

VILLAGE OF MURRAY, NEBRASKA

Audited Financial Statements

September 30, 2023

VILLAGE OF MURRAY, NEBRASKA

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Lengemann & Associates, P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Village of Murray, Nebraska

Report on the Audit of the Financial Statements

Opinions

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 Murray (the Village), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, and each major fund of the Village as of September 30, 2023, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis of Opinions

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 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.

Responsibility of Management 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, 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 Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying General Fund – Combining Schedule of Assets, Liabilities, and Fund Balances (Deficits) – Cash Basis, General Fund – Combining Schedule of Receipts and Disbursements and Changes in Fund Balance (Deficits) – Cash Basis, Statement of Receipts, Disbursements, and Changes in Fund Balances – Budget and Actual (Budgetary Basis) All Funds (Unaudited), and Note to Budgetary Schedule, on pages 19-22 are presented for purposes of additional analysis and are 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 accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 February 22, 2024, on our consideration of the Village'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'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 Village's internal control over financial reporting and compliance.

Lengemann & Associates, P.C.

LENGEMANN & ASSOCIATES, P.C.

Papillion, Nebraska

February 22, 2024

VILLAGE OF MURRAY, NEBRASKA

STATEMENT OF NET POSITION (DEFICIT) – CASH BASIS

SEPTEMBER 30, 2023

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash (claims on cash)	\$ 1,253,088	\$ (766,536)	\$ 486,552
Restricted cash	-	9,900	9,900
Certificates of deposit	34,595	-	34,595
Cash held by county treasurer	<u>4,595</u>	<u>-</u>	<u>4,595</u>
Total Assets	<u>\$ 1,292,278</u>	<u>\$ (756,636)</u>	<u>\$ 535,642</u>
NET POSITION (DEFICIT)			
Restricted for Customer deposit returns	\$ -	\$ 9,900	\$ 9,900
Unrestricted	<u>1,292,278</u>	<u>(766,536)</u>	<u>525,742</u>
Total Net Position (Deficit)	<u>\$ 1,292,278</u>	<u>\$ (756,636)</u>	<u>\$ 535,642</u>

VILLAGE OF MURRAY, NEBRASKA

STATEMENT OF ACTIVITIES – CASH BASIS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Program Receipts		Net Receipts (Disbursements) and Changes in Net Position		
	Disbursements	Charges for Services	Primary Government		Total
			Governmental Activities (Note 1)	Business-type Activities (Note 1)	
Primary Government					
General government	\$ 253,989	\$ 32,898	\$ (221,091)	\$ -	\$ (221,091)
Public Works – streets	36,393	-	(36,393)	-	(36,393)
Culture and Recreation	3,531	-	(3,531)	-	(3,531)
Capital Outlay	236,379	-	(236,379)	-	(236,379)
Total governmental activities	530,292	32,898	(497,394)	-	(497,394)
Business-type activities					
Water	149,657	137,044	-	(15,013)	(12,613)
Sewer	230,756	194,618	-	(36,138)	(36,138)
Total business-type activities	380,413	331,662	-	(51,151)	(48,751)
Total primary government	910,705	364,560	(497,394)	(51,151)	(546,145)
General Receipts					
Taxes			143,863	-	143,863
Property taxes			90,276	-	90,276
Sales tax			15,690	-	15,690
Motor vehicle taxes			44	-	44
Carline tax			5,551	-	5,551
In-lieu-of taxes			52,152	-	52,152
Franchise fee			70,191	-	70,191
Intergovernmental			889	-	889
Investment income			148,064	2,400	150,464
Other			526,720	2,400	529,120
Total general receipts			29,326	(48,751)	(19,425)
CHANGE IN NET POSITION			1,262,952	(707,885)	555,067
NET POSITION (DEFICIT), BEGINNING OF YEAR			\$ 1,292,278	\$ (756,636)	\$ 535,642
NET POSITION (DEFICIT), END OF YEAR					

VILLAGE OF MURRAY, NEBRASKA

STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES – CASH BASIS
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	Major Funds			Total Governmental Funds
	General	Streets	Capital Improvement	
ASSETS				
Assets				
Cash	\$ 867,059	\$ 108,313	\$ 277,716	\$ 1,253,088
Certificates of deposit	34,595	-	-	34,595
Cash at county treasurer	<u>4,595</u>	<u>-</u>	<u>-</u>	<u>4,595</u>
TOTAL ASSETS	<u>\$ 906,249</u>	<u>\$ 108,313</u>	<u>\$ 277,716</u>	<u>\$ 1,292,278</u>
FUND BALANCES				
Fund Balances				
Committed	\$ -	\$ -	\$ -	\$ -
Assigned	-	108,314	277,715	386,029
Unassigned	<u>906,249</u>	<u>-</u>	<u>-</u>	<u>906,249</u>
TOTAL FUND BALANCES	<u>\$ 906,249</u>	<u>\$ 108,314</u>	<u>\$ 277,715</u>	<u>\$ 1,292,278</u>

VILLAGE OF MURRAY, NEBRASKA

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

SEPTEMBER 30, 2023

	<u>General</u>	<u>Streets</u>	<u>Capital Improvement</u>	<u>Total Governmental Funds</u>
RECEIPTS				
Taxes				
Property	\$ 135,431	\$ 1,676	\$ -	\$ 137,107
Property tax credit	6,756	-	-	6,756
Sales tax	20,256	12,075	57,945	90,276
Carline tax	44	-	-	44
In-lieu-of 1957	11	-	-	11
In-lieu-of 5%	5,540	-	-	5,540
Motor vehicle	-	15,690	-	15,690
Intergovernmental	980	69,211	-	70,191
Franchise fee	52,152	-	-	52,152
Charges for services	32,898	-	-	32,898
Fees, permits, and licenses	4,999	-	-	4,999
Interest income	889	-	-	889
Other receipts	<u>523</u>	<u>142,542</u>	<u>-</u>	<u>143,065</u>
Total receipts	<u>260,479</u>	<u>241,194</u>	<u>57,945</u>	<u>559,618</u>
DISBURSEMENTS				
General government	253,989	-	-	253,989
Public Works – streets	-	36,393	-	36,393
Culture and Recreation	3,531	-	-	3,531
Capital Outlay	<u>33,727</u>	<u>202,652</u>	<u>-</u>	<u>236,379</u>
Total expenditures	<u>291,247</u>	<u>239,045</u>	<u>-</u>	<u>530,292</u>
Receipts over (under) disbursements	(30,768)	2,149	57,945	29,326
FUND BALANCES – BEGINNING	<u>937,017</u>	<u>106,165</u>	<u>219,770</u>	<u>1,262,952</u>
FUND BALANCES – END	<u>\$ 906,249</u>	<u>\$ 108,314</u>	<u>\$ 277,715</u>	<u>\$ 1,292,278</u>

VILLAGE OF MURRAY, NEBRASKA

STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION (DEFICIT) – CASH BASIS
PROPREITARY FUNDS

SEPTEMBER 30, 2023

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS			
Current assets			
Cash (claims on cash)	\$ (274,560)	\$ (491,976)	\$ (766,536)
Restricted assets			
Cash and cash equivalents	<u>9,900</u>	<u>-</u>	<u>9,900</u>
TOTAL ASSETS	<u>(264,660)</u>	<u>(491,976)</u>	<u>(756,636)</u>
LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION (DEFICIT)			
Restricted for Customer deposit returns	9,900	-	9,900
Unrestricted			
Undesignated (deficit)	<u>(274,560)</u>	<u>(491,976)</u>	<u>(766,536)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (264,660)</u>	<u>\$ (491,976)</u>	<u>\$ (756,636)</u>

VILLAGE OF MURRAY, NEBRASKA

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN NET POSITION (DEFICIT) – CASH BASIS – PROPRIETARY FUNDS

SEPTEMBER 30, 2023

	Water	Sewer	Total
OPERATING RECEIPTS			
Charges for services	\$ 116,886	\$ 176,508	\$ 293,394
Other operating receipts	<u>17,758</u>	<u>18,110</u>	<u>35,868</u>
Total operating receipts	<u>134,644</u>	<u>194,618</u>	<u>329,262</u>
OPERATING DISBURSEMENTS			
Personnel services	11,840	10,623	22,463
Operating expenses	58,792	22,983	81,775
Supplies/materials	79,025	95,020	174,045
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total operating disbursements	<u>149,657</u>	<u>128,626</u>	<u>278,283</u>
OPERATING RECEIPTS OVER (UNDER) OPERATING DISBURSEMENTS	(15,013)	65,992	50,979
NONOPERATING RECEIPTS (DISBURSEMENTS)			
Utility advance deposits	2,400	-	2,400
Debt service			
Loan administration	-	(3,896)	(3,896)
Principal	-	(86,740)	(86,740)
Interest	<u>-</u>	<u>(11,494)</u>	<u>(11,494)</u>
Total nonoperating receipts (disbursements)	<u>2,400</u>	<u>(102,130)</u>	<u>(99,730)</u>
Receipts (under) disbursements	<u>(12,613)</u>	<u>(36,138)</u>	<u>(48,751)</u>
NET POSITION (DEFICIT), BEGINNING	<u>(252,047)</u>	<u>(455,838)</u>	<u>(707,885)</u>
NET POSITION (DEFICIT), END OF YEAR	<u>\$ (264,660)</u>	<u>\$ (491,976)</u>	<u>\$ (756,636)</u>

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Murray, Nebraska (the Village) was incorporated under the provisions of the State of Nebraska. The Village operates under a Village board form of government.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

Reporting Entity. The Village is a local government governed by a 5-member Board of Trustees. The Village, for financial purposes, includes all of the funds relevant to the operations of the Village of Murray, Nebraska. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Village of Murray, Nebraska.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The basic criteria for inclusion in the Village's financial statements are control by or dependence on the Village. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective board. Based on these criteria, the Village has no component units.

Basic Financial Statements – Government-Wide Statements. The statement of the net position and statement of activities report information on the Village as a whole. They include all funds of the Village. The effects of interfund activity have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental receipts, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

The Village does not allocate indirect costs.

Basic Financial Statements – Fund Financial Statements. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements as applicable.

The financial transactions of the Village are reported in individual funds in the fund financial statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, receipts, and disbursements. Major individual governmental and major individual proprietary funds are reported as separate columns in the fund financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types

General Fund – The 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 legally or administratively required to be accounted for in another fund.

Park Fund – The Park Fund is used to account for donations and funds received and expended for the Village's park. The Park Fund is considered a component of the General Fund for reporting purposes.

Special Revenue Fund – Special revenue funds are used to account for proceeds of the specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the Village. The Village includes the following special revenue fund as a major fund:

Street Fund – This fund is used to account for funds received and expended for the use of maintaining and repairing the Village's roadways.

Capital Projects Fund – Capital project funds are used to account for financial resources that are restricted, committed, or assigned to disbursements for capital outlay including the acquisition or construction of capital facilities and other capital assets. The Village includes the following capital projects fund as a major fund:

Capital Improvement Fund – The purpose of this fund is to assist in the replacement and repair of bridges; streets and sidewalks; parks' infrastructure consisting of water and wastewater mains and lines; water source development; water wells and storage; miscellaneous public infrastructure improvements; and public lighting of streets and highways within the corporate limits of the Village. The fund's revenue sources include proceeds from sales and use taxes imposed by the Village's Municipal Code.

Proprietary Fund Types

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, (a) where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Village includes all enterprise funds as major funds as follows:

Water Fund – This fund is used to account for the provision of water services to the residents of the Village. The fund also holds and tracks customer utility deposits.

Sewer Fund – This fund is used to account for the provision of sewer services to the residents of the Village. The fund also accounts for the accumulation of resources for the payment of debt related to Sewer Fund fixed assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

The Village reports all governmental funds and proprietary funds as major funds. The General Fund and its component are considered one fund for reporting purposes.

Measurement of Focus and Basis of Accounting. Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide statement of net position and statement of activities, governmental activities and business-type activities are presented using the economic resources measurement focus, within the limitations of the cash basis of accounting.

In the fund financial statements, the current financial resources measurement focus, as applied to the cash basis of accounting, is used as appropriate:

All governmental funds and proprietary funds utilize a current financial resources measurement focus. Only current financial assets and liabilities are generally included on their statement of assets, liabilities, and fund balances. Their operating statements present sources and uses of available spendable financial resources during a given period. The governmental funds use fund balance as their measure of available spendable financial resources at the end of the period. Proprietary fund equity is classified as net position.

Basis of Accounting

The Village prepares its financial statements on the cash basis, which is conformity with the accounting practices prescribed or permitted by the State of Nebraska; consequently, these statement represent a summary of the cash activity of the various funds of the Village and do not include certain transactions that would be included if the Village prepared its financial statements in accordance with accounting principles generally accepted by the United States of America, as applicable to governmental units. Under the cash basis, receipts are recognized when collected rather than when earned, and disbursements are recognized when paid rather than when incurred. Consequently, these financial statements are not intended to present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America, as applicable to governmental units.

Taxes and other receipts collected by the county treasurers are included in receipts of the Village in the year collected by the counties and the Village funds held by the county treasurers at year end are included as assets of the Village.

Operating income reported in proprietary fund financial statements includes receipts and disbursements related to the primary continuing operations of the fund. Principal operating receipts for proprietary funds are charges to customers for sales or services. Principal operating disbursements are the costs of providing

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

goods or services and include administrative disbursements. Other receipts and disbursements are classified as nonoperating in the financial statements.

Capital Assets. Capital assets are not recorded as assets on the governmental-wide financial statements and depreciation is not recognized. Purchases of capital assets are recorded as disbursements by function in the government-wide statements and fund financial statements.

Long-Term Debt. Long-term debt is not reported as a liability in the government-wide financial statements. Proceeds from long-term debt are reported as receipts and payments of principal are reported as disbursements in both the government-wide and fund financial statements.

Budgets. Budgets are adopted each year for all fund types through the passage of an ordinance. The Village uses the general all-purpose budget, which combines all Village funds. Total expenditures in each budgetary fund may not legally exceed total appropriations, and appropriations lapse at year end. Any revisions to the budget require Board approval.

Encumbrance accounting is not used.

Equity Classification.

Government-Wide Statements

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

Restricted net position consists of net assets with constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or through constitutional provision or enabling legislation.

Unrestricted net position consists of net assets that do not meet the definition of restricted.

It is the Village's policy to use restricted net assets first, prior to the use of unrestricted net assets, when a disbursement is paid for purposes in which both restricted and unrestricted net assets are available.

Fund Financial Statements

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

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Village is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonspendable – This classification includes amounts that cannot be spent because they either (a) are not in spendable form, or (b) are legally or contractually required to be maintained intact. The Village currently has no amounts classified in this category.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Village currently has no amounts classified in this category.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Village Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the Village's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Village Board or through the Board delegating this responsibility to the Village Clerk through the budgetary process.

Unassigned – This classification includes the residual fund balance for the General Fund.

The Village would typically use restricted fund balance first, following by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Interfund Activities. In the process of aggregating the financial information for the government-wide financial statements, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Use of Estimates. The preparation of financial statements in accordance with the other comprehensive basis of accounting (OCBOA) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – PROPERTY TAXES

The County Board of Equalization levies the necessary taxes for the current year for all political subdivisions in Cass County (the County) on or before October 15. Real estate taxes are due and become an enforceable lien on property as of January 1. The first half of real estate taxes becomes delinquent on May 1, and the second half becomes delinquent September 1 following the levy date. The County bills and collects property taxes and remits them to the Village monthly. Property tax revenues are recognized in the period that they are collected by the County.

NOTE 3 – CASH AND CERTIFICATES OF DEPOSIT

For the following disclosures required by GASB Statement 3, deposits include checking accounts, savings accounts, money market accounts, and certificates of deposit.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. As of September 30, 2023, the Village's pooled cash and certificates of deposit are covered by federal depository insurance and the balance by securities pledged. The Village's deposits are held at a financial institution that participates in the Nebraska Single Bank Pooled Collateral Program (SBPC) pursuant to Neb. Rev. Stat. Section 77-2398. This program allows participating banks to aggregate their total public deposits and to pledge collateral against its entire portfolio of public deposits rather than pledging per entity.

State laws require all funds in depositories to be fully insured or collateralized, and the Village's policy is to require depositories to provide pledged securities to cover deposits in excess of Federal Deposit Insurance Corporation (FDIC) limits. Nebraska statutes allow the Village to make any investments allowed by the State Investment Officer. This includes bank certificates of deposit.

Investments

As defined by GASB Statement 3, the Village had no investments as of September 30, 2023.

The Village maintains a cash pool that is available by all funds. Each fund's portion of this pool is displayed on the statement of net position. All interest income is allocated to the General Fund.

NOTE 4 – RESTRICTED CASH

Restricted cash as of September 30, 2023, consists of \$9,900 restricted for customer water deposit refunds.

VILLAGE OF MURRAY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – RESTRICTED/DESIGNATED NET POSITION

Restricted/designated net position at September 30, 2023, consisted of amounts restricted as follows:

Proprietary Funds	
Water Fund	
Customer deposits	<u>\$ 9,900</u>

NOTE 6 – LONG-TERM DEBT

The following is a summary of changes in the Village's long-term debt for the year ended September 30, 2023:

	Balance Oct. 1 2022	Payments	Balance September 30, 2023
Note payable, NDEQ	<u>\$ 411,095</u>	<u>\$ (86,698)</u>	<u>\$ 324,397</u>

Interest paid on the above debt during the fiscal year: \$ 11,494

The Village entered into a loan contract with the Nebraska Department of Environmental Quality (NDEQ) as of June 9, 2003. The original loan contract was for the amount of \$1,163,000. As costs to complete the project were higher than anticipated, the contract was amended and the final loan was for the amount of \$1,425,000. The loan proceeds were used for a sewer improvement project. The loan contract was finalized during April 2006. The interest rate on the loan was 1.00% during constructions and was set at 2.95% with a 1.00% administrative fee after the date of initiation of operation. The Village has pledged its sewer fees as the dedicated source of revenue for the repayment of the loan and all payments are made from the Sewer Fund.

The note was issued pursuant to a loan contract, which contains various requirements that the Village must comply with, including those related to the use of loan proceeds and the separate accounting for loan repayment and operation, maintenance, and equipment replacement. Village management believes the Village is in compliance with all significant requirements.

The annual requirements for principal and interest are as follows for the years ending September 30:

	Principal	Interest	Total
2024	\$ 89,317	\$ 8,916	\$ 98,233
2025	91,972	6,261	98,233
2026	94,705	3,528	98,233
2027	48,403	714	49,117
	<u>\$ 324,397</u>	<u>\$ 19,419</u>	<u>\$ 343,816</u>

NOTE 7 – CONCENTRATIONS AND COMMITMENTS

The Village provides water and sewer services to its residents. In the course of providing these services, the Village extends credit to its customers, which is collateralized by service deposits.

The Village buys all of its water for its water utility from Cass County Rural Water under a long-term contract.

The Village entered into a long-term Water tank Maintenance Contract with Utility Service Co., Inc., on June 11, 2013. The maintenance contract will continue through May 31, 2025, with payments for year 1 – year 7 set at \$18,571, year 8 – year 10 set at \$10,854, and year 11 – year 13 set at \$12,048. The Village may cancel the contract at any time during the contract period; however, a predetermined cancellation amount would be assessed.

The Beaver Lake Association serves as the provider of wastewater treatment services for the Village's sewer utility. These services are provided under a long-term contract.

NOTE 8 – LEASE COMMITMENTS

One June 20, 2019, the Village entered into a 5-year agreement with Canon Financial Services, Inc., to lease a new copier machine for the Village office. The monthly lease payment is \$124.

At September 30, 2023, a schedule of the future minimum lease payments required under the above is as follows:

Year Ending September 30,	
2024	1,116
	<u>\$ 1,116</u>

NOTE 9 – LEASE INCOME

The Village leases its electric distribution system to the Nebraska Public Power District (NPPD) under a long-term contract agreement. The agreement became effective on January 1, 2004, and shall continue in force for a term of not less than 15 years, through December 31, 2018, and not more than 25 years, through December 31, 2028. Under the agreement, the Village is to receive 12% of the retail revenues from the electric distribution system as determined by NPPD. Lease payments from NPPD totaled \$51,837 for the year.

NOTE 10 – 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. The Village is a member of the League Association of Risk Management (LARM), a public entity risk pool currently operating as a common risk management and insurance program for cities and villages in Nebraska. The Village joined LARM during the fiscal year ended September 3, 2004, and carried commercial insurance years prior.

NOTE 11 – DEFICIT NET POSITION

The Water Fund had a deficit net position at September 30, 2023, of \$274,560. This deficit will be financed through future revenues of the fund.

The Sewer Fund had a deficit net position at September 30, 2023 of \$491,976. This deficit will be financed through future revenues of the fund.

NOTE 12 – SUBSEQUENT EVENT

In preparing the financial statements, the Village has evaluated events and transactions for potential recognition of disclosure through February 22, 2024, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

VILLAGE OF MURRAY, NEBRASKA

GENERAL FUND

COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCES (DEFICITS) – CASH BASIS

SEPTEMBER 30, 2023

	<u>General</u>	<u>Park</u>	<u>Total</u>
ASSETS			
ASSETS			
Cash (claims on cash)	\$ 926,702	\$ (59,643)	\$ 867,059
Certificates of deposit	34,595	-	34,595
Cash at county treasurer	<u>4,595</u>	<u>-</u>	<u>4,595</u>
TOTAL ASSETS	<u>\$ 965,892</u>	<u>\$ (59,643)</u>	<u>\$ 906,249</u>
FUND BALANCES (DEFICITS)			
FUND BALANCES (DEFICITS)			
Assigned	\$ -	\$ (59,643)	\$ (59,643)
Unassigned	<u>965,892</u>	<u>-</u>	<u>965,982</u>
TOTAL FUND BALANCES (DEFICITS)	<u>\$ 965,892</u>	<u>\$ (59,643)</u>	<u>\$ 906,249</u>

VILLAGE OF MURRAY, NEBRASKA

GENERAL FUND

COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE (DEFICITS) – CASH BASIS

SEPTEMBER 30, 2023

	General	Park	Total
RECEIPTS			
Taxes			
Property	\$ 135,431	\$ -	\$ 135,431
Property tax credit	6,756	-	6,756
Sales tax collections	20,256	-	20,256
Carline tax	44	-	44
In-lieu-of 1957	11	-	11
In-lieu-of 5%	5,540	-	5,540
Intergovernmental	980	-	980
Franchise fee	52,152	-	52,152
Charges for services	32,898	-	32,898
Fees, permits, and licenses	4,999	-	4,999
Interest income	889	-	889
Other receipts	523	-	523
Total receipts	<u>260,479</u>	<u>-</u>	<u>260,479</u>
DISBURSEMENTS			
Personal services	251,661	2,328	253,989
Operating expenses	-	3,531	3,531
Supplies and materials	-	33,727	33,727
Total disbursements	<u>251,661</u>	<u>39,586</u>	<u>291,247</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	8,818	(39,586)	(30,768)
OTHER FINANCING SOURCES (USES)			
Operating transfers in (out)	<u>(16,080)</u>	<u>16,080</u>	<u>-</u>
RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING USES	(7,262)	(23,506)	(30,768)
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	<u>973,154</u>	<u>(36,137)</u>	<u>937,017</u>
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ 965,892</u>	<u>\$ (59,643)</u>	<u>\$ 906,249</u>

VILLAGE OF MURRAY, NEBRASKA

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS) – ALL FUNDS (UNAUDITED)

SEPTEMBER 30, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
RECEIPTS			
Taxes	\$ 135,099	\$ 143,863	\$ 8,764
State	87,337	70,191	(17,146)
Local	690,000	677,226	(12,774)
Total receipts	912,436	891,280	(21,156)
DISBURSEMENTS			
General government	229,500	253,989	24,489
Public Works	250,000	178,935	(71,065)
Culture and Recreation	170,500	3,531	(166,969)
Water	147,000	149,657	2,657
Sewer	120,000	128,626	8,626
Capital Outlay	40,000	93,837	53,837
Debt Service	102,000	102,130	130
Total disbursements	1,059,000	910,705	148,295
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (146,564)	(19,425)	\$ 127,139
FUND BALANCES, BEGINNING OF YEAR		555,067	
FUND BALANCES, END OF YEAR		\$ 535,642	

See accompanying notes to budgetary schedule.

**NOTE 1 – STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (BUDGETARY BASIS) – ALL FUND TYPES (UNAUDITED)**

Basis of Accounting

The accompanying statement of receipts, disbursements, and changes in fund balances – budget and actual (budgetary basis) – all fund types are presented on the cash basis of accounting. This basis is consistent with the basis of accounting used in preparing the basic financial statements. All unexpected appropriations lapse at the end of the budget year.

Budget Law

The Village is required by state law to hold public hearings and adopt annual budgets for all funds on the cash basis of accounting. Total disbursements for each fund may not exceed the total budgeted disbursements. Appropriations for disbursements lapse at year end. Any revisions to the adopted budget of total disbursements to any fund require a public hearing.

Lengemann & Associates, P.C.

Certified Public Accountants

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

To the Board of Trustees
Village of Murray
Murray, 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 Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the Village of Murray (the Village) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated February 22, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-1 and 2023-2 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village'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 financial statements. 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*.

The Village's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lengemann & Associates, P.C.

Papillion, Nebraska
February 22, 2024

VILLAGE OF MURRAY, NEBRASKA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2023

FINDINGS

SIGNIFICANT DEFICIENCY

2023-001 Segregation of Duties

Condition: Due to a limited number of personnel, there is not adequate segregation of duties to ensure internal control over cash receipts, disbursements and recording of transactions.

Criteria: According to SAS No. 55, the Village should assign different people the responsibilities of authorizing and recording transactions and controlling assets to reduce the opportunity of any person to be in a position to perpetrate and conceal errors or fraud in the normal course of his or her duties.

Cause: The Village has a limited number of staff.

Effect: Due to the lack of segregation of duties in this area, cash may be subject to misappropriation.

Recommendation: The size of the Village's accounting and administrative staff precludes certain internal control that would be preferred if the office staff were large enough to provide optimum segregation of duties. We suggest that the Village Board remain involved in the financial affairs of the Village to provide oversight and independent review functions.

Response: We concur with the finding. Due to the size and resources of our Village, proper segregation of duties cannot be obtained. We will, however, remain involved in the financial affairs of our Village to provide oversight and independent review functions.

VILLAGE OF MURRAY, NEBRASKA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2023

FINDINGS (CONTINUED)

SIGNIFICANT DEFICIENCY

2023-002 Preparation of Financial Statements

Condition: The Village's management and those charged with governance lack the capable skills and knowledge to prepare the financial statements and related notes in accordance with the modified cash basis of accounting and to prevent, or detect and correct a material misstatement, if present.

Criteria: The U.S. Generally Accepted Auditing Standards AU-C Section 265, *Communicating Internal Control Related Matters Identified in an Audit*, emphasizes auditors cannot be part of the Village's system of internal control.

Cause: The Village lacks an individual within management who has suitable skills and knowledge of financial reporting to prepare the financial statements and related notes.

Effect: Due to the lack of financial reporting capabilities, a material misstatement within the financial statements may not be prevented or detected and corrected.

Recommendation: We recommend management and those charged with governance have a heightened awareness of all transactions being reported and consider filling a future seat on the Board of Trustees with an individual who will enhance financial reporting capabilities.

Response: The Board of Trustees will continue to closely monitor the situation to mitigate the possible risks associated with the situation.

VILLAGE OF MURRAY, NEBRASKA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2023

Schedule of Prior Year Audit Findings and Responses

<u>Reference Number</u>	<u>Description</u>	<u>Status</u>
2022-001	Segregation of duties	Repeated
2022-002	Preparation of financial statements	Repeated