's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Duncan, Nebraska's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Contryman Associates PC
Certified Public Accountants
Grand Island, Nebraska

January 13, 2020

VILLAGE OF DUNCAN, NEBRASKA

SCHEDULE OF FINDINGS AND RESPONSES

September 30, 2019

2019-001 SEGREGATION OF DUTIES

Criteria

Internal controls should be in place to ensure proper segregation of duties.

Condition

Presently, one individual is able to handle all parts of a transaction from initiation to recordkeeping to reconciliation. In addition, only limited oversight is provided in the conduct of daily functions.

Cause

Due to the size of the village, the Village of Duncan, Nebraska does not have sufficient office personnel to perform appropriate supervision and review functions. The limited number of employees results in an inadequate overall internal control structure design.

Effect or Potential Effect

Inadequate segregation of duties could lead to the misappropriation of assets or improper reporting.

Recommendation

We recommend the Village of Duncan, Nebraska continue to monitor and evaluate its internal controls with the use of limited personnel and to provide as much segregation of duties as determined to be feasible within its operations.

Response

The Village recognizes that it does not have sufficient in-house personnel to assign financial transactions to multiple employees because of the cost effectiveness of such actions. The Village Board is aware of this deficiency, and will continue to monitor the situation. The Village Board has implemented some oversight measures to limit exposure where possible.

VILLAGE OF DUNCAN, NEBRASKA

SCHEDULE OF FINDINGS AND RESPONSES

September 30, 2019

2019-002 FUND ACCOUNTING

Criteria

Internal controls should be in place to ensure that the Village's financial reporting system provides for the proper accounting of each of the Village's funds in a separate set of self-balancing accounts.

Condition

Presently, the Village's financial reporting system is not set up to ensure that activity is reported in the proper fund or that each fund balances.

Cause

The Village of Duncan, Nebraska has not established appropriate controls to ensure fund accounting is functioning within its financial reporting system.

Effect or Potential Effect

Transactions may not be recorded in the proper fund or the fund may not balance resulting in improper reporting.

Recommendation

We recommend the Village of Duncan, Nebraska establish formal fund accounting procedures within its financial reporting system and perform a reconciliation each month to ensure that each fund is in balance.

Response

The Village has purchased a new financial reporting software package to better facilitate fund accounting and reporting and will ensure that appropriate fund accounting procedures are established and funds are in balance by the year ending September 30, 2020.