

**City of Ashland  
Ashland, Nebraska**

**Basic Financial Statements**

**September 30, 2024**



**City of Ashland, Nebraska  
Table of Contents**

<b>Independent Auditor's Report</b>	<b>1</b>
<b>Management's Discussion and Analysis</b>	<b>5</b>
<b>Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Position - Cash Basis	12
Statement of Activities - Cash Basis	13
Governmental Funds Financial Statements	
Balance Sheet - Governmental Funds - Cash Basis	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Cash Basis	15
Proprietary Funds Financial Statements	
Statement of Net Position - Proprietary Funds - Cash Basis	16
Statement of Cash Receipts, Disbursements, and Changes in Net Position - Proprietary Funds - Cash Basis	17
Notes to Basic Financial Statements	19
<b>Supplementary Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund	32
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - Special Revenue Fund	33
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - Debt Service Fund	34
Note to Supplementary Information	35
Schedule of Net Position - Proprietary Funds - Accrual Basis	36
Schedule of Revenues, Expenses and Changes in Net Position - Proprietary Funds - Accrual Basis	37
Schedule of Cash Flows - Proprietary Funds - Accrual Basis	38
<b>Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	<b>39</b>
<b>Schedule of Findings and Responses</b>	<b>41</b>





## Independent Auditor's Report

Honorable Mayor and Members  
of the City Council  
City of Ashland  
Ashland, Nebraska

### **Report on the Financial Statements**

#### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Ashland, Nebraska (the "City") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Ashland's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, and each major fund of the City as of September 30, 2024, and the respective changes in financial position - cash basis for the year then ended in accordance with the cash basis of accounting described in Note 1.

#### **Basis for Opinions**

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

#### **Emphasis of Matter - Basis of Accounting**

We draw your attention to Note 1 to the financial statements that describes the basis of accounting. The basic financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

The City of Ashland's management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### **Responsibilities of Management for the Financial Statements (Continued)**

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Ashland'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's ability to continue as a going concern for a reasonable period of time.

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Management Discussion and Analysis and supplementary information identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Management Discussion and Analysis and Budgetary Comparison Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The Management Discussion and Analysis and Budgetary Comparison Schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

The Proprietary Funds Financial Schedules - Accrual Basis on pages 36 - 38 are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Proprietary Funds Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The Proprietary Funds Schedules have been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Proprietary Funds Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have issued our report dated March 11, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Ashland's internal control over financial reporting and compliance.

*BerganKDV, LLC*

Omaha, Nebraska  
March 11, 2025

(THIS PAGE LEFT BLANK INTENTIONALLY)



## **City of Ashland, Nebraska Management's Discussion and Analysis**

Within this section of the City of Ashland's annual financial report, the City's management provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended September 30, 2024.

Beginning with the fiscal year 2014, the City Council decided to present the City's governmental funds financial statements on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America ("GAAP"). The proprietary funds are also presented on the cash basis of accounting; however, the proprietary funds will continue to be presented on the accrual basis of accounting in supplementary information to the basic financial statements.

The City's financial performance is discussed and analyzed within the context of the accompanying basic financial statements and notes to the basic financial statements.

This discussion focuses on the City as the primary government and does not include any separate component units because there are no such entities meeting the requirements for inclusion in the basic financial statements as set forth by the Governmental Accounting Standards Board (GASB).

### **Financial Highlights**

- The City's governmental funds reported a net decrease in fund balance of \$677,622 and a total ending fund balance of \$4,424,918.
- The City's proprietary funds reported a net decrease in net position of \$676,724 and a total ending net position balance of \$558,284.

### **Overview of the Financial Statements**

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) fund financial statements and (2) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements.

### **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole.

The City has two types of funds:

*Governmental funds* provide information related to activities that are principally supported by taxes and intergovernmental revenues. They are useful in evaluating annual financing requirements of governmental programs and the commitment of expendable resources for the near term.

Budgetary schedules for the three types of governmental funds are included as supplementary information. These schedules demonstrate compliance with the City's adopted budget.

**City of Ashland, Nebraska**  
**Management's Discussion and Analysis**

**Fund Financial Statements (Continued)**

The City has two types of funds: (Continued)

*Proprietary funds* report services for which the City charges customers a fee. There are two kinds of proprietary funds, enterprise funds and internal service funds. *Enterprise funds* provide services to customers external to the City organization such as the water and wastewater utilities. *Internal service funds* provide services and charge fees to customers within the City organization such as equipment repair and maintenance. The City currently has no internal service funds.

**Notes to the Financial Statements**

The accompanying notes to the basic financial statements provide information essential to a full understanding of the fund financial statements. The notes to the basic financial statements begin immediately following the basic financial statements.

**Financial Analysis of the Governmental Funds**

Revenues from governmental funds, excluding proceeds from the issuance of bonds, totaled \$4,650,879 in 2024, an increase of \$363,388 from 2023 revenues of \$4,287,491. The amounts of revenue by source are summarized below:

	2024	2023
Taxes	\$ 2,496,643	\$ 2,234,608
Licenses and permits	190,845	201,824
Intergovernmental	589,944	553,406
Charges for services	395,868	423,125
Keno	53,287	77,925
Interest income	12,676	7,380
Housing rehabilitation program	184,732	123,960
Other	726,884	665,263
Total	<u>\$ 4,650,879</u>	<u>\$ 4,287,491</u>

As depicted in the above summary, the City relies heavily on property taxes to support its governmental operations. Tax revenue provided approximately 54% of the City's total governmental revenues. In the prior year, taxes accounted for approximately 52% of the total governmental revenue.

The increase in revenue is related to an increase in tax revenues related to an increase in valuation.

**City of Ashland, Nebraska**  
**Management's Discussion and Analysis**

**Financial Analysis of the Governmental Funds (Continued)**

Expenditures of governmental funds totaled \$6,268,501 for 2024, an increase of \$1,958,277 from 2023 expenditures of \$4,310,224. These expenditures, by function, are summarized below:

	<u>2024</u>	<u>2023</u>
General government	\$ 737,469	\$ 571,487
Streets and street lightening	2,192,189	1,595,998
Public health safety	1,145,956	1,011,957
Culture and recreation	666,121	508,582
Public buildings and inspections	119,494	139,624
Community development	29,611	92,173
Debt service	<u>1,377,661</u>	<u>390,403</u>
 Total	 <u><u>\$ 6,268,501</u></u>	 <u><u>\$ 4,310,224</u></u>

The major increase in expenditures relates to road improvement projects and pay down of one bond anticipation note.

**Financial Analysis of the Proprietary Fund**

The City's proprietary fund's net position at the end of the fiscal year was \$558,284. The following table provides a summary of this net position:

Cash and cash equivalents	\$ 838,100
Certificates of deposit	<u>94,805</u>
 Total assets	 <u><u>\$ 932,905</u></u>
 Due to other funds	 <u><u>\$ 374,621</u></u>
 Net position	
Unrestricted	<u><u>\$ 558,284</u></u>

This reflects a decrease in net position for current year activity of \$676,724 for the proprietary fund.

**City of Ashland, Nebraska**  
**Management's Discussion and Analysis**

**Financial Analysis of the Proprietary Fund (Continued)**

Proprietary fund activities are shown comparing costs to revenues generated by related services. The water and sanitary sewer systems are designed to be self-supporting with user charges and other revenues designed to recover costs.

	<u>2024</u>
Operating receipts	\$ 1,730,557
Operating disbursements	<u>(2,407,281)</u>
Decrease in net position	<u><u>\$ (676,724)</u></u>

**General Fund Budgetary Highlights**

The General Fund budget for fiscal year 2024 included projected revenues of \$5,459,087. This was a decrease of \$34,473 over the previous year budget of \$5,493,560. Actual revenues were significantly lower than budgeted revenues due to the City including transfers from restricted fund balances in the budgeted revenues.

The expenditure budget was \$5,308,316, an increase of \$103,687 over the previous year budget of \$5,204,629. Actual expenditures were significantly lower than budgeted expenditures due to project delays planned for street improvements.

**Assessed Valuation and Property Taxes**

Assessed valuation for property within the corporate city limits increased 16.91% over the past year. Valuation for tax year 2024 and 2023 was \$252,468,228 and \$215,948,611, respectively. Tax rates are applied to every \$100 of actual valuation. The breakdown of tax rates for 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
General Fund	0.4500	0.4500
Debt Service Fund	<u>0.1260</u>	<u>0.1260</u>
Total	<u><u>0.5760</u></u>	<u><u>0.5760</u></u>

**City of Ashland, Nebraska**  
**Management's Discussion and Analysis**

**Debt Administration**

As of September 30, 2024, the City had total bonded debt outstanding of \$4,850,000 in both governmental funds and proprietary funds. The City's administration continues to monitor call dates and interest rates in order to refinance any long-term debt that would save the City money. Future bond payments are as follows:

	Principal	Interest	Total
2025	\$ 720,000	\$ 98,173	\$ 818,173
2026	725,000	87,003	812,003
2027	720,000	75,077	795,077
2028	585,000	73,425	658,425
2029	605,000	51,245	656,245
2030-2034	1,120,000	135,074	1,255,074
2035-2039	375,000	50,820	425,820
Total	<u>\$ 4,850,000</u>	<u>\$ 570,817</u>	<u>\$ 5,420,817</u>

In addition, on April 1, 2024, the City issued General Obligation Various Purpose bonds in the amount of \$940,000 for the purpose of paying the remaining principal balance of the Series 2022 bond anticipation notes. The bonds have interest rates of 3.80-4.40% and a maturity date of April 1, 2039.

**Economic Factors and Next Year's Budget**

The general outlook for the Ashland economy for the next year is for minimal increases in both revenues and expenditures. The City continues to be challenged to comply with the State imposed budget limitations. This will continue to be difficult until the City can expand the tax base. The City's administration continues to monitor non-essential expenditures. The strict monitoring is not designed to reduce the City's ability to provide a consistent level of services, but rather, to make certain that non-essential spending is limited or deferred.

**Contacting the City's Financial Management**

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have any questions about this report or would like to request additional information, please contact Ashland City Hall, 2304 Silver Street, Ashland, Nebraska 68003.

(THIS PAGE LEFT BLANK INTENTIONALLY)

## **BASIC FINANCIAL STATEMENTS**

City of Ashland, Nebraska  
Statement of Net Position - Cash Basis  
September 30, 2024

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 3,195,043	\$ 838,100	\$ 4,033,143
Restricted cash	733,048	-	733,048
Cash with County Treasurer	46,241	-	46,241
Certificates of deposit	75,965	94,805	170,770
Due from other funds	677,552	-	677,552
Total assets	4,727,849	932,905	5,660,754
<b>Liabilities</b>			
Due to other funds	302,931	374,621	677,552
Total liabilities	302,931	374,621	677,552
<b>Net Position</b>			
Restricted for			
Debt service	1,861,786	-	1,861,786
Community betterment	93,326	-	93,326
Community development	733,048	-	733,048
Unrestricted	1,736,758	558,284	2,295,042
Total net position	\$ 4,424,918	\$ 558,284	\$ 4,983,202



**City of Ashland, Nebraska**  
**Statement of Activities - Cash Basis**  
**Year Ended September 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Assets		
		Charges for services	Operating Grants and Contributions	Capital Grants and Contributions	(Cash Basis) Governmental Activities	Business-type Activities	Net Total
Primary government							
Governmental activities							
General services	\$ 737,469	\$ 216,235	\$ 96,143	\$ -	\$ (425,091)	\$ -	\$ (425,091)
Public safety	1,145,956	356,561	-	-	(789,395)	-	(789,395)
Public works	3,580,504	7,375	184,732	548,402	(2,839,995)	-	(2,839,995)
Culture and recreation	695,732	59,829	-	-	(635,903)	-	(635,903)
Interest and fees	108,840	-	-	-	(108,840)	-	(108,840)
Total governmental activities	<u>6,268,501</u>	<u>640,000</u>	<u>280,875</u>	<u>548,402</u>	<u>(4,799,224)</u>	<u>-</u>	<u>(4,799,224)</u>
Business-type activities							
Utilities	1,897,953	1,727,784	-	-	-	(170,169)	(170,169)
Debt service and interest	509,328	-	-	-	-	(509,328)	(509,328)
Total business-type activities	<u>2,407,281</u>	<u>1,727,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(679,497)</u>	<u>(679,497)</u>
Total government	<u>\$ 8,675,782</u>	<u>\$ 2,367,784</u>	<u>\$ 280,875</u>	<u>\$ 548,402</u>	<u>(4,799,224)</u>	<u>(679,497)</u>	<u>(5,478,721)</u>
General revenues							
Taxes							
Property					1,410,125	-	1,410,125
Sales					981,268	-	981,268
Occupation					50,649	-	50,649
Interest income					12,676	2,773	15,449
Net proceeds from issuance of debt					940,000	-	940,000
Miscellaneous					726,884	-	726,884
Total general revenues					<u>4,121,602</u>	<u>2,773</u>	<u>4,124,375</u>
Change in Net Position					<u>(677,622)</u>	<u>(676,724)</u>	<u>(1,354,346)</u>
Net Position - beginning of year					<u>5,102,540</u>	<u>1,235,008</u>	<u>6,337,548</u>
Net Position - end of year					<u>\$ 4,424,918</u>	<u>\$ 558,284</u>	<u>\$ 4,983,202</u>

See notes to basic financial statements.

**City of Ashland, Nebraska**  
**Balance Sheet - Governmental Funds - Cash Basis**  
**September 30, 2024**

	General	Debt Service	Special Revenue Keno	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 1,925,679	\$ 1,176,038	\$ 93,326	\$ 3,195,043
Restricted cash	733,048	-	-	733,048
Cash with County Treasurer	37,450	8,791	-	46,241
Certificates of deposit	75,965	-	-	75,965
Due from other funds	595	676,957	-	677,552
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 2,772,737</u>	<u>\$ 1,861,786</u>	<u>\$ 93,326</u>	<u>\$ 4,727,849</u>
<b>Liabilities</b>				
Due to other funds	<u>\$ 302,931</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,931</u>
<b>Fund Balance</b>				
Restricted for				
Debt service	-	1,861,786	-	1,861,786
Community betterment	-	-	93,326	93,326
Community development	733,048	-	-	733,048
Unassigned	<u>1,736,758</u>	<u>-</u>	<u>-</u>	<u>1,736,758</u>
Total fund balance	<u>2,469,806</u>	<u>1,861,786</u>	<u>93,326</u>	<u>4,424,918</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balance	<u>\$ 2,772,737</u>	<u>\$ 1,861,786</u>	<u>\$ 93,326</u>	<u>\$ 4,727,849</u>

**City of Ashland, Nebraska**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds - Cash Basis**  
**Year Ended September 30, 2024**

	General	Debt Service	Special Revenue Keno	Total Governmental
<b>Revenues</b>				
Taxes	\$ 2,192,595	\$ 304,048	\$ -	\$ 2,496,643
Licenses and permits	190,845	-	-	190,845
Intergovernmental revenues	563,393	26,551	-	589,944
Charges for services	395,868	-	-	395,868
Keno	-	-	53,287	53,287
Interest income	9,769	2,131	776	12,676
Housing rehabilitation program	184,732	-	-	184,732
Other revenues	724,826	-	2,058	726,884
Total revenues	<u>4,262,028</u>	<u>332,730</u>	<u>56,121</u>	<u>4,650,879</u>
<b>Expenditures</b>				
General government	664,290	50,179	23,000	737,469
Streets and street lighting	1,753,971	438,218	-	2,192,189
Public health and safety	1,145,956	-	-	1,145,956
Culture and recreation	666,121	-	-	666,121
Public buildings and inspections	119,494	-	-	119,494
Community development	-	-	29,611	29,611
Debt service				
Lease principal	36,817	42,004	-	78,821
Bond principal	-	1,190,000	-	1,190,000
Interest	2,336	106,504	-	108,840
Total expenditures	<u>4,388,985</u>	<u>1,826,905</u>	<u>52,611</u>	<u>6,268,501</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(126,957)</u>	<u>(1,494,175)</u>	<u>3,510</u>	<u>(1,617,622)</u>
<b>Other Financing Sources (Uses)</b>				
Transfer to other funds	(8,118)	8,118	-	-
Issuance of general obligation bonds	-	940,000	-	940,000
Total other financing sources (uses)	<u>(8,118)</u>	<u>948,118</u>	<u>-</u>	<u>940,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(135,075)</u>	<u>(546,057)</u>	<u>3,510</u>	<u>(677,622)</u>
Fund balance - beginning of year	<u>2,604,881</u>	<u>2,407,843</u>	<u>89,816</u>	<u>5,102,540</u>
Fund balance - end of year	<u>\$ 2,469,806</u>	<u>\$ 1,861,786</u>	<u>\$ 93,326</u>	<u>\$ 4,424,918</u>

See notes to basic financial statements.

City of Ashland, Nebraska  
Statement of Net Position - Proprietary Fund - Cash Basis  
September 30, 2024

	Utilities
<b>Assets</b>	
Cash and cash equivalents	\$ 838,100
Certificates of deposit	<u>94,805</u>
Total assets	<u><u>\$ 932,905</u></u>
<b>Liabilities</b>	
Due to other funds	<u>\$ 374,621</u>
<b>Net Position</b>	
Unrestricted	<u>558,284</u>
Total liabilities and net position	<u><u>\$ 932,905</u></u>

City of Ashland, Nebraska  
Statement of Cash Receipts, Disbursements, and Changes  
in Net Position - Proprietary Fund - Cash Basis  
Year Ended September 30, 2024

	<u>Utilities</u>
<b>Receipts</b>	
User fees	\$ 1,687,216
Late charges	31,508
Interest	2,773
Miscellaneous income	9,060
Total receipts	<u>1,730,557</u>
<b>Disbursements</b>	
General administrative	499,621
Production and distribution	1,398,332
Debt service - lease principal	31,989
Debt service - bond principal	450,000
Debt service - interest	27,339
Total disbursements	<u>2,407,281</u>
<b>Operating loss</b>	(676,724)
Net position - beginning of year	<u>1,235,008</u>
Net position - end of year	<u>\$ 558,284</u>

(THIS PAGE LEFT BLANK INTENTIONALLY)

**City of Ashland, Nebraska**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Introduction**

The accounting and reporting framework and the more significant accounting principles and practices of the City of Ashland, Nebraska (the "City") are discussed in the subsequent section of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended September 30, 2024.

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

**B. Financial Reporting Entity**

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

**C. Basis of Presentation**

**1. Fund Financial Statements**

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

**2. Measurement Focus and Basis of Accounting**

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

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

**City of Ashland, Nebraska**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Presentation (Continued)**

**3. Fund Types and Major Funds**

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

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

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

Special Revenue Fund - This fund is used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. This fund type includes the Keno Fund.

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

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

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

**1. Net Position Flow Assumption**

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

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

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



**City of Ashland, Nebraska**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**2. Fund Balance Flow Assumptions**

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

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

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

**3. Cash and Investments**

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

**4. Receivables**

In the proprietary fund statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Utility accounts receivable are ordinarily due 15 days after the issuance of the invoice.

**City of Ashland, Nebraska**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**5. Capital Assets and Depreciation**

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

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

Estimated useful lives for depreciable assets are as follows:

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

**6. Deferred Outflows/Inflows of Resources**

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position/fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that period. As of September 30, 2024, the City had no deferred outflows or inflows of resources.

**7. Long-Term Debt, Deferred Debt Expense and Bond Discounts and Premiums**

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

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

**8. Compensated Absences**

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

**City of Ashland, Nebraska**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Revenues, Expenditures and Expenses**

**1. Property Taxes**

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

The tax rate to finance governmental services other than the payment of principal and interest on long-term debt for the year ended September 30, 2024, was \$0.4500 per \$100 of assessed valuation and the debt service requirement was \$0.1260 per \$100 of assessed valuation. The assessed valuation for the 2023-2024 tax year was \$252,468,228.

**2. Operating Revenues and Expenses**

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

**3. Expenditures/Expenses**

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

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

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

**NOTE 2 - COMPLIANCE AND ACCOUNTABILITY**

**A. Interfund Transfers**

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

**B. Use of Estimates**

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

**C. Budgetary Information**

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

**City of Ashland, Nebraska**  
**Notes to Basic Financial Statements**

**NOTE 2 - COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**C. Budgetary Information (Continued)**

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

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

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

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

The City did comply with its overall adopted budget for the year ended September 30, 2024.

**NOTE 3 - DEPOSITS**

Deposit risks include:

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

**Credit Risk - Deposits:** This is credit risk that a bank or other counterparty defaults on its principal and/or interest payments owed to the City.

**Interest Rate Risk - Deposits:** This is the interest rate risk that the value of deposits will decrease as a result of a rise in interest rates.

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

Cash is stated at cost, which approximates fair value. The City's cash deposits, including demand deposits and certificates of deposit, are insured by the Federal Deposit Insurance Corporation and securities held in safekeeping pledged to the entity where the security is held. As of September 30, 2024, the City's deposits at banks were \$5,648,537; of which \$5,615,701 was covered by federal depository insurance or pledged security.

Cash with the Saunders County Treasurer of \$46,241 was covered by collateral held by the County or was invested in U.S. Government Securities held by the County's agent.

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

**NOTE 4 - FAIR VALUE MEASUREMENTS**

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

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

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

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

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

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. All of the City's certificates of deposits as of September 30, 2024, are categorized as Level 2 investments.

**NOTE 5 - CAPITAL ASSETS AND DEPRECIATION**

Although the City does not report capital asset activity in the governmental or proprietary fund financial statements, the information for proprietary fund capital assets is presented below for additional information for the year ended September 30, 2024.

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Not being depreciated					
Land	\$ 78,858	\$ -	\$ -	\$ -	\$ 78,858
Construction in progress	1,249,591	979,509	-	(754,816)	1,474,284
Subtotal	1,328,449	979,509	-	(754,816)	1,553,142
Other capital assets					
Improvement/infrastructure	14,357,610	77,573	-	754,816	15,189,999
Equipment and furniture	1,447,898	221,172	-	-	1,669,070
Leased vehicle	102,041	-	-	-	102,041
Subtotal	15,907,549	298,745	-	754,816	16,961,110
Accumuated depreciation					
Improvement/infrastructure	(6,559,064)	(555,629)	-	-	(7,114,693)
Equipment and furniture	(1,135,824)	(92,102)	-	-	(1,227,926)
Accumuated amortization					
Improvement/infrastructure	(25,510)	(34,014)	-	-	(59,524)
Subtotal	(7,720,398)	(681,745)	-	-	(8,402,143)
Net other capital assets	8,187,151	(383,000)	-	754,816	8,558,967
Net capital assets	\$ 9,515,600	\$ 596,509	\$ -	\$ -	\$ 10,112,109

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

**NOTE 6 - LONG-TERM OBLIGATIONS**

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

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

Changes in long-term debt obligations were as follows as of September 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Funds					
General Obligation					
Bonds payable	\$ 1,460,000	\$ 940,000	\$ (195,000)	\$ 2,205,000	\$ 250,000
Bond anticipation notes	2,335,000	-	(995,000)	1,340,000	1,340,000
Total	<u>\$ 3,795,000</u>	<u>\$ 940,000</u>	<u>\$ (1,190,000)</u>	<u>\$ 3,545,000</u>	<u>\$ 1,590,000</u>
Proprietary Fund					
Bonds payable	<u>\$ 3,095,000</u>	<u>\$ -</u>	<u>\$ (450,000)</u>	<u>\$ 2,645,000</u>	<u>\$ 470,000</u>

**A. Bonds Payable**

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

Description	Interest Rate	Maturity Date	Beginning Balance	Net Additions (Reductions)	Ending Balance
Governmental Funds					
December 19, 2018 bond	2.60-3.15%	1/15/2029	\$ 315,000	\$ (50,000)	\$ 265,000
October 3, 2019 bond	1.85-2.25%	1/15/2030	360,000	(50,000)	310,000
August 15, 2018 bond	3.25-3.60%	8/15/2031	425,000	(45,000)	380,000
January 29, 2020 bond	1.50-1.90%	2/1/2030	360,000	(50,000)	310,000
April 1, 2024 bond	3.80-4.40%	4/1/2039	-	940,000	940,000
Total			<u>\$ 1,460,000</u>	<u>\$ 745,000</u>	<u>\$ 2,205,000</u>

Specific changes in the individual proprietary bond issues were as follows as of September 30, 2024:

Description	Interest Rate	Maturity Date	Beginning Balance	Net Additions (Reductions)	Ending Balance
Proprietary Funds					
June 17, 2020 bond	1.10-1.60%	9/15/2030	\$ 1,805,000	\$ (300,000)	\$ 1,505,000
June 23, 2021 bond	0.55-1.35%	3/1/2031	1,290,000	(150,000)	1,140,000
Total			<u>\$ 3,095,000</u>	<u>\$ (450,000)</u>	<u>\$ 2,645,000</u>

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

**NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)**

**A. Bonds Payable (Continued)**

On April 1, 2024, the City issued General Obligation Various Purpose bonds in the amount of \$940,000 for the purpose of paying the remaining principal balance of the Series 2022 bond anticipation notes. The bonds accrue interest at rates of 3.80-4.40% and a maturity date of April 1, 2039.

Subsequent to year end on December 11, 2024, the City entered into an agreement for a commercial loan in the amount of \$1,370,000 for the purpose of making the payment due on December 15, 2024 for the Series 2023 Bond Anticipation Notes which paid the notes off in full. This loan has an interest rate of 5.925% and matures on June 15, 2025.

**B. Annual Requirements**

The annual debt service requirements to maturity for bonded debt as of September 30, 2024, are as follows:

Year Ending September 30,	Governmental Funds		
	Principal	Interest	Total
2025	\$ 250,000	\$ 69,035	\$ 319,035
2026	250,000	62,460	312,460
2027	255,000	55,613	310,613
2028	265,000	58,640	323,640
2029	275,000	40,810	315,810
2030-2034	535,000	126,281	661,281
2035-2039	375,000	50,820	425,820
Total	<u>\$ 2,205,000</u>	<u>\$ 463,659</u>	<u>\$ 2,668,659</u>

  

Year Ending September 30,	Proprietary Funds		
	Principal	Interest	Total
2025	\$ 470,000	\$ 29,138	\$ 499,138
2026	475,000	24,543	499,543
2027	465,000	19,464	484,464
2028	320,000	14,785	334,785
2029	330,000	10,435	340,435
2030-2031	585,000	8,793	593,793
Total	<u>\$ 2,645,000</u>	<u>\$ 107,158</u>	<u>\$ 2,752,158</u>

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

**NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)**

**C. Leases**

The City has entered into leases for equipment and vehicles in the governmental and proprietary funds. The lease terms vary and are payable in monthly or quarterly installments.

Leases as of September 30, 2024, consisted of the following:

Description	Interest Rate	Maturity Date	Beginning Balance	Net Additions (Reductions)	Ending Balance
Equipment lease - governmental	3.95%	4/29/2024	\$ 42,004	\$ (42,004)	\$ -
Vehicle lease - governmental	3.80%	11/15/2024	74,784	(36,817)	37,967
Vehicle lease - proprietary	6.57%	1/9/2025	65,954	(31,989)	33,965
Total			<u>\$ 182,742</u>	<u>\$ (110,810)</u>	<u>\$ 71,932</u>

The following is a schedule by year of future minimum lease payments under these leases as of September 30, 2024:

Year Ending September 30,	Lease Liability		
	Principal	Interest	Total
2025	\$ 71,932	\$ 3,483	\$ 75,415

**NOTE 7 - DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code § 414. The plan is available to all full time City employees whose regular scheduled service is more than 32 hours per week and have been employed with the City for 6 months. The plan requires participating employees to make a 5% contribution of their compensation along with a 6% match by the City. The City continues to offer its employees a deferred compensation plan in accordance with Internal Revenue Code § 457 if the employees want to contribute more than the maximum 5% allowed to the 414H plan. The plan is available to all full time City employees whose regular scheduled service is more than 32 hours per week and have been employed with the City for 6 months. There is no employer match with the 457 plan. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan assets are held in trust by a third party for the employees and are not reflected in these financial statements. The City's retirement expense was \$62,903 for the year ended September 30, 2024.



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

**NOTE 8 - KENO FUND OPERATIONS**

The following data summarizes the Keno (Special Revenue) Fund's gross activity for the year ended September 30, 2024:

Gross sales	\$ 878,317
Less	
Prizes paid	(674,770)
Operator's commission	(124,336)
Held by operator	<u>(25,924)</u>
Keno receipts	<u><u>\$ 53,287</u></u>

**NOTE 9 - INTERFUND TRANSACTIONS**

Purpose	Receivable Fund	Payable Fund	Amount
Due To/From			
To reimburse Debt Service Fund for debt service payments	Debt Service	General	\$ 302,931
To reimburse Debt Service Fund for debt service payments	Debt Service	Utility	374,026
To reimburse General Funds for miscellaneous payments	General	Utility	595

**NOTE 10 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft, damage to, or destruction of assets, errors or omissions, injuries to employees or acts of God. These risks are transferred to independent insurance carriers and no self-insurance program is maintained by the City. City management believes adequate coverage exists for potential exposures as of September 30, 2024. The City did not pay any settlement amounts, which exceeded its insurance coverage for the years ending September 30, 2024, 2023, and 2022.

**NOTE 11 - DESIGNATED REVENUES**

The City has committed a portion of the proceeds from sales tax to be applied toward general operations, thereby providing property tax relief.

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

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

The City entered into an agreement with Iron Horse Development, LLC and Sanitary and Improvement District No. 9 of Cass County, Nebraska (the "District") to provide water and sewer infrastructure improvements necessary to serve the District. The agreement warranted immediate cash paid to the City in the amount of \$650,000, which was received on January 26, 2000. For the year ended September 30, 2003, the City received \$301,000 and an additional \$249,000 is payable from the District within 90 days of the commencement of public infrastructure improvement in the third phase, which has not yet been completed. As of September 30, 2024, the City has incurred total direct costs of \$463,817 with no expenditures in the year ending September 30, 2024.

During the year, the City has accepted various bids for sanitary sewer improvement and other projects in the normal course of business that have not been completed and/or fully paid for at year-end. The City accepted a bid from M.E. Collins for the Dennis Dean Road Improvements in the amount of \$1,126,805 and change orders of \$267,636. As of September 30, 2024, the project had not yet been completed, and the remaining balance of the contract is \$225,456. The Council approved the project's contract with JEO Consulting Group Inc in the amount of \$176,685 and changes to scope of services of \$81,470. As of September 30, 2024, \$26,872 remains.

The City is involved in various litigation matters in the normal course of business. The outcome of such litigation is not expected to have a material effect on the City's financial position or results of operations.

**NOTE 13 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 11, 2025, the date on which the financial statements were available for issue.

## **SUPPLEMENTARY INFORMATION**

City of Ashland, Nebraska  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual (Budgetary Basis)  
General Fund  
Year Ended September 30, 2024

	Initial and Final Budget	Actual	Variance
<b>Revenues</b>			
Taxes	\$ 2,082,146	\$ 2,192,595	\$ 110,449
Licenses and permits	235,689	190,845	(44,844)
Intergovernmental revenues	554,665	563,393	8,728
Charges for services	39,100	39,307	207
Miscellaneous revenues	2,061,248	724,826	(1,336,422)
Gain on sale of assets	2,500	-	(2,500)
Ambulance fees	210,000	268,134	58,134
Rural fire department	97,939	88,427	(9,512)
Grant income	5,800	184,732	178,932
Interest income	170,000	9,769	(160,231)
Total revenues	<u>5,459,087</u>	<u>4,262,028</u>	<u>(1,197,059)</u>
<b>Expenditures</b>			
General government	943,988	664,290	(279,698)
Streets and street lighting	2,144,207	1,753,971	(390,236)
Public health and safety	1,282,476	1,185,109	(97,367)
Culture and recreation	721,061	666,121	(54,940)
Public buildings and inspections	216,584	119,494	(97,090)
Total expenditures	<u>5,308,316</u>	<u>4,388,985</u>	<u>(919,331)</u>
Excess (deficiency) of revenues over expenditures	<u>150,771</u>	<u>(126,957)</u>	<u>(277,728)</u>
<b>Other Financing Uses</b>			
Transfers from other funds	<u>-</u>	<u>(8,118)</u>	<u>8,118</u>
Total other financing uses	<u>-</u>	<u>(8,118)</u>	<u>8,118</u>
Excess of revenues and other financing sources over expenditures	<u>\$ 150,771</u>	<u>(135,075)</u>	<u>\$ (285,846)</u>
Fund balance - beginning of year		<u>2,604,881</u>	
Fund balance - end of year		<u>\$ 2,469,806</u>	

City of Ashland, Nebraska  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual (Budgetary Basis)  
Special Revenue Fund  
Year Ended September 30, 2024

	Initial and Final Budget	Actual	Variance
<b>Revenues</b>			
Keno	\$ 55,000	\$ 55,345	\$ 345
Interest income	125	776	651
Total revenues	<u>55,125</u>	<u>56,121</u>	<u>996</u>
<b>Expenditures</b>			
General and administrative	16,500	23,000	6,500
Community development	38,625	29,611	(9,014)
Total expenditures	<u>55,125</u>	<u>52,611</u>	<u>(2,514)</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	3,510	<u>\$ 3,510</u>
Fund balance - beginning of year		<u>89,816</u>	
Fund balance - end of year		<u>\$ 93,326</u>	

City of Ashland, Nebraska  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual (Budgetary Basis)  
Debt Service Fund  
Year Ended September 30, 2024

	Initial and Final Budget	Actual	Variance
<b>Revenues</b>			
Taxes	\$ 318,109	\$ 304,048	\$ (14,061)
Intergovernmental revenues	-	26,551	26,551
Special assessments	3,500	-	(3,500)
Interest income	-	2,131	2,131
Total revenues	<u>321,609</u>	<u>332,730</u>	<u>11,121</u>
<b>Expenditures</b>			
General government	-	50,179	50,179
Streets and street lighting	-	438,218	438,218
Debt service			
Capital lease payments	115,977	43,713	(72,264)
Principal retirement	1,190,000	1,190,000	-
Interest	104,795	104,795	-
Total expenditures	<u>1,410,772</u>	<u>1,826,905</u>	<u>416,133</u>
Excess (deficiency) of revenues over expenditures	<u>(1,089,163)</u>	<u>(1,494,175)</u>	<u>(405,012)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from other funds	-	8,118	8,118
Proceeds from bond anticipation note issuance	1,009,428	940,000	(69,428)
Total other financing sources (Uses)	<u>1,009,428</u>	<u>948,118</u>	<u>(61,310)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ (79,735)</u>	<u>(546,057)</u>	<u>\$ (466,322)</u>
Fund balance - beginning of year		<u>2,407,843</u>	
Fund balance - end of year		<u>\$ 1,861,786</u>	

**City of Ashland, Nebraska**  
**Note to Supplementary Information**

**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 Administrator'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 city level.

The City complied with its overall adopted budget, however, the Debt Service Fund exceeded its fund budget by \$416,133.

City of Ashland, Nebraska  
Schedule of Net Position - Proprietary Fund - Accrual Basis  
September 30, 2024

	<u>Utilities</u>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 838,100
Certificates of deposit	94,805
Utility billing receivables	<u>163,775</u>
Total current assets	<u>1,096,680</u>
Noncurrent assets	
Land	78,858
Utility systems	15,189,999
Equipment and furniture	1,669,070
Leased vehicles	102,041
Accumulated depreciation and amortization	(8,402,143)
Construction in progress	<u>1,474,284</u>
Net property, plant and equipment	<u>10,112,109</u>
Total assets	<u>\$ 11,208,789</u>
<b>Liabilities and Net Position</b>	
Current liabilities	
Accounts payable	\$ 136,208
Accrued expenses	25,245
Water meter deposits	28,550
Due to other funds	374,621
Current portion of noncurrent liabilities	<u>503,965</u>
Total current liabilities	<u>1,068,589</u>
Noncurrent liabilities	
Bonds payable, net of current portion	<u>2,174,825</u>
Total non-current liabilities	<u>2,174,825</u>
<b>Net Position</b>	
Net invested in capital assets	7,433,319
Unrestricted	<u>532,056</u>
Total net position	<u>7,965,375</u>
Total liabilities and net position	<u>\$ 11,208,789</u>



City of Ashland, Nebraska  
Schedule of Revenues,  
Expenses and Changes in Net Position  
Proprietary Fund - Accrual Basis  
Year Ended September 30, 2024

	<u>Utilities</u>
<b>Operating revenues</b>	
User fees	\$ 1,699,495
Late charges	31,508
Miscellaneous income	228,469
Total operating revenues	<u>1,959,472</u>
<b>Operating expenses</b>	
General administrative	506,767
Production and distribution	183,796
Depreciation and amortization	681,745
Total operating expenses	<u>1,372,308</u>
<b>Operating income</b>	<u>587,164</u>
<b>Non-operating revenues (expenses)</b>	
Interest income	2,773
Interest and fiscal fees	(27,339)
Total non-operating revenues (expenses)	<u>(24,566)</u>
Change in net position	562,598
Net position - beginning of year	<u>7,402,777</u>
Net position - end of year	<u><u>\$ 7,965,375</u></u>

City of Ashland, Nebraska  
Schedule of Cash Flows  
Proprietary Fund - Accrual Basis  
Year Ended September 30, 2024

	<u>Utilities</u>
<b>Cash Flows from Operating Activities</b>	
Cash receipts from customers	\$ 1,716,274
Other operating receipts	11,428
Cash payments to employees for services	(337,041)
Cash payments to suppliers for goods and services	(275,132)
Net cash provided by operating activities	<u>1,115,529</u>
 Cash flows from noncapital financing activities	
Net change in interfund borrowings	<u>379,530</u>
 <b>Cash Flows from Capital and Related Financing Activities</b>	
Purchase of capital assets	(1,354,785)
Principal payment on bonds payable	(416,210)
Interest and fiscal fees paid on debt	(24,031)
Net cash used in capital and related financing activities	<u>(1,795,026)</u>
 <b>Cash Flows from Investing Activities</b>	
Interest on investments	2,773
Net purchase of certificate of deposits	(1,319)
Net cash provided by investing activities	<u>1,454</u>
 Net decrease in cash and cash equivalents	(298,513)
 Cash and cash equivalents - beginning of year	<u>1,136,613</u>
 Cash and cash equivalents - end of year	<u>\$ 838,100</u>
 <b>Reconciliation of Change in Net Assets to Cash</b>	
<b>Provided by Operating Activities</b>	
Operating income	\$ 587,164
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	681,745
Decrease in receivables	(12,279)
Increase in payables and accrued expenses	75,940
Decrease in deferred revenue	(217,041)
 Net cash provided by operating activities	<u>\$ 1,115,529</u>



**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance  
with *Government Auditing Standards***

**Independent Auditor's Report**

Honorable Mayor and Members  
of the City Council  
City of Ashland  
Ashland, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the City of Ashland, Nebraska (the "City"), 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 March 11, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2024-001 to be a significant deficiency.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**City of Ashland, Nebraska's Response to Finding**

City of Ashland, Nebraska's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The City of Ashland, Nebraska's response was 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BerganKDV, LLC

Omaha, Nebraska  
March 11, 2025

**City of Ashland, Nebraska  
Schedule of Findings and Responses  
Year Ended September 30, 2024**

**2024-001 SIGNIFICANT DEFICIENCY**

**Segregation of Duties:**

*Criteria:*

Proper internal accounting controls require segregation of duties so that no one individual has access to both the accounting records and cash items or handles a transaction from inception to completion.

*Condition:*

The City utilizes its office and accounting personnel to segregate duties where feasible, but due to the size of the accounting and office staff the City does not have appropriate segregation of duties in all areas. There are instances where individuals responsible for performing or overseeing accounting functions also have access to cash and cash items.

*Effect or Potential Effect:*

Intentional or unintentional errors could be made and not be detected within a timely period by the City's management in the normal course of performing their assigned functions.

*Recommendation:*

A remedy for this situation would be for the City to hire additional accounting staff to allow for proper internal accounting control and segregation of duties.

*Views of Responsible Officials:*

At this time, the City's management believes that the benefit of eliminating this deficiency does not outweigh the costs of hiring additional accounting staff to allow for proper segregation of duties.