

AGENDA
VALLEY CITY COUNCIL
July 23, 2024 7:00 PM

Anyone desiring to speak on any item on the Agenda is invited to do so during the visitor/correspondence section but will be limited to three minutes. After being recognized by the Mayor, please state your name and address for the record. Anyone desiring to speak for a longer period of time should make arrangements with the City Clerk prior to the meeting. A person wishing to speak during the business portion of the meeting must complete a City Council Agenda Request form. This form is available on the City's website and must be completed and submitted no later than 5:00 p.m. on the Thursday preceding any City Council meeting.

--A copy of the Open Meetings Act is located on the north wall of the Council Chamber—

The Mayor and Council reserve the right to adjourn into executive session on any agenda item per Nebraska Revised Statutes 84-1410.

One copy of all reproducible written material to be discussed at this meeting is available for examination or copying.

1. **Call to Order**

2. **Roll Call**

3. **Pledge of Allegiance**

4. **Proof of Publication**

5. **Visitors/Correspondence**

Anyone desiring to speak on any item or issue not on the agenda or any item on the agenda that does not include a public hearing may do so; but shall be limited to three (3) minutes. Persons should identify themselves by name and address. Persons speaking should not expect the Council to engage in back-and-forth dialogue regarding their comments. Unless an agenda item includes a public hearing, no person may speak during the business portion of the meeting; provided, however, persons speaking during a public hearing are limited to between five (5) and twenty (20) minutes.

The public is advised that a copy of the Open Meetings Act is located on the north wall of the Council Chamber, and one copy of all reproducible written material to be discussed at this meeting is available for examination or copying.

6. **Approval of Agenda**

7. **Presentation of FY22-23 Audit** and authority to submit to the Nebraska State auditor's office.
8. **Mayor's Report**
9. **Adjourn**



CITY OF VALLEY, NEBRASKA
FINANCIAL STATEMENTS
WITH
SUPPLEMENTAL INFORMATION
AND
ACCOMPANYING INDEPENDENT AUDITORS' REPORTS
YEAR ENDED SEPTEMBER 30, 2023

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**City of Valley, Nebraska
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities – cash basis, the business-type activities and each major fund – cash basis of the City of Valley, Nebraska (the City) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities – cash basis, the business-type activities and each major fund – cash basis of the City, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

We draw attention to Note 1 of the financial statements, which describes the basis of accounting for the governmental activities. The governmental financial statements are prepared using 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 that matter.

As discussed in Note 12 to the financial statements, the 2022 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

INDEPENDENT AUDITORS' REPORT (Continued)

Emphasis of Matters (Continued)

The City has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

INDEPENDENT AUDITORS' REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinions on the financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 29–32 and be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining schedule of receipts, disbursements and changes in fund balance – cash basis – general fund and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally

INDEPENDENT AUDITORS' REPORT (Continued)

Supplementary Information (Continued)

accepted in the United States of America. In our opinion, the supplementary information described in the second sentence of this paragraph and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Bland + Associates, P.C.

Omaha, Nebraska

July 17, 2024

BASIC FINANCIAL STATEMENTS

City of Valley, Nebraska
Statement of Net Position
September 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 5,789,590	\$ 6,412,239	\$ 12,201,829
Cash with County Treasurer	90,195	-	90,195
Grants receivable	-	735,597	735,597
Accounts receivable	-	159,434	159,434
Lease receivable	-	1,569,239	1,569,239
Interest receivable	-	4,957	4,957
Internal balances	1,758,036	(1,758,036)	-
Capital assets			
Land	-	4,000	4,000
Construction in process	-	2,338,836	2,338,836
Buildings	-	941,042	941,042
Improvement/infrastructure	-	17,309,267	17,309,267
Equipment and furniture	-	260,543	260,543
Accumulated depreciation	-	(8,960,833)	(8,960,833)
Total assets	7,637,821	19,016,285	26,654,106
Liabilities			
Accounts Payable	-	465,786	465,786
Accrued liabilities	-	167,668	167,668
Customer deposits	-	57,536	57,536
Current portion of long-term liabilities	-	554,916	554,916
Long-term liabilities	-	7,316,020	7,316,020
Total liabilities	-	8,561,926	8,561,926
Deferred Inflows of Resources			
Deferred inflows of resources related to lease receivable	-	1,522,194	1,522,194
Total deferred inflows of resources	-	1,522,194	1,522,194
Net Position			
Restricted for			
Capital assets	-	4,021,919	4,021,919
Debt service	2,296,617	-	2,296,617
Community betterment	239,547	-	239,547
Community development	3,389,359	-	3,389,359
Unrestricted	1,712,298	4,910,246	6,622,544
Total net position	\$ 7,637,821	\$ 8,932,165	\$ 16,569,986

See notes to basic financial statements.

City of Valley, Nebraska
Balance Sheet - Governmental Funds - Cash Basis
September 30, 2023

	General	Bond	Sales Tax	TIF	Keno	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 1,610,025	\$ 459,659	\$ 3,389,359	\$ 87,190	\$ 243,357	\$ 5,789,590
Cash with County Treasurer	62,585	27,610	-	-	-	90,195
Total assets	<u>\$ 1,672,610</u>	<u>\$ 487,269</u>	<u>\$ 3,389,359</u>	<u>\$ 87,190</u>	<u>\$ 243,357</u>	<u>\$ 5,879,785</u>
Fund Balance						
Restricted for						
Debt service	-	487,269	-	87,190	-	574,459
Community betterment	-	-	-	-	243,357	243,357
Community development	-	-	3,389,359	-	-	3,389,359
Unassigned	1,672,610	-	-	-	-	1,672,610
Total fund balance	<u>1,672,610</u>	<u>487,269</u>	<u>3,389,359</u>	<u>87,190</u>	<u>243,357</u>	<u>5,879,785</u>
Total liabilities and fund balance	<u>\$ 1,672,610</u>	<u>\$ 487,269</u>	<u>\$ 3,389,359</u>	<u>\$ 87,190</u>	<u>\$ 243,357</u>	<u>\$ 5,879,785</u>
Adjustments to reflect the reconciliation to internal balances between funds and to related proprietary funds.	39,688	1,722,158	-	-	(3,810)	1,758,036
Net Position of Government Funds	<u>\$ 1,712,298</u>	<u>\$ 2,209,427</u>	<u>\$ 3,389,359</u>	<u>\$ 87,190</u>	<u>\$ 239,547</u>	<u>\$ 7,637,821</u>

City of Valley, Nebraska
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds - Cash Basis
Year Ended September 30, 2023

	General	Bond	Sales Tax	TIF	Keno	Total Governmental
Revenues						
Taxes	\$ 1,692,349	\$ 413,736	\$ 1,790,323	\$ 3,474,633	\$ -	\$ 7,371,041
Special assessments	10,855	-	-	-	-	10,855
Licenses and permits	540,316	-	-	-	-	540,316
Intergovernmental revenues	331,733	-	-	-	-	331,733
Charges for services	111,127	-	-	-	-	111,127
Grant income	12,869	-	-	-	-	12,869
Keno	-	-	-	-	102,173	102,173
Interest income	13,398	8,145	-	1,057	3,135	25,735
Other revenues	259,227	-	-	-	-	259,227
Total revenues	<u>2,971,873</u>	<u>421,881</u>	<u>1,790,323</u>	<u>3,475,690</u>	<u>105,308</u>	<u>8,765,076</u>
Expenditures						
General government	1,025,362	2,023	-	-	10,732	1,038,117
Public health and safety	631,663	-	-	-	-	631,663
Culture and recreation	281,861	-	-	-	-	281,861
Public works	2,352,686	-	-	-	-	2,352,686
Community development	-	-	-	-	-	-
Debt service						
Capital lease principal	-	-	-	-	-	-
Principal retirement	-	360,000	-	-	-	360,000
Interest	-	47,271	-	-	-	47,271
Total expenditures	<u>4,291,571</u>	<u>409,294</u>	<u>-</u>	<u>-</u>	<u>10,732</u>	<u>4,711,597</u>
Excess (deficiency) of revenues over expenditures	<u>(1,319,698)</u>	<u>12,587</u>	<u>1,790,323</u>	<u>3,475,690</u>	<u>94,576</u>	<u>4,053,479</u>
Other Financing Sources						
Proceeds from sale of property	100,536	-	-	-	-	100,536
Tax increment financing	-	-	-	(3,465,418)	-	(3,465,418)
Transfer to other funds	-	-	(1,196,000)	-	-	(1,196,000)
Total other financing sources	<u>100,536</u>	<u>-</u>	<u>(1,196,000)</u>	<u>(3,465,418)</u>	<u>-</u>	<u>(4,560,882)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(1,219,162)</u>	<u>12,587</u>	<u>594,323</u>	<u>10,272</u>	<u>94,576</u>	<u>(507,404)</u>
Fund balance - beginning of year	3,960,163	1,782,118	2,795,036	1,143,912	144,971	9,826,200
Prior period Adjustment	(1,028,703)	414,722	-	(1,066,994)	-	(1,680,975)
Fund balance - beginning of year, as restated	<u>2,931,460</u>	<u>2,196,840</u>	<u>2,795,036</u>	<u>76,918</u>	<u>144,971</u>	<u>8,145,225</u>
Fund balance - end of year	<u>\$ 1,712,298</u>	<u>\$ 2,209,427</u>	<u>\$ 3,389,359</u>	<u>\$ 87,190</u>	<u>\$ 239,547</u>	<u>\$ 7,637,821</u>

See notes to basic financial statements.

City of Valley, Nebraska
Statement of Net Position - Proprietary Funds - Accrual Basis
September 30, 2023

	<u>Utilities</u>	<u>Nursing Home</u>	<u>Total</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 5,573,395	\$ 838,844	\$ 6,412,239
Grants receivable	735,597	-	735,597
Utility billing receivables	159,434	-	159,434
Lease receivable - current portion	-	228,655	228,655
Interest receivable	-	4,957	4,957
Total current assets	<u>6,468,426</u>	<u>1,072,456</u>	<u>7,540,882</u>
Noncurrent assets			
Land	4,000	-	4,000
Buildings	371,400	569,640	941,040
Infrastructure and Improvements	15,236,586	2,072,684	17,309,270
Equipment and furniture	243,760	16,783	260,543
Accumulated depreciation	(7,862,392)	(1,098,442)	(8,960,834)
Construction in progress	2,338,836	-	2,338,836
Net property, plant and equipment	<u>10,332,190</u>	<u>1,560,665</u>	<u>11,892,855</u>
Lease receivable - non-current portion	-	1,340,584	1,340,584
Total assets	<u>\$ 16,800,616</u>	<u>\$ 3,973,705</u>	<u>\$ 20,774,321</u>
Liabilities and Net Position			
Current liabilities			
Accounts payable	\$ 465,786	\$ -	\$ 465,786
Accrued expenses	167,668	-	167,668
Customer deposits	57,536	-	57,536
Due to Other Funds	1,746,111	11,925	1,758,036
Current portion of noncurrent liabilities	477,992	76,924	554,916
Total current liabilities	<u>2,915,093</u>	<u>88,849</u>	<u>3,003,942</u>
Noncurrent liabilities			
Bonds and Notes payable, net of current portion	6,255,143	1,060,877	7,316,020
Total non-current liabilities	<u>6,255,143</u>	<u>1,060,877</u>	<u>7,316,020</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to lease receivable	-	1,522,194	1,522,194
Total deferred inflows of resources	<u>-</u>	<u>1,522,194</u>	<u>1,522,194</u>
Net Position			
Net invested in capital assets	3,599,055	422,864	4,021,919
Unrestricted	4,031,325	878,921	4,910,246
Total net position	<u>7,630,381</u>	<u>1,301,784</u>	<u>8,932,165</u>
Total liabilities and net position	<u>\$ 16,800,616</u>	<u>\$ 3,973,705</u>	<u>\$ 20,774,321</u>

See notes to basic financial statements.

City of Valley, Nebraska
Statement of Revenues,
Expenses and Changes in Net Position
Proprietary Funds - Accrual Basis
Year Ended September 30, 2023

	Utilities	Nursing Home	Total
Operating revenues			
Metered sales	\$ 1,607,861	\$ -	\$ 1,607,861
Connection fees	208,814	-	208,814
Assessments	18,042	-	18,042
Rent	-	264,729	264,729
Miscellaneous income	150,747	75,554	226,301
Total operating revenues	<u>1,985,464</u>	<u>340,283</u>	<u>2,325,747</u>
Operating expenses			
Salaries and benefits	53,090	-	53,090
Supplies	150,124	-	150,124
People service contract	387,202	-	387,202
Fremont Department of Utilities contract	359,534	-	359,534
Insurance	8,900	-	8,900
Utilities	92,492	-	92,492
Repairs and maintenance	148,978	-	148,978
Professional fees	27,414	-	27,414
Miscellaneous	106,425	-	106,425
Capital Outlay	1,162	-	1,162
Depreciation and amortization	391,623	53,458	445,081
Total operating expenses	<u>1,726,944</u>	<u>53,458</u>	<u>1,780,402</u>
Operating Income	<u>258,520</u>	<u>286,825</u>	<u>545,345</u>
Non-operating revenues (expenses)			
Grant income	2,229,181	-	2,229,181
Interest income	71,221	-	71,221
Interest expense	(180,281)	(70,644)	(250,926)
Transfer from other funds	1,196,000	-	1,196,000
Total non-operating revenues (expenses)	<u>3,316,120</u>	<u>(70,644)</u>	<u>3,245,476</u>
Change in net position	3,574,641	216,180	3,790,821
Net position - beginning of year	4,379,209	1,097,529	5,476,738
Prior period adjustment	(323,469)	(11,925)	(335,394)
Net Position - beginning of year, as restated	<u>4,055,740</u>	<u>1,085,604</u>	<u>5,141,344</u>
Net position - end of year	<u>\$ 7,630,381</u>	<u>\$ 1,301,784</u>	<u>\$ 8,932,165</u>

City of Valley, Nebraska
Schedule of Cash Flows
Proprietary Funds - Accrual Basis
Year Ended September 30, 2023

	<u>Utilities</u>	<u>Nursing Home</u>	<u>Total</u>
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 1,810,691	\$ -	\$ 1,810,691
Other operating receipts	150,747	340,282	491,029
Cash payments to employees for services	(44,498)	-	(44,498)
Cash payments to suppliers for goods and services	(844,543)	-	(844,543)
Net cash provided by operating activities	<u>1,072,397</u>	<u>340,282</u>	<u>1,412,679</u>
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	<u>1,196,000</u>	-	<u>1,196,000</u>
Net cash provided by noncapital financing activities	<u>1,196,000</u>	-	<u>1,196,000</u>
Cash Flows from Capital and Related Financing Activities			
Grant income	2,229,181	-	2,229,181
Acquisition of capital assets	(2,425,392)	-	(2,425,392)
Deferred inflows net of lease receivable		(47,086)	(47,086)
Principal payment on bonds and notes payable	(442,440)	(72,456)	(514,896)
Interest and fiscal fees paid on debt	(180,281)	(65,687)	(245,969)
Net cash used in capital and related financing activities	<u>(818,933)</u>	<u>(185,229)</u>	<u>(1,004,162)</u>
Cash Flows from Investing Activities			
Interest on investments	<u>71,221</u>	-	<u>71,221</u>
Net cash provided by investing activities	<u>71,221</u>	-	<u>71,221</u>
Net increase in cash and cash equivalents	1,520,685	155,053	1,675,738
Cash and cash equivalents - beginning of year	<u>4,052,710</u>	<u>683,791</u>	<u>4,736,501</u>
Cash and cash equivalents - end of year	<u>\$ 5,573,395</u>	<u>\$ 838,844</u>	<u>\$ 6,412,239</u>
Reconciliation of Change in Net Assets to Cash Provided by Operating Activities			
Operating income	\$ 258,520	\$ 286,825	\$ 545,345
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	391,623	53,458	445,081
(Increase) in receivables	(26,966)	-	(26,966)
Increase in payables and accrued expenses	449,220	-	449,220
Net cash provided by operating activities	<u>\$ 1,072,397</u>	<u>\$ 340,283</u>	<u>\$ 1,412,680</u>

City of Valley, Nebraska Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the City of Valley, Nebraska (the "City") are discussed in the subsequent section of this Note 1. The remainder of the Notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended September 30, 2023.

The City operates under a Council-Mayor form of government and provides the following services: streets, water, sanitary sewer, culture-recreation, public improvements, planning and zoning, and general administrative services.

B. Financial Reporting Entity

These financial statements present the financial statements of the City as the primary government. In determining its reporting entity, the City has considered all potential component units for which it is financially accountable, including other organizations which are fiscally dependent on the City, or the significance of their relationship with the City are such that exclusion would make the financial statements misleading or incomplete. The Governmental Accounting Standards Board ("GASB") has set forth criteria to be considered in determining financial accountability, which was used in making this evaluation. The City has no potential component units to include in its reporting entity.

C. Basis of Presentation

1. Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. In addition to the City's funds meeting the required criteria, the City's management has designated all remaining funds to be presented for financial reporting purposes.

2. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The governmental funds are reported using a cash basis measurement focus. Their reported fund balance is considered a measure of "available cash and investments." The operating statements focus on cash received and cash disbursed. The cash basis is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America. This basis of accounting is applied to all transactions, including the disbursements for capital assets, receipt of proceeds from issuance of debt and the retirement of debt.

City of Valley, Nebraska
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

The proprietary funds are reported using the accrual basis of accounting for financial reporting. These funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with their operation are included on the financial statements. The proprietary funds are used to account for those activities that are operated in a manner similar to those found in the private sector, where the intent of the governing body is that the costs (expenses) including depreciation, of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

3. Fund Types

Governmental funds are those through which most general governmental functions of the City are financed. The City reports the following governmental funds:

General Fund - This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Bond Fund - This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Sales Tax Fund - This fund is used to account for the proceeds of specific sales tax receipts from the State of Nebraska and the disbursement of those receipts to the other City Funds. Sales tax collections are to be used for water and wastewater improvements.

Keno Fund - This fund is used to account for the proceeds of Keno funds from the local operator and disbursements are legally restricted for City Improvements/Betterments.

TIF Fund - This fund is used to account for the receipt of property taxes collected on the properties covered by the TIF agreements and the disbursement of the taxes collected.

Proprietary funds are used to account for the City's ongoing organizations and activities that are similar to those often found in the private sector. The City reports the following major proprietary fund:

Utility Fund - This fund is used to account for the operations and capital needs to provide treated water, and wastewater collection and treatment to customers within the City.

Nursing Home Fund - This fund is used to account for the receipt of rental payments of the nursing home.

City of Valley, Nebraska
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Net Position Flow Assumption

Net position is required to be classified into three components - invested in capital assets, net of related debt, restricted and unrestricted. These classifications are defined as follows:

- ◆ Restricted - This component of net position consists of restrictions placed on net position use through external constraints imposed by creditors (such as debt covenants), contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- ◆ Unrestricted - This component consists of net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to use restricted resources first and the unrestricted resources as they are needed.

2. Fund Balance Flow Assumptions

Governmental fund equity is reported as fund balance within each respective fund. For governmental funds, the fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

- a. Non-Spendable - Amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted - Amounts that can be spent only for specific purposes because of the City Code, state or federal laws or externally imposed conditions by grantors or creditors.
- c. Committed - Amounts that can be used only for specific purposes determined by a formal action by the City Council through an ordinance or resolution.
- d. Assigned - Amounts that are designated by the Mayor for specific purposes but are not spendable until a budget ordinance is passed by the City Council.
- e. Unassigned - All amounts not included in other spendable classifications.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report for each category of fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**City of Valley, Nebraska
Notes to Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)

3. Cash and Investments

The City's reporting entity considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

4. Receivables

In the proprietary fund statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Utility accounts receivable are ordinarily due 21 days after the issuance of the invoice. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

5. Capital Assets and Depreciation

The proprietary fund's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the proprietary financial statements. The proprietary fund maintains infrastructure asset records consistent with all other capital assets. Donated assets are stated at fair value on the date donated. The proprietary fund generally capitalizes assets with a cost of \$1,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized.

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives for depreciable assets are as follows:

Buildings	15 - 40 years
Improvements and infrastructure	7 - 50 years
Equipment and furniture	4 - 20 years
Automobiles	4 - 10 years

6. Long-term Debt, Deferred Debt Expense and Bond Discounts and Premiums

In the proprietary financial statements, outstanding debt is reported as a liability. Bond discounts or premiums and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using the method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period.

City of Valley, Nebraska
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)

7. Compensated Absences

The amounts of unpaid vacation accumulated by City employees are accrued as expenses when incurred in proprietary funds, which use the accrual basis of accounting. These amounts are included in accrued expenses on the statement of net position - proprietary funds. Compensated absences in the governmental funds are expensed when taken.

8. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources related to lease receivable is reported in both the government-wide Statement of Net Position and the Statement of Net Position Proprietary Funds Accrual Basis.

E. Revenues, Expenditures and Expenses

1. Property Taxes

The tax levy for the City is certified by the County Board each year. Real estate taxes are due and attach as an enforceable lien on December 31 following the levy date. The first half of real estate taxes becomes delinquent on April 1 and the second half becomes delinquent August 1 following the levy date. Delinquent taxes bear interest at a 14% annual rate. Property taxes are collected by the County Treasurer and are periodically remitted to the City.

The tax rate to finance governmental services other than the payment of principal and interest on long-term debt for the year ended September 30, 2023, was \$0.3100 per \$100 of assessed valuation and the debt service requirement was \$0.060 per \$100 of assessed valuation. The assessed valuation for the 2022-2023 tax year was \$1,997,324.

2. Operating Revenues and Expenses

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

3. Expenditures/Expenses

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

- ◆ Governmental Funds - by character and function
- ◆ Proprietary Fund - by operating and non-operating

In the fund financial statements, governmental funds, and proprietary funds report expenditures of financial resources.

City of Valley, Nebraska
Notes to Financial Statements

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

A. Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity is classified as transfers.

B. Use of Estimates

The preparation of the proprietary fund financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

C. Implementation of New Accounting Standards

During 2023, the City implemented the provisions of GASB Statement No. 87, Leases (GASB 87). The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

D. Budgetary Information

An appropriated budget is adopted each fiscal year for the General, Special Revenue, Debt Service, and Utility Funds on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

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

1. The City Administrator submits to the Mayor and City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted through passage of an ordinance and filed with the appropriate governmental entities and agencies.

The City Council adopts the budget on a per-fund basis and budgetary control is exercised at the fund level. The legal level of budgetary control is by fund type. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

An encumbrance system is not used by the City and all appropriations lapse at year-end.

The City did comply with its overall adopted budget for the year ended September 30, 2023.

NOTE 3 - DEPOSITS

Deposit risks include:

Custodial Credit Risk: For deposits, custodial credit risk is the risk that in the event of the failure of a bank or other counterparty, the City will not be able to recover the value of its deposits or collateral securities in the possession of a third party.

City of Valley, Nebraska
Notes to Financial Statements

NOTE 3 - DEPOSITS (CONTINUED)

Credit Risk: For deposits, credit risk is the risk that a bank or other counterparty defaults on its principal and/or interest payments owed to the City.

Interest Rate Risk: For deposits, interest rate risk is the risk that the value of deposits will decrease as a result of a rise in interest rates.

The City has not adopted a specific risk management policy for deposits but does require all deposits and investments be in compliance with the provisions of State statutes. Statutes authorize the City to invest in time deposits at banks selected as depositories of City funds, direct debt securities of the United States Government, and certain government agency bonds.

Cash is stated at cost, which approximates fair value. The City's cash deposits, including demand deposits and certificates of deposit, are insured by the Federal Deposit Insurance Corporation and securities held in safekeeping pledged to the entity where the security is held. At September 30, 2023, the City's deposits at banks were \$12,178,121; of which \$250,000 per account, per registered depositor was covered by federal depository insurance or pledged security, and \$12,178,121 was insured by the Nebraska Bankers Insurance and Service Company.

Deposit risks include: Cash with the Douglas County Treasurer of \$90,194 was covered by collateral held by the County or was invested in U.S. Government Securities held by the County's agent.

NOTE 4 -LEASE RECEIVABLE

The City leases a healthcare facility to a third-party entity that operates the facility. The initial term of the lease is ten years. Monthly rental payments under the agreement are \$22,159 for the first three years, \$22,824 the fourth year, and an amount to be determined based on the increase in the rate of reimbursement from the Nebraska Medicaid Agency to skilled nursing facilities, as defined, for the remaining six years. The agreement contains two renewal options for 5-year terms each that are exercisable by the lessee.

The annual expected rent amounts to be received to maturity for the lease receivable as of September 30, 2023 are as follows:

Year Ended September 30,	Business-Type Activities	
	Principal	Interest
2024	\$ 228,655	\$ 55,559
2025	246,154	46,592
2026	264,578	36,946
2027	283,984	26,585
2028	304,420	15,470
2029-2033	241,448	3,829
Total	\$ 1,569,239	\$ 184,981

City of Valley, Nebraska
Notes to Financial Statements

NOTE 4 - FAIR VALUE MEASUREMENTS

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets.

Assets and liabilities are classified into one of the following categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. All of the City's certificates of deposits as of September 30, 2023, are categorized as Level 2 investments.

City of Valley, Nebraska
Notes to Financial Statements

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended September 30, 2023, for the Proprietary Funds, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Not being depreciated				
Land	\$ 4,000	\$ -	\$ -	\$ 4,000
Construction in progress	269,897	2,068,939	-	2,338,836
Subtotal	<u>273,897</u>	<u>2,068,939</u>	<u>-</u>	<u>2,342,836</u>
Other capital assets				
Water Fund				
Buildings	371,400	-	-	371,400
Improvement/infrastructure	5,668,805	-	-	5,668,805
Equipment and furniture	127,327	-	-	127,327
Less, Accumulated Depreciation	<u>(3,786,402)</u>	<u>(136,026)</u>	<u>-</u>	<u>(3,922,428)</u>
Subtotal	<u>2,381,130</u>	<u>(136,026)</u>	<u>-</u>	<u>2,245,104</u>
Wastewater Fund				
Improvement/infrastructure	9,481,223	86,557	-	9,567,780
Equipment and furniture	116,433	-	-	116,433
Less, Accumulated Depreciation	<u>(3,684,367)</u>	<u>(255,596)</u>	<u>-</u>	<u>(3,939,963)</u>
Subtotal	<u>5,913,289</u>	<u>(169,039)</u>	<u>-</u>	<u>5,744,250</u>
Nursing Home				
Buildings	569,642	-	-	569,642
Improvement/infrastructure	2,072,682	-	-	2,072,682
Equipment and furniture	16,783	-	-	16,783
Less, Accumulated Depreciation	<u>(1,044,984)</u>	<u>(53,458)</u>	<u>-</u>	<u>(1,098,442)</u>
Subtotal	<u>1,614,123</u>	<u>(53,458)</u>	<u>-</u>	<u>1,560,665</u>
Net capital assets	<u>\$ 10,182,439</u>	<u>\$ 1,710,416</u>	<u>\$ -</u>	<u>\$ 11,892,855</u>

City of Valley, Nebraska
Notes to Financial Statements

NOTE 6 - LONG-TERM OBLIGATIONS

General obligation bonds, issued by the City for various municipal improvements, are repaid with property taxes recorded in the Debt Service Fund. The City has pledged its full faith and credit as collateral for the general obligation bonds. The City has no debt outstanding subject to legal debt limitations. The City's borrowing capacity is restrained by maintaining the City's debt at a responsible level.

Although the City does not report long-term obligations in the governmental fund financial statements, the information is presented below for additional information.

Changes in long-term debt obligations were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Funds					
General Obligation					
Bonds payable	<u>\$ 3,650,000</u>	<u>\$ -</u>	<u>\$ (360,000)</u>	<u>\$ 3,290,000</u>	<u>\$ 370,000</u>
Proprietary Funds					
Bond payable	<u>\$ 8,000,258</u>	<u>\$ -</u>	<u>\$ (487,456)</u>	<u>\$ 7,512,802</u>	<u>\$ 526,924</u>

A. Bonds Payable

Specific changes in the individual governmental bond issues were as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance 9/30/22</u>	<u>Net (Reductions)</u>	<u>Balance 9/30/23</u>
Governmental Funds					
September 15, 2015 bond	0.65-2.35%	11/1/2023	\$ 110,000	\$ (55,000)	\$ 55,000
November 15, 2019 bond	1.35-2.05%	1/1/2026	450,000	(115,000)	335,000
July 15, 2021 bond	0.25-1.15%	12/15/2029	645,000	(80,000)	565,000
August 16, 2021 bond	0.30-2.05%	12/15/2041	2,445,000	(110,000)	2,335,000
Total			<u>\$ 3,650,000</u>	<u>\$ (360,000)</u>	<u>\$ 3,290,000</u>

Specific changes in the individual proprietary bond issues were as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance 9/30/22</u>	<u>Net Additions (Reductions)</u>	<u>Balance 9/30/23</u>
Proprietary Funds					
Nursing Home					
July 15, 2014 bond	6.00%	7/15/2034	\$ 1,210,258	\$ (72,456)	\$ 1,137,802
Utilities					
October 9, 2018 bond	2.10-4.00%	12/15/2038	1,520,000	(80,000)	1,440,000
October 1, 2021 bond	0.30-1.80%	12/15/2036	1,440,000	(95,000)	1,345,000
February 8, 2022 bond	0.50-1.80%	6/15/2042	3,830,000	(240,000)	3,590,000
Total			<u>\$ 8,000,258</u>	<u>\$ (487,456)</u>	<u>\$ 7,512,802</u>

City of Valley, Nebraska
Notes to Financial Statements

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

A. Bonds Payable (Continued)

On September 14, 2015, the City issued General Obligation Refunding Bonds in the amount of \$460,000 for the purpose of refunding the Series 2010 bonds with an outstanding principal amount of \$450,000. The bonds have an interest rate of between 0.65-2.35% and a maturity date of November 1, 2023.

On November 15, 2019, the City issued General Obligation Various Purpose Refunding Bonds in the amount of \$760,000 for the purpose of refunding \$315,000 of General Obligation Bonds, Series 2012 originally issued by SID No. 196 and refunding \$435,000 General Obligation Bonds, Series 2014 originally issued by SID No. 254. The bonds have an interest rate of 1.35-2.05% and a maturity date of January 1, 2026.

On July 6, 2021 the City issued General Obligation Bonds in the amount of \$2,445,000 for the purpose of improving streets within the City (Highway Allocation Bonds). The bonds have an interest rate of 0.25-1.15% and a maturity date of December 15, 2029.

On July 7, 2021 the City issued General Obligation Various Purpose Refunding Bonds (Series 2021A) in the amount of \$715,000 for the purpose of refunding the Series 2014 bonds with an outstanding principal amount \$1,095,000. The bonds have an interest rate of 0.30-2.05% and maturity date of December 15, 2041.

On July 15, 2014 the City issued Specific Revenue bonds in the amount of \$1,620,000 for the purpose of the Nursing Home renovations. The bonds have an interest rate of 6% and maturity date of July 15, 2024.

On November 15, 2018 the City issued General Obligation Water Bonds in the amount of \$1,810,000 for the purpose of paying the costs of improvements to the existing Water System. The bonds have an interest rate of 2.10-4.00% and maturity date of December 15, 2038.

On October 1, 2021 the City issued General Obligation Various Purpose Refunding Bonds (Series 2021B) in the amount of \$1,440,000 for the purpose of refunding the General Obligation Bonds, Series 2016 with an outstanding principal amount of \$1,390,000. The bonds have an interest rate of 0.30-1.80% and maturity date of December 15, 2036.

On February 8, 2022 the City issued General Obligation Various Purpose Refunding Bonds in the amount of \$4,055,000 for the purpose of refunding the General Obligation Bonds, Series 2017 with an outstanding principal amount of \$3,930,000. The bonds have an interest rate of 0.50-1.80% and maturity date of June 15, 2042.

City of Valley, Nebraska
Notes to Financial Statements

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

B. Annual Requirements

The annual debt service requirements to maturity for bonded debt as of September 30, 2023, are as follows:

Year Ending September 30,	Governmental Funds		
	Principal	Interest	Total
2024	\$ 370,000	\$ 43,146	\$ 413,146
2025	215,000	40,208	255,208
2026	220,000	38,641	258,641
2027	220,000	36,806	256,806
2028	220,000	34,666	254,666
2029-2042	2,045,000	240,958	2,285,958
Total	<u>\$ 3,290,000</u>	<u>\$ 434,425</u>	<u>\$ 3,724,425</u>

Year Ending September 30,	Proprietary Funds		
	Principal	Interest	Total
2024	\$ 526,924	\$ 166,723	\$ 693,647
2025	636,671	174,269	810,940
2026	651,506	161,532	813,038
2027	576,655	145,033	721,688
2028	797,732	110,765	908,497
2029-2039	4,323,314	508,381	4,831,695
Total	<u>\$ 7,512,802</u>	<u>\$ 1,266,703</u>	<u>\$ 8,779,505</u>

City of Valley, Nebraska
Notes to Financial Statements

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

C. Note Payable

The City has entered into a Note Payable with the Nebraska Department of Environmental Quality (NDEQ) for a loan of \$748,709, of which \$185,578 was forgiven, leaving a remaining original balance due of \$562,131.

The loan as of September 30, 2023, consisted of the following:

Description	Interest Rate	Maturity Date	Balance 9/30/22	Net Additions (Reductions)	Balance 9/30/23
Note Payable - NDEQ	2.00%	6/15/2034	\$ 385,575	\$ (27,440)	\$ 358,135
Total			<u>\$ 385,575</u>	<u>\$ (27,440)</u>	<u>\$ 358,135</u>

The scheduled annual principal and interest payments under the note as of September 30, 2023, are the following:

Year Ending September 30,	Note Payable Liability		
	Principal	Interest	Total
2024	\$ 27,992	\$ 7,023	\$ 35,015
2025	28,555	6,461	35,016
2026	29,129	5,887	35,016
2027	29,714	5,301	35,015
2028	30,311	4,704	35,015
2029-2035	212,434	15,166	227,600
Total	<u>\$ 358,135</u>	<u>\$ 44,542</u>	<u>\$ 402,677</u>

NOTE 7 - DEFERRED COMPENSATION PLAN

Qualifying employees may contribute a percentage of their choice of gross wages to an IRA, exclusive of overtime, and the City will match that contribution up to 6% as of December 2022. The city contributed \$88,066 to employee IRAs for the year ended September 30, 2023.

City of Valley, Nebraska
Notes to Financial Statements

NOTE 8 - INTERFUND TRANSACTIONS

The City has the following interfund balances at September 30, 2023

	<u>Receivable Fund</u>	<u>Payable Fund</u>
General Fund	\$ 39,688	\$ -
Bond Fund	1,722,158.00	-
Keno Fund	-	3,810.00
Utilities	-	1,746,111.00
Nursing Home	-	11,925.00
	<u>\$ 1,761,846</u>	<u>\$ 1,761,846</u>

NOTE 9 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft, damage to, or destruction of assets, errors or omissions, injuries to employees or acts of God. These risks are transferred to independent insurance carriers and no self-insurance program is maintained by the City. City management believes adequate coverage exists for potential exposures as of September 30, 2023. The City did not pay any settlement amounts, which exceeded its insurance coverage for the years ending September 30, 2023, 2022, and 2021.

NOTE 10 - DESIGNATED REVENUES

The City has committed to using a portion of the proceeds from sales and use taxes toward water and wastewater improvement projects.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The City has entered into construction contracts with outstanding commitments as of September 30, 2023, of \$698,051.05 for the Backwash Waste Recovery System Project, \$63,621.95 for the New Well Project, \$94,543.52 for the Chemical Feed Project, \$66,410.34 for the Filter Media Replacement Project, and \$697,179.00 for the cleaning, repair, and repainting of the Water Tower.

City of Valley, Nebraska
Notes to Financial Statements

NOTE 12 - ADJUSTMENTS TO AND RESTATEMENTS OF BEGINNING BALANCES

The fiscal year 2022 Audit Report was released with reported “unreconcilable differences.” The City was able to reconcile, and the result of the correction is shown below:

	9/30/2022 As Previously Reported	Error Correction	9/30/2023 As Restated
Government-Wide			
Governmental Activities	\$9,826,200	\$(1,680,975)	\$8,145,225
Business-Type Activities	<u>\$5,476,738</u>	<u>\$(335,394)</u>	<u>\$5,141,344</u>
Total Primary Government	<u><u>\$15,302,938</u></u>	<u><u>\$(2,016,369)</u></u>	<u><u>\$13,286,569</u></u>

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 17, 2024, the date on which the financial statements were available for issue.

SUPPLEMENTARY INFORMATION

City of Valley, Nebraska
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Governmental Funds
Year Ended September 30, 2023

	Initial and Final Budget	Actual	Variance
Revenues			
Taxes	\$ 5,567,273	\$ 6,968,159	\$ 1,400,886
Licenses and permits	624,950	540,316	(84,634)
Intergovernmental revenues	491,923	331,733	(160,190)
Charges for services	800	111,127	110,327
Miscellaneous revenues	165,946	259,227	93,281
Keno fees	72,000	102,173	30,173
Grant income	6,500	12,869	6,369
Interest income	3,970	17,590	13,620
Total revenues	<u>6,933,362</u>	<u>8,343,194</u>	<u>1,409,832</u>
Expenditures			
General government	2,783,860	1,036,093	(1,747,767)
Public health and safety	722,990	631,663	(91,327)
Culture and recreation	573,510	281,861	(291,649)
Public Works	2,458,661	2,352,686	(105,975)
Community development	80,100	-	(80,100)
Total expenditures	<u>6,619,121</u>	<u>4,302,303</u>	<u>(2,316,818)</u>
Excess (deficiency) of revenues over expenditures	<u>314,241</u>	<u>4,040,892</u>	<u>3,726,651</u>
Other Financing Uses			
Proceeds from sale of property	15,000	100,536	85,536
Tax increment financing	(2,200,000)	(3,465,418)	(1,265,418)
Transfers to other funds	(1,406,315)	(1,196,000)	210,315
Total other financing uses	<u>(3,591,315)</u>	<u>(4,560,882)</u>	<u>(969,567)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ (3,277,074)</u>	<u>(519,991)</u>	<u>\$ 2,757,083</u>
Fund balance - beginning of year		8,044,082	
Prior period Adjustment		<u>(2,095,697)</u>	
Fund balance - beginning of year, as restated		5,948,385	
Fund balance - end of year		<u>\$ 5,428,394</u>	

City of Valley, Nebraska
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Debt Service Fund
Year Ended September 30, 2023

	Initial and Final Budget	Actual	Variance
Revenues			
Taxes	\$ 412,272	\$ 413,736	\$ 1,464
Intergovernmental revenues	-	-	-
Special assessments	-	-	-
Interest income	-	8,145	8,145
Total revenues	<u>412,272</u>	<u>421,881</u>	<u>9,609</u>
Expenditures			
General government	2,000	2,023	23
Streets and street lighting	-	-	-
Debt service	-	-	-
Principal retirement	360,000	360,000	-
Interest	47,272	47,271	(1)
Total expenditures	<u>409,272</u>	<u>409,294</u>	<u>22</u>
Excess (deficiency) of revenues over expenditures	<u>3,000</u>	<u>12,587</u>	<u>9,587</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ 3,000</u>	<u>12,587</u>	<u>\$ 9,587</u>
Fund balance - beginning of year		1,782,118	
Prior period Adjustment		<u>414,722</u>	
Fund balance - beginning of year, as restated		2,196,840	
Fund balance - end of year		<u>\$ 2,209,427</u>	

City of Valley, Nebraska
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Proprietary Funds
Year Ended September 30, 2023

	Final Budget	Actual Budget Basis	Variance
Revenues			
Metered sales	\$ 1,458,000	\$ 1,607,861	\$ 149,861
Connection fees	192,000	208,814	16,814
Assessments	30,000	18,042	(11,958)
Rent	273,886	264,729	(9,157)
Grant income	6,900,000	2,229,181	(4,670,819)
Miscellaneous income	123,850	297,522	173,672
Total revenues	8,977,736	4,626,149	(4,351,587)
Expenditures			
Personal Services	68,900	53,090	(15,810)
Supplies and other	285,250	159,024	(126,226)
Contracts	750,916	746,736	(4,180)
Repairs and maintenance	163,000	148,978	(14,022)
Utilities	75,000	92,492	17,492
Professional fees	70,000	27,414	(42,586)
Miscellaneous	114,600	106,425	(8,175)
Interest expense	252,107	250,926	(1,181)
Capital Outlay	10,825,000	2,070,101	(8,754,899)
Debt Services (principal)	490,686	487,445	(3,241)
Depreciation and Amortization	-	445,081	445,081
Total expenditures	13,095,459	4,587,712	(8,507,747)
Excess (deficiency) of revenues over expenditures	\$ (4,117,723)	38,437	4,156,160
Other Financing Sources			
Transfers from other funds	1,406,315	1,196,000	(210,315)
Total other financing sources	1,406,315	1,196,000	- (210,315)
Excess of revenues and other financing sources over expenditures	\$ (2,711,408)	1,234,437	
Fund balance - beginning of year		5,476,738	
Prior period Adjustment		(335,394)	
Fund balance - beginning of year, as restated		5,141,344	
Accrual basis adjustments to reconcile		2,556,384	
Fund balance - end of year		\$ 8,932,165	

**CITY OF VALLEY, NEBRASKA
NOTES TO BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Valley, Nebraska and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost of Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements. The entity has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE B – TYPE A PROGRAM THRESHOLD

The threshold of Type A and Type B programs was \$750,000 for the year ended September 30, 2023.

NOTE C – MAJOR PROGRAM

<u>CFDA Number</u>	<u>Program Name</u>
66.468	Safe Drinking Water State Revolving Funds

CITY OF VALLEY, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION			
Safe Drinking Water State Revolving Funds	(1) 66.468	N/A	<u>\$ 2,031,946</u>
Total Expenditures of Federal Awards			<u>\$ 2,031,946</u>

(1) Major program tested

The accompanying notes to Schedule of Expenditures
of Federal Awards are an integral part of this schedule

CITY OF VALLEY, NEBRASKA
NOTES TO SCHEDULE OF FEDERAL EXPENDITURES OF AWARDS
Year Ended September 30, 2023

NOTE A – BASIS OF PRESENTATION

The State of Nebraska prescribes that the City adopt a cash basis budget annually following the required public notice and hearing for all funds. The City's practice is to adopt its budget early to accommodate major tenants in their budgeting process. When final valuations are received, the City's board amends the budgeted property tax collections to adjust for any change.

NOTE B – BASIS OF ACCOUNTING

The City's budgetary process accounts for certain transactions on a basis other than accounting principles generally accepted in the United States of America (GAAP). The major differences between the budgetary basis and GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received and expenditures are recorded when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting in the governmental fund statements and on the accrual basis in the government-wide statements.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities – cash basis, the business-type activities and each major fund – cash basis of the City of Valley, Nebraska (the City) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 17, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITORS' 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 (Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

BLAND + ASSOCIATES, P.C.

Omaha, Nebraska
July 17, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT FOR THE MAJOR
PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT FOR THE MAJOR
PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE**

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

Opinion on the Major Federal Program

We have audited the City of Valley, Nebraska's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2023. The City's major federal program is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2023.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT FOR THE MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE (Continued)

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instances on noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on the major federal program is not modified with respect to this matter.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT FOR THE MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE (Continued)

Other Matters (Continued)

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we considered to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

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

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT FOR THE MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE (Continued)

Other Matters (Continued)

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we considered to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

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

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT FOR THE MAJOR
PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE (Continued)**

Report on Internal Control Over Compliance (Continued)

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

BLAND + ASSOCIATES, P.C.

Omaha, Nebraska
July 17, 2024

**CITY OF VALLEY, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2023**

A. SUMMARY OF AUDIT RESULTS

FINANCIAL STATEMENTS AUDIT

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?:	Yes _____	No <u> X </u>
Significant deficiency(ies) identified that are not considered to be material weakness(es)?:	Yes _____	No <u> X </u>
Noncompliance material to the financial statements noted?:	Yes _____	No <u> X </u>

MAJOR FEDERAL AWARDS PROGRAM AUDIT

Internal control over major federal program:		
Material weakness(es) identified?:	Yes _____	No <u> X </u>
Significant deficiency(ies) identified?:	Yes <u> X </u>	No _____
Type of auditors' report issued on compliance for major program:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?:	Yes <u> X </u>	No _____

CITY OF VALLEY, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended September 30, 2023

A. SUMMARY OF AUDIT RESULTS (Continued)

Programs considered to be a major program of the City include:

	<u>CFDA No.</u>
Safe Drinking Water State Revolving Funds	66.468
Threshold used for distinguishing between Type A and B programs:	\$750,000
Is the City considered to be a low-risk auditee?:	Yes _____ No <u> X </u>

B. FINDINGS – FINANCIAL STATEMENT AUDIT

No findings that apply to the financial statement audit were noted.

CITY OF VALLEY, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended September 30, 2023

C. FINDINGS AND QUESTIONED COSTS – FEDERAL AWARD PROGRAM AUDIT

		Questioned Costs
2023-001	<p>Criteria: Per the requirements of Title 2 U.S. <i>Code of Federal Regulations</i> Part 200, <i>Uniform Administrative Requirements, Cost of Principles, and Audit Requirements for Federal Awards</i>, the city must implement and follow policies and procedures relating to the procurement and suspension and debarment standards.</p> <p>Condition: During our audit testing, the City was unable to provide supporting documentation for one of the three contractors tested to ensure the proper procurement standards were followed in accordance with Uniform Guidance.</p> <p>Cause: The City did not have adequate internal controls to ensure documentation was maintained relating to their procurement standards</p> <p>Effect: Non-compliance could affect funding in future years.</p> <p>Recommendation: We recommend the City follow it's established internal procurement policies and procedures.</p> <p><i>Organization Response: Management agrees with this finding.</i></p>	None

**CITY OF VALLEY, NEBRASKA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended September 30, 2023**

FINANCIAL STATEMENT AUDIT

	MATERIAL WEAKNESS OR SIGNIFICANT DEFICIENCY NOTED	CURRENT STATUS
2022-001	The City does not prepare depreciation schedules.	Finding has been closed.
2022-002	Not all bank accounts were reconciled on a monthly basis.	Finding has been closed.

MAJOR FEDERAL AWARD PROGRAM AUDIT

WEAKNESS NOTED	CURRENT STATUS
No prior year findings.	N/A

Corrective Action Plan

September 30, 2023

Contact Person: Lori Sorensen, Treasurer
lsorensen@valleyne.org
402-359-2251 ext. 315

FINDING 2023-001: Procurement

Instance in which procurement for engineering services which exceeded the simplified acquisition threshold (SAT), or a lower threshold established by a non-Federal entity was not obtained.

The Uniform Guidance for Federal Awards required competitive bids to be obtained when over the SAT threshold.

Transaction testing found procurement was not obtained for engineering services.

The City of Valley has communicated proper procurement guidelines to the appropriate departments and outside agencies, moving forward the City of Valley shall be placing public notice for all available service contracts that involve Federal Awards to comply with the guidelines set forth under the Uniform Guidance of Federal Funds, including but not limited to Engineering services.

Reasonable completion date: August 2024

Responsible Party: City Clerk and Treasurer will work together going forward to ensure all proper paperwork is completed and public notices are placed for all available service contracts.