

CITY OF BAYARD, NEBRASKA

FINANCIAL REPORT
(Audited)

SEPTEMBER 30, 2024

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Bayard, 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 – accrual basis, and each major fund – cash basis of the City of Bayard, Nebraska, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Bayard's basic financial statements as listed in the table of contents.

Unmodified Opinions on the Governmental Activities, Business-Type Activities and Major Funds

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major governmental fund for the primary government of the City of Bayard, as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with the cash basis of accounting.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major proprietary fund for the primary government of the City of Bayard, as of September 30, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adverse Opinion on the Reporting Entity

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on the Reporting Entity paragraph, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the City of Bayard, as of September 30, 2024, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America and the cash basis of accounting described in Note 1. In accordance with accounting principles generally accepted in the United States of America and the cash basis of accounting described in Note 1, the City of Bayard has issued separate reporting entity financial statements, for which we have issued our report dated February 7, 2025.

Basis for Adverse and Unmodified 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 of Bayard 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.

Matters Giving Rise to Adverse Opinion on the Reporting Entity

The financial statements referred to above include only the primary government of the City of Bayard, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City of Bayard's legal entity. The financial statements do not include financial data for the City of Bayard's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City of Bayard's primary government.

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 of the governmental activities and governmental funds 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 opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City of Bayard's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America for the business-type activities and the cash basis of accounting for the governmental activities as described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 of Bayard's ability to continue as a going concern for one year after the date that the financial statements are issued, including any currently know 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 *Governmental 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 *Governmental 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 of Bayard'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 City of Bayard'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.

Other Information

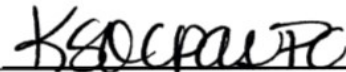
Management is responsible for the other information. The other information comprises the budgetary comparison information on pages 28 and 29, the schedules of revenue, expenses and changes in net position on pages 30-33, and the schedule of county treasurer activity on page 34, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2025 on our consideration of the City of Bayard's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 of Bayard's internal control over financial reporting and compliance.

KSO CPA's, P.C.



Kearney, Nebraska
February 7, 2025

CITY OF BAYARD, NEBRASKA
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES -
CASH BASIS AND STATEMENT OF NET POSITION -
BUSINESS-TYPE ACTIVITIES
September 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 931,959	\$ 618,816	\$ 1,550,775
Cash with county treasurer	6,080	-	6,080
Accounts receivable	-	245,755	245,755
Inventories	-	79,358	79,358
Capital assets:			
Land and improvements	-	43,666	43,666
Plant in service	-	9,363,353	9,363,353
Buildings	-	174,555	174,555
Equipment	-	385,987	385,987
Less accumulated depreciation	-	(5,071,978)	(5,071,978)
Restricted assets:			
Cash and cash equivalents	18,913	430,079	448,992
Total assets	<u>\$ 956,952</u>	<u>\$ 6,269,591</u>	<u>\$ 7,226,543</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred loss on bond refunding	\$ -	\$ 21,554	\$ 21,554
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ 21,554</u>	<u>\$ 21,554</u>
LIABILITIES			
Accounts payable	\$ -	\$ 47,665	\$ 47,665
Payroll liabilities	1,508	375	1,883
Accrued compensated absences	-	10,076	10,076
Accrued wages payable	-	2,866	2,866
Meter deposits	-	76,019	76,019
Interest payable	-	25,068	25,068
Long-term debt:			
Due within one year	-	233,694	233,694
Due in more than one year	-	2,775,639	2,775,639
Total liabilities	<u>\$ 1,508</u>	<u>\$ 3,171,402</u>	<u>\$ 3,172,910</u>
DEFERRED INFLOW OF RESOURCES			
Deferred gain on bond refunding	\$ -	\$ 18,170	\$ 18,170
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 18,170</u>	<u>\$ 18,170</u>
NET POSITION			
Net investment in capital assets	\$ -	\$ 1,886,250	\$ 1,886,250
Restricted for:			
Keno prize reserve	18,913	-	18,913
Debt service	-	354,060	354,060
Meter deposits	-	76,019	76,019
Unrestricted	936,531	785,244	1,721,775
Total net position	<u>\$ 955,444</u>	<u>\$ 3,101,573</u>	<u>\$ 4,057,017</u>

See notes to financial statements.

CITY OF BAYARD, NEBRASKA
STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES - CASH BASIS
AND STATEMENT OF ACTIVITIES - BUSINESS-TYPE ACTIVITIES
For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 463,328	\$ -	\$ 202,696	\$ -	\$ (260,632)	\$ -	\$ (260,632)
Public health and safety	624,398	52,519	-	-	(571,879)	-	(571,879)
Public works	237,324	-	-	-	(237,324)	-	(237,324)
Culture and recreation	452,679	178,883	-	-	(273,796)	-	(273,796)
Total governmental activities	<u>\$ 1,777,729</u>	<u>\$ 231,402</u>	<u>\$ 202,696</u>	<u>\$ -</u>	<u>\$ (1,343,631)</u>	<u>\$ -</u>	<u>\$ (1,343,631)</u>
Business-type activities:							
Utilities	\$ 1,320,117	\$ 1,881,297	\$ -	\$ -	\$ -	\$ 561,180	\$ 561,180
Total business-type activities	<u>\$ 1,320,117</u>	<u>\$ 1,881,297</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 561,180</u>	<u>\$ 561,180</u>
Total government	<u>\$ 3,097,846</u>	<u>\$ 2,112,699</u>	<u>\$ 202,696</u>	<u>\$ -</u>	<u>\$ (1,343,631)</u>	<u>\$ 561,180</u>	<u>\$ (782,451)</u>

General revenues:

Taxes:			
Property taxes	\$ 211,642	\$ -	\$ 211,642
Sales and other taxes	146,454	-	146,454
Fees, taxes, permits and licenses	37,291	-	37,291
State shared receipts	339,506	-	339,506
Investment earnings	8,829	10,975	19,804
Bond premium	-	1,043	1,043
Miscellaneous	19,034	2,544	21,578
Gain (loss) on asset disposal	-	195,874	195,874
Transfers (net)	577,899	(577,899)	-
Total general revenues and transfers	<u>\$ 1,340,655</u>	<u>\$ (367,463)</u>	<u>\$ 973,192</u>
Change in net position	<u>\$ (2,976)</u>	<u>\$ 193,717</u>	<u>\$ 190,741</u>
Net position - beginning	<u>958,420</u>	<u>2,907,856</u>	<u>3,866,276</u>
Net position - ending	<u>\$ 955,444</u>	<u>\$ 3,101,573</u>	<u>\$ 4,057,017</u>

See notes to financial statements.

CITY OF BAYARD, NEBRASKA
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE
GOVERNMENTAL FUNDS - CASH BASIS
September 30, 2024

	General Fund	Street Fund	Keno Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 666,828	\$ 130,365	\$ 134,766	\$ 931,959
Cash with county treasurer	6,080	-	-	6,080
Restricted assets:				
Cash and cash equivalents	-	-	18,913	18,913
Total assets	<u>\$ 672,908</u>	<u>\$ 130,365</u>	<u>\$ 153,679</u>	<u>\$ 956,952</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Payroll liabilities	\$ 1,339	\$ 169	\$ -	\$ 1,508
Total liabilities	<u>\$ 1,339</u>	<u>\$ 169</u>	<u>\$ -</u>	<u>\$ 1,508</u>
Fund balances:				
Restricted	\$ -	\$ -	\$ 153,679	\$ 153,679
Assigned	-	130,196	-	130,196
Unassigned	671,569	-	-	671,569
Total fund balances	<u>\$ 671,569</u>	<u>\$ 130,196</u>	<u>\$ 153,679</u>	<u>\$ 955,444</u>
Total liabilities and fund balances	<u><u>\$ 672,908</u></u>	<u><u>\$ 130,365</u></u>	<u><u>\$ 153,679</u></u>	<u><u>\$ 956,952</u></u>

CITY OF BAYARD, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - CASH BASIS
For the Year Ended September 30, 2024

	General Fund	Street Fund	Keno Fund	Eliminations	Total Governmental Funds
REVENUES					
Property taxes	\$ 193,943	\$ 17,699	\$ -	\$ -	\$ 211,642
Sales and other taxes	118,219	28,235	-	-	146,454
Fees, taxes, permits and licenses	24,904	12,387	-	-	37,291
State shared receipts	163,280	176,226	-	-	339,506
Charges for services	52,519	-	-	-	52,519
Operating receipts	-	-	178,883	-	178,883
Grant proceeds	202,696	-	-	-	202,696
Investment income	7,334	1,495	-	-	8,829
Miscellaneous	15,435	3,599	-	-	19,034
Total revenues	<u>\$ 778,330</u>	<u>\$ 239,641</u>	<u>\$ 178,883</u>	<u>\$ -</u>	<u>\$ 1,196,854</u>
EXPENDITURES					
General government					
Personnel services	\$ 70,808	\$ -	\$ -	\$ -	\$ 70,808
Operating	375,721	-	-	-	375,721
Supplies & materials	8,996	-	-	-	8,996
Capital outlay	683	-	-	-	683
TIF remittances	7,120	-	-	-	7,120
Public health and safety					
Personnel services	373,391	-	-	-	373,391
Operating	66,312	-	-	-	66,312
Supplies & materials	73,293	-	-	-	73,293
Capital outlay	111,402	-	-	-	111,402
Public works					
Personnel services	-	91,585	-	-	91,585
Operating	-	35,726	-	-	35,726
Supplies & materials	-	42,860	-	-	42,860
Capital outlay	-	67,153	-	-	67,153
Cultural and recreation					
Personnel services	184,890	-	-	-	184,890
Operating	40,401	-	177,817	-	218,218
Supplies & materials	22,264	-	-	-	22,264
Capital outlay	27,307	-	-	-	27,307
Total expenditures	<u>\$ 1,362,588</u>	<u>\$ 237,324</u>	<u>\$ 177,817</u>	<u>\$ -</u>	<u>\$ 1,777,729</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (584,258)</u>	<u>\$ 2,317</u>	<u>\$ 1,066</u>	<u>\$ -</u>	<u>\$ (580,875)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 577,899	\$ 362	\$ -	\$ (362)	\$ 577,899
Transfers out	(362)	-	-	362	-
Total other financing sources (uses)	<u>\$ 577,537</u>	<u>\$ 362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 577,899</u>
Change in fund balances	\$ (6,721)	\$ 2,679	\$ 1,066	\$ -	\$ (2,976)
Fund balances - beginning	678,290	127,517	152,613	-	958,420
Fund balances - ending	<u>\$ 671,569</u>	<u>\$ 130,196</u>	<u>\$ 153,679</u>	<u>\$ -</u>	<u>\$ 955,444</u>

See notes to financial statements.

CITY OF BAYARD, NEBRASKA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2024

	<u>Total</u>
ASSETS	
Cash and cash equivalents	\$ 618,816
Accounts receivable	245,755
Inventories	79,358
Capital assets:	
Land and improvements	43,666
Plant in service	9,363,353
Buildings	174,555
Equipment	385,987
Less accumulated depreciation	(5,071,978)
Restricted assets:	
Cash and cash equivalents	<u>430,079</u>
Total assets	<u>\$ 6,269,591</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on bond funding	<u>\$ 21,554</u>
Total deferred outflows of resources	<u>\$ 21,554</u>
 LIABILITIES	
Accounts payable	\$ 47,665
Payroll liabilities	375
Accrued compensated absences	10,076
Accrued wages payable	2,866
Meter deposits	76,019
Interest payable	25,068
Long-term debt:	
Due within one year	233,694
Due in more than one year	<u>2,775,639</u>
Total liabilities	<u>\$ 3,171,402</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred gain on bond funding	<u>\$ 18,170</u>
Total deferred inflows of resources	<u>\$ 18,170</u>
 NET POSITION	
Net investment in capital assets	\$ 1,886,250
Restricted for:	
Debt service	354,060
Meter deposits	76,019
Unrestricted	<u>785,244</u>
Total net position	<u>\$ 3,101,573</u>

See notes to financial statements.

CITY OF BAYARD, NEBRASKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - PROPRIETARY FUNDS
For the Year Ended September 30, 2024

	Business-type Activities
	<u>Utilities</u>
Operating revenues:	
Charges for services:	
Sales	\$ 1,881,297
Other	<u>2,544</u>
Total operating revenues	<u>\$ 1,883,841</u>
Operating expenses:	
Personnel services	\$ 209,297
Supplies	97,365
Power and services purchased	558,591
Other operating	128,589
Depreciation	<u>268,449</u>
Total operating expenses	<u>\$ 1,262,291</u>
Operating income	<u>\$ 621,550</u>
Non-operating revenues (expenses):	
Investment earnings	\$ 10,975
Bond premium	1,043
Gain on disposal of assets	195,874
Interest expense	(55,702)
Amortization	<u>(2,124)</u>
Total non-operating revenues (expenses)	<u>\$ 150,066</u>
Income before operating transfers	<u>\$ 771,616</u>
Operating transfers:	
Operating transfers out	<u>\$ (577,899)</u>
Total operating transfers	<u>\$ (577,899)</u>
Change in net position	\$ 193,717
Total net position - beginning	<u>2,907,856</u>
Total net position - ending	<u>\$ 3,101,573</u>

See notes to financial statements.

**CITY OF BAYARD, NEBRASKA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2024**

	<u>Utilities</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 1,861,240
Payments to suppliers	(778,478)
Payments to employees	(202,683)
Net cash provided by operating activities	<u>\$ 880,079</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES	
Operating transfers out	\$ (577,899)
Net cash provided (used) by non-capital and related financing activities	<u>\$ (577,899)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	\$ (164,361)
Proceeds from sale of capital assets	242,050
Bond and capital lease payments	(227,936)
Interest payments	(56,717)
Net cash provided (used) by capital and related financing activities	<u>\$ (206,964)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	\$ 10,975
Net cash provided by investing activities	<u>\$ 10,975</u>
Net increase in cash and cash equivalents	\$ 106,191
Beginning cash and cash equivalents	942,704
Ending cash and cash equivalents	<u>\$ 1,048,895</u>
CASH RECONCILIATION	
Cash and cash equivalents	\$ 618,816
Restricted cash and cash equivalents	430,079
Total cash and cash equivalents	<u>\$ 1,048,895</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 621,550
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	268,449
Change in assets and liabilities:	
Receivables	(23,016)
Inventories	(1,979)
Accounts payable and other liabilities	15,075
Net cash provided by operating activities	<u>\$ 880,079</u>

See notes to financial statements.

**CITY OF BAYARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 1. **Summary of Significant Accounting Policies**

The City of Bayard, Nebraska (the City) was incorporated in July 1888. The City operates under a Mayor and Council form of government. The City's major operations include police and fire protection, parks, library, public works, and general administrative services. In addition, the City owns and operates an electric, water, and sewer system. The City also facilitates sanitation services for its residents.

Reporting entity

The City, for financial purposes, includes all of the funds relevant to the operation of the City. 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 City. The financial statements of the City do not include those of separately administered organizations that are controlled by or dependent of the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

Chimney Rock Villa (Nursing Home), a component unit of the City, has been excluded from the City's basic financial statements. Chimney Rock Villa has been audited by other auditors for the year ended September 30, 2024, and has issued a separate report thereon. A copy of those financial statements may be obtained from the City of Bayard, P.O. Box 160, Bayard, Nebraska 69334.

Basis of presentation

The City has adopted the provisions of Statements No. 34 ("Statement 34") of the Governmental Accounting Standards Board "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." Statement 34 established standards for external financial reporting for all state and local government entities, which includes government-wide financial statements, fund financial statements and the classification of net position into net investment in capital assets, restricted and unrestricted.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

CITY OF BAYARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Note 1. **Summary of Significant Accounting Policies (continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or a segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* 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 revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

The City has elected to present each of its funds as major funds.

The funds of the financial reporting entity are described below:

The *General fund* is the primary operating fund of the City. It accounts for all activities except those required to be accounted for in another fund.

The *Street fund* includes activities associated with the construction, repair, and maintenance of the City's streets.

The *Keno fund* includes all activities related to the Keno enterprises in the city.

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

CITY OF BAYARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Note 1. **Summary of Significant Accounting Policies (continued)**

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major proprietary fund:

The *Utilities fund* is used to account for all activities necessary for the provision of water, sewer, electric and trash services to City residents.

Measurement focus

The government-wide financial statements are reported using the *current financial resources measurement focus* and the *cash basis of accounting* for the governmental funds and the *economic resources measurement focus* and the *accrual basis of accounting* for the proprietary funds.

Basis of accounting

Basis of accounting refers to the point at which revenues or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis

Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. The business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting.

Cash Basis

Under the cash basis of accounting, revenues are recognized when received. Additionally, under the cash basis of accounting, expenses are recognized when paid. The governmental activities in the government-wide financial statements and the governmental fund financial statements are presented on the cash basis of accounting.

CITY OF BAYARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Note 1. **Summary of Significant Accounting Policies (continued)**

Cash and cash equivalents

The City has defined cash and cash equivalents to include cash on hand, demand deposits, savings accounts, certificates of deposit, and cash with the fiscal agent.

Receivables

The City receives taxes as a method of supporting general governmental activities. Those taxes are levied and received by the county in which the City is located. Taxes are levied on a calendar year basis in arrears and are due in two equal installments by May 1 and September 1 following the year for which the taxes are levied. The City may force the sale of property for unpaid taxes levied on property in the event of nonpayment. Therefore, the City believes that all taxes will be collected. Under the cash basis of accounting, the City does not present taxes receivable in its financial statements.

The City extends credit to its residents for utilities. Residents are billed regularly for these services. In the event of nonpayment, the City discontinues service upon proper notification. The City also requires deposits to be on account, in the event of nonpayment. Therefore, the City believes that materially all utility receivables will be collected and has not recorded an allowance for uncollectible amounts.

The City occasionally funds and administers improvement projects that benefit specific owners of undeveloped land within the City's boundaries. Because of the mutual benefit to the City and landowners, project costs are shared by the City and landowners. The City funds the project costs to completion of the project and assesses each landowner an allocable cost to be repaid to the City over a specified period of time. The assessment represents a legally enforceable lien against the property in the event of nonpayment. Under the cash basis of accounting, the City does not present assessments receivable in its financial statements.

Inventories

Inventories consist of land held for resale for governmental activities and utility system supplies for business-type activities. Inventories are valued at cost using the first-in, first-out (FIFO) method.

There is no inventory of expendable supplies maintained in the governmental funds.

**CITY OF BAYARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 1.

Summary of Significant Accounting Policies (continued)

Restricted assets

Certain resources are classified as restricted assets because their use is limited by applicable covenants, contracts, agreements, and statutes. Also, the cash and investments that have been collected for meter deposits from utility customers have been classified as restricted to allow for refunding of the meter deposits as necessary.

Capital assets

Capital assets purchased or acquired with an original cost of \$1,000 or more and an estimated life of more than one year are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Costs incurred for improvements to assets or those that significantly extend the life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Machinery and equipment	4-20 years
Buildings and improvements	20-40 years
Plant in service	15-33 years

Capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Upon an employee's termination, unpaid sick leave is not paid out. There will be a liability of unpaid sick leave upon retirement. Vacation pay is accrued when incurred and reported as a liability in the proprietary funds.

Long-term debt

Long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities or proprietary fund type statement of net position.

Interfund activity

Interfund activity is classified as loans, transfers, services provided, or reimbursements.

CITY OF BAYARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Note 1. **Summary of Significant Accounting Policies (continued)**

Loans represent the City's intention to temporarily advance cash from one fund to another and are reported as interfund receivables and payables. Loans are appropriately eliminated in the fund financial statements for loans between governmental funds and loans between proprietary funds. Additionally, interfund loans are eliminated in the statement of net position between governmental and business-type activities.

Transfers represent the City's intention to permanently advance cash from one fund to another and are reported as transfers in and out. Transfers are appropriately eliminated in the financial statements for transfers between governmental funds and transfers between proprietary funds. Additionally, net transfers between funds are eliminated in the statement of activities between governmental and business-type activities.

Services provided are treated as income by the fund providing the service and as expense for the fund receiving the service. Due to the City's limited quantity and value of service provided by one fund to another, the City believes the effect on the government-wide fund financial statements to be insignificant. Therefore, these transactions have not been eliminated.

Reimbursements occur when an entire cost is initially incurred by one fund for one or more funds. Payments for reimbursement reduce the cost of the fund that initially incurred the cost and record an expense in the reimbursing fund. Because of the nature and method of recording, no eliminations are required in either the government-wide or fund financial statements.

Equity

In the government-wide statements, equity is classified as unrestricted, restricted and net investment in capital assets.

The City has implemented the provisions of Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*," of the Governmental Accounting Standards Board. In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable – resources which cannot be spent because they are either (a) not in spendable form (such as inventory); or (b) legally or contractually required to be maintained intact.

CITY OF BAYARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Note 1.

Summary of Significant Accounting Policies (continued)

Restricted – resources with constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitations the government imposes upon itself at its highest level of decision-making and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the City Council or a body or official to which the City Council has delegated the authority to assign amounts for specific purposes.

Unassigned – resources which cannot be properly classified as one of the other four categories. The *General fund* should be the only fund that reports a positive unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and the cash basis of accounting 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 and assumptions used in preparing the financial statements.

Note 2.

County Treasurer Fund

At September 30, 2024, the cash fund balance of the County Treasurer Funds has been allocated to the *General fund* of the City; therefore, a separate County Treasurer's Fund is not presented as an individual fund of the City.

**CITY OF BAYARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 3. Budget Process and Property Tax Revenues

For the fiscal year ended September 30, 2024, the City followed these procedures in establishing the budgetary data reflected in the accompanying financial statements:

Prior to September 1, the City submitted to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget included proposed expenditures and the means of financing them.

Public hearings were conducted at a public meeting to obtain taxpayer comments.

Prior to September 30, the budget was legally adopted by the City Council.

Total actual expenditures may not legally exceed the total budget of expenditures. Appropriations for expenditures lapse at year-end and any revisions require a public hearing and City Council approval.

The property tax requirement resulting from the budget process is utilized by the County Assessor to establish the tax levy, which attaches as an enforceable lien on property within the City as of January 1. Taxes are due as of that date. One-half of the real estate taxes due January 1 become delinquent after the following May 1, with the second one-half becoming delinquent after September 1. Property taxes were levied in October of each year on the assessed value of listed property. Assessed values are an approximation of market value. The County Assessor of Morrill County, Nebraska, determined the City of Bayard valuation to be \$46,960,710 in August of 2023.

The City, through the budget process, requested a total of \$188,870 in property taxes. Based on the valuation previously mentioned, the tax levy for the City of Bayard was established at \$0.402187 per \$100 of property value.

Note 4. Cash and Investments

Nebraska Statute §79-1043 provides that the City may, by and with the consent of the City Council, invest the funds of the City in securities, including repurchase agreements. Appropriate securities include those that would normally be acquired by individuals of prudence, discretion and intelligence when dealing with the property of another.

**CITY OF BAYARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 4. **Cash and Investments (continued)**

At year-end, the City's carrying amount of bank deposits was \$1,980,354 and the bank balance was \$1,944,660. All balances were covered by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department or agent in the government's name. All cash and cash equivalents consist of demand deposits, savings accounts and certificates of deposit.

For reporting purposes, the collateral on the City's bank deposits is classified in these categories:

- 1) Insured or collateralized with securities held by the City or by its agent in the City's name.
- 2) Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- 3) Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the City's name.

Deposits of the City at September 30, 2024, consisted of the following:

	Level 1	Level 2	Level 3
Cash - demand deposits	\$ 250,000	\$ 677,300	\$ -
Cash - time and savings	250,000	767,360	-
	<u>\$ 500,000</u>	<u>\$ 1,444,660</u>	<u>\$ -</u>

The City attempts to mitigate the following types of deposit risk through compliance with the state statutes. The type of deposit risks are the following:

Interest rate risk – The City's investment policy for operating funds is limited to certificates of deposit with a maturity of two years or less.

Credit risk – The City's investment policies regarding credit risk are governed by state statutes as described below.

Concentration of credit risk – The City's investment policy places no limits on the amounts that may be invested in any one issuer.

Custodial credit risk – deposits – Custodial credit risk for deposits and investments is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's policy regarding custodial credit risk is determined by state statute as described below.

**CITY OF BAYARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 4. Cash and Investments (continued)

None of the City's deposits in excess of the amount insured by the Federal Deposit Insurance Corporation shall be allowed to accumulate in any financial institution unless (a) the financial institution gives a surety bond, (b) the financial institution provides the City with securities as collateral on the excess funds or (c) the financial institution issues a joint custody receipt to the benefit of the City where a third party financial institution actually holds the security.

Nebraska Statute 77, Article 23, covers the deposit and investment of public funds. The City may only invest in the following:

- a. U.S. government obligations, U.S. government agency obligations, and U.S. government instrumentality obligations, which have a liquid market with a readily determinable market value.
- b. Certificates of deposit and other evidences of deposit at institutions, bankers' acceptances, and commercial paper, rated in the highest tier (e.g., A-1, P-1) by a nationally recognized rating agency.
- c. Investment-grade obligations of state and local governments.
- d. Repurchase agreements whose underlying purchased securities consist of the foregoing.
- e. Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities and securities as described in a, b, c, and d of this section.
- f. Local government investment pools, either state-administered or through interlocal agreement legislation, whose portfolios consist of securities as described in a, b, c, and d of this section.

Note 5. Transfers

Interfund transfers were as follows:

<u>Disbursing Fund</u>	<u>Receiving Fund</u>	<u>Amount</u>
General	Street	\$ 362
Electric Utility	General	577,899

CITY OF BAYARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Note 6. Capital Assets

As more fully described in Note 1, the City presents its governmental activities on the cash basis of accounting. Therefore, the City does not present capital assets for its governmental activities.

Capital asset activity for the City's business-type activities for the year ended September 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets:				
Land	\$ 89,842	\$ -	\$ (46,176)	\$ 43,666
Plant in service	9,314,762	48,591	-	9,363,353
Buildings and improvements	174,555	-	-	174,555
Machinery and equipment	309,834	115,770	(39,617)	385,987
Total capital assets	<u>\$ 9,888,993</u>	<u>\$ 164,361</u>	<u>\$ (85,793)</u>	<u>\$ 9,967,561</u>
Less accumulated depreciation	<u>\$ (4,843,146)</u>	<u>\$ (268,449)</u>	<u>\$ 39,617</u>	<u>\$ (5,071,978)</u>
Business-type activities capital assets, net	<u>\$ 5,045,847</u>	<u>\$ (104,088)</u>	<u>\$ (46,176)</u>	<u>\$ 4,895,583</u>

Depreciation expense charged to the City's business-type function for the year ended September 30, 2024, was \$268,449.

Note 7. Long-Term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The general obligation bonds are direct obligations and pledged by the full faith and credit of the government.

On December 29, 2016, the City issued Series 2016 General Obligation Water Bonds in the amount of \$1,010,000 for the purpose of refinancing a Series 2016 Water Utility Bond Anticipation Note with \$1,020,000 remaining. This 2016 series issue requires annual payments beginning in December 2017 and continuing through December 2044. The interest rate on this bond is 1.375%. The principal balance of this note at September 30, 2024, was \$792,368.

**CITY OF BAYARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 7.

Long-Term Debt (continued)

On April 25, 2017, the City issued Series 2017 General Obligation Sewer Bonds in the amount of \$275,000 for the purpose of refinancing a Series 2016 Sewer Utility Bond Anticipation Note with \$265,000 remaining. This 2017 series issue requires annual principal payments beginning in July 2018 and continuing through 2031. This issue also requires semiannual interest payments in January and July of each year at rates ranging from 1.250% to 3.750%. The principal balance of this note at September 30, 2024, was \$145,000.

On August 18, 2021, the City issued Series 2021 General Obligation Water Refunding Bonds in the amount of \$1,600,000 for the purpose of refinancing the Series 2014 General Obligation Water Bonds. This 2021 series issue requires annual principal payments beginning in October 2022 and continuing through 2041. This issue also requires semiannual interest payments in April and October beginning in April 2022 and continuing every six months through October 2041. Interest rates on these bonds range from 0.450% to 3.000%. The principal balance of this note at September 30, 2024, was \$1,460,000.

Combined Facilities Revenue

On May 4, 2020, the city issued revenue bonds in the amount of \$815,000 for the purpose of refunding a 2014 Series Refund Bond issue with \$365,000 remaining and a 2015 Series Refund Bond with \$530,000 remaining. The 2020 series issue requires annual principal payments beginning in July 2021 and continuing through 2030. This issue also requires an annual interest payment beginning in July 2021 and continuing through July 2030 at rates ranging from 1.350% to 1.950%. The principal balance of this note at September 30, 2024 was \$470,000.

Other Notes Payable

On June 9, 2009, the City entered into an agreement with the Nebraska Department of Environmental Quality to make improvements to the City's water system through acquisition and installation of water meters and related equipment. The agreement allows for project funding in an amount of \$212,220 of which the City is required to repay \$6,829 in semiannual principal and interest payments in June and December of each year beginning June 2010 and continuing through December 2029. Interest accrues at a rate of 2.000%. The principal balance of this note at September 30, 2024, was \$35,401.

On November 21, 2014, the City entered into an agreement with the Nebraska Department of Environmental Quality to make improvements to the City's water system through the water project. The agreement allows for funding in an amount of \$235,845 of which the City is required to make semi-annual payments beginning in June 2015 and continuing through 2034. The interest rate on this bond is 2.000%. The principal balance of this note at September 30, 2024, was \$106,564.

**CITY OF BAYARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 7. **Long-Term Debt (continued)**

Capital Leases

On October 1, 2019, the City entered into a lease to obtain a new street sweeper. The terms of the lease require annual payments of \$32,041, including interest at a rate of 3.5% starting on October 15, 2020 and continuing through October 15, 2024. The final payment on the lease is for \$85,243, which includes interest, and is due October 15, 2025. The principal balance of this note at September 30, 2024, was \$110,469.

On December 15, 2020, the City entered into a lease to obtain a new police car. The terms of the lease require annual payments of \$9,525, including interest at a rate of 5.99% starting on December 15, 2020 and continuing through December 15, 2023. The principal balance of this note at September 30, 2024, was \$0.

Summary of Long-Term Debt Activity

During the year ended September 30, 2024, the following changes occurred in long-term debt, as follows:

	Governmental Activities	Business-type Activities
Long-Term Debt, October 1, 2023	\$ 146,631	\$ 3,237,269
Payments made	(36,162)	(227,936)
Long-Term Debt, September 30, 2024	<u>\$ 110,469</u>	<u>\$ 3,009,333</u>

The schedule of maturities is as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 28,136	\$ 3,905	\$ 233,694	\$ 53,997	\$ 319,732
2026	82,333	2,910	234,465	50,551	370,259
2027	-	-	235,247	46,800	282,047
2028	-	-	246,043	42,968	289,011
2029	-	-	246,852	38,865	285,717
2030-2034	-	-	669,912	147,621	817,533
2035-2039	-	-	613,345	92,650	705,995
2040-2044	-	-	487,008	24,307	511,315
2045	-	-	42,767	588	43,355
	<u>\$ 110,469</u>	<u>\$ 6,815</u>	<u>\$3,009,333</u>	<u>\$ 498,347</u>	<u>\$3,624,964</u>

**CITY OF BAYARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 8. Restricted Cash

As of September 30, 2024, the City's cash was restricted as follows:

Utility Fund – meter deposits	\$ 76,019
Utility Fund – debt service	354,060
Keno Fund – prize reserves	<u>18,913</u>
	<u>\$ 448,992</u>

Note 9. Restricted Net Position

At September 30, 2024, the government-wide statement of net position reports the following restricted net assets:

Governmental Activities

Restricted for:

Keno prize reserve	<u>\$ 18,913</u>
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Business-Type Activities

Restricted for:

Meter Deposits	\$ 76,019
Debt service	<u>354,060</u>
	<u>\$ 430,079</u>

Note 10. Compensated Absences

All employees are allowed to accrue up to 720 hours of sick leave. Employees earn vacation time based on length of service to the City. Up to two weeks of this vacation time can be carried forward. The accumulated balance of vacation time for all funds as of September 30, 2024, was \$25,419 for governmental funds and \$10,076 for proprietary funds. Sick leave is paid out only to employees who retire from serving the City.

Note 11. Retirement Plan

The City maintains a defined contribution pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate if they have completed six months of eligible service and are considered full-time employees.

Under the plan's provisions, participants are permitted to make voluntary contributions to the plan. The City is required to match participant contributions up to 4% of compensation. While employee contributions are immediately vested, employer contributions to the plan vest 20% per year for each completed year of service until fully vested. The City made contributions of \$10,946 during the year ended September 30, 2024.

**CITY OF BAYARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 12. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year, the City carried commercial insurance for general liability, property, worker's compensation, commercial excess liability, crime, and blanket bond coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 13. Commitments and Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City has one commitment at September 30, 2024, as shown below:

<u>Project</u>	<u>Original Contract</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Water Tower Maintenance Contract	\$ 238,198	\$ 89,664	\$ 148,534

Note 14. Economic Dependency

The City of Bayard's Electric Department purchases all of its electricity for resale to customers from the Municipal Energy Agency of Nebraska.

Note 15. Environmental Remediation

The City is subject to laws and regulations relating to the protection of the environment. The City's policy is to accrue environmental and cleanup related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty the potential impact of the City's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition or reported results of operations of the City.

**CITY OF BAYARD, NEBRASKA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 16. Tax Abatement

The City is subject to tax abatements granted by the Bayard Community Redevelopment Authority (CRA), who has entered into tax increment financing (TIF) agreements with various redevelopers. This TIF program has the stated purpose of increasing business activity and employment in the community. Under the TIF program, redevelopers can apply for TIF whereby the property tax they pay on the increased valuation of property under a TIF agreement is returned to the redeveloper by the CRA to finance the project for a period of up to fifteen years. Information relevant to the abatements impacting the City for the year ended September 30, 2024, is as follows:

<u>Tax Abatement Program</u>	<u>Amount Abated</u>
Tax Increment Financing	<u>During the Year</u> \$1,464

Note 17. Subsequent Events

Upon evaluation, the City notes that there were no material subsequent events between the date of the financial statements and February 7, 2025, the date that the financial statements were issued or available to be issued.

OTHER INFORMATION

CITY OF BAYARD, NEBRASKA
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
For the Year Ended September 30, 2024

	Budgeted Amount Original and Final	Actual Budgetary Basis	Variance with Final Budget - Positive (Negative)
RECEIPTS			
Property taxes	\$ 187,000	\$ 211,642	\$ 24,642
Federal receipts	2,203,000	202,696	(2,000,304)
Motor vehicle tax	33,000	28,235	(4,765)
Motor vehicle fees	10,350	12,387	2,037
Equalization	164,465	163,280	(1,185)
Highway allocation	174,719	176,226	1,507
Other state receipts	1,318,000	6,775	(1,311,225)
Sales tax	90,000	111,444	21,444
Other local revenues	2,136,700	2,398,434	261,734
Transfers in	382,300	577,899	195,599
Total receipts	<u>\$ 6,699,534</u>	<u>\$ 3,889,018</u>	<u>\$ (2,810,516)</u>
DISBURSEMENTS			
General government	\$ 568,400	\$ 463,328	\$ 105,072
Public health and safety	1,248,150	624,398	623,752
Public works	422,400	237,324	185,076
Culture and recreation	731,800	452,679	279,121
Community development	23,550	-	23,550
Miscellaneous	4,000	-	4,000
Utilities	6,259,700	2,008,074	4,251,626
Total disbursements	<u>\$ 9,258,000</u>	<u>\$ 3,785,803</u>	<u>\$ 5,472,197</u>
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (2,558,466)</u>	<u>\$ 103,215</u>	<u>\$ 2,661,681</u>

Sources/inflows of resources:

Actual amounts (budgetary basis)	\$ 3,889,018
Net adjustments (accrual basis)	<u>(600,431)</u>
Total receipts as reported on the statement of activities on page 6	<u>\$ 3,288,587</u>

Uses/outflows of resources:

Actual amounts (budgetary basis)	\$ 3,785,803
Net adjustments (accrual basis)	<u>(687,957)</u>
Total disbursements as reported on the statement of activities on page 6	<u>\$ 3,097,846</u>

See notes to other information.

**CITY OF BAYARD, NEBRASKA
NOTES TO OTHER INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 1. **Budgetary Accounting**

Annual budgets are adopted on a basis consistent with the Nebraska Budget Act. The Nebraska Budget Act requires that the City adopt its budget on a *cash basis*. All annual appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a fund with the City Council's approval. Transfers of appropriations between funds require the approval of the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Encumbrances (e.g., purchase orders, contracts) outstanding at year-end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

The City's expenditures were within budgeted appropriations at the City level.

CITY OF BAYARD, NEBRASKA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - WATER UTILITIES
For the Year Ended September 30, 2024

Operating revenues:	
Charges for services:	
Sales	\$ 335,209
Total operating revenues	<u>\$ 335,209</u>
Operating expenses:	
Personnel services	\$ 96,326
Supplies	37,739
Other operating	87,391
Depreciation	<u>173,648</u>
Total operating expenses	<u>\$ 395,104</u>
Operating income (loss)	<u>\$ (59,895)</u>
Non-operating revenues (expenses):	
Investment earnings	\$ 7,369
Bond premium	1,043
Gain on disposal of assets	195,874
Interest expense	(40,042)
Amortization	<u>(820)</u>
Total non-operating revenues (expenses)	<u>\$ 163,424</u>
Income before operating transfers	<u>\$ 103,529</u>
Change in net position	<u><u>\$ 103,529</u></u>

CITY OF BAYARD, NEBRASKA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - SEWER UTILITIES
For the Year Ended September 30, 2024

Operating revenues:	
Charges for services:	
Sales	<u>\$ 106,309</u>
Total operating revenues	<u>\$ 106,309</u>
Operating expenses:	
Personnel services	\$ 19,787
Supplies	1,327
Other operating	4,051
Depreciation	<u>8,599</u>
Total operating expenses	<u>\$ 33,764</u>
Operating income	<u>\$ 72,545</u>
Non-operating revenues (expenses):	
Investment earnings	\$ 309
Interest expense	<u>(5,183)</u>
Total non-operating revenues (expenses)	<u>\$ (4,874)</u>
Income before operating transfers	<u>\$ 67,671</u>
Change in net position	<u>\$ 67,671</u>

CITY OF BAYARD, NEBRASKA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - ELECTRIC UTILITIES
For the Year Ended September 30, 2024

Operating revenues:	
Charges for services:	
Sales	\$ 1,263,450
Other	<u>1,737</u>
Total operating revenues	<u>\$ 1,265,187</u>
Operating expenses:	
Personnel services	\$ 92,887
Supplies	58,281
Power purchased	407,031
Other operating	34,187
Depreciation	<u>86,202</u>
Total operating expenses	<u>\$ 678,588</u>
Operating income	<u>\$ 586,599</u>
Non-operating revenues (expenses):	
Investment earnings	\$ 3,297
Interest expense	(10,477)
Amortization	<u>(1,304)</u>
Total non-operating revenues (expenses)	<u>\$ (8,484)</u>
Income before operating transfers	<u>\$ 578,115</u>
Operating transfers:	
Operating transfers out	<u>\$ (577,899)</u>
Total operating transfers	<u>\$ (577,899)</u>
Change in net position	<u>\$ 216</u>

CITY OF BAYARD, NEBRASKA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - TRASH UTILITIES
For the Year Ended September 30, 2024

Operating revenues:	
Charges for services:	
Sales	\$ 176,329
Other	<u>807</u>
Total operating revenues	<u>\$ 177,136</u>
Operating expenses:	
Personnel services	\$ 297
Supplies	18
Purchased services	151,560
Other operating	<u>2,960</u>
Total operating expenses	<u>\$ 154,835</u>
Operating income	<u>\$ 22,301</u>
Income before operating transfers	<u>\$ 22,301</u>
Change in net position	<u>\$ 22,301</u>

CITY OF BAYARD, NEBRASKA
SCHEDULE OF COUNTY TREASURER ACTIVITY
September 30, 2024

	General Levy	TIF Claver Trust	TIF Claver Storage	TIF Claver Storage 2	TIF Claver Shop	TIF RV Storage	Total
CASH BALANCE, October 1, 2023	<u>\$ 6,919</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,919</u>
REVENUES COLLECTED							
Property taxes	\$ 159,335	\$ 1,516	\$ 1,686	\$ 908	\$ 1,696	\$ 1,185	\$ 166,326
Motor vehicle tax	17,699	-	-	-	-	-	17,699
Motor vehicle prorated	370	-	-	-	-	-	370
Homestead	17,466	-	-	-	-	-	17,466
Carline	280	-	-	-	-	-	280
Property tax credit	9,333	87	97	52	97	68	9,734
Commissions	(1,784)	(15)	(17)	(9)	(17)	(12)	(1,854)
Interest	1,621	-	-	-	-	-	1,621
Total revenues collected	<u>\$ 204,320</u>	<u>\$ 1,588</u>	<u>\$ 1,766</u>	<u>\$ 951</u>	<u>\$ 1,776</u>	<u>\$ 1,241</u>	<u>\$ 211,642</u>
EXPENSES PAID							
Disbursements to City	\$ 205,159	\$ 1,588	\$ 1,766	\$ 951	\$ 1,776	\$ 1,241	\$ 212,481
Total expenses paid	<u>\$ 205,159</u>	<u>\$ 1,588</u>	<u>\$ 1,766</u>	<u>\$ 951</u>	<u>\$ 1,776</u>	<u>\$ 1,241</u>	<u>\$ 212,481</u>
CASH BALANCE, September 30, 2024	<u>\$ 6,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,080</u>

**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***

The Honorable Mayor and City Council
City of Bayard, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Bayard, Nebraska, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 7, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bayard, Nebraska'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 City of Bayard's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bayard'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bayard's financial statements are free of 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 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*.

City of Bayard's Responses to Findings

The City of Bayard's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City of Bayard's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

KSO CPA's, P.C.



Kearney, Nebraska
February 7, 2025

**CITY OF BAYARD, NEBRASKA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

FINANCIAL STATEMENT FINDINGS

Finding 2024-001: Lack of Segregation of Duties in One or More Areas

Criteria: Proper internal controls require that an entity has adequate segregation of duties within a significant account process.

Condition: The entity does not have adequate personnel to assign responsibilities in such a way that different employees handle different portions of a transaction.

Context: We reviewed the City's internal control environment and noted that the City's financial recording duties are concentrated with one individual.

Questioned Costs: None.

Effect or Potential Effect: An individual controlling a transaction from beginning to conclusion does not have oversight from other individuals to ensure that the transaction was properly executed and recorded.

Cause: The entity has a limited number of personnel.

Repeat Finding: Immediately preceding year.

Recommendation: We would recommend that the City Council take an active part in internal controls and closely monitor all accounting functions, while seeking ways to continue to strengthen compensating controls.

View of Responsible Official and Planned Corrective Actions: The City understands that due to its inability to hire an adequate amount of personnel to effectively combat segregation of duties that an emphasis needs to be taken to ensure internal controls are met. The office staff will work with the City Council to provide active policies to try to meet these means.

**CITY OF BAYARD, NEBRASKA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2023

Finding 2023-001: Lack of Segregation of Duties in One or More Areas

View of Responsible Official and Planned Corrective Actions: The City understands that due to its inability to hire an adequate amount of personnel to effectively combat segregation of duties that an emphasis needs to be taken to ensure internal controls are met. The office staff will work with the City Council to provide active policies to try to meet these means.

Finding 2023-002: Lack of Sufficient Employee Benefit Documentation

View of Responsible Official and Planned Corrective Actions: City officials will emphasize the importance and expectations of documentation to City employees in charge of the financial operations.



404 East 25th Street
PO Box 1120
Kearney, NE 68848
308-234-5565
Fax 308-234-2990
www.ksocpa.com

February 7, 2025

City of Bayard
Bayard, Nebraska

Dear City Officials:

We have audited the financial statements of City of Bayard, Nebraska, as of and for the year ended September 30, 2024, and have issued our report thereon dated February 7, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated October 24, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America for the business-type activities and the cash basis of accounting for the governmental activities. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City of Bayard, Nebraska, solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material weaknesses and other matters noted during our audit in a separate letter to you dated February 7, 2025.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm complied with all relevant ethical requirements regarding independence.

The self-review threat applies to our relationship with your entity due to the fact that we prepare the financial statements for you. We have reduced this threat to an acceptable level by requiring an independent auditor in our office to perform a quality control review of the audit and financial statements. This threat is further reduced by management reviewing and approving the final draft of the financial statements.

Significant Risks Identified

We have identified the following significant risks:

- **Management Override:** the risk that management will manipulate accounting records by circumventing internal controls, even where those controls otherwise appear to be operating effectively.
- **Transactions Recorded in Error:** the risk that transactions are not properly executed and recorded due to some individuals having the ability to control transactions from beginning to conclusion.
- **Improper Revenue Recognition:** the risk that management will improperly recognize revenues, including coding to the incorrect period or account.
- **Improper Disbursements:** the risk that disbursements are fake, not for the correct amount, or coded to the wrong account.
- **Missing or Omitted Disclosures:** the risk that some disclosures are missing or intentionally omitted.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City of Bayard, Nebraska, is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ending September 30, 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

The most sensitive accounting estimates affecting the financial statements are the collectability of accounts receivable and the remaining useful lives of depreciable assets. We evaluated the key factors and assumptions used to develop the accounting estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There were no sensitive disclosures affecting the City of Bayard, Nebraska's financial statements.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. We did not identify any significant unusual transactions during the course of our audit.

Identified or Suspected Fraud

We have not identified, nor obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances, or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We have attached a list of all journal entries proposed by us as a result of our audit procedures. These entries were reviewed, approved, and recorded by management. In the aggregate, these adjusting journal entries resulted in a net \$157,996 increase to the financial position of the City for the fiscal year ended September 30, 2024.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City of Bayard, Nebraska's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate facts and circumstances that affect the form and content of our auditor's report.

- The City of Bayard presents its financial statements of the governmental activities on the cash basis of accounting, the business-type activities on the accrual basis of accounting, and each major fund on the cash basis of accounting. The cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.
- The City has a component unit which it has elected not to include in the financial statements of the primary government. Accounting principles generally accepted in the United States require component units to be reported with the financial data of the City. Our opinion is modified as an "Adverse Opinion on the Reporting Entity" with respect to this matter.

Representations Requested from Management

We requested certain written representations from management, which are included in a separate letter dated February 7, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Findings or Issues

In the normal course of our professional association with the City of Bayard, Nebraska, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the City of Bayard, Nebraska, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the entity's auditors.

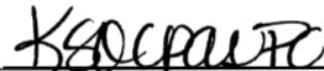
Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in City of Bayard, Nebraska's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have performed certain limited procedures including inquiries of management and comparing the other information for consistency with management's responses, the basic financial statements, and other knowledge we obtained during our audit.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the City Council and the management of the City of Bayard, Nebraska, and is not intended to be and should not be used by anyone other than these specified parties.

KSO CPA's, P.C.

A handwritten signature in dark ink, appearing to read "KSO CPA's, P.C.", is written over a horizontal line.

Kearney, Nebraska

February 7, 2025

February 7, 2025

To the Honorable Mayor and City Council
City of Bayard, Nebraska

In planning and performing our audit of the basic financial statements of the City of Bayard as of and for the year ended September 30, 2024, 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, we considered the City of Bayard's internal control over financial reporting (internal control) as a basis for designing auditing 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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bayard's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

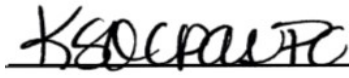
- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

We consider the following deficiency to be a material weakness in internal control:

1. The size of the City's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the City Council remains involved in the financial affairs of the City to provide oversight and independent review functions.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

KSO CPA's, P.C.

A handwritten signature in dark ink, appearing to read "KSO CPA's, P.C.", is written over a horizontal line.

Kearney, Nebraska
February 7, 2025

Client: **335700 - City of Bayard**
Engagement: **AUD - City of Bayard**
Period Ending: **9/30/2024**
Trial Balance: **3101 - Trial Balance**
Workpaper: **3102 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1				
Reclassify motor vehicle taxes to street.				
1007000	Transfers Out		361.76	
1104010	Property Taxes			361.76
Total			361.76	361.76
Adjusting Journal Entries JE # 2				
Reclassify motor vehicle taxes from general fund.				
2004015	MOTOR VEH TAXES - COUNTY		361.76	
2006000	Transfers In			361.76
Total			361.76	361.76
Adjusting Journal Entries JE # 3				
Adjust county treasurer balance at 9/30.				
1104010	Property Taxes		839.12	
1001050	Cash at County Treasurer			839.12
Total			839.12	839.12
Adjusting Journal Entries JE # 4				
Void NE state withholding payment that was not actually paid until October via EFTPS. (Reverse 10/1)				
1001005	Pooled Cash in Bank		1,339.08	
2001005	Pooled Cash In Bank		169.10	
5001005	Pooled Cash in Bank		374.67	
1002013	State W/H			1,339.08
2002013	State W/H			169.10
5702013	State Withholding Payable			374.67
Total			1,882.85	1,882.85
Adjusting Journal Entries JE # 5				
Adjust inventory to actual at 9/30.				
5704500	Cost of Sales		5,557.57	
5751400	Inventory		7,535.91	
5701400	Inventory			5,557.57
5755230	Operating Supplies			7,535.91
Total			13,093.48	13,093.48
Adjusting Journal Entries JE # 6				
Adjust for negative pooled cash balances.				
1001005	Pooled Cash in Bank		577,898.96	
5007000	Transfers out		577,898.96	
1006000	Transfers In			577,898.96
5001005	Pooled Cash in Bank			577,898.96
Total			1,155,797.92	1,155,797.92
Adjusting Journal Entries JE # 7				
Adjust sales tax liability to 9/30 balance.				
1104100	Miscellaneous Receipts		375.46	

Client: **335700 - City of Bayard**
Engagement: **AUD - City of Bayard**
Period Ending: **9/30/2024**
Trial Balance: **3101 - Trial Balance**
Workpaper: **3102 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
5704061	Sales - Residential		4,386.39	
1002016	Sales Tax Payable			375.46
5702016	Sales Tax Payable			4,386.39
Total			4,761.85	4,761.85

Adjusting Journal Entries JE # 8 **5108**

Adjust balances for payroll liabilities to actual at year end.

1105040	Health & Life Insurance		5,503.12	
2005040	Health & Life Insurance		1,542.79	
5755040	Health & Life Insurance		3,505.08	
1002010	Health Insurance Payable			5,503.12
2002010	Health Insurance Payable			1,542.79
5002010	Health Insurance Payable			3,505.08
Total			10,550.99	10,550.99

Adjusting Journal Entries JE # 9 **4103**

Void checks posted in wrong fiscal year. (Reverse 10.1)

1001005	Pooled Cash in Bank		10,199.43	
2001005	Pooled Cash In Bank		86.02	
1105120	Legal & Accounting fees			786.00
1105125	Printing & Advertising			251.88
1205110	Dues & Subscriptions			225.75
1205135	Maint & Repairs			875.00
1205210	Gas & Other Fuels			716.13
1205220	Office Supplies			6.00
1205500	Capital Outlay			973.15
1255210	Gas & Other Fuels			117.42
1255500	Capital Outlay			5,881.07
1305210	Gas & Other Fuels			93.29
1355135	Maint & Repairs			97.97
1355210	Gas & Other Fuels			140.58
1455120	Legal & Accounting Fees			35.19
2005210	Gas & Other Fuels			86.02
Total			10,285.45	10,285.45

Adjusting Journal Entries JE # 10 **5002**

Reclassify street sweeper capital lease payments.

2005710	Interset Expense		4,865.71	
2005725	Lease Expense			4,865.71
Total			4,865.71	4,865.71

Adjusting Journal Entries JE # 11 **5002**

Reclassify police car capital lease payments.

1205710	Interest Expense		538.31	
1205725	Lease Expense			538.31
Total			538.31	538.31

Adjusting Journal Entries JE # 12 **4601**

Reclassify current year additions

Client: **335700 - City of Bayard**
Engagement: **AUD - City of Bayard**
Period Ending: **9/30/2024**
Trial Balance: **3101 - Trial Balance**
Workpaper: **3102 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
5751620	Plant In Service		48,591.75	
5751630	MAch & Equip		25,817.54	
5751630	MAch & Equip		89,952.00	
5754150	Sale of Property			26,000.00
5755135	Maint & Repairs			25,817.54
5755500	Capital Outlay			48,591.75
5755500	Capital Outlay			63,952.00
Total			164,361.29	164,361.29
Adjusting Journal Entries JE # 13				
Reclassify water bond payments.		5002		
5752110	Note Payable		117,936.12	
5755700	Principal Payments			117,936.12
Total			117,936.12	117,936.12
Adjusting Journal Entries JE # 14				
Reclassify sewer bond payments.		5002		
5802110	Note Payable		20,000.00	
5805700	Principal Payments			20,000.00
Total			20,000.00	20,000.00
Adjusting Journal Entries JE # 15				
Reclassify 2020 combined facilities payment.		5002		
5702110	Notes Payable		90,000.00	
5705700	Principal Payments			90,000.00
Total			90,000.00	90,000.00
Adjusting Journal Entries JE # 16				
Adjust accrued interest to actual.		5002		
5702018	Accrued Interest Payable		292.95	
5752018	ACCRUED INTEREST PAYABLE		586.05	
5802018	Accrued Interest Payable		135.00	
5705710	Interest Expense			292.95
5755710	Interest Expense			586.05
5805710	Interest Expense			135.00
Total			1,014.00	1,014.00
Adjusting Journal Entries JE # 17				
Adjust current portion of long term debt to actual.		5002		
5752110	Note Payable		5,757.95	
5752055	Current Portion LT Debt			5,757.95
Total			5,757.95	5,757.95
Adjusting Journal Entries JE # 18				
Adjust accrued wages at 9/30.		5111		
5705010	Salaries		25.76	
5755010	Salaries		25.76	
5802005	Accrued Wages		18.12	

Client: **335700 - City of Bayard**
Engagement: **AUD - City of Bayard**
Period Ending: **9/30/2024**
Trial Balance: **3101 - Trial Balance**
Workpaper: **3102 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
5702005	Accrued Wages			25.76
5752005	Accrued Wages			25.76
5805010	Salaries			18.12
Total			69.64	69.64

Adjusting Journal Entries JE # 19 **5111**
Adjust accrued vacation payable at 9/30.

5705010	Salaries		2,794.58	
5755010	Salaries		2,794.58	
5805010	Salaries		629.49	
5702008	Accrued Vac Payable			2,794.58
5752008	Accrued Vac Payable			2,794.58
5802008	Accrued Vac Payable			629.49
Total			6,218.65	6,218.65

Adjusting Journal Entries JE # 20 **4520**
Adjust unbilled revenue at 9/30.

5701253	Unbilled Revenue		3.50	
5701253	Unbilled Revenue		1,245.67	
5751253	Unbilled Revenue		401.97	
5804060	Sales of Services		38.35	
5851253	Unbilled Revenue		158.95	
5704061	Sales - Residential			1,245.67
5704062	Sales - Commercial			3.50
5754060	Sales of Services			401.97
5801253	Unbilled Revenue			38.35
5854060	Sales of Services			158.95
Total			1,848.44	1,848.44

Adjusting Journal Entries JE # 21 **5100.01**
Reclassify Shelly's AP reversal entry made on 10/1/23.

5702000	Accts Payable		1,585.41	
5702000	Accts Payable		30,742.51	
5752000	Accts Payable		264.10	
5002000	Accounts Payable			1,849.51
5704500	Cost of Sales			30,742.51
Total			32,592.02	32,592.02

Adjusting Journal Entries JE # 22 **4601**
Record depreciation expense.

5705600	Depreciation		86,202.00	
5755600	Depreciation		173,648.19	
5805600	Depreciation		8,599.00	
5701650	Accum Deprec			86,202.00
5751650	Accum Deprec			173,648.19
5801650	Accum Depre			8,599.00
Total			268,449.19	268,449.19

Adjusting Journal Entries JE # 23 **8104**

Client: **335700 - City of Bayard**
Engagement: **AUD - City of Bayard**
Period Ending: **9/30/2024**
Trial Balance: **3101 - Trial Balance**
Workpaper: **3102 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjust keno balances to 9/30.				
4001010	Keno Cash in Bank		1,374.66	
4004510	Payout Winners		2,247.50	
4004530	Contractor's Share		110.43	
4001200	Cash held in Prize Reserve			1,643.84
4004060	Sales of Service			2,088.75
Total			3,732.59	3,732.59
Adjusting Journal Entries JE # 24				
		5015		
Record bond amortization.				
5705650	Amortization		1,304.00	
5752025	Accumulated Amort of Bond		1,043.23	
5755650	Amortization Exp		819.51	
5701660	Accumulated Amortization			1,304.00
5751660	Accumulated Amortization			819.51
5754080	Bond Premium			1,043.23
Total			3,166.74	3,166.74
Adjusting Journal Entries JE # 25				
		7510		
Reclassify state receipts.				
2004000	State Receipts		12,386.94	
2004005	Motor Veh Fees State			12,386.94
Total			12,386.94	12,386.94
Adjusting Journal Entries JE # 26				
		5100.01		
Record accounts payable that have not yet been recorded.				
5704500	Cost of Sales		34,000.29	
5702000	Accts Payable			34,000.29
Total			34,000.29	34,000.29
Adjusting Journal Entries JE # 27				
		5100.01		
Reclassify the AP to the correct department.				
5002000	Accounts Payable		6,887.48	
5702000	Accts Payable			3,390.44
5752000	Accts Payable			3,497.04
Total			6,887.48	6,887.48
Adjusting Journal Entries JE # 28				
		4103		
To void old outstanding items from bank reconciliation.				
1001005	Pooled Cash in Bank		5,576.92	
1104100	Miscellaneous Receipts			5,576.92
Total			5,576.92	5,576.92
Adjusting Journal Entries JE # 29				
		4103		
Void 10.1 bond payment (Reverse 10.1)				
5001005	Pooled Cash in Bank		88,028.75	
5755700	Principal Payments			75,000.00
5755710	Interest Expense			13,028.75

Client: **335700 - City of Bayard**
Engagement: **AUD - City of Bayard**
Period Ending: **9/30/2024**
Trial Balance: **3101 - Trial Balance**
Workpaper: **3102 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Total			88,028.75	88,028.75
Adjusting Journal Entries JE # 30				
	Reclassify general fund AP	5100.01		
1255210	Gas & Other Fuels		913.48	
1002000	Accounts Payable			913.48
Total			913.48	913.48
Adjusting Journal Entries JE # 31				
	Record fixed assets sales	4601		
5751650	Accum Deprec		21,117.00	
5754150	Sale of Property		46,176.00	
5851650	Accum Depre		18,500.00	
5751600	Asset Land Acct			46,176.00
5751630	MAch & Equip			21,117.00
5851630	Machinery & Equip			18,500.00
Total			85,793.00	85,793.00
Adjusting Journal Entries JE # 32				
	Reclassify Transfer In			
5805230	Operating Supplies		0.40	
5806000	Transfer In			0.40
Total			0.40	0.40
Adjusting Journal Entries JE # 33				
	Close Golf Fund			
6003000	Fund Balance		0.42	
6002017	Gift Certificates			0.42
Total			0.42	0.42
Adjusting Journal Entries JE # 34				
	Adjust 941 liability to actual			
5705130	Misc Expense		407.39	
5002012	Federal W/H			407.39
Total			407.39	407.39